

POLICY AND DIRECTIVES		
Procurement Policy		
ADM-PUR 22.0	Date Approved/ Resolution # February 4, 2013 2013 043	Date Revised:

**PURPOSE**

To establish the parameters for the acquisition of goods and services by the City of Thompson. The policy establishes the basic direction, philosophies, climate and values upon which the purchasing function must operate. The objective of the procurement policy is to ensure that goods and services are acquired through a fair, open, transparent and competitive process that uniformly balances the interests of the taxpayers with the fair and equitable treatment of suppliers. Procurement uses competitive purchasing as the primary strategy in the procurement of goods and general services.

**SCOPE**

This policy governs the acquisition of goods and services, by purchase or lease, with City funds from all sources including both operating and capital expenditures and disposal of surplus capital assets. The Purchasing Department has overall responsibility for administering this policy under general direction of the Chief Financial Officer

**POLICY**

The City of Thompson must maintain high standards in the management of resources entrusted to it as a publicly funded entity. Goods and materials must be acquired in a manner that ensures the City:

- Obtains value for money by incurring the lowest cost of ownership in the fulfillment of specified needs with appropriate levels of quality and service
- Uses a fair and open process when calling for, receiving and evaluating quotations and tenders
- Meets its statutory, legal and ethical obligations in the acquisition of goods and services by purchase or lease
- Is consistent with all City policies

## DEFINITIONS

**Bid** means a competitive bid received from a supplier in response to a bid opportunity

**Bid Opportunity** means a publicly advertised invitation to suppliers to submit bids for the provision of goods or services or surplus equipment.

**Goods** means all types of personal property (machinery, gravel, office supplies, computer hardware, etc)

**Services** means all types of services including construction (consulting, engineering and design, accounting and auditing services, legal services, maintenance, operation and repair of buildings, machines or equipment, etc)

## RESPONSIBILITIES

1. All goods and services shall be acquired in accordance with this policy
2. All employees are responsible for
  - a. Maintaining high legal, ethical, managerial and professional standards in the management of the resources entrusted to them, as a publicly funded institution
  - b. Using appropriate purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques and cooperating buying processes
  - c. Using a fair and transparent process when calling for, receiving and evaluating quotations and proposals
  - d. Securing expense authorization prior to any purchases
  - e. Ensuring a supplier of goods or services holds a valid City of Thompson business license where required.
3. Managers are responsible for
  - a. Ensuring all purchases are performed in accordance with this policy
  - b. Review of the continuous review of the department's use of goods and/or services to ensure the City is receiving the best quality, quantity, service, price, etc.
4. The Purchasing department shall provide support to City staff and act as the City's agents authorized to form contractual agreements with vendors. The purchasing department is responsible for:
  - a. Issue purchase orders/ agreements
  - b. Maintain records of business transactions
  - c. Dispose of assets as required through established methods
  - d. Ensure all business transactions are conducted ethically and professionally
  - e. Ensure that qualified vendors receive Tenders, Proposals, Quotations or prices.

## PROCUREMENT GUIDELINES

The value of the goods and services is the total financial commitment resulting from the procurement, including any premiums, fees, commissions, interest, duty, freight and applicable taxes.

The following guidelines will be followed for the purchase of goods and services:

Less than \$150	Direct purchases do not require acquisition of competitive pricing and are authorized to avoid non-efficient use of resources. Non-efficient use of resources occurs when the value of the time consumed obtaining pricing exceeds the money saved on the purchase.
\$150 to \$5,000	a) Verbal or written quotation from more than one vendor with the exception of emergency, insufficient time, minor purchases or standardized supplies where a verbal quotation would be considered acceptable. b) Purchase order must be issued by the purchasing department
\$5,000 to \$15,000	a) Written quotation from more than one vendor b) Item must be requisitioned by the user department and approved by the Department Head as well as the Chief Financial Officer c) Purchase order must be issued by the purchasing department
\$15,000 and over	a) an advertised and written Request for Proposal or Invitation to tender must be used b) Advertisements must include a local newspaper and the City of Thompson website a minimum of 5 days prior to the close of bids. c) A comprehensive assessment of the proposals or tenders will be undertaken d) A purchase order will be created and a contract drawn up if required

The lowest or any bid need not be accepted by the City. The City shall have the right to evaluate competing bids in accordance with its own criteria for evaluation applied to specific item or work being tendered, whether or not such criteria has been expressly related to the bidders. The City reserves the right to award or to cancel the bid opportunity, which it deems to be in the best interest of the City.

