

| TOWN OF STRATFORD - COUNCIL POLICY | | | |
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| Name: | Sustainable Procurement Policy | Policy Number: | 2016-FT-01 |
| Committee: | Finance | Approval Date: | Nov 9, 2016 |

1. Introduction

The Town of Stratford Council directs the operation of the Town through its approved programs and policy. The purpose of this policy is to align the Town of Stratford’s purchasing practices with its goals of environmental, social, cultural, and economic sustainability. These purchasing guidelines will also ensure the most cost effective, and cost efficient methods are used to purchase goods and services for the Municipality in the manner approved by Council.

2. Guiding Principles

The following principles will guide the procurement practices of the Town of Stratford:

- a. Procurement policy provides a direction for the expenditure of funds to complete the programs approved by Council in the annual Operating and Capital Budget.
- b. The Town of Stratford’s Sustainable Procurement Policy encourages staff to purchase quality products, services and construction at competitive prices while considering key environmental and social benefits over the entire life-cycle of the product or service, including:
 - Energy and water efficiency
 - Reduced resource requirements
 - Recyclability
 - Biodegradability
 - Minimal Packaging
 - Durability
 - Workplace health and safety
 - Total cost of ownership
 - Supporting local businesses

- c. Procurement policy and procedures should provide the most cost efficient, sustainable and cost effective methods to purchase and dispose of all goods and services for operations of the Town of Stratford.
- d. The procurement process is to be open, fair, and consistent with Town policies.
- e. The life cycle cost of acquisition is to be considered. (Costs such as repair cost, staff training, operation cost, and disposal are to be considered rather than just the lowest invoice price).
- f. Procurement methods are to encourage competitive bidding for the supply of goods and/or services.
- g. Adherence to the Atlantic Procurement Agreement
- h. To use suppliers who can be expected to provide satisfactory performance based on the following:
 - i. performance;
 - ii. previous contracts;
 - iii. financial and other resources to complete the contract bid upon;
 - iv. references;
 - v. sustainable practices used by the bidder and their sustainability policies;
- i. Prior to a purchase being made, in adherence to the Town of Stratford's Sustainability Decision Making Policy.

3. Definitions

- a. Bid - Refers to a competitive bid received from either a Request for Quotation, Tender or Request for Proposal.
- b. Public Request for Submission - refers to Tenders, Call for Proposals, Two Phase

Bids etc., over the value of \$50,000.

- c. Town of Stratford refers to all Town departments and entities.
- d. General Circulation – refers to publications and website.

4. General

- a. The procurement of goods and services will be facilitated by the appropriate department according to this policy.
- b. The Town of Stratford will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- c. The Town of Stratford may remove a supplier's name from consideration for a contract for up to three years based on poor performance or non-performance on a contract.
- d. The appropriate departments shall work together to combine requirements where possible and encourage overall standardization of items to reduce the overall cost to the Municipality.
- e. The appropriate departments shall work with other levels of government, other agencies, boards and commissions, and associations such as the F.C.M. (Federation of Canadian Municipalities) and Province of PEI to encourage standardization of items and/or to reduce overall cost to the Municipality.

5. Authority of the Chief Administrative Officer (C.A.O)

- a. The Chief Administrative Officer (C.A.O.) or designate has the authority to award or purchase all goods or services that are within the budgets approved by Council, and as guided by this Procurement Policy.

Financing purchases: The CAO, or his designate, may authorize financing arrangements such as leases, rentals, etc. for the purchase or rental of goods,

services, equipment or property on behalf of the Town of Stratford where the purchase is compliant with the other conditions and award limits within this policy and the period of financing does not exceed five (5) years. The total lease cost will be used to determine the contract award amount.

