

THE CITY OF MELFORT
BYLAW NO. 2019-08

The Purchasing Policy Bylaw

THE COUNCIL OF THE CITY OF MELFORT, IN THE PROVINCE OF SASKATCHEWAN, IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

Short Title

1. This Bylaw may be cited as The Purchasing Policy Bylaw.

Purpose

2. The purpose of this bylaw is to establish a policy that outlines administrative procedures and guidelines for the purchase, acquisition, sale or lease of goods, services and works for the City of Melfort.

Purchasing Policy

3. The City will purchase, acquire, sell or lease all goods, services and works in accordance with the Purchasing Policy No. 1.3.40 attached as Schedule "A".

Coming Into Force

4. This bylaw comes into force on the day of its final passing.

Read a first time this 11th day of March, 2019.

Read a second time this 11th day of March, 2019.

Read a third time and passed this 11th day of March, 2019.

Mayor

SEAL

City Clerk

CERTIFIED a true copy of Bylaw No. 2019-08 adopted by resolution of Council on the 11th day of March, 2019

City Clerk

CITY OF MELFORT POLICY MANUAL

<i>POLICY TITLE:</i> Purchasing Policy	<i>POLICY NUMBER:</i> <div style="text-align: center; font-size: 2em; font-weight: bold;">1.3.40</div>	<i>EFFECTIVE DATE:</i> November 4, 2003
<i>ORIGIN:</i> Administration Required by <i>The Cities Act</i>	<i>ADOPTED BY COUNCIL ON:</i> November 3, 2003	<i>DATE AMENDED:</i> November 14, 2011 September 16, 2013 April 13, 2015 November 16, 2015 March 11, 2019

1. PURPOSE:

- 1.1 The purpose of this policy is to outline administrative procedures and establish general guidelines for the purchase, acquisition, sale or lease of goods, services and works for the City of Melfort.

2. DEFINITIONS:

- 2.1 **Bid:** Is an offer to supply goods, services and works by an outside party under defined terms and conditions.
- 2.2 **Contract:** A written document containing terms and conditions, signed under seal by both parties.
- 2.3 **Purchase:** Any procurement of goods, services and works made by any department and meets the following criteria:
 - a) Conforms to a plan or program approved by Council in the budget process; and
 - b) Complies with established spending limits as set out in this Purchasing Policy.
- 2.4 **Purchase Order:** A City document used to formalize a purchase transaction with a vendor.
- 2.5 **Emergency Operational Purchase:** Any purchase made by any department that is required in order to continue operations, and is typically needed on short notice for repairs resulting from plant or equipment failures.
- 2.6 **Public Tender:** A process requiring the tender to be advertised in the local newspaper or through electronic tendering and the tender opening to be made publicly.

- 2.7 **Request For Proposal (RFP):** A request to suppliers to submit innovative proposals for the supply of goods and/or services. RFPs do not bind firms to existing processes or rigid specifications, but, encourages new approaches, techniques and methods for meeting the City requirements. RFPs need not be advertised unless the value of the purchase is expected to exceed \$100,000.00. RFPs will not be opened publicly.
- 2.8 **Sole Source Contract:** An agreement entered into by the City for the purchase of goods, services and work which has not been publicly advertised or for which written quotations or telephone quotations have not been received from more than one vendor.
- 2.9 **Telephone/Fax Quotation:** A process of securing price quotations from selected vendors by telephone and/or fax.
- 2.10 **Written Quotation:** A process requiring selected vendors to submit written quotations upon request of the City. Such quotations are not advertised and are not opened publicly.

3. **COMPETITIVE BIDDING POLICY:**

- 3.1 When the City of Melfort decides to purchase goods, services or works from outside parties, it shall do so through the competitive bidding practices as outlined below:
- (a) Public tendering is required when the value of the purchase is expected to exceed \$20,000.00.
 - (b) Written or facsimile quotations may be obtained when the value of the purchase is expected to be between \$10,000.00 and \$20,000.00.
 - (c) Telephone quotations may be obtained when the value of the purchase is not expected to exceed \$10,000.00.
 - (d) Requests for Proposals (RFPs) may be used for the procurement of goods, services and works when, in the opinion of the City, the above competitive bidding practices are not practical or advantageous to the City.
 - (e) Sole Source Contracts may be awarded if the acquisition is expected to be less than \$10,000.00 unless it is deemed to be in the best interests of the City to obtain written quotations.
 - (f) In an effort to comply with the MASH (Municipal Authorities, Schools, Hospitals) procurement agreement, the bid must be advertised on the national electronic tendering service (www.merx.com) when purchase of goods is over \$100,000.00 or construction contract is over \$250,000.00 and the project has received provincial or federal funding.
 - (g) In an effort to comply with the New West Partnership Trade Agreement procurement agreement, the bid must be advertised on the provincial electronic tendering service (www.sasktenders.ca)

when purchase of goods and services is over \$75,000.00 or construction contract is over \$200,000.00.

