



HALIFAX REGIONAL WATER COMMISSION
PROCUREMENT POLICY

Edited May 22, 2012

May 1, 1997

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1. POLICY STATEMENT

- 1.1 The Board of Commissioners provides policy direction for the operations of the Halifax Regional Water Commission (HRWC). The purpose of this policy is to establish purchasing guidelines compliant with applicable legislation and trade agreements, and to ensure the most cost effective methods are used to purchase goods, services and construction for the HRWC in the manner approved by the Board.

2. GUIDING PRINCIPLES

- 2.1 The following principles will guide the procurement practices of HRWC:

- Procurement Policy provides direction for acquisition of goods and services to complete the projects and programs approved by the Board in the annual Operating Budget and Capital Budget, consistent with long term Business Plans.
- HRWC's Procurement Policy and procedures will:
 - (a) Provide for the procurement of goods, services and construction in a fair, open, consistent and transparent manner resulting in best value
 - (b) Encourage competition, innovative ideas and solutions while respecting applicable legislation and trade agreements
 - (c) Promote sustainable procurement decisions reflecting full life-cycle costing, with consideration for repair, maintenance, operating costs, staff training, customer impact, asset disposal and residual value rather than just lowest price
 - (d) Encourage best practice contract and risk management
- Promote use of proponents who can be expected to provide satisfactory performance, based on:
 - service
 - previous performance
 - previous contracts
 - financial and other resources to complete the contract bid
 - references
- To encourage opportunities to partner with the business community to provide services to and for HRWC in a cost effective manner.

3. DEFINITIONS

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

Procurement: Refers to the Procurement Section of the Finance and Customer Service Department under the direction of the Procurement Supervisor.

Public Request for Submission: Refers to Tenders, Request for Proposals, etc., over the value of \$25,000 for goods, \$50,000 for services and \$100,000 for construction.

4. GENERAL

4.1 This policy applies to all departments of HRWC. In conformance with the Nova Scotia Public Procurement Act, HRWC will:

- Publicly tender for all goods, services and construction in accordance with the applicable regional, national, and international trade agreements by public advertisement on the procurement web portal.
- Post on the procurement web portal the name of the successful bidder and the contract amount awarded.
- Post HRWC's Procurement Policy on the HRWC website.
- Abide by the acceptable alternative procurement exemptions and practices set out in regulations.
- Participate in supplier and public sector entity outreach programs conducted by the Procurement Governance Secretariat.
- Participate in professional development programs conducted by the Procurement Governance Secretariat.
- Incorporate contract and risk management into procurement processes and guidelines.
- Be accountable for procurement decisions.
- Ensure procurement employees abide by standards set out in Section 15 of the N.S. Public Procurement Act.
- Respect all supplier standards, rights and responsibilities established pursuant to Section 16 of the N.S. Public Procurement Act.

- Provide an annual report no later than 90 days after the fiscal year end, to the Chief Procurement Officer in the form and manner prescribed by the regulations made pursuant to the N.S. Public Procurement Act.
- Become familiar with the Competition Bureau of Canada bid rigging awareness and prevention guidelines and adopt applicable practices; and
- Maintain conformance with the N.S. Public Procurement Act and any successor legislation.

In situations where there is a discrepancy between the HRWC Procurement Policy and the N.S. Public Procurement Act, the N.S. Public Procurement Act will take precedence.

- 4.2 With the approval of the General Manager (GM), HRWC will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- 4.3 The Procurement Section shall work with the user departments to combine requirements where possible and encourage overall standardization of items to reduce the overall cost to HRWC.
- 4.4 The Procurement Section shall work with Halifax Regional Municipality (HRM), other levels of government, other agencies, and associations such as the F.C.M. (Federation of Canadian Municipalities) and the U.N.S.M. (Union of Nova Scotia Municipalities) to encourage standardization of items and reduce overall cost to HRWC.
- 4.5 HRWC will use the purchase agreements of HRM, or Province of Nova Scotia wherever practical to reduce the overall cost to HRWC; or other public sector entities when the arrangement results in overall best value or other substantial advantages.
- 4.6 Purchase authority and signing authority limits are established by the HRWC Board and apply to the Procurement Policy.

5. AUTHORITY OF THE GENERAL MANAGER

- 5.1 The General Manager (GM) is the chief executive officer of HRWC and is responsible to the Board for the proper administration of the affairs of HRWC in accordance with the HRWC Act, provincial legislation, rules and regulations approved by the N.S. Utility and Review Board and the policies and programs approved and established by the HRWC Board.
- 5.2 The GM has the authority to award or purchase all goods or services that are within the budgets approved by the Board and compliant with the Procurement Policy approved by the Board.

