

# Municipal Tendering and Procurement Policy



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| Policy #           | 4.2.2              |
| Procedure #        | -                  |
| Replaces           | -                  |
| Revises            | 4.2.1              |
| Date Approved      | September 15, 2025 |
| Method of Approval | Resolution #495    |

File: o3.o3.PO

## 1. PURPOSE

The purpose of this policy is to establish guidelines for the purchase of goods and services, for construction projects undertaken by the City of Dauphin, and for the sale of municipal capital assets. It will ensure compliance with *The Municipal Act* and other relevant procurement legislation, municipal bylaws, and resolutions.

## 2. DEFINITIONS

**Bid:** A competitive bid received from a supplier in response to a verbal or written Request for Quotation, a Request for Proposal, or a Formal Tender.

**Bid Opportunity:** A publicly advertised invitation for suppliers to submit bids for the provision of goods or services through a Request for Quotations, a Request for Proposals, or a Formal Tender.

**Bonding:** Requirement for various types of security such as bid bond, performance bond, labour and materials bond, or other financial security that may be required as a means of ensuring the successful bidder executes the contract providing financial security for the City.

**Evaluation Criteria:** Specific and measurable pre-determined matrix created in order to evaluate bid submissions.

**Goods:** Physical items, objects, wares, merchandise, or property for which a demand exists (e.g. machinery, gravel, office supplies, computer hardware, land).

**MERX:** An electronic tendering website (<http://www.merx.com>). The City will advertise on the MERX website in accordance with the Canadian Free Trade Agreement (CFTA) Article 504-3(b) and the New West Partnership Trade Agreement (NWPTA) Article 14(c).

**Bidder Pre-Qualification:** The screening of potential bidders on factors such as, but not limited to, experience, ability, past performance, and financial capability in order to develop a list of qualified bidders who will receive the bid solicitation.

**Procurement:** The acquisition of goods, services, or construction, including rentals and leases.

**Reference Documents:** Any specifications, guidelines, policies, drawings, or standards, or any other documentation that may be appended to or referenced in any Bid Opportunity.

**Services:** All types of services, including construction (e.g. consulting, engineering and design, accounting and auditing, legal, maintenance, operation and repair of buildings, machines, or equipment).

**Sole Source Purchase:** A purchase where there is only one vendor capable of providing an item or service in a feasible manner making it impractical to obtain competitive bids.

### 3. PRINCIPLES

The following principles will guide the procurement practices of the City of Dauphin and the process for the sale of municipal capital assets.

- An open, fair, and consistent process for the procurement of goods, services, and construction projects that will attempt to ensure the best value for a dollar spent.
- A procurement process that encourages competitive bidding for the supply of goods and services.
- An open, fair, and consistent process for the sale of surplus assets that will ensure the best value for assets sold.
- Accountability of the City for the procurement of goods and services and the disposal of surplus assets.

### 4. PROCUREMENT GUIDELINES

The value of the goods and services is the total financial commitment resulting from the procurement, including any premiums, fees, commissions, interest, duty, freight, and applicable taxes.

City of Dauphin credit cards and charge accounts are intended for City purposes only. Any other use must be immediately reported to the Director of Finance and/or the City Manager. Any charges incurred unrelated to City business or unauthorized charges must be repaid immediately and employees may be subject to disciplinary action.

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

- **Up to \$15,000** – For the acquisition of goods and services with a value of up to \$15,000, no quotations will be required. Funds are to be identified in the municipality's financial plan.
- **More than \$15,000 and less than \$60,000** – For the acquisition of goods and services with a value of more than \$15,000 and less than \$60,000, multiple quotations will be required.

These quotations may be obtained verbally or in writing, except during a State of Local Emergency where due to immediate need and time constraints, normal procurement methods cannot be followed.