6. Purchasing Process and Award of Contracts

The following guidelines will be followed for the purchase of goods and services for the Town of Stratford:

- a. **Up to \$2500-** The acquisition of goods and services having a value up to \$2,500 and not covered by a Price Agreement may be purchased by the department as designated by the manager of the department, in accordance with the all other sections of this policy.
- b. **More than \$2500 but less than \$25,000-** For the acquisition of Goods and services with a value of at least \$2,500 but less than \$25,000, at least three quotations will be solicited by the department. The requisition is to be authorized by a manager of the user department (or designate) and the funds are clearly identified in the approved operating or capital budget. Procurement Form must be completed (Appendix A)
- c. **More than \$25,000 but less than \$100,000 -** For the acquisition of Goods and Services with a value of at least \$25,000, but less than \$100,000, will issue a public request for submissions. These acquisitions will be advertised in one or more publications of general circulation and the Town of Stratford and on the Government of PEI website. The purchase order is to be authorized by the manager (or designate) of the user department and the C.A.O, and the funds are clearly identified in the approved operating or capital budget. If it is over the approved capital budget the user department must bring the project within budget guidelines or go back to council for an increase in the capital budget.
- d. **\$100,000 or greater -** For the acquisition of Goods and Services with a value of more than \$100,000 the manager of the appropriate department, in consultation with the C.A.O., will issue a public request for submissions. These acquisitions

will be advertised in one or more publications of general circulation and the Town of Stratford and on the Government of PEI website. Tenders or RFP's in this range will be acknowledged at a public opening at a designated date and time. These tenders are to be approved by Town Council or other town entities as delegated by council, prior to award of the contract.

- e. **Emergency Purchases:** An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:
- i. a condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the public;
 - ii. interim contractual arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

Emergency purchases are completed using the most expedient method, but will take economy into consideration. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority.

- a. **Professional Services:** Notwithstanding the above, contracts for professional services such as legal, accounting, IT services and engineering may be extended by Council without issuing a tender or request for proposals if Council believes that the benefit of the knowledge and experience of the Town and its' operations that is accumulated by the professional service provider outweigh any potential cost saving from a competitive bid process.

7. Local Preference

- a) In an effort to support local businesses the Town of Stratford will provide on purchases up to \$25,000, a 5% preference to businesses located in Stratford.
- b) To qualify for this preference a business must provide evidence when their quotation is submitted that it maintains a place of business by leasing or owning office, commercial, industrial space or where applicable residential space in Stratford on an annual basis for the primary purpose of operating the subject business.

8. Methods of Procurement

The following are the Methods of Procurement to be used under this policy:

- a. **Low Value:** Purchases that are random in nature, and are not included in a Price Agreement, under the value of \$2,500 may be purchased by the specific department, using either a Purchase Order, Petty Cash, Cheque or Town of Stratford Credit Card. Purchase locally if possible.
- b. **Price Agreements:** In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, while at the same time assuring that the competitive bidding system is followed, price agreements may be established. These arrangements between the Town of Stratford and the supplier commits the seller to provide goods or services at a specific price for a specific period of time. These agreements reduce the number of individual bids and reduce overall cost due to the higher volume gained by combining the requirements of a number of departments. User departments can then draw supplies directly from these agreements. Price agreements are governed by the purchasing guidelines listed in this policy. Where possible the Town of Stratford shall take advantage of price agreements that have been set up with the Province of PEI.
- c. **Tenders:** An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. A request for tenders is a formal, competitive, sealed-bidding process. It is normally used for the procurement of goods, services, equipment, and construction. Normally Bid Deposits and performance security are required. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the specification and requirements contained in the tender documents. The award is normally to the lowest total cost bid received from a responsible bidder meeting the requirements of the tender.
- d. **Two Phase Bids:** Where detailed specifications are not available or it is

impractical to prepare a specification based on price, a two phase bid may be issued, inviting the submission of bids as follows:

- i. Phase one: one or more steps in which bidders submit proposals, for evaluation either with or without prices in a separate submission; and
- ii. Phase two: Only those bidders whose bids were determined to be acceptable will be entitled to submit priced bids for consideration or, where prices have been separately submitted in phase one, such bids are opened and awarded to the lowest overall cost. This type of procurement has the advantage of a request for proposal in phase one and the advantages of a tender in phase two.