- 5.3 The GM may authorize business practices and procedures consistent with this policy and may delegate the authority under this policy.
- 5.4 The GM may authorize financing arrangements such as loans, leases, rentals, etc. for the purchase or rental of goods, services, equipment or property on behalf of HRWC where the purchase is compliant with the other conditions and award limits within this policy and the period of financing does not exceed 5 years. The total lease cost will be used to determine the contract award amount.

6. RESPONSIBILITIES

- 6.1 User Departments are responsible for procurement activities within their unit and are accountable for achieving the specific objectives of the Procurement Policy.
- 6.2 User Departments are responsible to ensure that bidding opportunities are equitably distributed among all potential bidders in an area where procurement authority has been delegated, and all interested and qualified bidders are evaluated on a consistent and equitable basis.
- 6.3 The Procurement Section of Finance and Customer Service shall be responsible for:
- a) Administration of the Procurement Policy
 - b) Providing professional procurement advice
 - c) Provide advice and consultation for bids in excess of \$25,000 for goods, \$50,000 for services, and \$100,000 for construction
 - d) Standardization of procurement procedures and forms
 - e) Disposal of surplus stock
 - f) Monitoring of compliance with this policy
 - g) Notifying Directors of non-compliance
 - h) Provide annual reporting for legislative requirements

7. PURCHASING PROCESS

- 7.1 The following guidelines will be followed for the purchase of goods, services and construction for HRWC:
- **Up to \$1,000** - The acquisition of goods and services having a value up to \$1,000 and not covered by a Price Agreement or supplied by HRWC stores system, may be purchased by the department in accordance with the principles set out in this policy.
 - **More than \$1,000 and up to \$10,000** - For the acquisition of goods, services and construction with a value of at least \$1,000 and up to \$10,000, at least three written quotations will be solicited by the Procurement Section or the User Department.

- **More than \$10,000 and up to \$100,000 -**
 - **Goods** – For the acquisition of goods with a value of at least \$10,000 but less than \$25,000, at least three written quotations will be solicited by the Procurement Section, in consultation with the User Department. All acquisition of goods of \$25,000 or greater shall be through a Public Request for Submissions.
 - **Services** – For the acquisition of services with a value of at least \$10,000 but less than \$50,000, at least three written quotations will be solicited by the Procurement Section, in consultation with the User Department. All services of \$50,000 or greater shall be acquired through a Public Request for Submissions. Note: Special Services are dealt with in Section 14.
 - **Construction** – For the acquisition of construction with a value of at least \$10,000 but less than \$100,000, at least three written quotations will be solicited by the Procurement Section or the User Department. All construction of \$100,000 or greater shall be acquired through a Public Request for Submissions. If solicited by the user department, it is the responsibility of the user department to forward evidence of three written quotations to the Procurement Section.
- All Public Requests for Submissions will be advertised through the Provincial Procurement Portal. Tenders in this range will be acknowledged at a public opening at a designated date and time, and all awards will be posted on the Provincial Procurement Web Portal.

8. METHODS OF PROCUREMENT

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

- 8.1 **Low Value** - Purchases that are random in nature, and are not included in a Price Agreement or available from HRWC stores, under the value of \$1,000 may be purchased by the department, using a Purchase Order, Petty Cash, HRWC Procurement card or ordered on account with invoices to be paid through accounts payable.
- 8.2 **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, the Procurement Section or User Department shall establish Price Agreements based on standardized procedures developed by the Procurement Section. These arrangements between HRWC and the proponent commit the proponent 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 supplied directly from

these agreements. Price agreements are governed by the purchasing guidelines listed in this policy.

8.3 **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. Tenders are normally awarded to the lowest total cost bid received from a responsible bidder meeting the requirement of the tender. Where the lowest total cost is not the sole determining factor on which the award will be made, the tender documents shall contain a description of the method to be used to evaluate the bids as well as the weighted scale of each factor.

8.4 **Request for Proposal**

8.4.1 A Request for Proposal is a formal invitation for submissions from proponents to propose a solution to a problem, requirement or objective which HRWC has identified. The following are examples of when a Request for Proposal might be used by HRWC to procure goods or services:

- Detailed specifications are not available or it is impractical to prepare such specifications;
- HRWC is not sure of the best solution to meet its requirements and would like to receive ideas from proponents;
- HRWC wishes to determine if there are alternatives to the way it traditionally acquires products or services; or
- Factors other than price are of particular importance in the selection of a proponent.

