



The Rural Municipality of Rockwood

POLICY, PROCEDURES AND STANDARDS

POLICY NUMBER:

Reference: Procurement of Goods and Services and Disposal of Assets	Department: All Departments
Subject: Tendering	Policy No: 1013-26
Authority: CAO	No. of Pages: 6
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1. PURPOSE

The purpose of this policy is to update and combine existing guidelines for the purchase of goods and services and disposal of assets and for construction projects undertaken by the municipality and guidelines for the sale of municipal goods. This policy applies to the procurement of goods and services by purchase, lease, rental or other agreement by the municipality and the disposal of goods by the municipality.

2. POLICY GUIDLINES

The following principles will guide the procurement practices of the municipality and the process for the sale of municipal goods.

- An open, fair and consistent process for the procurement of all goods, services and projects that will ensure the best value for dollars spent.
- Procurement processes that encourage competitive bidding for the supply of all goods and services.
- An open, fair and consistent process for the sale of surplus goods that will ensure the best value for goods sold.
- Accountability of the municipality for the procurement of goods and services and the disposal of surplus goods.

3. DEFINITIONS

Bid means a competitive bid received from a supplier in response to a verbal or written Request for Quotation, a Request for Proposal or an Invitation to Tender.

Bid Opportunity means a publicly advertised invitation for suppliers to submit bids for the provision of goods or services through a Request for Quotation, a Request for Proposal or an Invitation to Tender.

Goods mean all types of personal property (machinery, gravel, office supplies, computer hardware, land, etc.).

Services mean 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.).

4. PROCUREMENT GUIDELINES

The value of the goods and services and construction 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, except during a disaster or emergency declared by a council or head of council under The Emergency Measures Act.

- **Up to and including \$15,000** – For the acquisition of goods and services with a value of up to and including \$15,000 no quotations are required. Funds are to be clearly identified in the municipality's financial plan.
- **More than \$15,000 and less than \$75,000** – For the acquisition of goods and services with a value of more than \$15,000 and less than \$75,000, at least 3 written quotations will be required.
- **More than and including \$75,000** – For the acquisition of goods and services of more than and including \$75,000, the municipality will provide a bid opportunity, using a procurement method identified in Section 5 of this policy.

Bid opportunities will be posted on the municipality's website and advertised in a locally circulated newspaper.

The bid opportunity will also be posted on MERX or another electronic tendering system in accordance with the threshold of the applicable Trade Agreement, the minimum threshold being \$200,000 for construction and \$75,000 for goods and services.

The municipality is not required to accept a bid if council decides not to proceed with the purchase, if all bids are too high, or if none meet the needs of the municipality.

5. PROCUREMENT PROCESSES

The municipality will use the following procurement processes:

- **Requests for Quotation** – the municipality may obtain quotations for provision of goods and services for which there are specific requirements in the following manner:
 - by directly contacting known suppliers. This process will be used for the procurement of minor goods and services such as standard office supplies, repairs, small tools, etc.

Where possible, written quotations will be obtained from 3 suppliers. Verbal quotations will be accepted for routine minor purchases.

- through a written Request for Quotations (RFQ) – an RFQ for the procurement of goods and services will be used where the goods and services have specific and detailed requirements but are not considered to be “minor” and the cost of the good or service does not warrant the time and level of effort required for a formal tender process.

A public advertisement (bid opportunities) invites suppliers to provide quotations for the sale of goods or services.

The award of a Request for Quotation will typically go to the lowest total cost bid received from a supplier.

- **Requests for Proposals (RFP)** – an RFP may be used to acquire professional services such as auditors, planning consultants, engineering consultants etc.

Potential suppliers will be asked to describe how their services, methods, equipment of products can address and / or meet the needs of the municipality.

An award of a 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.

Detailed specifications and requirements will be provided in tender documents. The evaluation of tenders will be against detailed specifications and requirements.

A Formal Tender is a formal, competitive sealed bidding process.

