
EFFECTIVE DATE:	November 2, 2015	APPROVAL BY:	Resolution No. 715-15
REVIEWED:	March 20, 2023		Resolution No. 104-23

1. PURPOSE:

1.1 The purpose of this policy is to ensure best value for money is obtained through a fair, open, transparent and competitive process for the purchase of goods, services and construction and to establish appropriate limits with respect to purchasing authority in order to assist all departments operate effectively and efficiently.

2. DEFINITIONS:

2.1 AIT - means the *Agreement on Internal Trade*, as amended from time to time.

2.2 Bid – offer to supply goods, services and construction under stated terms and conditions.

2.3 City – means City of Melville.

2.4 Consultant – includes individuals and firms who provide professional services, reports, opinions and recommendations to the City. For the purpose of this policy, consultant will not include those who perform day to day functions as an extension of in-house resources or those who are retained for on-going municipal operations.

2.5 Contract – written document containing all terms and conditions, signed by both parties to the contract for goods and services to be delivered. Example of contracts can include leases, service contracts and purchase orders.

2.6 Contractor – a person or company that undertakes a contract to provide materials or labour to perform a service or do a job.

2.7 Emergency Purchase – an unexpected and unforeseen purchase made that is required in order to continue operations, maintain safety and reduce the service level impact that are typically needed on short notice for repairs resulting from plant, facility or equipment failures.

2.8 Invitation to Tender – a bidding process requiring documents which contain the specifications and conditions on which the City will enter into a contract with the

bidder to be publicly advertised in the local paper and/or on the City’s website and/or the Ministry of Central Services website (www.sasktenders.ca) and opened publicly at the close of the tender.

- 2.9 NWPTA - means the *New West Partnership Trade Agreement*, as amended from time to time.
- 2.10 Qualified – means that in the opinion of the City, the contractor has the expertise and ability, physically and financially, to supply or perform goods, services or work tendered, bid, proposed, and who’s past performance or references are satisfactory to the City.
- 2.11 Request for Proposals (RFP) – a Request for Proposal is used when the scope or specifications of the project are only generally defined and to encourage innovative proposals from vendors. Proposals are evaluated based on predetermined and weighted criteria, with price being only one of the criteria used to evaluate the proposals. RFPs are not required to be opened publicly.
- 2.12 Request for Quotation (RFQ) – a Request for Quotation is the tendering process used when the scope or specifications of the project are known and clearly defined. RFQs are commonly used for the purchase of equipment, parts, or projects that are done on a regular basis. The criteria for RFQs is weighted on price and assuming that bid requirements are met, the lowest tender price is awarded. RFQs are not required to be opened publicly.
- 2.13 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. Sole Source Contract may be used when there is one known supplier capable of supplying the required goods or services to meet the City’s demands.

3. ACQUISITION OF GOODS, SERVICES AND CONSTRUCTION:

3.1 Purchase of Goods or Services \$0.00 to \$5,000.00

The following scale shall be used as a guideline when tendering or purchasing small items such as consumables for the City of Melville:

PURCHASING THRESHOLD	POLICY
Under \$5,000.00	<ul style="list-style-type: none"> • Purchase locally unless non-resident business cost is 10% less than resident business, tax included.

3.2 Purchase of Goods or Services \$5,001.00 to \$10,000.00

- a) Purchases of more than \$5,000.00 to a maximum of \$10,000.00 require a minimum of three written quotations from qualified suppliers that provide the necessary services and products. All local suppliers must be contacted and given the opportunity to submit a quotation.
- b) A Request for Quotation, Request for Proposal or Public Tender may be used for the purchase of any goods or services for this threshold at the discretion of the Departmental Manager.

3.3 Purchase of Goods or Services Greater Than \$10,000.00

PURCHASING THRESHHOLD	POLICY
\$10,001.00 to \$50,000.00	The following three options may be used for the acquisition of goods and services at the discretion of the Departmental Manager: 1. Request for Quotation 2. Request for Proposal 3. Public Tender
Greater Than \$50,000.00	The following two options may be used for the acquisition of goods and services at the discretion of the Departmental Manager dependent on the nature of the acquisition: 1. Public Tender 2. Request for Proposal

4. ACQUISITION AUTHORIZATION:

- 4.1 Departmental Managers shall ensure that all purchase requests are formally documented and conform to the following authorization levels:

PURCHASING THRESHHOLD	AUTHORITY
\$0.00 to \$25,000.00	Departmental Manager
\$25,000.00 to \$150,000.00	City Manager Approval
Over \$150,000.00	Council Approval By Resolution

- 4.2 A Departmental Manager may designate signing authority to appropriate staff and are responsible to ensure proper control is maintained within their respective departments.

