

## City of St. John's Corporate and Operational Policy Manual

<b>Procedure Title:</b> Procurement Procedures	
<b>Authorizing Policy:</b> Procurement Policy	
<b>Procedure #:</b> 04-06-01-01	
<b>Last Revision Date:</b> April 9, 2025	<b>Procedure Sponsor:</b> Deputy City Manager, Finance and Corporate Services

### 1. Procedure Statement

The City of St. John's is committed to the Procurement principles of:

- i. ensuring that the City's requirements for Commodities provide Best Value to the City;
- ii. ensuring Suppliers have reasonable notice and opportunity to respond to any Calls for Bids;
- iii. being accountable for Procurement decisions;
- iv. maintaining the City's standards for integrity and ethics in business dealings; and
- v. adhering to all applicable legislation and trade agreements.

The purpose of this document is to provide direction to Employees involved in Procurement processes.

### 2. Definitions

**"Best Value"** shall have the same meaning as Section 2(b) of the Public Procurement Act, that is "includes the best balance of cost, quality, performance and support, as achieved through a transparent, efficient and competitive procurement process using clear and fair evaluation and selection criteria."

**“Bid”** shall have the same meaning as Section 2(c) of the Public Procurement Act, that is “an offer from a supplier, submitted in response to a call for bids, to supply Commodities.”

**“Category Management”** means the business practice of procuring common goods and services at an organizational level to eliminate redundancies, increase efficiency, and deliver more value and savings.

**“Commodities”** shall have the same meaning as Section 2(d) of the Public Procurement Act, that is “goods, services, public works and lease of space.”

**“Conflict of Interest”** means:

- (i) the person has a pecuniary interest directly or indirectly in the matter;
- (ii) a relative of the person has a pecuniary interest directly or indirectly in the matter; or
- (iii) the person is an officer, employee or agent of an incorporated or unincorporated company, or other association of persons, that has a pecuniary interest in the matter,

and that interest is distinct from an interest held in common with other citizens.

**“Contractor”** shall have the same meaning as Section 2(e) of the Public Procurement Act, that is “a supplier that has been awarded a contract by a public body.”

**“Department Head”** means any Employee reporting directly to the City Manager and/or Council.

**“Employee”** means any person employed by the City of St. John’s as a permanent, term, part-time, casual, contract, seasonal, temporary, or student worker.

**“Framework”** shall have the same meaning as Section 2(d) of the Public Procurement Act, that is “the sum of this Act and its regulations, and the policies that govern procurement of commodities.”

**“Goods”** shall have the same meaning as Section 2(h) of the Public Procurement Act, that is “goods, chattels, material, personal property,

movable property and other physical objects of every kind, including items required to be manufactured or on which a labour or skill is required to be expended before, upon or after delivery to a public body.”

**“Limited Call for Bids”** shall have the same meaning as Section 2(e) of the Public Procurement Regulations under the Public Procurement Act, that is, “an invitation to specific suppliers to submit a bid.”

**“Open Call for Bids”** shall have the same meaning as Section 2(n) of the Public Procurement Act, that is “a publicly-advertised invitation to suppliers to submit a bid.”

**“Perceived Conflict of Interest”** means a person has a non-pecuniary interest, or it could reasonably appear to others that they have a Conflict of Interest, in a decision that is being discussed in their presence and that interest is distinct from an interest held in common with other citizens.

**“Pre-qualified Supplier”** shall have the same meaning as Section 2(g) of the Public Procurement Regulations under the Public Procurement Act, that is “a supplier who has (i) met the public body qualification requirements in response to a request for qualifications, and (ii) been approved for participation in a proposed procurement by the public body.”

**“Procurement”** shall have the same meaning as Section 2(o) of the Public Procurement Act, that is “the acquisition of commodities or professional services by public bodies by any means, including by purchase, rental or lease.”