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.

Tenders will be opened publically upon request

- **Sole Source Purchases** – Sole source purchases will be used in the following circumstances:
 - when there is only one available supplier of the required product or service that meets the needs of the municipality (as confirmed by public advertisement or Council approval).
 - during a disaster or emergency declared by a council or head of council under The Emergency Measures Act.

6. ADVERTISING BID OPPORTUNITIES

All bid opportunities solicited through a Request for Quotations, Request for Proposals, or a Formal Tender will be posted on the municipal website and advertised at least once in a locally circulated newspaper.

In accordance with the relative agreements in section 11, all bid opportunities for the procurement of goods and services valued equal to or greater than \$75,000 and construction projects valued equal to or greater than \$200,000 will be advertised on an electronic tendering system (eg. MERX).

7. AWARD OF CONTRACTS

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

- the lowest total cost bid, in the case of Request for Quotations received from a supplier for a good or service
- whether the proposal has met established evaluation criteria, in the case of proposals submitted to the municipality in response to a Request for Proposal
- the lowest total cost bid received from a supplier meeting the specifications and requirements of the Formal Tender

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

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

The municipality will open all bids in an open to the public setting as stated in the tender, RFQ or RFP.

8. DELEGATION OF APPROVALS

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

- Up to and including \$5,000 – designated officer, if the expenditure is identified in the municipality's financial plan
- Up to and including \$75,000 - Chief Administrative Officer, if the low bid is accepted, and the expenditure is identified in the municipality's financial plan
- Over \$75,000 or where the low bid is not accepted – Council
- All contracts for professional services – Council

9. PROCUREMENT ACCOUNTING AND MANAGEMENT

Procurement Tracking System

The Chief Administrative Officer (CAO) will prepare accounts payable listings that include the supplier's name, the good(s) and/or service(s) provided and the amount payable to each supplier. At the commencement of the project, the CAO and the supplier will review the Scope of Work to establish requirements, responsibilities, schedules, contract terms etc. to ensure complete and full understanding of the terms.

The accounts payable listing(s), supported by invoices that have been signed by the appropriate department head(s), are to be submitted to Council at the first regular meeting of Council each month for payment approval by resolution of Council.

The CAO will issue payment for all accounts payable authorized for payment by resolution of Council and to maintain adequate record of accounts payable listings, the corresponding invoices and cheque registry information.

Procurement Reporting System

The CAO will provide Council with a monthly report on contracts awarded under this policy.

The CAO will provide Council with a monthly progress report for each capital construction project that is underway. A progress report will be provided each month, beginning with the starting month of the project until the completion of the project when all invoices relating to the project have been paid.

10. PROCESS FOR SELLING SURPLUS GOODS:

Surplus goods will be disposed of in the following manner:

- competitive bid process through a Request for Quotations
- public auction

Invitations to bid on goods offered for sale by the municipality will be:

- posted on the municipality's website for at least 10 days business days before the closing date of the invitation to bid.
- published in at least one edition of a locally circulated newspaper.

Contracts for the sale of a capital asset to a bidder shall be awarded using the evaluation process that is specified in the invitation to bid. The municipality is not required to accept a bid if Council decides not to proceed with the sale, for example, if all bids are too low. The highest or any bid will not necessarily be accepted.

11. RELEVANT TRADE AGREEMENTS:

Relevant Policies and Agreements include:

- a) Canadian Free Trade Agreement (CFTA) (Effective July 1, 2017) (Replaces Agreement on Internal Trade (AIT)) <https://www.cfta-alec.ca/canadian-free-trade-agreement/>
- b) The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) (Effective September 21, 2017) <http://international.gc.ca/trade-commerce/trade-agreements-accordscommerciaux/agr-acc/ceta-aecg/text-texte/toc-tdm.aspx?lang=eng>
- c) New West Partnership Trade Agreement (NWPTA) (Effective January 1, 2019) <http://www.newwestpartnershiptrade.ca/>