



**THE RURAL MUNICIPALITY OF LAC DU BONNET
POLICY & PROCEDURES**

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1. PURPOSE

The purpose of this policy is to establish guidelines and a process that the Rural Municipality of Lac du Bonnet will follow for the purchase of goods and services and for construction projects undertaken by the Municipality, while considering the following principles:

- a. Promoting an open, fair and consistent process for the procurement of all goods, services and construction projects that will ensure the most cost effective and efficient use of the Municipality's funds and resources.
- b. Encouraging competitive bidding for the procurement of all goods, services, and construction.
- c. Promoting accountability in the procurement of goods, services, and construction.
- s. Ensuring compliance with the Municipal Act, other relevant legislation (including trade agreements), and municipal by-laws and resolutions.

This policy also sets out guidelines for the sale of municipal surplus capital assets.

The following principles will guide the procurement practices of the Municipality and the process for the sale of municipal capital assets.

- An open, fair and consistent process for the procurement of all goods, services and construction projects that will ensure the best value for dollar 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 capital assets that will ensure the best value for capital assets sold.
- Accountability of the Municipality for the procurement of goods and services and the disposal of surplus capital assets.

2. POLICY STATEMENT

As a policy of the Rural Municipality of Lac du Bonnet, the ratepayers of the Rural Municipality of Lac du Bonnet can expect that goods and services are acquired and disposed of through fair, open, and transparent procurement processes.

3. LEGAL REQUIREMENTS

Subsection 251.1 of *The Municipal Act* requires municipalities to adopt a municipal tendering and procurement policy. The policy may be adopted by resolution or by-law.

The municipality does have discretion over the content of their tendering and procurement policy given their individual local circumstances. However, legislation sets out matters that the policy should address:

- Criteria for soliciting procurements by public tender or other forms of competitive bids;
- Forms of contracts and determination of when they are to be used; and
- The process for awarding contracts of procurement.

The municipality is also required to comply with the tendering and procurement rules established in The Agreement on Internal Trade MASH Annex 502.4.

Manitoba Procurement Services Bulletin Number 88 provides information on the provisions of the MASH Annex 502.4. The bulletin can be accessed through the following web link;
<http://www.gov.mb.ca/mit/psb/buysell/ait-ho-mash.pdf>

4. APPLICATION OF THE TENDERING AND PROCUREMENT POLICY

Goods include all types of personal property but are not limited to: machinery, culverts, gravel, office supplies, land, leased land, computer hardware.

Services include, but are not limited to:

- Construction Projects
- Consulting
- Engineering and design
- Accounting and auditing services
- Maintenance, operation and repair of buildings, machines or equipment

5. SCOPE

This policy applies to the procurement of goods and services by purchase, lease, rental or other agreement by the municipality and the disposal of surplus capital assets by the municipality.

4. DEFINITIONS

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

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

Construction means construction, reconstruction, demolition, or repair or renovation of a building, structure or other civil engineering or architectural work, which may include site preparation, excavation, drilling, the supply and installation of products, materials, incidental equipment and machinery, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work.

Evaluation Criteria means specific and measurable pre-determined matrix with weightings created for the purpose of evaluating Bids.

Goods means all types of personal property including but not limited to machinery, gravel, office supplies, computer hardware.

Municipality means the Rural Municipality of Lac du Bonnet including the council of the Municipality and anyone with delegated authority under this policy.

Services means any type of service provided or to be provided to the Municipality, including but not limited to construction, labour, maintenance, consulting, engineering and design, accounting and auditing services, maintenance, operation and repair of buildings, machines, and equipment.

Specifications means clear, complete, and precise description of the characteristics of the Goods, Services or Construction required.

Surplus Asset means any asset owned by the Municipality that is not used in its current operations, which may include items such as land, equipment, etc.

Useful Life is an accounting estimate of the number of years that an asset is likely to remain in service for the purpose of cost-effective revenue generation.

5. PROCUREMENT GUIDELINES

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

5.1 VALUE THRESHOLDS

5.1.1 GOODS, SERVICES OR CONSTRUCTION

The following thresholds determine the procurement method and process to be followed by the Municipality in the procurement of Goods, Services or Construction:

Less than \$10,000:

Goods, Services and Construction will be procured using either the Single Source Purchase method (6.1.b.) or the Request for Quotation method (6.2).

Greater than \$10,000 but less than \$75,000:

Goods, Services and Construction will be procured using the Request for Quotation method (6.2) or the Invitation to Tender method (6.3). In its discretion, the Municipality may use the Formal Tender method instead (6.4).