**“Procurement Strategy”** means the general terms related to how a good, service, or construction will be procured.

**“Services”** shall have the same meaning as Section 2(t) of the Public Procurement Act, that is:

- “(i) all services incidental to the supply of goods including the provision of transportation of all kinds,
- (ii) printing and reproduction services,
- (iii) accounting, land surveying and voice telephone services,
- (iv) engineering services,
- (v) architectural services,

- (vi) banking services not captured by subparagraph (p)(ii) of the Public Procurement Act,
- (vii) insurance services,
- (viii) services that require the giving of an opinion, creativity, the preparation of a design, or technical expertise except those services defined in paragraph (p) of the Public Procurement Act, and
- (ix) all other services not considered to be professional services.”

“**Supplier**” shall have the same meaning as Section 2(n) of the Public Procurement Act, that is “an individual, partnership, corporation, joint venture or other form of business organization engaged in the lawful supply of commodities.”

### **3. Procedure Requirements**

#### **3.1 Strategic Role of Supply Chain**

The Supply Chain Division shall lead Procurement activities on behalf of all departments, with final decision-making power at the discretion of the DCM, Finance and Corporate Services, as the delegated head of Procurement for the City in accordance with [Section 29](#) of the Public Procurement Regulations under the Public Procurement Act. All Open Calls for Bids for Commodities shall be administered by Supply Chain.

More specifically, Supply Chain shall have the authority to:

- a) determine operational aspects of the Procurement Strategy;
- b) create and maintain a Category Management approach for priority spending areas; and
- c) create and maintain various Procurement approaches and processes.

#### **3.2 Conflict of Interest and Compliance Requirements**

- a) All Employees participating in the Procurement process shall identify any potential or Perceived Conflict of Interest that may prevent them from performing the duties of the City.
- b) Recording: Departments shall ensure that all Procurement transactions are authorized, properly recorded in the appropriate financial management system, and supported by the appropriate documentation.

- c) Audit: All Procurement activities may be subject to audit by the Department of Finance and Corporate Services, the Office of the City Internal Auditor, and/or the Government of Newfoundland and Labrador.
- d) Procurement Compliance Testing: Procurement activities may be subject to compliance testing by Supply Chain.
- e) Reporting: The DCM, Finance and Corporate Services, as they deem necessary, shall report instances of non-compliance to the Senior Executive Committee. For any non-compliance suspected to involve fraud, the DCM, Finance and Corporate Services shall advise the Office of the City Internal Auditor, who shall act in accordance with the requirements of the Fraud Policy. Where non-compliance involves actions of an Employee, the DCM shall advise the Department of Human Resources and/or the Office of the City Solicitor.

### **3.3 Strategic Sourcing and Procurement Strategy**

- a) Strategic sourcing proactively focuses on providing value over the long term within the context of the overarching organization goals and objectives. The sourcing strategy shall determine when, how, and what shall be procured.
- b) Departments shall engage Supply Chain at an early stage of requirements definition in order to develop the appropriate Procurement Strategy, as detailed in the **Procurement Procedures**.
- c) If circumstances or events result in a significant change in the Procurement Strategy, a revised Procurement Strategy shall be implemented before completion of the Procurement.
- d) Supply Chain shall have the authority to decide and direct whether a contract or standing offer is more appropriate for Procurement of a particular commodity.
- e) Supply Chain shall ensure that the Procurement Strategy satisfies operational requirements and complies with legal requirements, while achieving Best Value and advancing City objectives.
- f) Factors that departmental and Supply Chain Employees may consider when developing the Procurement Strategy may include, but are not limited to:
  - i. Procurement method (contracts versus standing offers);
  - ii. Procurement process (steps of an individual Procurement method);

- iii. total estimated cost, including, but not limited to, all options and life-cycle costs (including, but not limited to, maintenance, consumable supplies, and storage costs, as applicable);
- iv. estimated value of the opportunity (including value from savings, operating efficiencies, improved quality, etc.);
- v. contract period;
- vi. delivery requirements;
- vii. Procurement schedule;
- viii. evaluation procedures and method of selection;
- ix. environmental factors;
- x. sustainability criteria;
- xi. commercial products versus customized solutions;
- xii. risk factors;
- xiii. other City objectives;
- xiv. compatibility with existing solutions;
- xv. opportunity to consolidate requirements; and/or
- xvi. disposal of the Commodity.

