

THE TOWN OF STEWIACKE

POLICY STATEMENT

PROCUREMENT POLICY

Policy # 2000-05

1. PURPOSE

1.1. It is the policy of The Town of Stewiacke to acquire goods and services on a competitive basis and to ensure uniformity of rules and procedures. This policy shall guide Town staff in the acquisition of goods and services on behalf of the Town in a manner that is:

- a) consistent with Council's budget approvals, and
- b) complies with the Province of Nova Scotia's Public Procurement Act.

1.2. The Town of Stewiacke is committed to:

- a) providing for the procurement of goods, services, construction and facilities in a fair, open, consistent, and transparent manner resulting in best value for the Town;
- b) encouraging competition, innovative ideas and solutions, while respecting Legislative and Trade Agreement obligations;
- c) promoting sustainable options in procurement decisions, including identifying and exploring opportunities to work with and support social enterprises and businesses that are owned by and who employ under-represented populations;
- d) ensuring that qualified suppliers have equal opportunity to bid on the Town's procurement activity;
- e) being accountable for procurement decisions.

2. DEFINITIONS

2.1. For the purposes of this policy, the following definitions are provided:

a) **Atlantic Standard Terms & Conditions** - Standard instructions that support public tenders issued by the four Atlantic provinces for goods and services. Supplements may be added if and when required.

b) **Best Value** - Evaluating bids not only on purchase price and life cycle cost considerations, but also taking into account items such as environmental and social considerations, delivery, servicing, and the capacity of the supplier to meet other criteria as stated in the tender documents.

c) **Bid** - A supplier response to a public tender notice to provide goods, services, construction or facilities.

d) **Competitive (Formal) Quote** – A formal written quote from a supplier for the acquisition of goods or services.

- e) **Construction** - The construction, reconstruction, demolition, repair, or renovation of a building, structure, road or other engineering or architectural work, excluding the professional consulting services related to the construction contract unless they are included in the procurement.
- f) **Construction Contract Guidelines** - Standard instructions developed in consultation with the Construction Association of Nova Scotia that support construction tenders.
- g) **Goods** - Materials, furniture, merchandise, equipment, stationery, and other supplies required by the Town of Stewiacke for the execution of its business and affairs and includes services that are incidental to the provision of such supplies.
- h) **Informal Quote** – a verbal, hand-written or otherwise informally communicated quote from a supplier for the acquisition of goods or services.
- i) **Local Preference** – Any supplier of goods and/or services located in the Town of Stewiacke. In the absence of an interested supplier from Stewiacke, any supplier of goods and/or services located in the Town’s surrounding area.
- j) **Procurement Advisory Group** - The advisory group established by the Public Procurement Act to provide advice and recommendations to advance the outcomes of the Act.
- k) **Procurement Activity** - The acquisition of all goods, services, construction, or facilities procured by purchase, contract, lease, or long-term rental.
- l) **Procurement Value** - The value of the total contract *excluding taxes* but including all options whether exercised or not. For facilities this value is determined by the monthly lease/rent multiplied by the term of the contract.
- m) **Procurement Web Portal** - The public website maintained by the Province where all public tender notices are posted.
- n) **Public Advertisement** - Advertising a public tender notice on the provincial procurement web portal when PPA thresholds are exceeded. Public advertisement could also include advertisement on the Town’s website and local or provincial newspapers, or other means as applicable.
- o) **Public Procurement Act (PPA)** - An Act outlining the rules related to the procurement activity of all public sector entities in the Province of Nova Scotia.
- p) **Public Tender** - Procurement for goods, services, construction, or facilities obtained through public advertisement. May also be a Request for Proposals.
- q) **Public Tender Notice** - Notice of intended procurement for goods, services, construction, or facilities obtained through public advertisement.
- r) **Services** - Services required by the Town of Stewiacke in the execution of its business and affairs, excluding services provided by an employee through a personal services contract.
- s) **Standing Offer** - A standing offer is a contractual arrangement with a supplier to provide certain goods or services on an “as required” basis, during a particular period of time, at a predetermined price or discount, generally within a predefined dollar limit.
- t) **Sustainable Procurement** - Sustainable Procurement involves taking a holistic approach to obtain best value. This will be done by integrating the following considerations in the procurement process:
- i) Environmental considerations: e.g. Green House Gas Reduction, Waste Reduction, Toxic Use Reduction;

- ii) Economic considerations: e.g. Life Cycle Cost, Fiscal Responsibility, Support for the Local Economy;
- iii) Social considerations: e.g. Employee Health and Safety, Inclusiveness and Fair Wage, Health Promotion.

