



# CITY OF MEADOW LAKE

## POLICY

<b>SECTION:</b>	Fiscal Services	<b>NUMBER:</b> 400-15-003	<b>RESOLUTION:</b> 487/15
<b>TITLE:</b>	Purchasing Policy	<b>EFFECTIVE DATE:</b> December 14, 2015	
<b>ORIGIN/AUTHORITY:</b>	Council	<b>REVISED:</b>	
<b>DEPARTMENT:</b>	All Departments	<b>PAGES:</b>	8

### 1. INTRODUCTION:

#### **1.1 Purpose**

The purpose of this policy is to outline administrative procedures and establish general guidelines for all employees to obtain the appropriate authorization and use appropriate processes for the purchase, acquisition, sale or lease of goods, services and works for the City of Meadow Lake.

This policy will provide guidance to all employees and Council members to ensure that goods and services are acquired through a fair, open, transparent and competitive process that uniformly balances the interests of taxpayers with the fair and equitable treatment of suppliers.

#### **1.2 Scope**

This policy is to be adhered to by all Departments within the City of Meadow Lake, the Mayor and City Councillors.

Should this policy come into conflict with provincial or federal regulations or legislated obligations of the municipality, the requirements of legislation will supersede this policy.

### 2. DEFINITIONS:

*"Barter"*- means an exchange of goods or services between two or more parties where no money changes hands.

*“Bid”* - means an offer to supply goods, services and works by an outside party under defined terms and conditions.

*“Budget”* - means a financial plan outlining expected revenues and expenditures for operating programs or capital assets that is formally reviewed and approved by City Council.

*“Contract”* - means a written document between two or more parties containing terms and conditions, signed under seal by both parties.

*“Council”* - means the Council for the City of Meadow Lake.

*“Emergency”* - means a situation, or threat of an impending situation, which may affect the environment, the life safety, health, or welfare of the general public, or the disruption of work or to restore or maintain essential services to a minimum level.

*“Emergency Operational Purchase”* - means any purchase made during an emergency by any department that is required in order to continue operations, and is typically needed on short notice for repairs resulting from plant, equipment or infrastructure failures.

*“Public Tender”* - means a process requiring the tender to be publicly advertised in the local newspaper or through electronic tendering.

*“Purchase Order”* - means a City document used to formalize a purchase transaction with a vendor.

*“Request For Proposals (RFP)”* - means 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. RFPs will not be opened publicly.

*“Request For Quotation (RFQ)”* - means a process requiring selected vendors to submit written quotations upon request of the City. Such quotations are not advertised and are not opened publicly.

*“Sole Source Contract”* - means an agreement entered into by the City for the purchase of goods, services and work which has not been publicly advertised or for which quotations have not been received from more than one vendor.

### **3. RESPONSIBILITIES:**

All employees are responsible for:

- a) Maintaining professional standards in the management of the resources entrusted to them, as a publicly funded institution.
- b) Obtaining the best value for money for operational spending purposes without exceeding the set spending limits.
- c) Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
- d) Meeting the legal and ethical obligations in the acquisition of goods and services by purchase, lease or barter.
- e) Using appropriate purchasing techniques including purchase orders, negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.
- f) Considering the environment in all purchasing decisions and selecting environmentally beneficial goods and services where the additional cost is not prohibitive.
- g) Securing expense authorization prior to any purchase except Emergency Purchases. All related documentation shall be retained for review and auditing.
- h) Using purchasing contracts where the City gains an advantage by doing so.
- i) Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- j) Obtaining appropriate authorization for all purchasing contracts.
- k) Obtaining legal assistance or advice if necessary for any non-standard clauses in a purchasing contract.
- l) Ensuring a supplier of goods and services holds a valid business licence where required.
- m) Ensuring that each contractor performing work for the City that will or may have an environmental impact understands their environmental responsibilities.

In addition to the above, managers are responsible for:

- n) Ensuring all purchases are performed in accordance with this policy.
- o) Ensuring corporate standards are adhered to for purchases and capital spending.
- p) Entering into purchasing contracts on behalf of the City.
- q) Coordinating administration and 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.
- r) Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes.

In addition to the above, the City Manager is responsible for:

- s) Approval of all purchasing contracts on behalf of the City.
- t) Ensuring that no payments are made without the appropriate authorization.
- u) Providing training and documentation on how to utilize the Purchasing Policy efficiently and effectively.

- v) Communications regarding all developments in the field of purchasing by all government agencies.
- w) Providing the administrative direction to carry out this policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability and ethics.

#### **4. AUTHORIZATION:**

##### **4.1 Purchases Approved through Budget**

The operating budget approved by Council establishes the spending authority for a program. The capital budget approved by Council establishes the spending authority for a capital project. Where a purchase falls within the approved budget and the purchase authorization limits of the individual approving the purchase, additional approval of Council shall not be required.

##### **4.2 Purchase Authorization Limits**

Managers shall ensure that all purchase requests are formally documented and conform to the purchasing authorization levels outlined below:

\$0 to \$5,000	A manager shall review and authorize any purchase approved in the Budget with a total value of \$5,000 or less.
\$5,000 to \$200,000	The City Manager shall review and authorize any purchase approved in the Budget over \$5,000.
Greater than 3 years or \$200,000 in value	Council shall require the City Manager to obtain Council authorization for purchase commitments or renewals longer than 3 years and/or greater than \$200,000 in value.