### **3.4 Contracts**

- a) Contracts for Commodities shall be used to meet unique, well-defined Procurement requirements for single or multiple departments with a defined scope as detailed below.
- b) Contracts shall be used when standing offers are not applicable.
- c) Contracts between the City and the Contractor may be expressed in the form of an actual written contract (with the agreed to terms and conditions) and/or a purchase order (PO).
- d) Depending on the value of the Procurement, contracts may be established through an Open Call for Bids or a Limited Call for Bids.

### **3.5 Standing Offers**

- a) Standing offers shall be established by Supply Chain in cooperation with departments through the Open Call for Bids process.
- b) When available, the use of standing offers shall be mandatory for all departments, regardless of the intended Procurement value. Employees shall comply with the procedures for use of standing offers outlined below.

- c) Single or multiple standing offers may be established depending on the requirements. Multiple standing offers for the same type of Commodity may be established when there is a risk that a single Supplier cannot meet the demand in full.
- d) Standing offers may be used when:
  - i. requirements for Commodities are recurring and predictable over an extended period of time (e.g., six months, one year, etc.);
  - ii. Procurement requirements are standard and clearly defined at the time of establishment of the standing offer; and
  - iii. it is possible to fix pricing for the Commodities for the duration of the standing offer.
- e) Standing offers shall not be limited to use by a single department.
- f) Standing offers shall be reviewed by Supply Chain regularly to ensure they continue to be relevant and appropriate for departments' needs.
- g) In some exceptional cases, departments may procure Commodities outside the established standing offer usage:
  - i. when the Commodity available through a standing offer does not meet justifiable operational requirements, including specifications and/or delivery dates;
  - ii. when the value of the requirement exceeds the scope of the standing offer; and/or
  - iii. when an existing contract has been previously put in place, which guarantees the work to another Supplier.
- h) If the scenario as identified in item (g) above develops or a department's requirement for Commodities is not satisfied by the specifications available on the standing offer, approval from Supply Chain shall be obtained before any Procurement is undertaken.
- i) All existing standing offers shall be available from Supply Chain via the MyCity intranet.
- j) For any Open Calls for Bids resulting in the award of a standing offer, the Bid document shall provide instructions on the use, purpose, and limitations of the proposed standing offer and include the following information, as a minimum:
  - i. a clear definition of the requirement and the period for making purchase order "call-ups" (that is, the exercising of the standing order to fulfill Procurement requirements);
  - ii. preparation instructions;
  - iii. conditions applicable to the standing offer;

- iv. resulting contract clauses applicable to subsequent “call-up”;
- v. information on the number of standing offers intended to be authorized for use; and
- vi. clear “call-up” procedures(s) including the method of allocating the work among multiple award standing offers.
- k) The standing offer contract shall define the general terms and conditions of the relationship between the parties, but shall not create contractual commitment from either party to a defined volume of business.
- l) The standing offer shall have information on unit price of each item as well as all applicable pricing terms of the agreement to be honored by both parties in the “call-up”. Such terms may include, but are not limited to, discounts and rebates, delivery charges, applicable surcharges, installation services, and warranty.
- m) Whenever a department plans to procure a Commodity, the department shall first check the availability and the applicability of an existing Procurement method (that is, standing offer or contract). A list of standing offers and contracts are available from Supply Chain.
- n) If a standing offer is available to procure the required Commodities, the department shall use it to “call-up” orders, not to exceed the total value of the standing offer.
- o) For single award standing offers, a purchase order or award letter referencing the standing offer details shall be created and sent to the Supplier selected for that specific need. The Procurement shall respect the pre-negotiated price and conditions.
- p) For multiple award standing offers, purchase orders or award letters referencing the standing offer details shall be created and sent to the selected Suppliers. Right of first refusal shall be given to the Supplier with the lowest price while meeting the terms, conditions, and specifications of the call for Bids. Subsequent Suppliers shall be contacted in order of ranking until the request is fulfilled.