## METHODS AND PROCESSES OF PROCUREMENT

The municipality will use the following methods of procurement:

### Sole Source

Competitive bidding is not required and a contract may be sole sourced in the following circumstances;

a) Emergency

Where goods, services or construction are urgently required and delay would be injurious to the public interest, provided

- The City Manager has so determined this to be the case,
- The sole source contract is signed by both the City Manager and Chief Financial Officer

b) Single Supplier

Where, to the best of the Purchasing agent's knowledge, only one supplier is available and capable of performing the contract, and it would not be practical and expeditious to enter into a competitive process, or only a single brand or model of product or service will meet the requirements. Where the compatibility of the purchase with existing equipment, facilities or services is required.

c) Existing Agreement

Where the City is able to 'piggyback' off of existing agreements with other public entities, or current contracts within the City where there would be a significant mobilization cost for another contractor.

### Request for Quotation (RFQ)-

The City may obtain quotations for provisions of goods or services for which there are specific requirements in the following manner:

1. By directly contact known suppliers. This method will be used for the procurement of minor goods and services such as standard office supplies, repairs, small tools, etc.
2. Where possible, written quotations will be obtained from three suppliers. Verbal quotations will be accepted for routine minor purchases.
3. The municipality will contact only local suppliers if it is determined that sufficient competition exists
4. By a written request for quotation where the cost of the good or services does not warrant the time and level of effort required for a tender.

5. Suppliers will be invited to provide quotations for the sale of goods or services through public advertisement (bid opportunities)
6. The award will typically go to the lowest total cost bid received from a supplier.

### **Requests for Proposal (RFP)**

1. An RFP will be used to acquire professional services such as auditors, planning consultants, engineering consultants, etc. regardless of the amount of the anticipated procurement.
2. Potential suppliers will be asked to describe how their services, methods, equipment or products can address the needs of the municipality
3. An award of the contract will be given to the supplier whose proposal is determined to be the most advantageous to the municipality based on criteria for evaluation set out in the RFP and applied to all proposals.

### **Formal Tenders**

The municipality will formally tender for competitive bids for the procurement of capital projects or goods and services valued at \$15,000 or greater.

1. Detailed specifications and requirements will be provided in tender documents. The evaluation of tenders will be against detailed specifications and requirements
2. A formal tender is a formal, competitive sealed bidding process
3. A Public Opening of the bids will be completed at City Hall on the advertised date
4. Typically, the award of a tender goes to the lowest total cost bid received from a supplier meeting the specifications and requirements of the tender.

### **Expression of Interest**

The City may issue an Expression of interest to identify specific suppliers who are interested in an item or project

1. The Expression of interested will be on the City's website and advertised at least once in a local paper
2. The opening is NOT PUBLIC. The responses will be opened on the specified date
3. The user department will prepare specifications to pursue with the respondents to the expression of interest

## **Exceptions**

Purchase orders are normally not issued for the following items;

- Registration fees for conferences and other events
- Travel arrangements such as hotels, rental cars, airline, etc
- Subscriptions
- Memberships in professional, trade or other organizations
- Utilities
- Grants/ transfers
- Taxes
- Payroll requisitions
- Debt Payments
- Postage
- Legal services
- Mileage allowance

## **ADVERTISING BID OPPORTUNITIES**

All bid opportunities solicited through a Request for Proposal or a formal tender will be posted on the municipal website and advertised at least once in a local paper.

All bid opportunities for the procurement of goods or services valued equal to or greater than \$100,000 and construction projects valued equal to or greater than \$250,000 will be advertised on Manitoba's electronic tendering system (MERX) and or another system which is low cost, easy to use and readily accessible across Canada.