Managers may delegate purchasing authority to appropriate staff and are responsible to ensure proper purchasing control is maintained within their respective departments.

##### **4.3 Council Approval Required**

In addition to any purchases that fall outside the authorization limits of Administration, Council shall review and authorize any purchase not approved in the Budget that has the potential to affect the direction or financial results (\$5,000 or greater) of the City.

Notwithstanding any other provisions of this Policy, City Council shall be responsible for awarding 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 emergency purchases.
- (d) The contract award is of a controversial nature.
- (f) The City Manager, for any reason, refers the award of the contract to City Council.

#### **4.4 Emergency Operational Purchase**

Emergency situations occasionally arise within City operations. In emergency situations it is up to the judgment of the highest authority personnel on hand to make a responsible decision regarding obtaining required goods and services. Any purchases made outside of normal purchasing procedures must be reported to the appropriate authority and to the City Manager as soon as is reasonably possible. In addition, Council shall be provided, at the earliest possible convenience, with full details and written justification for all emergency purchases.

### **5. ACQUISITION OF PRODUCTS AND SERVICES:**

#### **5.1 Competitive Acquisition**

When the City decides to purchase goods, services or works from outside parties, it shall do so through the competitive process as outlined below:

- (a) Public tendering is required when the value of the purchase is expected to exceed \$50,000.00. Advertisements must include a local newspaper and/or an electronic tendering system where practical and advantageous to the City.
- (b) A request for quotation is required when the value of the purchase is expected to be between \$5,000.00 and \$50,000.00. A minimum of three written quotations must be sought.
- (c) Sole Source Contracts may be awarded if the acquisition is expected to be less than \$5,000.00 unless it is deemed to be in the best interests of the City to obtain written quotations. Sole source contracts may also be used under the following circumstances:
  - i. where there is no response to a competitive process;
  - ii. to ensure compatibility with existing products and services, to recognize exclusive rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
  - iii. where goods or services are in short supply due to market conditions, including geographic limitations and lack of competition;
  - iv. to exercise a purchase option under a rental contract;
  - v. where an unforeseeable situation of urgency exists and competitive methods of purchasing would result in the City's inability to obtain the goods or services in time; or
  - vi. where goods and services relating to matters of a confidential or privileged nature are required and disclosure of these matters could reasonably be expected to compromise confidentiality, cause economic disruption, or otherwise be contrary to the public interest.

- (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) As per the New West Partnership Trade Agreement procurement agreement, the bid must be advertised on the provincial electronic tendering service ([www.sasktenders.ca](http://www.sasktenders.ca)) when purchase of goods or services is over \$75,000.00 or a construction contract is over \$200,000.00.

### **5.2 Tender / Bid Acceptance Criteria**

In all cases, the City reserves the right to refuse any or all tenders, bids or proposals. 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.

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.

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.

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

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 under the circumstances listed in Section 4.3 above.

### **5.3 Record Keeping**

A City purchase order must be used for all purchases over \$100.00, except for those items listed as exceptions under Section 7. All used/completed purchase order books must be returned to City Hall for auditing purposes.

Where written quotations or proposals are obtained, those records shall be kept on file at City Hall in accordance with Section 3(r) above.

### **5.4 Barter Transactions**

Barter transactions are generally discouraged, but may be appropriate in special circumstances. They must be approved by the City Manager in addition to whatever approvals are required based upon the values involved. These transactions are accounted for at the amounts that would have been paid had they occurred as routine transactions in the ordinary course of

business. Authorizations shall follow the same process as for a standard purchase, at the normal commercial value of the exchange. GST as well as any other taxes must be accounted for as for a standard purchase.

## **6. SOURCES OF SUPPLY**

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, Directors should avoid specifying exclusive products and should provide for equivalents and/or approved alternates, in an effort to increase competition.

The City reserves the right not to consider suppliers/contractors whose past performance has been documented as unsatisfactory.

Where in the opinion of the City, no competitive supply markets exist, the Directors 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.

Quotes, tenders and requests for proposals must be obtained from local suppliers where a supplier exists locally.

## **7. EXCEPTIONS**

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

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

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

- (e) utility contracts
- (f) grants to organizations
- (g) payments to other taxing authorities
- (h) land purchases/expropriation
- (i) federal, provincial, or municipal agreements
- (j) federal, provincial, or municipal fees and levies
- (k) contracts or agreements relating to employee compensation, benefits, reimbursement, training education, etc.
- (l) professional services

## **8. GENERAL PROVISIONS**

### **8.1 Disposal of Items**

Items which are surplus or obsolete to the operations of City Departments may be reassigned to other departments, traded in, disposed of, held for later use, or altered for other uses. All valuable surplus equipment and/or salvage materials shall be disposed of through one of the following methods, as approved by the Department Head:

- (a) Trade-in allowance
- (b) Auction sales
- (c) Public tender/bid process
- (d) Direct scrap
- (e) Donation or sale to local non-profit organizations
- (f) Public solicitation

All City employees may purchase equipment or material offered for sale in the same manner as the public.

### **8.2 Conflict of Interest**

No City employee shall place himself/herself or another in a position of advantage or conflict when acquiring goods or services on behalf of the City. Nor shall any employee place himself/herself in a position of obligation to a supplier through the acceptance of gifts or gratuities. Small advertising items with a value under \$50 are exempt from this provision. Potential conflicts must be referred to the appropriate Department Head or City Manager in advance for clarification.