

Rural Municipality of West River

Procurement Policy

Policy # 2026-01

BE IT ENACTED by the Council of the Rural Municipality of West River as follows:

1. Title

1.1 This Policy shall be known as, and may be cited as, the "Procurement Policy."

2. Definitions

2.1 "**Chief Administrative Officer**" means the administrative head of a municipality appointed by the Council under subsection 86 (2)(c) of the Municipal Government Act.

2.2 "**Council**" means the Mayor and other members of the Council of the Municipality.

2.3 "**Committee**" means members of the Council of the Municipality appointed by the Council under subsection Section (88) of the Municipal Government Act and Section 23 of the Procedural Bylaw authorizes Council, by resolution, to establish committees and the Mayor, who is a member of every Committee as authorized in Section (90) of the Municipal Government Act.

2.4 "**Municipality**" means the Rural Municipality of West River.

2.5 "**Bid**" Refers to a competitive bid received from either a Request for Quotation, Tender or Request for Proposal.

2.6 "**Public Request for Submission**" Refers to Tenders, Call for Proposals, Two-Phase Bids etc.

2.7 "**General Circulation**" Refers to publications and websites.

3. Purpose

3.1 The purpose of this policy is to align the Municipality's purchasing practices with its goals and in a transparent manner.

3.2 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.

4. Guiding Principles

The following principles will guide the procurement practices of the Rural Municipality of West River:

- 4.1 Procurement policy provides a direction for the expenditure of funds to complete the programs approved by Council in the annual Operating and Capital Budget.
- 4.2 Procurement Policy encourages staff to purchase quality products, services and construction at competitive prices while considering critical environmental and social benefits over the product or service life cycle.
- 4.3 The procurement process must be open, fair, and adhere to the Atlantic Procurement Agreement.
- 4.4 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).
- 4.5 Procurement methods are to encourage competitive bidding for the supply of goods and/or services.
- 4.6 Adherence to the Atlantic Procurement Agreement.
- 4.7 To use suppliers who can be expected to provide satisfactory performance based on performance, previous contracts, financial and other resources to complete the contract bid upon and references.
- 4.8 The Municipality may participate in joint procurements through the FPEIM Trade Program when applicable. This program allows for the leverage of group buying to secure preferential pricing and service.

5. General

- 5.1 The appropriate Committee will facilitate the procurement of goods and services according to this policy.
- 5.2 The Municipality will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- 5.3 The Municipality 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.
- 5.4 The appropriate Committee shall work together to combine requirements where possible and encourage overall standardization of items to reduce the Municipality's overall cost.

6. Authority of the Chief Administrative Officer

- 6.1 The Chief Administrative Officer or designate has the authority to award or purchase all goods or services within the budgets approved by Council and as guided by this Procurement Policy.
- 6.2 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 Municipality 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.

7. Purchasing Process and Award of Contracts

- 7.1 For the acquisition of Goods and Services with a value of more than \$30,001.00 Municipality will follow the bidding process.
- 7.2 For any bid, as the section 7.1, all the tenders, RFQs, or RFPs must be approved by the Council after receiving the responsible Committee's recommendation. The Council approval includes authorizing the CAO to start the acquisition process and issuing a public request for submissions if the funds are clearly identified in the approved operating or capital budget.

- 7.3 If the value of Goods and Services is over the approved capital budget, the project cost must be within budget guidelines or go back to Council to increase the capital budget before starting the acquisitions.
- 7.4 The public request for submissions for section 7.1 should be advertised in one or more publications of general circulation and the Municipality and on the Government of PEI website.
- 7.5 If the requirement in section 7.4 has been followed and no bid is received by the given deadline, the CAO could extend the deadline by receiving a confirmation from the responsible Committee's chair. If there is no bidder after the extended period, the CAO should follow Purchase Policy # 2022-03.

8. Emergency Purchases

- 8.1 An emergency purchase occurs when a situation creates an immediate and severe 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.
- 8.2 Emergency purchases are completed using the most expedient method but will take the 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.

9. Professional Services

- 9.1 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 Municipality's knowledge and

experience and its operations accumulated by the professional service provider outweigh any potential cost saving from a competitive bid process.

10. Methods of Procurement

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

- 10.1 **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 Municipality and the supplier commit 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. The CAO, in consultation with the responsible Committee and Council approval, can then draw supplies directly from these agreements. Price agreements are governed by the purchasing guidelines listed in this policy. Where possible, the Municipality shall take advantage of price agreements that have been set up with the Province of PEI.
- 10.2 **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 tender requirements.
- 10.3 **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 highest quality and value for money. This type of procurement has the advantage of a request for proposal in phase one and the advantages of a tender in phase two.

10.4 **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, Requests 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.
- (iii). Proposals submitted in response to a Request for Proposal need not be opened in public but will be opened in the presence of at least one witness.
- (iv). A list of the submissions will be available to the public and the proponents upon request.
- (v). 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.

10.5 **Request for Quotation:** This 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.

10.6 **Negotiation:** Negotiations with one or more suppliers for the supply of goods and/or services 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 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 existing contracts would be more cost-effective or beneficial to the Municipality.

10.7 **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 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 a 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 non-profit 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 CAO may authorize the submission of a bid or the conduct of negotiations where the CAO, in consultation with the responsible Committee determines the purchase to be clearly in the best interest of the Municipality.

(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 Council.

11. Disposal of Surplus Equipment

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

- 11.1 The accumulated surplus assets from the specific property that is likely to be of use in the other properties in the Municipality can be transferred after notice is given to all the users regarding these items' availability.
- 11.2 Surplus assets over the value of \$50,000 shall be disposed of by Public Tender, and the Council shall award a contract for disposal of such assets.
- 11.3 In other cases, surplus assets shall be disposed of by either public tenders, request for quotation or auction as reasonably practical in the circumstances.
- 11.4 The CAO, in consultation with Council, may award surplus material disposal without competition to any non-profit corporation, association, or entity, or any Municipality, Crown Corporation, School Board or level of government.