

## Mackenzie County

<b>Title</b>	<b>Purchasing Authority Directive and Tendering Process</b>	<b>Policy No:</b>	<b>FIN025</b>
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<b>Legislation &amp; Policy Reference</b>	<b>Municipal Government Act, Section 209 and 248 (1) and Part 5 PW018 Hiring of Private Equipment</b>
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### **Purpose**

- To provide Council and municipal employees with a clear understanding of purchasing authority, what that purchasing authority is, and the process in which the municipality is committed to an expenditure, and approval for payment of such an expenditure.
- To establish a policy for the tendering for the supply of goods and services and the subsequent opening and award of contracts.
- Transparency of purchasing policy for all.

### **Policy Statement, Definitions and General Guidelines**

#### **1. Policy Statement**

Policy will provide guidelines for the purchase of goods and services and for the tendering process.

#### **2. Definitions**

##### **Bidder:**

- For the purpose of this policy, “bidder” means a person, groups of persons, corporation or agency that submits a tender for the supply of goods and/or services to the municipality.

##### **COR:**

- The Certificate of Recognition (COR) in safety is issued to employers who develop and implement health and safety programs that meet established standards. COR is an essential component of WCB's Partners in Injury (PIR) program. Certificates for the Alberta construction industry are issued by the Alberta Construction Safety Association and are co-signed by Alberta Human Resources and Employment.

##### **Council:**

- For the purpose of this policy, “Council” means Council as whole.

##### **Designated Officer:**

- For the purpose of this policy, “Designated Officer” means an individual or individuals as described in the MGA.

**Local Supplier:**

- For the purpose of this policy, “local supplier” means a business located within Mackenzie County boundary, including Paddle Prairie.

**Recurring expenditure:**

- For the purpose of this policy, “Recurring” expenditures shall include items such as utilities, telephone, lease payments, contract payments, payroll or items as identified by the Chief Administrative Officer (examples of non-recurring expenditure: traveling, training & education).

**SECOR:**

- Small employer COR. Specifically designated for organizations with 10 employees or less.

**Security:**

- For the purpose of this policy, “security” means a surety or collateral that is secured by the issuers that in the event of a default, the security becomes forfeited to the County which could include one or more of the following:
  - A Certified Cheque
  - Performance and/or Labour Bond
  - Irrevocable Letter of Guarantee

**Tender:**

- For the purpose of this policy, “tender” means an invitation to tender, bid, quotations and requests for proposals.

### **3. Responsibilities**

**Chief Administrative Officer (CAO) and/or Designated Officer will:**

- a) Provide requisition forms and procedures to support the implementation of this policy.
- b) Reserve the right to remove or amend the purchasing authority for any staff position of the municipality.

**Chief Administrative Officer (CAO) and/or Designated Officer and the Reeve and/or Deputy Reeve will:**

- c) Be the signatories required on all contract and agreement documents for purchases approved by Council.

**Director of Finance will:**

- d) Provide procedures for the processing of invoices and statements.
- e) Provide procedures for the recording of purchases into inventory.
- f) Provide procedures for the recording of capital assets additions.
- g) Provide the capital budget projects codes annually and as required.
- h) Provide capital and operating income statements at no less than monthly frequency and reasonably upon request to the department heads for their review to supplement spending monitoring.

**CAO, Directors and Managers will:**

- i) Ensure that all tendering and purchasing complies with this policy.
- j) Ensure the proper coding of their departmental invoices to operating and capital codes.
- k) Review the monthly capital and operating income statements and provide comments for the monthly variance report prepared for Council by the Finance Department.

**5. Purchasing from Local Suppliers**

Council recognizes that it is in the best interest of the region to encourage local supply of required goods and services and is therefore committed to purchasing, where permitted, from the local suppliers where costs and quality are competitive and comparable, considering travel time, specifications and investment in local communities.

When using the Request for Proposal format, a point system shall be utilized and the local supplier shall be awarded a minimum 10 points or 10 % of the scoring.