### **3.6 Procurement Process by Cost Threshold**

#### **3.6.1 Department-Led Procurement**

- a) If an existing standing offer is available, departments shall use this method to satisfy their requirement irrespective of the intended Procurement value.



- b) Departments may procure Commodities valued below the thresholds detailed in [Section 5 of the Public Procurement Regulations](#) under the Public Procurement Act excluding taxes: Goods - \$133,800; Services - \$133,800; Public Works, \$334,400, and/or Lease of Space - \$100,000).
- c) Departments may request assistance from Supply Chain at any time.
- d) When the estimated cost is expected to be under \$5000 for Goods, or \$10,000 for Services or Public Work departments shall:
  - i. identify a Supplier;
  - ii. obtain a quote (informal);
  - iii. make reasonable effort to validate that the price is competitive; and
  - iv. enter a requisition for the order in the City's financial system ("WorkPlace"),
  - v. For purchases of \$1,000 or less, low value purchase orders (LVPO) may be used. Please note that Payment and Reimbursement Form may be used in certain circumstances as detailed in Section 3.7.5.
- e) When the estimated cost is expected to be valued at or above \$5000 for Goods, or \$10,000 for Services or Public Work and under the appropriate threshold for the Commodity noted in Section 3.6.1(b), departments shall:
  - i. identify three suitable Suppliers;
  - ii. obtain three written quotes from Suppliers, or in some cases, determine a fair and reasonable price as detailed in the Framework (referenced in [Section 6.1.3 of the Public Procurement Policy](#)); When obtaining pricing and the estimated cost is \$10,000 or above, the [Limited Call Template](#) shall be used;
  - iii. select the supplier that provides Best Value, ensuring that the evaluation complies with any Bid document requirements;
  - iv. obtain contract documents or request them from Supply Chain; and
  - v. enter a requisition for the order into "WorkPlace" and attach the quotes and any other documentation to the requisition.

### **3.6.2 Supply Chain-Led Procurement**

- a) Departments shall contact Supply Chain for all Procurement that meets or exceeds the thresholds detailed in Section 3.6.1(b).
- b) Departments shall follow the required actions for this process detailed below. See Section 3.8 for possible exemptions to these requirements.
- c) In order to procure Commodities valued at or above the Public Procurement Act thresholds, departments shall:
  - i. define the requirement at a high level;

- ii. check the availability of a standing offer that satisfies the need;
- iii. if a standing offer is available, follow the process steps outlined in Section 3.5;
- iv. if no standing offer is available, engage Supply Chain in defining detailed requirements (e.g., quantity, specifications, estimated value, etc.);
- v. proceed to an Open Call for Bids in cooperation with Supply Chain; and
- vi. the entire Procurement value shall be calculated to determine this threshold, including any possible contract extensions.

### **3.7 Using LVPOs and Payment and Reimbursement Forms**

- a) Employees shall follow the requirements detailed below when using LVPOs and/or Payment and Reimbursement Forms.
- b) Employees with LVPOs under their control shall be responsible and accountable for their security and use (personally and financially).

#### **3.7.1 LVPO Restrictions and Limits**

Commodities shall not be procured using an LVPO when:

- a) Commodities have a total value above \$1,000 before tax;
- b) Commodities are held in Central Stores;
- c) Commodities are covered by Standing Offer; or
- d) obtaining the Commodities is not immediate.

In such cases where an LVPO shall not be used, departments shall obtain a purchase order through the electronic requisition process.