- **More than \$60,000** – For the acquisition of goods and services of more than \$60,000, typically of a capital nature, the municipality will obtain multiple written quotations or bids. These quotations or bids may be obtained in writing, except during a State of Local Emergency where due to immediate need and time constraints, normal procurement methods cannot be followed.
- **Goods and services equal to or greater than \$75,000 and construction projects equal to or greater than \$200,000** – For the acquisition of goods and services equal to or greater than \$75,000 and construction projects equal to or greater than \$200,000, Bid Opportunities will be advertised on the National electronic tendering system (MERX) ([www.merx.com](http://www.merx.com)) and/or another system that is low cost, easy to use, and readily accessible across Canada, in accordance with the terms of MASH Annex 502.4 and the New West Partnership Trade Agreement.

The City of Dauphin is not required to accept a bid if it decides not to proceed with the purchase, if all bids are too high, or if none meet the needs, requirements, or stipulations of the City. The City of Dauphin retains the right to reject the lowest or any bid, at its sole discretion.

## **5. METHODS AND PROCESSES OF PROCUREMENT**

The City of Dauphin will use the following methods of procurement:

- **Sole Source Purchase**
- **Bidder Pre-Qualification**
- **Request for Quotations**
- **Request for Proposals**
- **Formal Tender**

The method selected will be dependent on the size and type of the purchase.

## **6. ADVERTISING BID OPPORTUNITIES**

All bid opportunities solicited through a Request for Quotations, Request for Proposals, or a Formal Tender will be posted on the City of Dauphin website and may be advertised in the Dauphin *Herald*, or equivalent.

All bid opportunities for the procurement of goods and services valued equal to or greater than \$75,000 and construction projects valued equal to or greater than \$200,000 will be advertised on the National electronic tendering system (MERX) ([www.merx.com](http://www.merx.com)) and/or another system that is low cost, easy to use, and readily accessible across Canada, in accordance with the terms of MASH Annex 502.4 and the New West Partnership Trade Agreement.

All quotations, proposals, and tenders will be directed for submission to [submissions@dauphin.ca](mailto:submissions@dauphin.ca) or through MERX, where they will remain closed for review until the submission deadline to ensure impartiality and fairness.

The provision of Bonding may be required to mitigate the risks incurred by the City through the duration of a project. Bonding requirements must be explicitly requested in the Request for Quotations, Request for Proposals, or Formal Tender documents or any applicable Reference Documents.

## **7. AWARD OF CONTRACTS**

No elected official or employee of the City shall knowingly cause or permit anything to be done or communicated to anyone that could cause any potential bidder to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods, services, or construction to the City.

Quotations, proposals, and tenders will be awarded using the evaluation process (if any) that is specified in the procurement documents. Generally, the City of Dauphin will award contracts to the bid that provides the best combination of value to the local taxpayers in terms of combined total cost and quality of the good or service.

Bids will be reviewed by a minimum of two City employees.

The City of Dauphin is not required to accept any bid if the municipality decides not to proceed with the purchase or project.

When all factors are equal, in terms of price, quality, suitability, service, and delivery, the City of Dauphin may give preference to a “local” supplier.

The City of Dauphin may enter into a contract with the successful bidder. The form of the contract will be determined by the City.

## **8. POST-AWARD APPROVALS**

Once a Bid Opportunity is awarded, Senior Managers may approve cumulative changes up to 10% of the Total Contract Price or the maximum of their authorized limit, whichever is less, if within budget for the approved current year’s Financial Plan.

If changes exceed 10% of the Total Contract Price or the Senior Manager’s maximum authorized limit, the City Manager may approve cumulative changes up to 20% or the maximum of their authorized limit, whichever is less, if within budget for the approved current year’s Financial Plan.

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**9. APPROVAL AUTHORITY**

Authority to approve procurement of goods or services will follow a tiered scale and require incremental managerial seniority as the value of the purchase increases. Such approval shall be documented as a signature on the respective invoice. The tiered scale of approval is as follows:

**Tier 1 - Purchases less than or equal to \$2,500**

Staff who have been designated by an authorized manager may procure goods and services with a value of less than or equal to \$2,500, as long as the expenditure is included in the City of Dauphin's annual Financial Plan.