Exception: Single Source Purchase exceptions (6.1.a).

Greater than \$75,000:

Goods, Services and Construction will be procured using the Formal Tender method (6.4).

Exception: Single Source Purchase exceptions (6.1.a).

5.1.2 PROCUREMENT OF PROFESSIONAL SERVICES

The following thresholds determine the procurement method and process to be followed by the Municipality in the procurement of Professional Services:

Less than \$10,000:

Professional Services will be procured using either the Single Source Purchase method (6.1.b.) or the Request for Quotation method (6.2)

Greater than \$10,00 but less than \$75,000:

Professional Services will be procured using the Request for Proposal method (6.5).

Exception: Single Source Purchase (6.1.a)

Greater than \$75,000:

Professional Services will be procured using the Formal Tender method (6.4).

Exception: Single Source Purchase (6.1.a)

6. PROCUREMENT METHODS AND PROCESSES

The Municipality will use the following methods of procurement:

6.1 SINGLE SOURCE PURCHASE

- a) Single source purchases may be made where sources of supply are restricted to the extent that there is no effective price competition, or consideration of substitutes is precluded in circumstances such as, but not limited to, the following:
 - i. where there is only one available supplier of required Goods, Services or Construction that meets the needs of the Municipality.
 - ii. where there is a patent, copyright or exclusive licence or distributor; components or replacement parts for which there is no substitute.
 - iii. for purchases of real property.
 - iv. for standardization or compatibility with an existing product, facility or service is required and determined operationally and economically beneficial to the Municipality.
 - v. during an emergency where due to immediate need and time constraints normal procurement methods cannot be followed; or
 - vi. for the purchase of Goods under exceptionally advantageous circumstances determined to be in the best interests of the Municipality, but not for routine purchases.

No value limit applies for any Single Source Purchase, and the Municipality may in its discretion choose to provide a Bid Opportunity to confirm pricing and acquisition details.

When a Single Source Purchase occurs as provided for above, the purchase must be in accordance with authority delegated under Section 9, and the reason for the Single Source Purchase documented.

- b) **Less than \$10,000:**
Single Source Purchases may be made if the value of Goods, Services or Construction is less than \$10,000. The circumstances provided for in section 6.1.a do not need to be met.

6.2 REQUEST FOR QUOTATION (RFQ)

The Request for Quotation method may be used in the following circumstances:

- a) **Less than \$10,000**

If the Goods, Services or Construction are of a value of less than \$10,000.

The Municipality may request quotations to procure Goods, Services or Construction by contacting known suppliers directly.

Where practical, written quotations will be obtained from three (3) suppliers, but verbal quotations will be accepted for routine minor purchases such as standard office supplies, repairs, and equipment, but will be documented. (Single Source Purchase - Section 6.1.a)

The Municipality may contact only local suppliers if the Municipality determines that sufficient local competition exists.

b) Greater than \$10,000 but less than \$75,000

If the Goods, Services or Construction are of a value of greater than \$10,000 but less than \$75,000 and the cost of the Goods, Service or Construction does not warrant the time and level of effort required for an Invitation to Bid or Formal Tender.

The Municipality will invite at least three (3) suppliers to provide written quotations.

The Municipality will encourage competitive bidding by contacting a minimum of 1 non-local supplier.

In the case of repairs on equipment or the purchase of specialized or used items, three (3) suppliers to provide quotes may not be available to provide a quote. In this situation, the municipality may procure goods or services, without obtaining quotes from 3 suppliers. The designated officer will document accordingly. (Single Source Purchase - Section 6.1.a)

6.2.1 RFQ Evaluation/Award:

The award of the contract for the Goods, Services or Construction may be awarded to the lowest Bid received, however, the lowest bid is not the deciding factor.

The Designated Officer purchasing shall determine which quote is most beneficial for the municipality after taking all factors into consideration and using the pre-determined evaluation criteria, which may be based on the price of goods, cost of freight, length of time of delivery, quality of product, warranty, qualifications, technical proposal including methodology, service history and capabilities.

6.3 INVITATION TO TENDER (ITT) - Greater than \$10,000 but less than \$75,000.

The Invitation to Tender method may be used to procure Goods, Services or Construction of a value of greater than \$10,000 but less than \$75,000 and:

- i) The Specifications are well-defined,
 - ii) There are detailed qualifications and requirements for bidders to meet, and:
 - iii) The Municipality has a detailed understanding of the work or services and steps required.
- The Municipality will invite at least three (3) potential suppliers to supply a Bid.