#### **3.7.2 Placing LVPO with Suppliers**

- a) Where possible, electronic requisitions for purchase orders shall be used rather than LVPOs.
- b) Employees shall not split requirements into multiple smaller volume purchases to avoid following any Procurement process linked to higher thresholds.
- c) To issue an LVPO, Employees shall complete all sections of the LVPO form (with the possible exception of pricing information, which may be completed at the Supplier location), including providing details of the

Commodities to be purchased,. Pricing information may be completed at time and location of purchase.

- d) Employees shall ensure the appropriate Budget Number is provided.
- e) “Approval to Purchase” and “All commodities received in good order” fields shall be signed by different Employees, with the Employee signing the “Approval to Purchase” having signing authority. The Employee signing the “Approval to Purchase” field shall be the supervisor of the Employee who signs the “All commodities received in good order” field. Signatures from Employees in “acting” management positions may be accepted as long as other requirements noted above are met. Approvers shall not approve purchases for Employees who do not report to them. Those signing “All commodities received in good order” shall not sign unless they are absolutely sure the Commodities have been received.
- f) Employees shall show a valid City identification card to Suppliers when using an LVPO.

### **3.7.3 Obtaining LVPO Forms**

- a) Departments may authorize Employees with signing authority to be responsible for management of the department’s LVPOs.
- b) Authorized Employees may obtain LVPO forms from Supply Chain.
- c) LVPOs shall be issued in bundles of 50 with a maximum of one bundle being issued to an authorized Employee at a time.  
LVPOs shall not be issued to an authorized Employee without the LVPO log of the last LVPO bundle being up to date.

### **3.7.4 LVPO Control**

- a) Departments shall inform Supply Chain of the names and positions of the Employees responsible for LVPOs and maintaining the LVPO logs.
- b) LVPO logs are available electronically. Each field shall be completed. If an LVPO is cancelled, then the word “cancelled” shall be typed across the appropriate row of the form and the word “void” shall be written boldly across the face of the LVPO. At that time, the Supplier’s copy and the Accounts Payable copy shall be sent to Accounts Payable.
- c) If an LVPO is lost, Employees shall record it on the log with an explanation of the events and shall report it to the Supply Chain Manager, who shall report to the Deputy City Manager (DCM), Finance and Corporate Services and the Manager of Accounts Payable.

- d) Blank LVPOs must not be sent through the mail (including internal mail). An authorized Employee in each department may pick up and sign for LVPOs at the Supply Chain office.
- e) LVPOs shall be stored in a secure area that shall only be accessed by the Employee to whom they were issued.

### **3.7.5 Payment and Reimbursement Forms**

- a) In certain circumstances (such as government/regulatory requirements, legal fees and expenses, grants, refunds, certain types of utility payments, and when a Supplier does not accept purchase orders, as detailed in Section 3.7.6), a Payment and Reimbursement Form may be used. All Procurement Policy and Procedures requirements remain in force.
- b) Prior to using a Payment and Reimbursement Form, the department shall determine whether the Supplier will accept a purchase order. Where a Supplier accepts purchase orders, a purchase order shall be used.
- c) If a Payment and Reimbursement Form is required, the payment shall be issued to the Supplier, where possible. Employee payment for Commodities and subsequent reimbursement via the form shall be used as a payment method of last resort.
- d) Where Employees are to be reimbursed via a Payment and Reimbursement Form, they shall not be a signatory. Employees shall consult their managers prior to making a purchase. If an Employee pays for Commodities without appropriate approval, the Employee may not be reimbursed for the cost.
- e) Employees being reimbursed through the Payment and Reimbursement Form shall complete the form, including all required fields. The budget number shall be entered by the budget manager.
- f) The signatory shall have authorized signing authority in the budget. The budget manager shall be the signer unless the dollar amount exceeds the budget manager's threshold. In that case, the approver shall be the manager's direct supervisor or their department head.. The approver shall ensure that the rationale for the purchase is full and detailed on the form.
- g) Employees and managers shall follow the appropriate process for approval outlined in their Training and as outlined on the form. They shall submit all receipts including an itemized list of what was purchased, costs per item, taxes, and total paid.
- h) Employees shall consult Supply Chain Division (for Procurement-

related questions) and/or Financial Services Division (for Payment and Reimbursement Form process-related questions) if they are unsure whether a form may be used.

