

RM OF REYNOLDS POLICY

Title: Tendering & Procurement

Policy No. 10

Purpose:

To clearly define the tendering and procurement standards for the Rural Municipality of Reynolds and to provide guidance to municipal employees in their purchases of supplies and materials and services necessary to perform the duties of the Municipal Government

Procedure:

The RM of Reynolds will observe all applicable legislation including but not limited to the Manitoba Municipal Act and the Agreement on Internal Trade MASH Annex 502.4. In general, the RM of Reynolds will provide fair and equitable treatment to all suppliers and their representatives.

The RM of Reynolds will take into consideration all factors in the final cost of a product or service. **These factors include but are not limited to:**

- Transportation Costs
- Warranties & Insurance
- Price
- Resale Value
- Quality
- Brands
- Delivery Time
- Current Accounts with the RM of Reynolds
- Support and Service Availability
- Expertise and Experience in Product/Service Area
- Environmental Sustainability

The lowest cost supplier / bidder may not necessarily be the chosen supplier.

Preference will be given to a supplier located in the RM of Reynolds when all other factors are equal.

The RM of Reynolds will also encourage competitive bidding by inviting at least one (1) non-local supplier bid or quote.

In accordance with the Agreement on Internal Trade MASH Annex 502.4, the RM of Reynolds must treat suppliers from another province the same as they treat local suppliers. In accordance with all applicable legislation the RM of Reynolds must ensure that its measures do not operate to restrict or impair trade between or through the territories of the Parties to the agreement or investment or labor mobility between the Parties to the agreement.

Purchase Authority:

- a) The following positions have authority to spend on behalf of the Municipality:
 - a. CAO;
 - b. Public Works Manager or Supervisor; and
 - c. Staff receiving authorization from the above.
- b) The CAO or staff that has been provided authorization from the CAO may authorize up to \$20,000 purchases provided such funds have been approved within the annual operating budget or capital budget.
- c) Council must approve all purchases over \$20,000 or all purchases that were not established within the annual operating or capital budget.

Purchase Levels:

The following will be adhered to by all purchasers, whenever practical to do so.

Level One: Petty Cash - Transactions under \$100

Petty cash will be used for small items under \$100 if considered practicable. Petty cash fund is disbursed by the CAO or delegate upon receipt of paid sales slip properly authorized and coded. Expenditures made by staff and in excess of \$100 can be claimed on an expense form. It is not required to obtain quotations on petty cash items. These items can be purchased via a purchase order, petty cash, or Cheque.

Level Two: Purchases not requiring Quotations - Transactions under \$5,000

Purchases under \$5,000 may be obtained without a verbal or written quotation in the interests of time and convenience. These items can be purchased via a purchase order, or Cheque.

Level Three: Written Quotations - Transactions between \$5,000 and \$20,000

Goods and services valued between \$5,000 and \$20,000 will be awarded on the basis of written quotations. The RM will solicit prices from three (3) or more vendors. In the case of proprietary items or specialty products and services, more than one vendor price may not be possible and should be noted on the purchase order. (Annual hourly equipment rate list is deemed written quotation)

Level Four: Invitational Tenders - Transactions between \$20,000 and \$75,000

Goods and services valued between \$20,000 and \$75,000 shall be awarded by invitational tender and will include all acceptable suppliers.

Level Five: Open Tenders Nationally Advertised - Transactions over \$75,000

Goods and Services valued at \$75,000 and over will be advertised Canada wide using electronic tendering processes available on the Internet in accordance with the Agreement on Internal Trade MASH Annex 502.4. Construction Projects valued at \$200,000 or over will be advertised in accordance with the Agreement on Internal Trade MASH Annex 502.4.

Tender Procedures:

All goods and services over \$20,000 shall be tendered.

Specifications and Terms of Reference:

The CAO or Public Works Manager will be responsible for establishing the specifications and terms of reference for the required products or services being requested regardless of the type of tender process to be used.

Invitational Tenders:

This process will be used for goods or service valued between \$20,000 and \$75,000. The invitation will be emailed to all on the hourly rate list, posted on the RM website, and advertised in the local papers. Bidders will be invited to provide a bid on a common specified good or service to be submitted by a specified deadline and must be submitted in a sealed envelope by mail or hand delivered to the person receiving the bids. Bids will not be opened until the pass of the deadline. Bids received after the deadline will not be considered.

Open Tenders:

This process will be used for goods or services valued over \$75,000. The CAO or Public Works Manager or designate in charge of the project will develop tender documents. Tender documents must include a minimum of: Project Name, Description of work and quantities if a unit price contract, Bid Bond, Consent of Surety requirements, Time, Date and Place of Receipt of Tender Documents, statement that the Municipality “accept any tender and that a tender may not necessarily be accepted.”, location where tender documents may be accessed, and a statement that no faxed tenders or faxed tender corrections/revisions will be considered.

In addition, the tender envelope must be marked “Tender (specifying what tender the person is bidding on)”, date and time tender competition closes and when and where the tenders will be opened and whether the tender opening is to be public.

