

CITY OF MOOSE JAW PURCHASING POLICY

POLICY TITLE <i>Purchasing Policy</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>May 13, 2019</i>
ORIGIN <i>Financial Services</i>	RESOLUTION # <i>200</i>	PAGE NUMBER <i>1 of 9</i>

1. PURPOSE & OBJECTIVE

- 1.1 The purpose of this policy is to establish the parameters for the procurement of goods and services by the City of Moose Jaw. The policy establishes the direction, philosophies, climate and values upon which the purchasing function must operate. The Purchasing Policy will be supported by Purchasing Procedures as necessary to provide detailed direction on purchasing practices that support this policy.
- 1.2 The objective of the City’s Purchasing Policy is to ensure that goods and services are acquired through a fair, open, transparent and competitive process that is effective and efficient, safeguards public funds, ensures Public and Supplier confidence and complies with all Federal and Provincial Trade Agreements while allowing the City of Moose Jaw to receive the best value in the goods and services it acquires.

2. DEFINITIONS

- 2.1 Best Value – This is determined by looking at the factors that determine value such as quality, expertise, life cycle costs, aesthetics, past performance, schedule, vision, adequate resources and price to determine the proponent offering the best value to the City. Best value will be used to evaluate and award all RFPs and the best value will be determined by setting out the evaluation criteria which will be used to determine the proposal with the best overall value to the City.
- 2.2 Qualified – Qualified means that the bidder has the expertise and ability, physically and financially, to supply or perform the goods or services tendered, bid or proposed, and whose past performance or references are satisfactory to the City.
- 2.3 Consulting and Professional Services – These are services provided by architects, engineers, designers, planners, accountants, auditors, appraisers, software and financial consultants and any similar types of services not specifically detailed above.
- 2.4 Direct Award Contract – An agreement entered into by the City for the purchase of goods or services which has not been publicly advertised or for which written, telephone or electronic quotations have not been received from more than one vendor.

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- 2.5 Emergency Purchase – This means a purchase contract entered into by the City when the procurement is being conducted in circumstances of emergency or unforeseeable urgency and could not have been predicted in advance.
- 2.6 Request for Proposals (RFP) – A request for proposals to vendors is more flexible in terms of a vendor’s response to the required goods and services and evaluation criteria. Requests for proposals do not necessarily tie firms to existing processes or rigid specifications, but rather may encourage new approaches, techniques and methods for meeting the City’s requirements. RFPs will be awarded based upon a best value analysis of the proposals. An RFP does not create a bid contract and does not establish irrevocable requirements. Rather, a performance contract between the City and successful proponent will be established in accordance with the RFP.
- 2.7 Request for Quotations (RFQ) – This method of purchase is a competitive process where specifications for the goods and services and terms of purchase are established in sufficient detail to allow the comparison of quotations from suppliers. Request for quotations shall involve obtaining quotations by invitation of three vendors where practical.
- 2.8 Tender – A tender is a request to vendors with detailed specifications of the product or service requirement. Tenders are used for products and services that lend themselves to detailed and specific specifications which permits the evaluation against clearly stated criteria. The lowest qualified bidder meeting those specifications/criteria will be awarded the contract for the supply of those goods and services without negotiation. A tender is intended to create a bid contract. All tenders will be opened publicly.
- 2.9 Change Order – A change order is work that is added or deleted from the original scope of work of an existing contract.

3. ACQUISITION POLICY

- 3.1 Methods of Acquisition – When the City acquires goods or services it shall do so through one of the processes outlined below:
 - a) Direct Purchases – In the general course of City business, Direct Purchases may be awarded if the acquisition is expected to be less than \$10,000 unless it is deemed by the Department Head to be in the best interest of the City to obtain quotations from a number of suppliers. This method of purchase is intended to be utilized for low

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value goods where the cost and administrative burden of other methods of purchase are not practical.

- b) Request for Quotations – A Request for Quotations may be used for the acquisition of goods or services expected to be less than \$50,000. This method of purchase is a competitive process and shall be completed by obtaining quotations by invitation from a minimum of three vendors where practical and will generally be awarded to the lowest qualified bidder.
- c) Public Tender or RFP with Public Advertising – A tender or RFP that is publicly advertised is required when the amount of the purchase is expected to exceed \$50,000 or if it is deemed by the Department Head to be in the best interest of the City. Wherever possible, competitive bids on tendered specifications shall be utilized.
- d) Direct Award Contracts – The City retains the right to use a Direct Award contract for the following:

Threshold of less than \$75,000 for Goods & Services and less than \$200,000 for Construction Contracts:

- Where only one vendor for the good or service exists.
- Only one vendor can supply the compatible good or service.
- For the extension of work on an existing contract.
- In the instance where a program or service will be interrupted due to the immediate need for a good or service.
- When goods or services are in short supply.
- Sourcing of goods for emergent situations.