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### **3.7.6 Payment and Reimbursement Form-Eligible Commodities/Payments**

The following shall be eligible for payment via the Payment and Reimbursement Form:

- a) Government/Regulatory requirements, such as:
  - i. Licensing Fees (e.g. fees/renewals for vehicles, equipment, and/or personnel); or
  - ii. Government Inspection Fees.
- b) Legal requirements, fees, or expenses, including, but not limited to:
  - i. Appeal Board Fees;
  - ii. Appraisal Fees;
  - iii. Corporate Searches;
  - iv. Examining Board Fees;
  - v. Insurance Claims Expenses;
  - vi. Insurance Settlements;
  - vii. Legal Fees;
  - viii. Negotiating Expenses;
  - ix. Real Estate Property Purchases;
  - x. Title Searching Fees;
  - xi. Trustee Fees;
- c) City Grants (provided to individuals and/or organizations through City funding programs);
- d) Refunds (including refunds of applicable deposits paid to the City);
- e) Utility Payments (where exempted by [Section 6 of the Public Procurement Regulations](#) under the Public Procurement Act); or
- f) Commodities from a Supplier that does not accept purchase orders and for which there is no other appropriate payment method.

## **3.8 Exemptions**

- a) In exceptional, specialized, or urgent cases, an exemption process (contract award without an Open Call for Bids) may be used that complies with the Framework and as detailed below. As permitted by [Section 6 of the Public Procurement Regulations](#), an exemption process may be applied in certain circumstances (see the link above for a complete list or view legislation via [www.assembly.nl.ca](http://www.assembly.nl.ca)),

including, among others, when:

- i. an emergency or a situation of urgency exists;
  - ii. there is only one source reasonably available; or
  - iii. a list of Pre-Qualified Suppliers has been established using a request for qualifications.
- b) Any exemption shall be approved by the DCM, Finance and Corporate Services prior to any Procurement.
- c) This process shall only be used for the purposes intended and shall not be used to avoid competition or to discriminate against specific Suppliers.

- d) In cases where the estimated Procurement is valued at or above Procurement thresholds, Supply Chain shall be consulted to ensure compliance. Otherwise, no prior approval is needed from Supply Chain for a department to apply an exemption.
- e) A [Contract Award Without Open Call Form](#) shall be completed every time such a process is used, signed by requester and the DCM, Finance and Corporate Services.
- f) All Contract Award Without Open Call Forms shall be sent to Supply Chain for safe keeping and reporting.

### **3.9 Bid Requirements**

#### **3.9.1 Requirements Definition**

- a) Departments shall obtain the appropriate organizational authority to commence the Procurement process prior to soliciting proposals or awarding contracts.
- b) Requirements shall be defined in a manner that allows competition and ensures Best Value.
- c) When planning Procurement requirements, departments shall review alternatives to acquiring new Commodities, such as considering repairs to existing assets or transfer of surplus items.
- d) Departments shall consult Supply Chain to ensure that the wording of the Bid document defines requirements in terms of operational and performance requirements, rather than using brand names or proprietary technical specifications.
- e) Requirements shall not be split in multiple smaller volume purchases to avoid following any Procurement requirements linked to higher thresholds.
- f) Specifications may be based on a known acceptable product, but equivalent products may be accepted unless there is a valid technical reason for a “no substitution” specification.
  - i. If a “no substitution” request is made, the valid technical reason shall be provided in writing to Supply Chain, where it shall be placed on file. The requesting department shall be prepared to defend this position with Suppliers who provide competing Commodities.
  - ii. The requirement shall be well defined such that Bids may be evaluated and compared on the basis of price and where the award

may be determined on the basis of lowest-priced Bid that meets the requirements.