- e. **Request for Proposal:** A Request for Proposal is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Municipality. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike tenders, Request for Proposals are compared to each other to assess the best proposal. Negotiations may be conducted with bidders after the date for the receipt of proposals provided such discussions, negotiations are conducted to:
 - i. award equitable treatment to each acceptable bidder with respect to an opportunity for discussion and the revision of the proposal.
 - ii. prevent the disclosure of the content of the discussion or negotiations with one bidder to another bidder.

Proposals submitted in response to a Request for Proposal need not be opened in public but will be opened in presence of at least one witness. A list of the submissions will be available to the public and the proponents upon request. An award of a contract based upon a Request for Proposal will be made to the supplier, whose proposal is determined to be the most advantageous to the Municipality based upon criteria for evaluation set out in the Request for Proposal and equitably applied to all proposals.

- f. **Request for Quotation:** Is an informal request for prices for goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and level of effort required for a formal tender process. Quotations should be written but can be

verbal depending upon the cost of the goods or services and time constraints.

- g. **Negotiation:** Negotiations with one or more suppliers for the supply of goods and/or service would take place when any of the following conditions exist:
- i. due to market conditions, goods and/or services are in short supply;
 - ii. there is only one source of the goods or services;
 - iii. efforts at breaking identical bids have previously been unsuccessful and the same goods or services are required again;
 - iv. all bids received are not acceptable or exceed the amount budgeted for the purchase;
 - v. the minor extension, or reinstatement of, and existing contracts would be more cost effective or beneficial to the Municipality.
- h. **Sole Source Purchases:** This occurs when there is only one available supplier of a required product or service that meets the needs of the Municipality. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A sole source purchase occurs:
- i. where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source;
 - ii. where an item is purchased for testing or trial use;
 - iii. where the Municipality purchases supplies for resale;
 - iv. where the Municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality;
 - v. notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a nonprofit corporation supported by the Municipality may make such a purchase as a sole source purchase.
 - vi. where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the C.A.O. may authorize the submission of a bid or the conduct of negotiations where the C.A.O. determines the purchase to be clearly in the best interest of Town of Stratford.
 - vii. for matters involving security, police matters, or confidential issues, a

purchase may be made in a manner that protects the confidentiality of the contractor or the Municipality. Such purchases may be made as a sole source purchase. Purchases of this nature must be approved by the C.A.O. Contracts over the value of \$50,000 must be reported to Council when appropriate.

9. Disposal of Surplus Equipment

- a. The accumulated surplus assets from the specific user departments that are likely to be of use to other departments of the Town of Stratford can be transferred, after notice is given to all departments of the availability of these items.
- b. Surplus assets over the value of \$100,000 shall be disposed of by Public Tender and contract for disposal of such assets shall be awarded by the C.A.O..
- c. In other cases surplus assets shall be disposed of by either public tenders, request for quotation or auction as reasonably practical in the circumstances.
- d. The C.A.O. may award the disposal of surplus material without competition to any non-profit corporation, association, or entity, or any Municipality, Crown Corporation, School Board or level of government.

Appendix A

Town of Stratford

Procurement Checklist Form for More than \$2,500 but Less than \$25,000.

Procurement Objective (brief description):

Operating/Capital Budget Amount: _____

Quotes Obtained:

| | Quote #1 | Quote #2 | Quote #3 |
|-----------------|----------|----------|----------|
| Business Name | | | |
| Meets Objective | | | |
| Quote Attached | | | |
| Cost | | | |
| HST | | | |
| Total Cost | | | |

Quote Accepted and Approved:

Business: _____

Total Cost: _____

Authorized Signature: _____

Authorized Staff (Print): _____

Date: _____