The dollar thresholds established for various tendering processes are only guidelines and do not preclude the use of a more formal process for any purchase of goods or services where it may be warranted. For instance, an open tender process can be used at any time.

Negotiated Extensions or Contract Additions:

In certain situations purchase contracts that do not specifically allow for extensions to the length or amount of the contract, through negotiation with the supplier may be extended, without retendering, if it appears to be in the best interests of the RM of Reynolds. A resolution of Council is only required if the contract exceeds the CAO's or Department Manager's purchase authorization limit or exceeds the budget amount for that expense category.

Additional work may also be negotiated based on the original tender and added to a contract after tender award, if due to a lack of supply or availability of the goods or services provided; or, it is in the best interest of the RM of Reynolds to add work to the contract. A resolution of Council is only required if the additional work amount exceeds the CAO's or Department Manager's purchase authorization limit or exceeds the budget amount for that expense category.

Open or Invitational Tendering Procedures:

- a) A tender file will be set up for each contract or purchase to be awarded.
- b) Each contract or purchase to be put to open tender will be advertised in the local newspaper for two consecutive weeks, in addition to the national and provincial advertisement on the Internet if required per the purchasing levels.
- c) The competition for the contract or purchase in an open tender will remain open for a minimum of five working days after the last day the advertisement appears

in the local newspaper and will close at 4:00 p.m. on the 5th working day. No tenders will be received after the close of the competition unless there has been no response to the competition. Invitational tenders will remain open for a length of time established by the CAO or Manager responsible and will close at 4:00 p.m. on the closing date. No tenders will be received after the close of the competition unless there has been no response to the competition.

- d) Tender bids will be date stamped, the time received written on the tender documents and the tender envelopes inserted into the tender file unopened upon receipt.
- e) Upon the close of tender competition, the tenders received must be opened by the CAO and the Department Manager concerned or their designates. At the opening of the tender the CAO and Department Manager or their designates will place their initials on each tender envelope as it is opened and the date and time of the opening of the tender will also be written on each envelope.
- f) A summary of tenders received and tender bid prices will then be prepared and will be included in the CAO's for submission to Council, at their next Council Meeting. Council will then determine which tender received is the best offer and may pass a resolution to that effect.
- g) Once Council has accepted a tender, then all tender applicants will be advised by the administration of the outcome of the competition.
- h) Electronic transmission tenders can be accepted on a case by case basis.

Exceptions to Tender Process:

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

- a) Utility Contracts;
- b) Contracts or Agreements pertaining to employee compensation, reimbursements, training, education, etc.;
- c) Land purchases; and
- d) Any items designated that in their nature do not lend themselves to a public tender.

Council and Staff Purchases for Personal Use:

Council and staff will not be allowed to purchase items for personal use through the Municipality's purchase arrangements. This will alleviate potential conflicts of interest as well as minimizing paperwork required for rebilling.

Emergency Purchases:

An emergency purchase occurs when a situation presents itself that requires serious and immediate attention that may not be reasonably met by any other procedure and includes the following without limitation:

- a) A condition where lack of supplies or services may adversely affect the functioning of the RM of Reynolds, its residents, public property, private property, the environment or endanger the health of the public.
- b) Interim contractual arrangements following the expiration, abandonment or breach of a contract; or the receipt of unacceptable bids.

Emergency purchases are to be completed in an expedient manner but should take economy into consideration. In each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the CAO.

Procurement Tracking System:

Payment of invoices for routine expenditures for which funds have been allocated in the budget, or otherwise which have been approved by Council resolution, may be processed and provided to the vendor when:

- 1) The invoice is reviewed and initialed by the CAO;
- 2) Cheque is signed by either the CAO or a designated signing authority (first signature); and
- 3) Cheque is signed by one of the Head of Council and the Deputy Head of Council (second signature).

The Chief Administrative Officer (CAO) will prepare accounts payable listings that include the supplier name, the good(s) and/or service(s) provided and the amount payable to each supplier.

The accounts payable listing(s), supported by invoices, are to be submitted to the entire Council at a meeting of Council in the month following the expenditure, for approval by resolution.

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.

PROCESS FOR SELLING SURPLUS CAPITAL ASSETS:

Surplus capital assets will be disposed of in one the following manner:

- competitive bid process through a Request for Quotations; or
- public auction.

Invitations to bid on capital assets offered for sale by the municipality will be posted on the municipality's website for at least 10 days before the closing date of the invitation to bid.

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 bids 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.

The CAO may, with the approval of Council, award surplus capital assets without competition or auction as determined and approved by Council.

Surplus Municipal land:

- Sale of surplus land can be approved by resolution of Council. Selling price of "infill land" is set from time to time by resolution of Council.
- Selling price for land in new developments is set, from time to time, by resolution of Council.
- Council may set restrictions or conditions on the sale of excess land that protects the best interest of the municipality.

Resolution 12/452 Passed December 5, 2012 replaced

Implementation Date: November 3, 2020

Resolution: 20/339