6.3.1 ITT Evaluation/Award:

Evaluation Criteria: The Designated Officer purchasing shall determine which quote is most beneficial for the municipality after taking all factors into consideration and using the pre-determined evaluation criteria, which may be based on: the price of goods, cost of freight, length of time of delivery, quality of product, warranty, qualifications, technical proposal including methodology, service history and capabilities.

The award of the contract for the Goods, Services or Construction may be awarded to the lowest Bid received, however, the lowest bid is not the deciding factor. Awarding contracts is further outlined in Section 7 of this policy.

6.4 Formal Tender – Greater than \$75,000

The Formal Tender method will be used if the Goods, Services or Construction are valued at greater than \$75,000.

The Formal Tender method is a formal, competitive sealed bidding process.

The tender documents will include well defined specifications, detailed qualifications and requirements for bidders to meet.

In cases of large public works capital or construction projects, tenders may be initiated by our Engineering firm under the direction of the Director of Public Works and/or Chief Administrative Officer, or designates.

In its discretion, the Municipality may use the Formal Tender method for Goods, Service or Construction *valued at greater than \$10,000.*

6.4.1 Tender Evaluation/Award:

The evaluation and award of tenders will be against and based on the Specifications and Evaluation Criteria.

Evaluation Criteria may include a short-listing process, qualifying or minimum scores, required presentations or demonstrations, interviews or references, and their weighting and impact on the eligibility or ranking of bidders.

Typically, the award of the contract will be to the bidder meeting the Specifications evaluated as offering the best value in accordance with the Evaluation Criteria. Awarding contracts is further outlined in Section 7 of this policy.

6.4.2 Receiving of Tenders

- a) All Tenders will be acknowledged and accepted by council resolution publicly at a council meeting. In cases of sealed tenders, these shall be opened publicly by Council, initialed and acknowledged by council resolution. In cases of electronic submissions through MERX or other tendering websites offering secure transmission, Council shall initial the printed tender and acknowledged by council resolution.
- b) Tender submissions that do not meet the terms, conditions, and specifications in accordance with the tender documents are to be rejected; unless the deviation is minor in nature (i.e. an obvious typographical error, etc.)
- c) Tender submissions that are received after the advertised deadline will not be accepted and may be returned unopened to the originator.
- d) Tenders received other than in a delivered sealed form will not be accepted and may be returned to the originator. (ie Faxes, Email submissions (any electronic form) will not be accepted, however Tenders may be received electronically via MERX or other tendering websites offering secured transmission.
- e) No alteration shall be made to a tender after the opening and acceptance through council resolution.

6.5 REQUEST FOR PROPOSAL (RFP)

Greater than \$10,000 but less than \$75,000

The Request for Proposal method will be used *to acquire professional Services* such as those provided by auditors, and planning, engineering, or architectural consultants if the value of the Services to be acquired will be greater than \$10,000 but less than \$75,000.

Where possible, a minimum of three (3) potential suppliers will be asked, by letter of invitation, to describe how their services, methods, equipment of products can address and/or meet the needs of the Municipality.

The award of a contract will be given to the supplier whose proposal is determined to be the *most advantageous* to the Municipality *based on the Evaluation Criteria* set out in the Request for Proposal and applied to all proposals.

Greater than \$75,000

If the value of the Services to be acquired will be greater than \$75,000, the Municipality will use the Formal Tender method (6.4).

NOTE: See Schedule A for a summary of value thresholds and procurement methods.

7. Awarding Contracts

- a) Quotations, proposals, and tenders will be awarded using the evaluation process that is specified in the procurement documents. The Municipality will evaluate competing Bids in accordance with its criteria for evaluation applied to the specific Goods, Services or Construction being procured.
- b) The Municipality reserves the right to request further information and/or engage in discussions or negotiations with any, all, one or no bidder submitting a proposal or bid prior to the award of a contract for the work. Bidders shall not be permitted to revise their submission as a result of the discussion, except if the Request for Quote, Proposal, or Tender allows a resubmission.
- c) The Municipality is not required to accept any bid if the Municipality decides not to proceed with the purchase or project, determines all Bids are too high, or does not meet the needs of the Municipality.
- d) The Municipality retains the right to reject the lowest or any Bid.
- e) When all factors are equal, in terms of price, quality, suitability, service and delivery, the municipality may give preference to a “local” supplier.
- f) 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 determine the form of any contract to be entered into with a successful supplier or bidder. The Municipality may negotiate additional scope and pricing with the successful bidder.
- g) Large public works capital project tenders will be reviewed by our Engineering Firm and their recommendations may be taken into consideration by the appropriate Department Head and Chief Administrative Officer.
- h) In the event that the Municipality receives only one bid submission, the Municipality may choose to:
 1. Review and accept the single bid submission providing the Municipality deems the submission meets the best interest of the Municipality. The Municipality shall document their reasons providing justification for this decision; or
 2. Cancel the Request for Quotation, Proposal or Tender, by council resolution, and re-issue the Request for Quotation, Proposal or Tender.
 3. The Municipality may negotiate additional scope and pricing with the sole bidder, prior to the award of the contract.
 4. All quotations, proposals and tenders for the purchases of goods or services will be awarded by resolution of Council.