4. TENDER/BID/PROPOSAL ACCEPTANCE CRITERIA

- 4.1 In all cases, the City reserves the right to refuse any or all tenders, bids or proposals.
- 4.2 Where the City decides to accept a tender or bid, it shall accept the lowest qualified tender or bid meeting its specifications, unless the tender documents set out additional and/or other acceptance criteria.
- 4.3 Qualified means that in the opinion of the City, the tenderer or bidder has the expertise and ability, physically and financially, to supply or perform the goods, services or works tendered or bid, and who's past performance or references are satisfactory to the City.
- 4.4 In the case of requests for proposals, the City shall accept the proposal which, in the opinion of the City, best meets the requirements of the City, unless the proposal documents set out additional and/or other acceptance criteria.

5. SPENDING AUTHORITY:

- 5.1 The operating budget approved by Council establishes the spending authority for a program and establishes the provision for all purchases of goods, services or works for a program.
- 5.2 Department Managers shall ensure that expenditures do not exceed the approved program budgets and any change in the approved operating budget requires appropriate prior authorization as set out in Section 4.1 of the Budget Policy
- 5.3 The capital budget approved by Council establishes the spending authority for a capital project and establishes the provision for all purchases of goods, services or works for a capital project.
- 5.4 Department Managers shall ensure that expenditures do not exceed the approved capital budget and any change in the approved capital budget requires appropriate prior authorization as set out in Section 4.2 of the Budget Policy
- 5.5 All purchases for equipment, materials, supplies or services are to be made by purchase order. Purchase order books can only be signed out by Directors and Middle Managers. Wherever conveniently possible, the price of the items purchased or services received shall be reflected on the city copy of the said purchase order.
- 5.6 Department Managers will group-purchase common items whenever possible.

6. PURCHASE AUTHORIZATION LEVELS:

- 6.1 City purchases must be made by designated city personnel. Department Managers shall ensure that all purchase requests are formally documented and conform with the spending authorization levels detailed in 6.4 hereunder.
- 6.2 As per Administration Bylaw, Delegation clause, the City Manager may delegate purchase authority to Department Managers for goods or services exceeding their procurement level.
- 6.3 Department Managers may delegate signing authority to appropriate staff and are responsible to ensure proper control is maintained within their respective departments.
- 6.4 Staff shall not exceed the following procurement limits without the authorization of their immediate supervisor:
 - (b) Middle Management Up to \$10,000.00
 - (c) Department Managers Up to \$25,000.00
 - (d) City Manager Over \$25,000.00
- 6.5 The Department Manager, in consultation with the City Manager or his/her designate, may expend up to a maximum of \$25,000.00 on emergency operational purchases, when, due to the nature and timing of a situation, it is not practicable to acquire goods, services or work through the normal purchasing process. Department Managers shall provide Council, at the earliest possible convenience, with full details and written justification for all emergency purchases.
- 6.6 The City Manager may authorize a sole source contract, when it is deemed to be in the best interests of the City, to a maximum of \$10,000.00. Sole source contracts exceeding \$10,000.00 must be authorized by Council.

7. SOURCES OF SUPPLY:

- 7.1 The City shall endeavor to ensure that as many suppliers as practicable are given the opportunity to quote with respect to city purchases, and shall attempt to obtain a minimum of three quotations. Wherever possible, Department Managers should avoid specifying exclusive products and should provide for equivalents and/or approved alternates, in an effort to increase competition.
- 7.2 The City will not consider suppliers/contractors whose past performance has been unsatisfactory.

7.3 Where in the opinion of the City, no competitive supply markets exist, the Department Managers may employ whatever value analysis and negotiation methods consistent with the intent of the overall policy, they deem appropriate to obtain acceptable products at the lowest possible price.