**Purchasing Authority**

**6. List of positions authorized to commit expenditures on behalf of the municipality with the maximum amounts those positions are authorized to commit:**

a) Chief Administrative Officer	As approved by Budget
Director of Community Services	\$10,000
Director of Finance	\$10,000
Director of Operations	\$10,000
Director of Planning and Development	\$10,000
Director of Projects and Infrastructure	\$10,000
Director of Utilities	\$10,000
Agricultural Field Man	\$10,000
Manager of Legislative and Support Services	\$10,000
Fleet Maintenance Manager	\$10,000

b) Delegated Expenditure Authority:

Other municipal employees may make purchases under a written authorization of their respective directors, providing these expenditures have been approved in the current budget and they are not exceeding the maximum allowable commitment amounts for the respective department head positions. All written authorizations are to be approved (prior) by the CAO or by the Designated Officer. The Finance Department will receive the original approved written authorizations, and will maintain an up to date list of delegated expenditure authorities.

## 7. Spending Authority in a Disaster Situation

- a) In a disaster situation, defined by the Chief Administrative Officer or the Director of Disaster Services, authority is granted to spend up to \$50,000 without the need to tender on the sole authority of the Chief Administrative Officer or the Director of Disaster Services. During the disaster, spending in excess of \$50,000 is to be approved by Reeve or Deputy Reeve, or in absence of both, any Councillor, and the Chief Administrative Officer or the Director of Disaster Services without the need to tender.

## 8. Regulations

Notwithstanding the above authorizations, the following regulations shall apply:

- a) No project expenditure or total of such expenditures shall exceed the approved budget amount without prior authorization by the CAO to a maximum of 10% over the approved budget. Such expenditures shall be brought to Council for approval and budget amendment.
- b) Where a required purchase exceeds the authority noted above, approval of such purchase shall be obtained from Council prior to the commitment of the purchase.
- c) It shall be the responsibility of each individual not to exceed his/her limit or budget; the individual must identify available funds for the required expenditure.
- d) It shall be the responsibility of each department head to assure that an invoice is coded to the correct general ledger code. At no time is an expenditure to be coded to another department/function to which it does not belong.
- e) Where expenditures are recurring the CAO shall review and approve such expenditures for payment. Should a department head request that recurring expenditures are required and approved by him/her prior to payment, that

department head shall advise the CAO in writing of such requests identifying what recurring expenditures he/she wishes to review.

**9. Tendering Process and Proposal Call Process**

- a. Tenders shall be requested from not less than the number of sources listed below, all tender documents to be retained for a period of not less than two years and originals to be submitted to the Finance Department. In addition, the following criteria shall be used for determining if Council decision is required in awarding a tender:

<b>Purchase Scale*</b>	<b>Minimum Approval Level on Invoice for Budgeted Expenditures</b>	<b>Tender Requirement</b>	<b>Council Approval Requirement</b>
Up to \$500	Leadhand or Controller via written authorization from an appropriate Director	Phone quotes or catalog pricing are encouraged to compare prices	No
>\$500 to \$5,000	Leadhand or Controller via written authorization from an appropriate Director and Directors	Phone quotes or catalog pricing for price comparison is required	No
>\$5,000 to \$10,000	Directors	Three written quotations	No
>\$10,000 to \$74,999 for goods and materials and construction projects	Directors and CAO	Three written quotations	No
\$75,000 and up for goods and materials and construction projects	Directors and CAO	Open advertised tenders or proposal as approved by Council and as per New West Partnership Trade Agreement (NWPTA)**	Yes (tender contract to be signed by CAO and Reeve)

**\*Private equipment may be used as per the Hiring Private Equipment Policy (PW018)**

**\*\*All tenders procured through public advertising must be opened at a duly called Council meeting.**

- b. Where tenders are received that do not comply with Section 9(a), or where three (3) tenders cannot be obtained, the tenders received will be accepted provided that:
  - i. Tenders or quotes have been requested from local suppliers of the goods or services required for goods and materials under \$74,999 and for construction projects under \$199,999,
  - ii. Tenders received which are believed to reflect a fair market price based on the conditions of the request for quotes, and