- 4.3 With the exception of clause 5.1, the provision for all purchases of goods, services or works must be provided for in the current operating or capital budgets as per the City's current Budget Policy.
- 4.4 Departmental Managers shall ensure that all purchases made by the City are consistent with any provincial, national or international trade agreements related to municipal procurement in Saskatchewan.
- 4.5 Council is to be informed of all purchases/contracts greater than \$50,000 in a report attached to the list of accounts for approval which contains these purchases/contracts.

5. EMERGENCY PURCHASE:

- 5.1 Where unexpected or unforeseen events occur that cause significant impairment to the City's ability to deliver safe and reliable service to residents, a Departmental Manager, in consultation with the City manager or his/her designate, may make necessary emergency purchases outside of the normal purchasing process to ensure the safety of employees and residents.

6. SOLE SOURCE CONTRACT:

- 6.1 Sole source contracts can be awarded for all acquisitions where deemed in the best interests of the City to do so with Council approval. Further, sole sourcing may be used under the following circumstances without Council approval:
 - a) Where there is no response to a competitive process (public tender, RFP, RFQ);
 - b) 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;
 - c) Where goods or services are required expediently in order to make repairs to machinery and equipment required to maintain operations;
 - d) Where goods or services are in short supply due to market conditions, including geographic limitations and lack of competition;
 - e) To purchase an item directly for resale (i.e. supplies for custom work);
 - f) To exercise a purchase option under a rental contract or lease; or
 - g) Emergency Purchases.

7. SPECIFICATIONS:

7.1 Department Managers or their designate shall be responsible for preparing specifications and any changes thereto. Specifications are to be clearly set out and detailed to ensure that proper consideration is given to such factors as technical compatibility, safety, regulations, etc. yet practical to assure competition. Where standards are required, specifications shall indicate the standard.

8. TENDER/BID/PROPOSAL ACCEPTANCE CRITERIA:

8.1 In all cases the City reserves the right to refuse any or all tenders, bids or proposals where the City deems it to be in the best interest of the City to do so.

8.2 In the case of public tenders, the City shall accept the lowest qualified tender or bid meeting the City's specifications, unless the tender documents set out additional and/or other acceptance criteria.

8.3 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.

9. AWARDING CONTRACTS

9.1 The Department Manager 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) the lowest recommended bid would exceed the approved budget;
- b) funds have not been provided for in the approved budget, with the exception of purchases made under Section 5;
- c) in the case of public tenders, the contract is not being awarded to the lowest qualified bidder meeting specifications;
- c) the contract amount exceeds \$150,000.00; or
- d) the City Manager, for any reason, refers the award of the contract to City Council.

10. CONFLICT OF INTEREST

- 10.1 Conflict of interest is defined as ‘a situation in which a person is in position to derive personal benefit from actions or decision made in their professional capacity’.
- 10.2 No City employee shall place himself/herself or another in a position of advantage or conflict when acquiring goods and services on behalf of the City. Potential conflicts should be referred to the City Manager or his/her designate in advance for clarification.
- 10.3 All city employees are prohibited from accepting any individual or personal gift, gain, advantage, or favor from contractors.

11. EXCEPTIONS

- 11.1 This policy does not apply to the purchase of the following goods, services or work from outside parties:
 - a) utility contracts (i.e. telephone, power, energy);
 - b) contracts or agreements relating to employee compensation, reimbursements, training and education; or
 - c) entertainment services.

12. RESPONSIBILITIES

- 12.1 The City Manager shall be responsible for the interpretation of this policy.
- 12.2 The Manager responsible for initiating the purchase shall ensure that all capital items acquired have been identified in the budget and fully approved by Council prior to acquisition.