- g) For Calls for Bids resulting in the award of a standing offer, the Bid document shall give instructions on the use, purpose, and limitations of the proposed standing offer and include the following information, at a minimum:
- i. a clear definition of the requirement and the period for making purchase orders “call-ups”;
  - ii. preparation instructions;
  - iii. conditions applicable to the standing offer;
  - iv. resulting contract clauses applicable to ensuing “call-up”;
  - v. information on the number of standing offers intended to be authorized for use; and
  - vi. clear “call-up” procedures, including the method of allocating the work among multiple award standing offers (when applicable, for award of multiple standing offers).

### **3.9.2 Preparation of Bid Documents**

- a) Bid documents shall be prepared as detailed below.
- b) All Open Calls for Bids for Commodities administered by Supply Chain shall use one of the types of competitive Procurement detailed in Sections 3.9.3 through 3.9.7.
- c) Bid documents shall clearly outline the process to be used for soliciting, opening, and evaluating Bids, and awarding of resulting agreements.
- d) Bid documents shall reflect the approved Procurement Strategy.
- e) Consideration shall be given to certain types of criteria that may not be met at the time of bidding, but that shall be met by the Supplier at the time of award (“pre-condition of award” versus “mandatory submission requirement”).
- f) All evaluation criteria shall be clearly specified in the Bid document. Bids shall not be evaluated or awarded on undisclosed criteria.
- g) Both Suppliers and Employees shall disclose, to the Bid document contacts, any potential or Perceived Conflict of Interest issues prior to the Bid closing date and time.

### **3.9.3 Invitation to Tender (ITT)**

- a) This format may be used for a formal open competitive process for the Procurement of Commodities where there is a need for irrevocable



Bids, typically supported by Bid security, and price is the primary consideration.

- b) This format shall include well-defined specifications, requirements, and contract terms and conditions, as post-Bid negotiations are typically not permitted.

#### **3.9.4 Request for Quotations (RFQ)**

- a) Invitational Request for Quotation:

This format may be used in a simplified process for the Procurement of standard Commodities where the value of the contract does not trigger obligations under the thresholds for open competition and a limited number of Suppliers are invited to submit quotes to better ensure value-for-money. Because of its abbreviated nature, an Invitational RFQ may not contain all of the terms and conditions that are typically used to form a contract.

- b) Open Request for Quotation:

- i. Low Bid Version - This format may be used for a simplified open competitive process for the Procurement of standard Commodities on the basis of lowest price and standardized contract terms that will not require negotiation.
- ii. High Score Version - This format may be used for a simplified open competitive process for the Procurement of standard Commodities on the basis of straightforward high-score evaluation criteria and standardized contract terms that will not require negotiation.

#### **3.9.5 Request for Proposals (RFP)**

Any type of RFP shall be evaluated to determine the bidders' capabilities, and may include, but not limited to evaluation criteria such as basic corporate information, financial information, technical capability, service and delivery capability, specific product information, and/or price.

- a) No-Negotiation RFP:

This format may be used for a formal open competitive process where there is a need for irrevocable Bids and factors other than price may be evaluated. This format shall include well-defined specifications, requirements, and contract terms and conditions, as post-Bid negotiations are typically not permitted.

- b) Consecutive Negotiation RFP:

This format may be used for a more flexible open competition Procurement process where proposals will be ranked on price and

non-price factors. The top ranked proponent shall be invited to negotiate the final contract. If those negotiations fail, departments may proceed to negotiate with the next-ranked proponent.

c) **Concurrent Negotiation RFP:**

This format may be used for a more flexible open competition Procurement process where proposals will be ranked on price and non-price factors. Multiple short-listed proponents will be invited to negotiate and then submit a best and final offer for further evaluation and final ranking, contract negotiation, and award.