**Tier 2 - Purchases less than or equal to \$7,500**

Staff in the following positions have authority to procure goods and services with a value less than or equal to \$7,500, as long as the expenditure is included in the City of Dauphin's annual Financial Plan:

- Airport Manager
- Economic Development Manager
- Engineering Services Supervisor
- Fire Chief
- Marketing Coordinator
- Public Works Foreman
- Safety Manager
- Utility Foreman
- Utility Supervisor

**Tier 3 - Purchases less than or equal to \$30,000**

Staff in the following positions have authority to procure goods and services with a value less than or equal to \$30,000, as long as the expenditure is included in the City of Dauphin's annual Financial Plan. Staff in Tier 1 or 2 wishing to procure goods and services with a value between \$7,500 and \$30,000, which are identified in the annual Financial Plan, will require the approval of one of the following positions:

- Deputy City Manager
- Director of Finance
- Director of Public Works & Operations
- Project & Development Manager

**Tier 4 - Purchases less than or equal to \$100,000**

The City Manager, or person acting as the City Manager, has the authority to procure goods and services with a value up to \$100,000, and in applicable situations as long as the low bid is accepted and the expenditure is included in the annual Financial Plan. Staff in Tiers 1, 2, and 3

wishing to procure goods and services with a value up to \$100,000 will require the additional approval of the City Manager, or person acting as the City Manager.

#### **Tier 5 - Purchases in excess of \$100,000**

When the City of Dauphin desires to procure goods or services:

- with a value estimated to exceed \$100,000, or
- where the acceptance of the low bid is not recommended by staff, or where in the opinion of the City Manager the purchase should be approved by Council, a Council resolution must be obtained.

### **10. PROCUREMENT ACCOUNTING AND MANAGEMENT**

The Director of Finance will, through delegation from the City Manager, ensure that the accounts for authorized expenditures of the City are paid.

The Director of Finance will regularly prepare accounts payable listings that include the supplier name, the good(s) and/or service(s) provided, and the amount payable to each supplier.

The accounts payable invoices will be available for review by any Council member, at their request.

Senior Management will provide updates to Council regarding major capital projects and/or expenditures as part of the regular monthly financial reports.

### **11. PROCESS FOR SELLING SURPLUS ASSETS:**

Surplus/obsolete vehicles, furniture, and equipment will be disposed of in the following manner:

- competitive bid process through a Request for Quotations, or
- public auction, or
- trade-in on a new or replacement capital asset, or
- Council resolution in cases where the estimated value is less than or equal to \$5,000

Invitations to bid on capital assets offered for sale by the City of Dauphin will be:

- posted on the City of Dauphin's website for at least 14 days before the closing date of the invitation to bid.
- published in at least one edition of the Dauphin *Herald* or advertised online for assets with an estimated fair market value in excess of \$5,000.

Surplus assets traded in on new or replacement assets will not be advertised for public sale.

Non-capital items (e.g. chairs, tables, office equipment) valued at under \$1,000 can be disposed of via donation, auction, or sale as authorized by the City Manager.

All sales of assets shall be conducted on an “as-is” basis, with no warranties or guarantees provided by the City.

Contracts for the sale of a surplus asset to a bidder shall be awarded using the evaluation process that is specified in the invitation to bid. The City of Dauphin is not required to accept a bid if Council decides not to proceed with the sale (e.g. if all bids are too low). The highest or any bid will not necessarily be accepted.

The City Manager may award surplus assets without competition or auction to any party in limited circumstances, as determined and approved by Council.

Payment in full must be received by the City within 30 days from the date of notification of successful bid acceptance. Failure to complete payment within the specific timeframe may result in the sale being awarded to the next highest responsive bidder.

|  | DISTRIBUTION                       |
|--|------------------------------------|
|  | Master Policy Manual/Database      |
|  | Notice to Department Heads (Email) |
|  | Notice to All Staff (Email)        |
|  | Internet (Public Information)      |