8.4.2 A Request for Proposal may be structured as a single phase or multiple phase process in order to select a successful proponent or proponents.

8.4.3 The review and assessment by HRWC of proposals submitted in response to a Request for Proposal will be conducted based upon a pre-established set of criteria for evaluation. A threshold will be established for technical scoring. Requests for Proposals will be awarded to the lowest cost submission that meets the technical scoring threshold.

8.4.4 Negotiations to conclude a contractual arrangement may be conducted with any one or more of the acceptable proponents. Equitable treatment must be provided to each acceptable proponent with respect to an opportunity for discussion and the revision of

the proposal. Disclosure of the discussion with one proponent to another proponent must be prevented. Procurement should lead or be present during any discussions with proponents that constitute negotiation. Pricing information shall only be released to the public following an award.

- 8.4.5 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. A list of the names of the proponents will be available to the public and the proponents on request.

8.5 **Request for Quotation**

- 8.5.1 Is usually 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 must be written.

8.6 **Negotiation**

Negotiations with one or more proponents for the supply of goods and/or services would take place when any of the following conditions exist:

- Due to market conditions, goods and/or services are in short supply
- There is only one source of the goods and/or services
- Efforts at breaking identical bids have previously been unsuccessful and the same goods and/or services are required again
- All bids received are not acceptable or exceed the amount budgeted for the purchase
- The extension or reinstatement of existing contracts would be more cost effective or beneficial to HRWC. The extension or reinstatement of existing contracts is subject to the approvals list in section 9.0 Award of Contracts.
- When authorized by the Board.

8.7 **Sole Source Purchases**

- 8.7.1 This occurs when there is only one available proponent of a required product or service that meets the needs of HRWC. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:

- 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.
- Where an item is purchased for testing or trial use.
- Where HRWC purchases supplies for resale.
- Where HRWC has a rental contract with a purchase option and such purchase option could be beneficial to HRWC.

- Where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the GM may authorize the submission of a bid or the conduct of negotiations where the GM determines the purchase to be clearly in the best interest of HRWC.
- For matters involving security or confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or HRWC. Such purchases may be made as a single source purchase. Purchases of this nature must be approved by the GM.

8.8 **Emergency Purchases**

8.8.1 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:

- A condition where lack of supplies or services may adversely affect the functioning of the utility, threaten public or private property or the environment, or jeopardize the health or safety of the public;
- Interim contractual arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

8.8.2 Emergency purchases are completed using the most expedient method, but will take economy into consideration.

8.8.3 Limits for emergency purchases shall be as indicated in Section 6. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority.

9. **AWARD OF CONTRACTS**

9.1 All publicly advertised tenders and request for proposals shall be presented to the GM for approval except as noted below. A report of the purchasing process and details of the purchase will be prepared by the Director (or his/her designate) and forwarded to the GM for approval.

9.2 Awards less than \$25,000 for goods, \$50,000 for services or \$100,000 for Construction can be committed by the Procurement Supervisor in consultation with the User Department personnel with the appropriate approval authority.

9.3 Awards over the value of \$25,000 for goods, over \$50,000 for services but below the value of \$100,000 can be committed by concurrence of two Directors.

9.4 HRWC offers a supplier debriefing session to provide constructive feedback from the evaluation. Suppliers can find out how their proposal scored against published criteria, obtain comments from the evaluation team on their bid, and gather

information on how future submissions may be improved. Supplier's bids are not compared to other bids, nor will information on other bids be provided.

10. VENDOR PERFORMANCE

10.1 Vendors may be subject to disqualification if there is sufficient evidence of consistent failure to meet the standards specified by HRWC. The Procurement Section or User Department will maintain proponent performance files as required. Information in this file is supplied by the requisitioner, receivers and the procurement staff. Proponents may be evaluated based on competitive price, quality of a product, contract adherence and performance, after sales service and replies to invited tenders. Upon reasonable notice in writing to the proponent involved, and after a reasonable opportunity for response, a proponent can be disqualified for a period not exceeding three years from participation in a solicitation for goods or services.

10.2 Proponents shall be disqualified when:

- Conviction for a criminal offense of a person or a director or official or such person relating to obtaining or attempting to obtain a contract or subcontract. An indication of lack of business integrity or honesty which directly and seriously affects the responsibility of the contractor.
- Serious breach of contract indicating unwillingness to perform a contract in accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with the terms and conditions thereof or in accordance with its specifications or both.
- The offer of any gratuity to an official or employee of HRWC by a proponent or contractor for consideration.