Thresholds greater than \$75,000 for Goods & Services and greater than \$200,000 for Construction Contracts:

- Where only one vendor for the good or service exists.
- Only one vendor can supply the compatible good or service.
- Sourcing of goods for emergent situations.

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- e) Change Orders – The City retains the right to add, delete or otherwise revise an existing contract by issuance of a change order. The change order will detail the change in work and any associated changes in costs.

3.2 Advertising of Tenders and Requests for proposals

- a) SaskTenders – SaskTenders is a Provincial Public tendering system and all public tenders and RFPs must be posted on this website.
- b) City of Moose Jaw Website – All public tenders and RFPs must be posted on the City of Moose Jaw website.
- c) MERX – MERX is a Canadian Public tendering system and all public tenders and RFPs may be posted on this website if deemed to be in the best interest of the City by the Department Head.

3.3 Environmental Purchasing – The City may, when possible and economically feasible, include tender specifications and RFP requirements that provide for the consideration of environmentally friendly goods and services.

3.4 Trade Agreements – Municipalities are subject to the Canadian Free Trade Agreement (CFTA), the New West Partnership Trade Agreement (NWPTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and all subsequent amendments.

All municipal purchases except for those identified under exceptions and those below the prescribed dollar thresholds are subject to the rules and procedures required under these trade agreements and any amendments that may occur in the future.

Purchasing procedures outline the major components of these trade agreements that must be complied with and should be referenced in applying this policy.

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4. TENDER AND PROPOSAL ACCEPTANCE CRITERIA

- 4.1 The City reserves the right to refuse any or all tenders, bids or proposals if:
- i) The bid does not meet with the tender requirements or the proposal does not provide the best value to the City based upon the City's evaluation criteria regardless of the price bid for the good or service.
 - ii) The award price exceeds the approved budget.
 - iii) The tender, RFP documents or specifications contain errors.
 - iv) The City decides to cancel the tender or RFP and not proceed with award.

These rights must be included in the tender/RFP documents.

- 4.2 Subject to the rights and reservations contained in the City's Purchasing Policies, Purchasing Procedures and tender documents, the City shall accept the lowest qualified tender or bid meeting the City's specifications for all tenders.
- 4.3 An RFP bid or proposal will be awarded to the successful proponent at the City's sole discretion if it demonstrates that the City is receiving the best value based upon the evaluation criteria. In determining best value, City Administration will adhere to the City of Moose Jaw's Best Value Determination purchasing procedure and the definition of best value as defined in Section 2.1.
- 4.4 The City Manager has the authority to award any tender or RFP which is over budget to a maximum of 10% above the approved budget subject to a funding source being identified from other approved budget provisions per the authorities granted the City Manager in the City's Administration Bylaw in respect to budget reallocations.

5. AWARDING OF CONTRACTS

- 5.1 The Department Head has the authority to award Requests for Quotations, Tenders, Direct Purchases (under \$10,000) and, Requests for Proposals if all of the following conditions have been met:
- a) Sufficient funding has been provided for in the approved budget or the budget as amended pursuant to the City Administration Bylaw.
 - b) The award of the contract is not of a controversial nature.

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- 5.2 The City Manager has the authority to award any request for quotations, tender or request for proposal provided that the conditions in 5.1 (a) and (b) have been met.
- 5.3 All tenders, direct awards and RFP awards over \$50,000 must be reported four times per year to City Council for the information of Council by the respective Department Head responsible for the tender or RFP. The report shall confirm that the City’s Purchasing Policy and Purchasing Procedures have been uniformly applied for each award or inform Council of any deficiencies.
- 5.4 City Council shall award contracts if any of the following conditions exist:
- a) Sufficient funding has not been provided for in the budget.
 - b) In the case of Direct Award Contracts, the contract is in excess of \$150,000.
 - c) The award of the contract is of a controversial nature.
 - d) The City Manager, for any reason, refers the award of the contract to City Council.
- 5.5 The award of Direct Award Contracts are subject to the limitations of sections 3.1 (d) and shall be subject to the following:
- The award does not exceed the approved budget or the budget as amended pursuant to the City Administration Bylaw.
 - Department Heads have authority to award up to \$25,000
 - City Manager has authority to award up to \$150,000
 - City Council will award all Direct Award contracts over \$150,000
 - In cases of emergency, the City Manager or Department Head can award any quantum.
- 5.6 The issuance of Change Orders are subject to the limitations of sections 3.1 (e) and shall be subject to the following:
- The award does not exceed the approved budget or the budget as amended pursuant to the City Administration Bylaw.
 - Department Heads have authority to award change orders of up to \$10,000. For change orders above this value Department Heads have the authority to award a change order which is up to 3% of the contract value to a maximum of \$25,000.