8. EQUAL TENDERS:

8.1 Where, in the opinion of the City, bids or tenders are equal, the successful bidder shall be determined by departmental preference.

9. WITHDRAWING OR AMENDING BIDS:

9.1 Any tender or bid may be withdrawn or amended by the bidder prior to the close of tenders or bids.

10. AWARDING CONTRACTS:

10.1 The Department Managers shall award all contracts where funds have been provided for in the approved budget and where the contract is to be awarded to the lowest qualified bidder meeting all criteria and specifications. City Council shall award contracts where:

- (a) in the case of public tenders, Administration is recommending the award of a contract to other than the lowest qualified bidder meeting established criteria and specifications.
- (b) the lowest recommended bid would exceed the approved budget.
- (c) funds have not been provided for in the approved budget, with the exception of purchases made under clause 6.5.
- (d) the amount of a sole source contract exceeds \$10,000.00.
- (e) the contract award is of a controversial nature.
- (f) the City Manager, for any reason, refers the award of the contract to City Council.

10.2 All unsuccessful bidders, who submitted bids in writing, shall be given written notification of the name of the successful bidder.

10.3 In all cases, the city reserves the right to refuse any or all tenders or bids where it is deemed to be in the best interests of the city to do so.

11. SPECIFICATIONS:

11.1 Department Managers, or their designates, shall be responsible for preparing specifications, and any changes thereto.

11.2 Department Managers shall ensure that such specifications, or changes thereto, are as broad as practicable to assure competitive bids.

- 11.3 Criteria that will be considered and analyzed in the award of a tender, other than and/or in addition to lowest qualified bid meeting the city's specifications, shall be clearly set out in the tender document.
- 11.4 For the purpose of clarity to all prospective bidders, tender documents shall include a list of all criteria that will be evaluated and considered in the awarding of the contract. Department Managers will give favourable consideration to the tender or quotation meeting the specifications at the lowest cost to the City, taking into consideration such factors as suitability, price, availability, parts availability, warranty and on going service.
- 11.5 Department managers or their designates shall specify in the tender documents that the successful contractor shall provide the City with proof of insurance showing Commercial General Liability of no less than \$2 Million per occurrence and have the City of Melfort named as an additional insured to that policy. General contractors that complete work for the City shall provide the City with yearly proof of insurance showing Commercial General Liability of no less than \$2 Million per occurrence and have the City of Melfort named as an additional insured to that policy.

12. PAYMENTS/DEPOSITS:

- 12.1 All departments shall provide the accounting department with such documentation as may be required to effect payment of invoices.
- 12.2 Variances between invoices and corresponding purchase orders, shall require departmental approval before such invoices are paid.
- 12.3 All monies forwarded with tenders/RFPs shall immediately be deposited in the City's bank account. The City shall refund the deposits submitted by unsuccessful bidders.

13. DISPOSAL OF SURPLUS ITEMS:

- 13.1 The City of Melfort shall dispose of all valuable surplus items by way of public sale. The Department Head may approve disposal by way of trade-in allowance, auction sale, bids or public solicitation. Exceptions must be approved in writing by the City Manager.

14. CONFLICT OF INTEREST:

- 14.1 No city employee shall place himself/herself or another in a position of advantage or conflict and must adhere to the City Code of Ethics Policy when acquiring goods or services on behalf of the City. Potential conflicts

must be referred to the appropriate Department Head or City Manager in advance for clarification.

15. EXCEPTIONS:

15.1 The requirement for a public tender does not apply to the purchase of the following goods or services:

- (a) professional services (i.e. legal, insurance, consultants, architects, etcetera);
- (b) utility contracts (i.e. power, telephone, gas, water, etcetera);
- (c) land sales and land purchase contracts;
- (d) contracts or agreements relating to employee compensation, reimbursements, training, education, etcetera.

15.2 The following items can be processed without a purchase order unless otherwise requested by vendor:

- (e) utility contracts (i.e. power, telephone, gas, water, etcetera);
- (f) grants to organizations
- (g) payments to other taxing authorities
- (h) land purchases/expropriation
- (i) federal, provincial, municipal agreements (RCMP, Melfort Fire Fighters)
- (j) federal, provincial, municipal fees and levies
- (k) contracts or agreements relating to employee compensation, benefits, reimbursement, training education, etcetera.
- (l) professional services (i.e. legal, insurance, consultants, architects, etcetera);