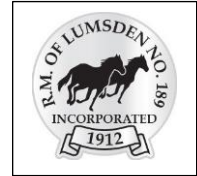


Procurement and Fleet Management Policy



1. Purpose

- The purpose of this Policy is to define the standard methods and procedures that the R.M. of Lumsden No. 189 (the RM) uses to procure equipment and material (excluding construction projects). These procedures ensure the RM procures goods in a manner that is both efficient and fair to all stakeholders. The RM is committed to achieving the best value in acquisition for all equipment and material and is also committed to adhering to all applicable trade legislation. This policy also outlines the RM's strategy of fleet management for equipment and machinery; the RM's fleet management strategy is integral to the RM's overall procurement process.

2. Scope

- This policy applies to all staff and Council members of the RM. The policy shall apply to the procurement of the RM's vehicles, machinery, equipment, and infrastructure. The Chief Administrative Officer will ensure that all acquisitions are made according to this Policy.

3. Purchasing Process/Monetary Thresholds

- All RM purchases of any goods or material must follow the guidelines below. While authorization is given to the individuals listed below to make the purchases, all RM expenditures, with certain exceptions, are reviewed for approval by the RM Council at the subsequent Council meeting.

I: Lower value acquisition – \$5000 or less

- Normally relates to purchases of consumables, materials and supplies, or miscellaneous goods and may be conducted with telephone solicitation.

Authorization

- Chief Administrative Officer
- Public Works Manager and Public Works Foreman
- Assistant Administrator

Above individuals may delegate authority at their discretion.

II: Purchases of greater than \$5,000 but less than \$75,000

- All purchasing of goods, materials, or equipment having an estimated aggregate value of \$5,000 but less than \$75,000 shall require written bids or quotations from a minimum of three potential suppliers.

Authorization

- Administrative staff will make recommendation based on review of competitive process.
- RM Council will review and make final decision.

Above individuals may not delegate authority.

III: Purchases of \$75,000 or higher.

- All purchases of goods, materials, or equipment \$75,000 or higher will be carried out by a competitive process (with the exception of section **IV & V** below) of one of the following: Request for Quotation (RFQ) or Request for Proposal (RFP)
- In most circumstances, an RFQ is to be used for acquisition of a specific goods or equipment that the RM is familiar with, and the details and specifications are defined in an exact manner.
- An RFP may be used by the RM when the requirement for goods or equipment cannot be definitively specified, or the goods or equipment are non-standard in nature.
- RFP's must clearly outline the evaluation criteria complete with score values of each component that will form the basis of contract award.
- RFP's will specifically outline response requirements when a proposal is received
- RFP's will clearly establish the required project outcome or requirements and contain existing conditions if applicable

Authorization

- Administrative staff will make recommendation based on review of competitive process.
- RM Council will review and make final decision.
- It shall be customary to award the contract to the lowest bidder; however, the RM reserves the right to make an award for reasons deemed in its best interest - all official RM competitive

procurement requests shall contain a clause to this effect.

- When equipment is being procured, it is important that the RM consider its integration into the existing fleet (see section 4 below). All procurement requests for equipment shall call for detailed maintenance schedules and replacement part listings, including all specifications to allow the RM to determine how efficiently the new equipment will integrate with the existing fleet.
- Regardless of the method being used above, the RM must specify the required insurance, bid sureties, and any other bid documents required when an RFP or RFQ is posted. After the procurement is awarded, the successful entity must provide a copy of their insurance certificate, naming the RM as additional insured where required.
- When purchase amounts are to exceed the thresholds of applicable trade agreements, the RM must ensure a competitive bidding process that conforms with all applicable legislation. In these circumstances, the Chief Administrative Officer will ensure that the procurement process complies with the appropriate trade agreements.

IV: SARM Purchasing Program

- The RM is a member of the Saskatchewan Association of Rural Municipalities (SARM) and uses the SARM trading program to make purchases when it is determined to be the best decision. The SARM trading program is part of a national cooperative procurement program that ensures compliance with all trade agreements for their members. When the RM uses the SARM trading program for procurement, the requirements for a competitive process under IV above are not applicable. In these cases, the SARM trading program satisfies the trade legislation requirements with its joint procurement process using approved tendering processes.

V: Purchase of RM Fuel Supply

- The RM shall purchase its fuel (diesel and gasoline) through a standing agreement with a reliable supplier.
- The Public Works Manager will review the fuel market annually to ensure competitive pricing and provide a recommendation to Council whether to remain with the current agreement or to seek a new agreement through a competitive process.

4. **Procurement Planning – General**

- Procurement planning shall form part of the annual budgeting process. The RM's Public Works Manager is to maintain a ten-year forecast of procurement needs. In November of each year, a Public Works meeting shall be held. At this meeting, the Manager itemizes the procurement requirements for the coming year, they are then deliberated and finalized for approval in a separate, subsequent meeting held by the Finance Committee. The Finance Committee reviews the finalized schedules of procurement to ensure that the procurement plan is fiscally responsible, aligns with applicable grant funding, and adheres to the RM's Financial Reserve Policy. When planning for future operating machinery or heavy equipment purchases, the parameters in the following paragraph apply

Procurement Planning - Equipment & Fleet Management

- When making an equipment purchasing decision, it is imperative that all costs related to the equipment are accounted for and that the RM use all efficiencies available. The planning process for the procurement of operating machinery and equipment must consider both the initial purchase price of the machine, product quality, expected lifecycle costs, and resale value. The expected lifecycle costs include all costs of maintaining and operating the machine over its lifetime within the RM. The location of service relative to the remote location of the RM shop must also be considered. As much as possible, because of the nature of economies of scale, the RM Public Works Manager is to maintain a fleet of similarly branded equipment. The Public Works Manager will use discretion to determine which equipment is similarly branded. This will allow the RM to realize efficiencies by having interchangeable parts and maintenance procedures for the RM staff to follow.

5. **Exceptions to the Policy**

- Where goods or equipment are urgently required and delay would lead to increased costs, further property damage, and/or health or life-endangerment, the Chief Administrative Officer or their designate will authorize all necessary actions to be taken and these will be considered an exception to this Policy.
- At the conclusion of the emergency, the Chief Administrative Officer will report back to

Council with the cost implications and summary of actions taken to mitigate the event.

6. Receipt of Goods

- Immediately upon receipt of goods, authorized staff shall ascertain that the delivery is acceptable as to condition, quantity, quality and conformity to the contract requirements.
- If the goods are accepted, the delivery slip (or a receiving report) shall be signed by the person authorized to receive the goods and such slip shall be matched with the invoice (when received). Within five business days of receiving the invoice, the RM staff member responsible for the order shall sign, code, and forward the invoice to the appropriate Office Service Clerk for payment.