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- The City Manager has the authority to award change orders of up to \$50,000. For change orders above this value the City Manager has the authority to award a change order which is up to 5% of the contract value to a maximum of \$150,000.
- City Council has the authority to award all change orders which exceed the City Manager’s Authority.
- In cases of emergency, the City Manager or Department Head can award any quantum.

5.7 The Department Head or his/her designate will ensure compliance to the City’s Purchasing Policies and Procedures.

6. CONSULTING AND PROFESSIONAL SERVICES

Consulting and Professional service engagements by their nature do not lend themselves to the standard tender or RFP processes in many instances. Therefore, direct appointment of consulting and professional service engagements is permitted. Subject to the following conditions:

- Department Heads can make direct appointments of consulting and professional services contracts up to where the fees are expected to be less than \$75,000.
- Subject to the exceptions set forth in the NWPTA, CFTA and CETA trade agreements, all consulting and professional services contracts over the limits established in these agreements will be sourced utilizing Tender or RFP processes as described in this policy.

7. EXCEPTIONS

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

- a) Utility contracts (e.g. telephone, power, etc.)
- b) Contracts or agreements relating to employee compensation, reimbursements, training, education, etc.
- c) Goods available for resale to the public
- d) Contracts with public body or non-profit organizations

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- e) Cultural Goods and Services
- f) Land
- g) Legal Services
- h) Treasury Services or Products (borrowing, lending, investing, managing money, securities or other property).

7.2 Purchase of goods and services for longer terms than normal budget approvals is permitted as long as the budgeted funding source is expected to continue and the total contract award does not exceed the expected budget over that period of time.

7.3 Cooperative purchasing arrangements with other organizations such as SUMA, Saskatchewan Government, or other municipalities will be allowed to occur as long as the City expects to receive a benefit from participation in the cooperative purchasing endeavour. The Purchasing Policy and Procedures of the organization managing the cooperative purchasing process will apply.

8. DISCLOSURE OF INFORMATION

8.1 The awarding of tenders and associated winning bid will be public information. The CFTA Trade Agreement provides the specific information that must be disclosed, that information is reproduced below:

No later than 72 days after the award of each contract covered by this Chapter, a procuring entity shall publish a notice on one of the tendering websites or systems designated by its Party. The information shall remain readily accessible for a reasonable period of time. The notice shall include at least the following:

- (a) a description of the goods or services procured;
- (b) the name and address of the procuring entity;
- (c) the name and address of the successful supplier;
- (d) the value of the successful tender;
- (e) the date of award; and
- (f) if limited tendering was used, the conditions and circumstances described in Article 513 that justified its use.

The City will disclose this information on the Sask Tender website and each Department will report the successful bidder and award amount in their quarterly reports to City Council for both tenders and RFPs.

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8.2 The City shall not provide any supplier or contract information that would disclose proprietary information.

8.3 Where the Department Head deems it appropriate, a debriefing session will be held for unsuccessful bidders/proponents after the contract award has occurred. The purpose of this debriefing session is to aid unsuccessful bidders/proponents in presenting a better bid or proposal for future submissions.

9. PURCHASING PROCEDURES

9.1 The Financial Services Department shall develop and maintain Purchasing Procedures that provide City personnel with the guidelines and, where appropriate, the specific action sequences to assist with the uniformity, compliance and control of purchasing activities based upon the Purchasing Policy.

10. DISPOSAL OF SURPLUS ITEMS

10.1 The Department Head shall dispose of all valuable surplus items in a manner that sees the City receive the best value for that item.

11. CONFLICT OF INTEREST

11.1 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 or from the City. Accepting gifts or favors from suppliers is prohibited except promotional items such as caps, pens, golf shirts, etc. with a value of under \$100 and entertainment (excluding alcohol) for the strict purpose of business discussions.