3. APPLICATION

3.1. This policy applies to all procurement activity of the Town of Stewiacke effective October 1, 2018.

3.2. The Chief Administrative Officer (CAO) is the *Responsible Authority* for the purchase of goods, services, construction, or facilities for The Town of Stewiacke subject to the policy and procedure herein. It shall be the responsibility of the CAO to ensure that purchases of goods and services are carried out in accordance with this policy. The CAO is also considered to have Purchasing Authority for the purposes of this Policy.

3.3. All other Town staff who have authority for the procurement of goods, services, construction, or facilities shall adhere to this policy. Department Heads are considered to have *Purchasing Authority*. They include the Superintendent of Public Works, the Treatment Plant Operator, the Manager of Finance and the Recreation and Physical Activity Coordinator. The Town Clerk also has purchasing authority as per section 4.1. The CAO shall be advised of intended purchases greater than \$1,000 made by Department Heads.

3.4 The CAO shall encourage the consolidation and standardization of items used within the Town. Under the direction of the CAO, Purchasing Authorities shall endeavor to combine the purchasing of common goods and services to achieve the most economical financial benefit to the Town. This may include cooperative purchases with other public sector agencies when it is deemed to be the most cost-efficient method of procurement.

3.5 The Responsible Authority should ensure that, wherever feasible and economical, specifications are prepared to provide for the expanded use of products that contain post-consumer recycled waste and/or recycled content, without significantly affecting the intended use of the products or service.

3.6 Leasing of equipment shall be subject to this policy. Comparison of lease -vs- purchase costs should be performed prior to the tender process, with due consideration to budget approvals and funding sources.

4. PURCHASING AUTHORITY

4.1. Purchasing Authority is to be exercised as follows:

In all cases, *consideration* should be given to:

- a) any Standing Offers that exist between suppliers and the Town;
- b) any Standing Offers that exist between suppliers and the Province of Nova Scotia. These Standing Offers are in most cases eligible for use by the Town, however the Purchasing Authority may give preference to local suppliers as per section 8;
- c) where no Standing Offer exists or the Purchasing Authority is required to use the competitive process, the following procedures and thresholds apply:

PROCEDURES AND THRESHOLDS:

a) Up to \$500 - The Town Clerk is authorized to make purchases of goods and services for the purpose of carrying on the business of the Town where such expenditure is within budget allocation. Price comparisons should be made to ensure the Town is getting best value.

b) Up to \$3,500 - A Department Head is authorized to make purchases or contracts for the acquisition of goods and services for the purpose of carrying on the business of the Town. Such expenditures shall not exceed budget allocation by more than 10%. *Informal quotes* from more than one supplier are required for purchases greater than \$500.

c) Up to \$5,000 - A Department Head is authorized to make purchases or contracts for the acquisition of goods and services for the purpose of carrying on the business of the Town. Such expenditures shall not exceed budget allocation by more than 10%. *Written formal quotes* from at least three suppliers are required for purchases greater than \$3,500.

d) Up to \$15,000 - The Chief Administrative Officer is authorized to make purchases or contracts for the acquisition of goods and services for the purpose of carrying on the business of the Town. Such expenditures shall not exceed budget allocation by more than 10%. *Written formal quotes* from at least three suppliers are required for purchases greater than \$3,500.

e) Greater than \$15,000 - The Chief Administrative Officer requires Council approval for the acquisition of goods and services for the purpose of carrying on the business of the Town. A traditional Public Tender or Request for Proposals (RFP) process is required.