8. ADVERTISING BID OPPORTUNITIES

- a) All Requests for Quotations, Requests for Proposals and Invitation to Tenders must be posted on the Municipality's website, social media, and advertised at least once in the local newspaper, and may also be posted on MERX.
- b) Formal Tender Bid Opportunities must be posted on the Municipality's website, social media and advertised at least once in the local newspaper and when valued at \$75,000 or more, the Bid Opportunity must also be posted on MERX and/or another tendering website or system which is low cost, easy to use and readily accessible across Canada.

9. DELEGATION OF APPROVALS

The following designated officers are authorized to procure Goods, Services or Construction as follows, provided the expenditure is **identified in the Municipality's financial plan**:

- a) Value of up to \$10,000:
 - Director of Public Works
 - Deputy Chief Administrative Officer
 - Manager of Operations
 - Emergency Management Officer
- b) Value of up to \$20,000:
 - Chief Administrative Officer

The procurement of Goods, Services or Construction with a value greater than \$10,000 must be authorized by Council with the exception in emergency and time-sensitive situations, purchases greater than \$10,000, but not exceeding \$20,000, shall be permitted if the purchase is identified in the Municipality's financial plan.

No designated officer shall reduce the overall value of any procurement (i.e. divide a single procurement into multiple procurements) to avoid exceeding the maximum value of expenditure that designated officer is authorized to incur.

10. PROCESS INTEGRITY

To maintain the integrity of the procurement process and protect the interests of the Municipality, the public, and persons participating in the procurement process, the following shall also be adhered to:

- a. All procurement processes shall be conducted in good faith, fairly and openly.
- b. All Bids and bidders shall be treated equally and without bias or favouritism.

- c. All Bids, final rating results and related supporting documentation will be kept on file for future reference, audit or examination in accordance with the Municipal Act's retention requirements.
- d. Bid information submitted in confidence will be protected, subject to FIPPA requirements.
- e. No elected official or employee of the Municipality shall knowingly cause or permit anything to be done or communicated to anyone which could cause any potential bidder to have an unfair advantage or disadvantage in obtaining a contract for the supply of Goods, Services or Construction to the Municipality.
- f. In accordance with the Canadian Free Trade and New West Trade Partnership Agreements, there will be no local preference for the acquisition of Goods, Services or Construction. All bidders, regardless of location, are permitted to compete on the basis of their ability to provide best value and maximum benefit.

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

- g. When procuring Goods, Services or Construction, the Municipality shall incorporate accessibility criteria and features. If not practicable, the Municipality will provide an explanation upon request.
- h. The acquisition of environmentally responsible Goods, Services or Construction *may* be given preference during the evaluation stage of a Bid *when* the Bid Opportunity documents either call for green products directly or where green products are requested as an option.

The Goods, Services or Construction are those that have lesser or reduced effect on human health and the environment when compared to other Goods, Services or Construction that serve the same purpose.

Specifications may include environmentally responsible Goods, Services and Construction that

- i. use recycled materials,
- ii. are durable, reusable or designed to be recycled,
- iii. consume fewer resources in their manufacture and/or their use, and
- iv. use environmentally responsible practices.

11. PROCUREMENT ACCOUNTING AND MANAGEMENT-TRACKING AND REPORTING SYSTEMS

11.1 PROCUREMENT TRACKING SYSTEM

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 that have been signed by the appropriate department head(s), are to be submitted to Council at A 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.

11.2 Purchase Orders

Purchase Orders must be used for all orders placed with any supplier (vendor) providing any good and/or service to the Rural Municipality of Lac du Bonnet, except those items specified in the paragraph titled "EXEMPTIONS".

Purchase Orders must be signed by a Designated Officer or their delegate. For this policy, designated officers are the following: Chief Administrative Officer, Deputy Chief Administrator, Director of Public Works and Operations Manager.