- iii. The successful bidder is capable of providing the goods or services as per the conditions of the request for tender or quote.
- c. Where the nature of the services required does not provide for public the competition necessary for the tendering process, Council may by resolution, or the CAO in writing, provide for special tendering and award processes. Examples of these are invitational tenders, legal, architectural and engineering services, accommodations.
- d. No tenders are required when group-purchasing programs are utilized (AAMD&C and AUMA group purchases), but periodic price check must be conducted.
- e. Standing quotations may be obtained and used to satisfy the requirements in Section 8(a) for the time period the vendor agrees to honour the quotation.

## **10. Request for Tender Process (excludes quotes)**

- a) Sealed tenders shall be processed in the following manner:
  - i. Sealed tenders to be received marked in the specified manner prior to the designated tender closing. Each tender must be time and date stamped upon receipt and must be kept confidential in a secure place.
  - ii. The sealed tender will be considered invalid if opened prior to the public opening, or if the contents are disclosed to any municipal staff member prior to the public opening.
  - iii. All tenders procured through public advertising must be opened at a duly called Council meeting, and be recorded using a Tender Document Form.
  - iv. Multi-year projects are required to go to tender regardless of the purchase scale.
  - v. Two envelopes will be included in the tender package:
    - The first envelope will contain the required documents in a sealed envelope for the tender:
      - Performance Deposit (Certified Cheque, Bank Draft, Bid Bond, Consent of Surety)
      - WCB Clearance Letter/Number
      - Certificate of Insurance
      - Valid SECOR/COR Certificate
      - Mackenzie County Business License
      - Additional documents as required for specialty contracts, for example:
        - Bidders Schedule for Work
        - Tender for Provision for Services
        - Addendum (if required – information only).

- The second envelope will contain the:
  - Signed and sealed bid for the tender
  - Pricing Form
  - Addendum (if required – price affected).
- vi. Should the first envelope not contain all the required documentation requested within the tender package, the second envelope containing the bid amount will not be opened or considered and will be returned to the proponent as per Policy ADM105 – Tendering Documentation Process.
- vii. If the proponent has had documented unsuccessful performance in the past with the Municipality, the second envelope may not be opened, and will be returned to the proponent within 5 business days.
- viii. A summary of the tender opening shall be included in the council meeting minutes.
- b) Withdrawal of a sealed or written tender will only be accepted prior to deadline for receipt of tenders. The request to withdraw the tender must be received in writing.

## **10. Information to Bidder**

- a) Each request for a sealed tender shall provide a clearly defined description of the goods or services required by the municipality, and shall include a statement that the terms of this policy shall apply to each tender.
- b) If additional information is developed during the request for sealed or written tenders, due to meetings, questions raised, or changes in specifications, this information shall be forwarded in writing to all bidders.
- c) Where telephone quotations or written quotes are requested, staff shall ensure that the same information and deadline is given to each person quoting.
- d) No information regarding tenders or bidders will be released until a tender has been closed. Details of a specific tender are not to be disclosed in accordance with the Freedom of Information and Protection of Privacy Act. The name of a bidder, the date of a tender, the unit or lump sum price may be disclosed.

## **11. Security, Bonding and Other Requirements**

- a) Prior to tender, bidder is required to have:
  - A current Mackenzie County business license and a copy is to be included in the tender submission documents.
  - COR/SECOR (subject to Subsection f))
  - WCB

- Insurance
- b) Prior to execution of the contract, all security, insurance, naming the Municipality as an additional insured, and Workers Compensation Board requirements as required at the closing time of the tender, shall be in place.
- c) A bid deposit will be forfeited to the municipality if the successful bidder fails to accept the award of tender. Execution of the contract must be complete within 15 days after awarding of the tender.
- d) Equitable security is required at time of tender. The municipality shall retain the Security until the terms of the contract are complete. The Security will be forfeited to the municipality if the successful bidder fails to comply with the terms and conditions of the contract.