	Up to \$500	Up to \$3,500	Up to \$5,000	Up to \$15,000	Greater than \$15,000
Clerk	Yes	No	No	No	No
Dept Head	Yes	Yes	Yes	No	No
CAO	Yes	Yes	Yes	Yes	No
Requirement	Price comparison	Informal quotes	3 x Formal quotes	3 x Formal quotes	Tender or RFP

4.2. All threshold dollar amounts are *exclusive of tax*.

4.3. Contract splitting to remain within certain threshold limits or to avoid a competitive process is strictly prohibited.

4.4. Exempted payments

- a) Certain payments such as provincially determined expenditures as they apply, including any payments as may be required by the Municipal Government Act, or any other applicable legislation, are exempt from this policy. Examples of such commitments

include but are not restricted to: School Board Appropriation paid to the Province, PVSC Services, RCMP Services, and Correctional Services.

- b) Utility payments, where no competitor exists, are exempt from this policy;
- c) Contracted joint services with other municipal units, brokered through an affiliated municipal organization, such as the Nova Scotia Federation of Municipalities for health benefits and general insurance.

5. PURCHASE TOOLS

5.1. Purchase Order

- a) The Purchase Order is the tool normally used to finalize the bid process for goods and services. The purchasing procedure begins with a Purchase Order form being completed. It describes the items or service to be ordered, delivery date, the amount and the expense code to which the purchase will be allocated in the financial records.
- b) The Department Heads shall then proceed to purchase the items, following processes outlined in the policy. The Department Head shall sign the Purchase Order. In the absence of a Purchase Order a formal contract should normally be drafted and signed by the Purchasing Authority and the supplier.

5.2. Purchase Order Not Required:

- a) There are a number of purchases of low value items made at local businesses that accumulate, and such businesses may submit a monthly statement to the Town for payment. A Purchase Order is not necessarily required for individual purchases less than \$500 in value. However, the Purchasing Authority shall review the monthly statements from suppliers to verify price and receipt of goods.

6. PUBLIC TENDER PROCESS

6.1. Specifications

The Purchasing Authority or designate shall prepare specifications for the goods and services to be acquired by public tender (or Request for Proposals as the case may be).

6.2. Tender Documents

Tender documents shall normally include the following:

- a) Instructions to bidders;
- b) Sufficient detail to ensure the scope of work and requirements are clearly understood by bidders;
- c) Project drawings and/or specifications where required;
- d) Evaluation method, criteria and weighting as required;
- e) A Privilege Clause;
- f) Form of "General Conditions" as required;
- g) Form of "Contract Agreement" as required;
- h) Any other details that may be pertinent to the specific Tender not included above.

Tender documents shall also include the closing date and time, and the fact that all tenders must be delivered to the Town Office in sealed envelopes clearly marked with the purpose

of the tender.

6.3. Tender Openings

All tenders solicited by the Town of Stewiacke shall normally close on a Thursday at 2:00pm. All tenders shall be received by the Receptionist at the Town Office, who shall stamp the time and date received on the sealed envelope and placed in a designated secure location. No tenders shall be received by fax or e-mail, however, amendments to tenders will be accepted if the tendered price is not revealed in the fax.

6.4. At the designated time for opening, the Purchasing Authority, one member of Town Council (if available), and the CAO (or one other person selected by the CAO) shall meet in the Council Chambers. As a minimum, two people plus a recorder shall be present. The CAO or Purchasing Authority will bring the sealed bids to the Council Chambers for opening. The public is normally permitted to view the tender opening.

6.5. The CAO or Purchasing Authority shall ensure that a recorder records the proceedings at the opening, including the names of those persons in attendance and the amounts of the bids.

6.6. Tenders received after the closing shall be returned to the bidder, unopened.

6.7. Tender Awarding

PRIVILEGE CLAUSE: It is customary for the Town of Stewiacke to award contracts to the bidder with the lowest price meeting the specifications. However, the Town reserves the right to make an award for reasons deemed to be in its best interest and representing best value. Primary evaluation criteria shall normally be price, however other distinguishing criteria, such as warranty, use of superior materials, and history (experience) may be considered if it clearly provides the Town with better value. A tender may not be awarded to a supplier who did not bid on the original tender.