All invoices must be signed or initialed by a Designated Officer or their delegate. For this policy, designated officers are the following: Chief Administrative Officer, Deputy Chief Administrator, Director of Public Works and Operations Manager.

All paybles are signed by the Finance Committee after approval to pay by resolution of council.

Signing authority for Purchase Orders may be granted in writing to other employees at the discretion of the appropriate Designated Officer. In all cases the Purchase Orders shall not exceed the Designated Officer's own limit.

Designated Officers shall have the authority, according to the policies of the Municipality, to financially commit the Municipality to expenditures as outlined and approved within the annual financial plan.

Designated Officers may also approve expenditures for unexpected and emergency repairs necessary for the continued operations of the department that may result in an over-expenditure in the financial plan, provided they have previously advised, and received the approval of the Chief Administrative Officer.

In addition to this, the Chief Administrative Officer shall also have the authority to approve over-expenditures on outlined items provided that the total expenditures do not exceed the total outlined in the annual financial plan.

Vendors shall be notified that purchases made without an authorized Purchase Order number will not be approved for payment.

Where available, purchase Orders should include the following information:

- name and address of supplier
- terms of sale
- detailed description of item/service being purchased
- price of item/service being purchased
- appropriate G/L coding
- project number
- authorized signature

12. FORMS OF CONTRACTS

Municipalities can establish forms of contracts and decide when they will be used. A standard contract can be used for regularly occurring services that they purchase. Using standard contracts ensure the expectations of the municipality are clearly articulated and suppliers are treated consistently.

Standard contracts will likely not be appropriate for complex procurements, such as large construction projects that occur in phases or over multiple years.

The municipality's solicitor is typically involved in developing these contracts.

13. PROCESS FOR SELLING OR LEASING SURPLUS CAPITAL ASSETS

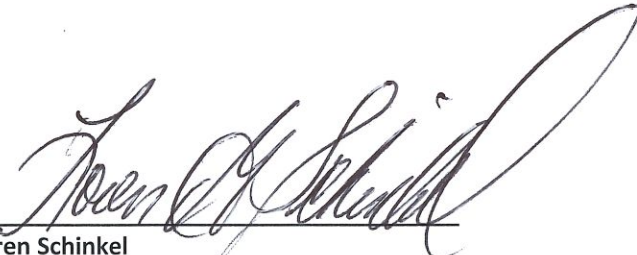
- a) Surplus capital assets will be disposed or leased in the following manner, with the exception of subsection 13.f):
 - competitive bid process through a Request for Quotations; or
 - public auction
- b) Invitations to bid on capital assets offered for sale by the municipality will be:
 - posted on the municipality's website for at least 30 days before the closing date of the invitation to bid.
 - published in at least one edition of the local newspaper.
- c) 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 decide not to proceed with the sale, for example, if all bids are too low. The highest or any bid will not necessarily be accepted.

- d) The CAO may, with the approval of council, award surplus capital assets without competition or auction to any municipality, or to any Crown Corporation, or similar entity, in limited circumstances, as determined and approved by Council.
- e) Furthermore, should a specific circumstance arise, where there is public reason that a surplus sale should not be opened to the public, Council can award the surplus assets without competition or auction to any municipality, or to any crown corporation, or other entity by resolution.
- f) Assets that have reached the end of their useful life, and are no longer useable by the Municipality, may be disposed of in any manner that is deemed sustainable or in the best financial interest of the Municipality.

For example, some assets may be disposed of through recycling, trade-in, scrap metal, auction or vendor sale, etc. The Municipality shall document the disposal of each asset that has reached the end of their useful life.

14. REVIEW

The Municipality will review this policy and procurement procedures on a periodic basis to ensure continues to meet the needs of the Municipality.



Loren Schinkel
Reeve



Sandra Broek
Chief Administrative Officer



SCHEDULE "A"

Tendering & Procurement Policy

Summary of value thresholds and procurement methods

	Single Source Purchase method 6.1.a or b.	Request for Quotation method 6.2	Invitation to Tender method 6.3	Formal Tender method 6.4	Request for Proposal method (Professional Services) 6.5
Value less than \$10,000	√ 6.1.b	√	X	X	X
Value greater than \$10,000 but less than \$75,000	X unless 6.1.a	√	√	√	√
Value greater than \$75,000	X unless 6.1.a	X	X	√√ 6.4	X

√ - optional (method may be used at Municipality's discretion)

X - method cannot be used

√√ - mandatory (method must be used)