Security must be obtained for all projects per the following threshold:

- Road Infrastructure Projects - \$100,000 and up
  - Water/Sewer Infrastructure (underground Construction) - \$75,000 and up
  - Buildings - \$100,000 and up
- e) All security and bonding documents shall be held in a safe at the Fort Vermilion Corporate Office.
  - f) A contractor shall be required to have a valid COR/SECOR certification for all municipal works whereby the contractor is considered “the prime contractor” as per the Occupational Health and Safety Act.

For the municipal works whereby a contractor is not considered “the prime contractor” as per the Occupational Health and Safety Act, preference may be given to the contractors that hold COR/SECOR and consideration may be given to contractors that are not certified. When engaging a non-certified contractor, the County will follow the applicable safety orientation procedures as required under the Occupational Health and Safety Act for the respective projects/works and/or internal safety policies and procedures.

The following guidelines shall apply:

**COR/SECOR required:**

- When the County can transfer prime responsibility for a project to a Contractor as defined in OH&S Act;
- When the project is considered high hazard (i.e. blasting) and no internal expertise exists (no task specific procedure/safe work practice to guide and/or a hazards assessment cannot be adequately achieved due to lack of internal expertise relative to the task)

**COR/SECOR may not be required:**



- Consulting services;
- Services received from contractors/suppliers on their premises;
- Equipment paid hourly from the County hired equipment list (companies with COR/SECOR receive 80% per for road builders rate, non-certified contractors received 70% road builders rate, see PW018 Hiring of Private Equipment Policy);
- Certified trades services.

**The COR/SECOR exemption may be granted to a contractor under the following conditions:**

- The County is the sole employer of the contractor for the duration of the contract's term.
- There are no employees working for the holder of the contract with the County (although an occasional substitute is permitted but must be granted by the County on a case by case basis).
- The individual's services under a contract are limited to labour services, and no or limited specialized equipment provided under the contract.
  - Municipal Campground Caretakers
  - Waste Transfer Station Operator

All current contracts (prior to December 21, 2015) are grandfathered until their expiry.

g) Administration will maintain an approved list of contractors.

## **12. Analysis of Tenders**

- a) The following factors, presented without any priority, may be used to evaluate all bids received and may include, but are not limited to the following:
- i. **Ability** of the bidder to meet the requirements of the tender regarding quality, specifications, delivery and service.
  - ii. **Bulk Purchasing**, through larger quantities, cumulative quantities or bulk packaging.
  - iii. **Life Cycle Costs** of goods or services.
  - iv. **Local Supplier** is a business located within Mackenzie County boundary, including Paddle Prairie.
  - v. **Price**, based on the same FOB location, same currency including goods and services tax, and with discounts applied.

- vi. **Record** of a bidder's previous performance on quality, experience, service, delivery and safety.
- vii. **Standardization** of goods to reduce inventory and future costs.

- b) The municipality reserves the right to reject any and all tenders for any cause, to award tenders based on conditions other than price, or to reject all tenders without cause.
- c) The municipality shall not accept tenders, quotations or the supply of services from contractors or suppliers of services who have initiated litigation against the municipality, for a period of one year after the litigation is resolved.

### 13. Contingency Allowances

- a) Contingency allowances may only be spent to meet the costs of unexpected site conditions, which prevent the contractor from meeting the project specifications as approved by Council. Project contingency will be established at or before time of tender awarding.
- b) Contingency allowances and unspent project funds may only be applied to changes in project specifications and approved by CAO or Council.

	<b>Date</b>	<b>Resolution Number</b>
<b>Approved</b>	2007-12-11	07-12-1120
<b>Amended</b>	2008-12-09	08-12-979
<b>Amended</b>	2011-03-30	11-03-278
<b>Amended</b>	2011-12-12	11-12-970
<b>Amended</b>	2012-10-09	12-10-650
<b>Amended</b>	2015-01-30	15-01-058
<b>Amended</b>	2015-06-22	15-06-463
<b>Amended</b>	2015-12-21	15-12-970
<b>Amended</b>	2016-04-27	16-04-301
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