6.8. A report to Council from the Purchasing Authority is required for all public tenders. It will normally include the proceedings from the tender opening, the bid amounts, the results of the bid evaluation and a staff recommendation to Council. The report will be presented at the earliest opportunity to Council, who will then consider the staff recommendation prior to making a decision on awarding the tender.

6.9. The successful bidder shall be notified as soon as practical by phone or e-mail, with a mailed letter following. The unsuccessful bidders are to be notified by mailed letter.

6.10. The successful bidder and contract award amount for all public tenders and RFPs shall be posted on the Province of Nova Scotia's Procurement Web Portal. After tenders have been awarded, routine access to information at a suppliers request shall be provided in the following areas:

- a) Bidders list (may include bid prices);
- b) Name of successful bidder;
- c) Award price excluding taxes of the successful bidder;

Access to tender documents or other proprietary information is subject to provisions in the Freedom of Information and Protection of Privacy Act.

6.11. In the event that all of the bids received exceed the budgeted appropriation, the Purchasing Authority shall do one of the following:

- a) Cancel the project;
- b) Recommend awarding the tender to the lowest acceptable bidder noting the budget overage in consideration of project importance and priority;
- c) Alter the scope of work and re-issue the public tender;
- d) Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender to reduce or alter the scope.

6.12. Supplier Debriefing

At the request of a supplier who submitted a bid, Town personnel will conduct a supplier debriefing session to provide feedback on the evaluation of the public tender. Suppliers can find out *how their proposal scored against published criteria*, obtain *comments on their bid*, and gather *information on how future bids may be improved*. Supplier bids are *not compared to other bids*, nor will information on other bids be provided.

6.13. Supplier Complaint Process (SCP)

When a supplier is not satisfied with the information provided in a supplier debriefing, the supplier may file a complaint in accordance with the Supplier Complaint Process as defined in the PPA. The SCP is not a dispute resolution process, but rather is intended to handle supplier complaints and to improve faulty or misleading procurement processes. The SCP is an integral part of a fair and open procurement policy.

7. FAIR TREATMENT FOR NOVA SCOTIA SUPPLIERS

7.1. Based on the principle of best value for the Town of Stewiacke and when deemed to be in their best interest, Town personnel may apply a preference for goods valued up to and including \$25,000 that are manufactured or produced in Nova Scotia. The final decision to apply a preference to a Nova Scotia supplier shall be approved by the CAO.

7.2. Town personnel may also choose to apply a Nova Scotia preference or restrict the receipt of quotations at or below \$3,500 to Nova Scotia Suppliers. Any such decision made by Town personnel should be based on budget considerations, and shall be approved by the CAO.

8. LOCAL PREFERENCE AND SUSTAINABILITY CONSIDERATIONS

8.1. Purchasing Authorities or Council (whoever has the authority to award contracts in accordance with this Policy) may give preference to purchasing goods and services from local businesses in accordance with the following:

- a) If the goods or services available from a local business are equal in providing the best value to those available from a non-local business, the goods or services from the local business may be purchased;

b) In evaluating which goods or services offer best value to the Town, the Purchasing Authority may apply a preference of 5% to the price offered by a local business as compared with non-local businesses, such that the price offered by the local business is adjusted lower by 5% and only for the purposes of evaluating which goods or services offer best value.

8.2. All requests for quotations and notices of public tender should state that local preference may apply to the procurement.

8.3. In accordance with the Atlantic Procurement Agreement, the local preference described above does not apply to the following procurements:

- a)** goods that have a value of \$25,000 or greater;
- b)** services that have a value of \$50,000 or greater;
- c)** construction that has a value of \$100,000 or greater.

8.4. Pursuant to the PPA, in evaluating which goods or services offer best value to the Town, the Town may consider sustainability criteria, including environmental, economic, and social considerations.

8.5. All requests for quotations and notices of public tender must list the sustainability criteria that apply to the procurement, if any.