10.3 A written decision shall be issued to the person disqualified or suspended setting out its reasons for disqualification or suspension, to the usual business address of that person as shown in the records of the purchasing department.

10.4 Disqualification will be approved by the GM.

11. VENDOR COMPLAINTS

11.1 All vendor complaints, whether directed to a Board Member, the General Manager, or a member of staff shall be referred to the Director of Finance and Customer Service. Where possible, vendors shall be encouraged to resolve problems directly with Procurement Section or the User Department staff, as many problems can be resolved before a complaint is formulated.

- 11.2 A complaint refers to a written objection submitted by a vendor regarding a bid solicitation, contract award, or proposed contract for goods, services or construction. Complaints shall contain written details of the issue and the resolution being requested. Complaints can be submitted during the competitive process, or up to 10 business days after the contract award is posted.
- 11.3 The Director of Finance and Customer Service or his/her designate will respond formally to vendor complaints within 10 business days. Complaints may be resolved, dismissed, or withdrawn. A complaint is resolved if the vendor is satisfied with the explanation provided by HRWC. A complaint is dismissed if the Director of Finance and Customer Service concludes that the complaint is not valid as the review indicates a properly applied, fair procurement process.

12. DISPOSAL OF SURPLUS EQUIPMENT

- 12.1 Surplus assets over the value of \$50,000 shall be disposed of by Public Tender and contract for disposal of such assets shall be awarded by the GM.
- 12.2 In other cases, surplus assets shall be disposed of by the GM as reasonably practical in the circumstances.
- 12.3 The GM 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.

13. CONTRACT DOCUMENTS, BIDS, AND PERFORMANCE SECURITIES AND SPECIFICATIONS

- 13.1 The GM may from time to time approve such standard forms including bid and performance securities, if any, for purchases by Invitation to Tender, Request for Proposal, Request for Quotations, single source, or emergency purchases as well as forms of contract for type of purchase including but not limited to construction, supplies and services as the GM deems advisable.
- 13.2 Bid bonds, performance bonds and other securities, including labour and material bonds, shall be required for such purchases in such form and in such amounts as the GM deems advisable.

14. ENVIRONMENTAL PURCHASES

- 14.1 To procure necessary goods with due regard to the environment, HRWC will follow the statement of Principle as adopted by the Association of Canadian Cities for Environmentally Sound Strategies.

“In order to increase the development and awareness of Environmentally Sound Products, Procurement Staff, in conjunction with Departments, will review their contracts and tender specifications for goods and services, to ensure that wherever possible and economical, specifications are amended to provide for expanded use of products and services that contain the maximum level of post-consumer waste and/or recyclable content. This will be done without significantly affecting the intended use of the product or service. Also, it is recognized that cost analysis is required in order to ensure that the products are available at competitive prices.”

14. SPECIAL SERVICES

- 14.1 Legal services will be acquired by staff based upon work requirements from a roster of lawyers based upon qualifications, experience, services offered, past performance, proposed fees and other relevant considerations. The selection of the lawyer from the roster in an individual case shall be based upon the particular expertise required for that case. Legal services having a value of less than \$25,000 may be acquired by the Director in consultation with the GM or his/her designate. Legal services having a value of \$25,000 or more shall be approved by the GM or his/her designate.
- 14.2 Insurance Services – All insurance requirements over the value of \$10,000 will be acquired by public advertisement. Insurance services shall be contracted on a one year term renewable on an annual basis up to a five year maximum on terms satisfactory to HRWC.
- 14.3 Architectural, Engineering, Surveying, Actuarial and other consulting services less than \$100,000 will be acquired by staff from a HRWC, HRM or Provincial roster of consultants. Consultants will be selected by project, based upon qualifications, experience, services offered, past performance, proposed fees, and other relevant considerations. For services less than \$100,000 three written quotations will be solicited from Consultants on the roster. Required services over the value of \$100,000 will be publicly advertised.
- 14.4 Banking Services – General banking services will be acquired in partnership with HRM by public advertisement at intervals not greater than every five years. These services shall be contracted on a one year term to be renewed on an annual basis up to a five year maximum on terms satisfactory to HRM and HRWC.
- 14.5 Auditing Services – Services of External Auditors will be acquired by public advertisement at intervals not greater than every five years. These services may be contracted on a one year term to be renewed on an annual basis up to a five year maximum on terms satisfactory to HRWC. Annual renewal of the contract for Audit services will be made by the HRWC Board.

15. TIE BIDS

In the case of a tie bid, the Purchasing Supervisor is to request the tie bidders submit a final offer. If this is not successful and a tie bid still occurs, the contract will be awarded to the local bidder.