## **AWARD OF CONTRACTS**

Quotations, proposals and tenders will be awarded using the evaluation process that is specified in the procurement documents. Generally, the City will award contracts as follows:

- To the lowest total cost bid, in the case of quotations received from a supplier for a good or service
- To the bidder whose proposal has met established criteria, in the case of proposals submitted to the municipality in response to a Request for Proposal
- To the lowest total cost bid received from a supplier meeting the specifications and requirement of the tender.

The City is not required to accept any bid if the City decides not to proceed with the purchase.

When all factors are equal, in terms of price, quality, suitability, service and delivery, the municipality may give preference to a "local" supplier.

The City may enter into a contract with the successful bidder. The form of the contract will be determined by the City.

## **DELEGATION OF APPROVALS**

Authority to approve procurements of a good or services is as follows:

- Up to \$150- Delegated signing authorities are authorized to use field purchase orders when purchasing an item directly from a vendor for immediate use
- Less than \$2,500- Department head as long as the expenditure is identified in the municipality's financial plan
- Up to \$15,000- jointly by the Department Head and Chief Financial officer, as long as the low bid is accepted and the expenditure is included in the municipality's financial plan
- Up to \$50,000- City Manager, as long as the following terms are met
  - The lowest bid is accepted
  - The expenditure is included in the municipality's financial plan
  - More than one response was received for the tender
- City Council Approval Required when;
  - The purchase is over \$50,000
  - The low bid is not accepted
  - The item is not in the financial plan
  - There is only one bid received
  - The contract is for a professional service, i.e. Audit Services

## **PROCUREMENT ACCOUNTING AND MANAGEMENT**

The Chief Financial Officer will, through delegation from the City Manager, ensure that accounts for authorized expenditures are paid.

The Chief Financial Officer will ensure that adequate records are maintained including accounts payable invoices and cheque registry information.

## **PROCESS FOR SELLING SURPLUS CAPITAL ASSETS**

If any materials or equipment owned by the City of Thompson are declared by the department head having control over them to be surplus to present and future department requirements, and are approved by the City Manager to be surplus to present and future corporate requirements, the Purchasing Agent may either dispose of

the materials or equipment by public auction or request for quotations as deemed appropriate by the Purchasing Agent in the circumstances.

1. Detailed listing and specifications will be in the bid document
2. Will be posted on the City Website and in one local paper
3. Site visits or pictures may be made available
4. The City may set a reserve bid for each item sold. If the reserve bid is not met, the City may chose not to sell the item
5. The highest or any bid will not necessarily be accepted. The City is not required to accept a bid if City Council decide not to proceed with the sale, for example, if all the bids are too low

Funds received for the disposal of surplus materials and equipment will be credited back to the equipment reserve for future equipment purchases.

In exceptional circumstances, surplus assets may be transferred gratuitously to a not-for-profit organization or public agency or sold at less than fair market value when, in the opinion of the City Manager, such action serves the public interest better than sale on the open market, provided always that the contract transferring the asset is signed by the City Manager

Surplus assets will be segregated for reuse or recycling and those, which are classified as electronic waste, will be recycled according the appropriate governing guidelines for e-waste and in a manner that ensures that toxic products are not sent to landfill

## **PROHIBITIONS**

The following activities are prohibited, unless specifically approved by Council:

- A. The division of purchases to avoid the requirements of this policy by any method.
- B. Purchase by any employee or member of Council of any Goods and Services for personal use.
- C. An employee shall not accept a gift, favour or service from any individual, organization or corporation, other than: the normal exchange of gifts between friends; the normal exchange of hospitality between persons doing business together, tokens exchanged as part of protocol; or the normal presentation of gifts to persons participating in public functions.
- D. Purchases by the City from any member of Council or City employee or their immediate families or other source except when the purchase is at competitive prices and the Supplier is a dealer in those goods and services and which purchase is incidental or in the ordinary course of the business of the Supplier.