9. OBLIGATIONS UNDER THE PUBLIC PROCUREMENT ACT (PPA)

9.1. In addition to the areas already covered by this Policy, the following are additional obligations of the PPA that Purchasing Authorities are required to adhere to:

a) Terms and Conditions

i) Every public tender notice must include or have attached the terms and conditions that govern the purchase of goods, services, construction, or facilities. The terms and conditions of every public tender notice must be consistent with the Atlantic Standard Terms and Conditions for the procurement of goods, services, or facilities and the Construction Contract Guidelines developed in collaboration with the Construction Association of Nova Scotia for the procurement of construction.

b) Posting Tender Notices and Awards

i) All opportunities subject to a public tender, as required by PPA guidelines, must be advertised on the Province of Nova Scotia Procurement Web Portal. Town personnel must also post on the Procurement Web Portal the name of the successful bidder for the public tender and the contract amount awarded (as per section 6.10).

c) Code of Ethics

i) Town personnel and Council members must ensure their conduct in relation to procurement activity is consistent with the “Duties of public sector entity employees” in the PPA. This includes a request for removal from a procurement activity when a personal conflict of interest is perceived.

d) Other

i) Supplier Development Activities

Town personnel will make every attempt where appropriate to participate in vendor outreach activities as requested by the Procurement Governance Secretariat.

ii) Regulations

Town personnel will ensure that procurement practices remain consistent with any regulations that are adopted under the PPA, through periodic reviews of this policy and interim directives as required.

10. SALE OF SURPLUS MATERIAL

10.1. Goods, supplies and assets which are declared surplus by the CAO shall be sold in the most effective manner to obtain the highest return. Sale by tender, auction, negotiation or quotation are authorized methods of disposition of surplus items. As required, Department Heads should provide the CAO with adequate justification prior to asking the CAO to declare the item as surplus. Some items may be deemed to be of little or no value and may also be declared surplus and given away to the public or non-profit organizations.

10.2. Employees and Councillors of the Town or their agents shall not be permitted to purchase surplus material.

11. PROFESSIONAL SERVICES

11.1. Professional services include auditing, banking, legal, information technology support and engineering services.

11.2. Generally these services will be subject to a Request for Proposal process on a five year basis. The CAO is responsible to carry out the RFP process and file a recommendation with the Town Council for the five year appointment.

11.3. The Council and the CAO, or a designate, shall prepare the specifications for these services, issue Requests for Proposals, carry out the necessary interviews or bid evaluations, and prepare a report and a staff recommendation for Council approval.

11.4 The Town employs a variety of other personnel on short-term contracts in various capacities, such as dog control, custodial and trail grooming services. These contracts shall be reviewed periodically and RFPs issued at or near contract termination.

12. RECEIPT OF GOODS AND SERVICES

12.1. Immediately upon the receipt of goods or services, authorized staff shall ascertain that the goods or service are received as ordered, relating to quantity, quality and/or condition. Rejection of delivery shall be reported to the Purchasing Authority and the Town Clerk, who shall in turn notify the supplier and/or carrier and determine how the issue is to be rectified.

12.2. A receiving report shall be prepared and signed by the authorized person, and it shall be

forwarded to the Office Clerk to be attached to the purchase order. Some goods or services may not have a receiving report, and in those cases the Purchasing Authority's signature on the invoice shall signify that the goods or services have been received/provided in an acceptable manner.

13. PAYMENT FOR GOODS AND SERVICES

13.1. Payment may be made by the CAO or the Town Clerk to the supplier if the supplier invoice is accompanied by a receiving report (or a signed invoice as per section 12.2), a purchase order and approval of the purchasing authority. The CAO, Town Clerk, or a designate, shall verify that all appropriate steps and approvals for the acquisition of the goods and services have been carried out prior to making payment to the supplier.

13.2. The Town's Corporate Credit Card is held by the CAO. Payment by Corporate Credit Card is authorized for smaller purchases in the conduct of Town business. Use of the card may also include authorized travel and accommodation bookings, reservations, organizational fees, professional dues, certain hospitality items, etc. Individual purchases by credit card should normally not exceed \$500. The card balance shall be paid in full monthly so as not to incur interest charges. The Corporate Credit Card shall not be used for personal purchases, cash advances, the purchase of alcohol, or the purchase of other items that may be deemed a questionable use of public money.

14. ALTERNATIVE PROCUREMENT PRACTICES

14.1. In order to balance the need for an open and competitive process with the demands of urgent or specialized circumstances, Alternative Procurement Circumstances have been developed. These circumstances must be used only for the purposes intended and not to avoid competition or used to discriminate against specific suppliers. To ensure appropriate use, each circumstance must be documented by Town personnel stating the rationale permitting the Alternative Procurement Circumstance, and signed by the CAO. All documents must be filed and maintained for audit purposes.

14.2 Alternative Procurement Circumstances

No Threshold Restrictions

Town personnel may use Alternative Procurement practices as described below for the procurement of goods, services, construction or facilities, with no threshold restrictions and in the following circumstances:

- (1) In **an emergency**, where an unforeseeable situation of urgency exists and the goods, services or construction cannot be obtained in a timely manner by means of the regular purchase procedures:

- (a) Emergencies include a lack of supplies or services that will have a significant adverse effect on the functioning of the Town, threaten public or private property or the environment, or jeopardize the health or safety of the public;
 - (b) Emergency purchases will be completed using the most expedient method in the circumstances but will take best value into consideration;
 - (c) The purchasing employee will report the emergency purchase to their Department Head who will provide the CAO with documentation of the purchase.
- (2) Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise municipal or other governmental confidentiality, cause economic disruption or otherwise be contrary to the public interest;
 - (3) Where compliance with the open tendering provisions set out in this Policy would interfere with the Town's ability to maintain security or order or to protect human, animal or plant life or health;
 - (4) In the absence of bids in response to a public tender, or when the bids submitted have been collusive, or not in conformity with the essential requirements in the tender (if there are no bids, the tender may be re-issued);
 - (5) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
 - (6) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;
 - (7) For the purchase of goods or services the supply of which is controlled by a supplier that is a statutory monopoly;
 - (8) For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor;
 - (9) For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
 - (10) For the purchase of a prototype or a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases;
 - (11) Where authorized by the CAO, for the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, at auction or through tender, but not for routine purchases;
 - (12) For the purchase of original works of art;
 - (13) For the purchase of real property;
 - (14) For a purchase from philanthropic institutions, prison labour, persons with disabilities, sheltered workshop programs or through employment equity programs;
 - (15) For a purchase from a public body or a non-profit organization; or
 - (16) For the purchase of services of expert witnesses, specifically in anticipation of litigation or for the purpose of conducting litigation.

14.3. Except for an emergency purchase under section 14.2 (1), alternative procurement purchases must be made in accordance with the following process:

- (1) The responsible Department Head or their designate must submit their request for an

alternative procurement purchase in writing to the CAO, explaining why they believe an alternative procurement purchase is necessary;

(2) The CAO must discuss the request with the Department Head to ensure an alternative procurement purchase is required;

(3) The CAO will assess the request. If the request is approved, the CAO will notify the Department Head, and if the request is denied, the CAO will notify the Department Head with an adequate reasoning as to why the request has been denied;

(4) The purchase should be completed through negotiation with the available supplier or suppliers of the goods or services required.

14.4. When an alternative procurement purchase occurs, the reason for doing so must be documented and briefed to Council as soon as practical, even prior to the procurement if feasible, especially with respect to items from sections 14.2 (2) through 14.2 (16).

Threshold Restrictions

14.5. Town personnel may use Alternative Procurement practices as described below, up to \$10,000 in the following circumstances:

(1) For the procurement of goods or services for the purpose of evaluating or piloting new or innovative technology with demonstrated environmental, economic, or social benefits when compared to conventional technology, but not for any subsequent purchases;

(2) For procurement that fosters the development of minority businesses.

15. OTHER

15.1. This policy supersedes the “Purchasing and Tender Policy” 2000-05 dated April 27, 2000.

Annotation for Official Policy Book

Date of Notice to Council Members of Intent to consider: September 4, 2018

Date of Passage of Current Policy: September 27, 2018

I certify that this policy was adopted by Council as indicated above.

CAO / Clerk

Date