### **3.9.6 Request for Supplier Qualifications**

- a) **Prequalification Version** - This format may be used to prequalify Suppliers in the first stage of a two-stage open competitive process. Bidders who meet the requirements of the RFSQ shall be eligible to participate in the second stage and shall be invited to participate in a subsequent Procurement process.
- b) **Roster Framework Version** - This format may be used to prequalify Suppliers who will be invited to compete in multiple second stage Procurement processes for the same type of Commodities. Those Suppliers that qualify in the first stage of the process shall be invited to enter into a master standing offer agreement that shall govern any future work assignments awarded to them.

### **Request for Information (RFI)**

This format may be used in a structured market research and information gathering process for the purpose of obtaining information from potential suppliers regarding the types of Commodities available to meet the institution's needs. This format is not intended to result directly in the Procurement of Commodities, but rather to inform a future competitive process.

Specific pricing or cost information shall not normally be provided by the Suppliers in response to an RFI.

### **3.10 Call for Bids Evaluation Criteria**

- a) Departments and/or Supply Chain shall ensure that all evaluation criteria requirements are met.
- b) A pricing and evaluation strategy shall be developed before an Open Call for Bids document is publicly released.

- c) The Bid document shall clearly describe the relative weighting and importance of each evaluation criterion.

### **3.10.1 Mandatory Criteria**

- a) Mandatory criteria shall represent truly essential criteria. Departments shall minimize the number of mandatory criteria, where possible, in order to increase the probability of receiving responsive Bids.
- b) Mandatory requirements are typically defined by the departments, who shall consult with Supply Chain at an early stage to ensure the correct criteria are set as mandatory.
- c) Mandatory criteria shall be clearly specified in the Bid document and may include, but are not limited to:
  - i. licensing requirements;
  - ii. minimum performance characteristics;
  - iii. requirements for delivery dates or condition;
  - iv. essential minimum qualifications or experience of proposed personnel; and/or
  - v. budget limitations.

### **3.10.2 Rated Criteria**

- a) Rated criteria shall be used to assess the relative merits of each proposal.
- b) The maximum and minimum point value for each rated criterion (pricing shall only have a maximum point value) shall be specified in the Bid document.
- c) Only proposals that meet the mandatory criteria shall be subject to point rating for rated criteria.
- d) When a minimum point rating is used, proposals shall achieve:
  - i. a minimum number of points overall; and/or
  - ii. a minimum number of points for certain individual criteria.
- e) Bid documents shall clearly identify any minimum thresholds and clearly indicate that such minimums are mandatory.
- f) Bid documents shall have a clear and transparent price evaluation plan and pricing shall always be part of the rated criteria.

### **3.11 Bid Solicitation**

- a) Supply Chain and/or departments shall ensure they follow the procedures detailed below related to Bid solicitation, including

processes for advertising and communications (including responding to questions received).

- b) Departments shall consider the level of complexity of the Procurement and the extent of subcontracting anticipated when setting a closing date for Bids. Departments shall allow sufficient time for a Supplier to obtain the solicitation; to obtain any additional material, if applicable; and to prepare and submit a response. The closing date shall be set by Supply Chain following consultation with the department.
- c) In general cases, a Bid period shall not be less than 10 business days and a Request for Proposals not less than 20 business days from the date the requirement is posted publicly. In some cases, this may be determined by legislation or through a trade agreement.
- d) Supply Chain shall post the notice of all Open Calls for Bids on the City Bids web portal.

### **3.11.1 Questions during the Solicitation Period**

- a) During the solicitation period, questions from Suppliers shall be submitted in writing to the contacts identified in the Bid document before the question deadline date indicated in the document, when applicable.
- b) All questions regarding interpretation of the Bid document during the solicitation period shall be submitted to Supply Chain.
- c) Supply Chain and departments shall avoid one-on-one contact or meetings with Suppliers during the Bid solicitation period and shall ensure all communications are in writing.
- d) Supply Chain may directly answer the Supplier for simple questions where the answer does not affect other Suppliers and/or how they will respond to the solicitation.
- e) Supply Chain shall record and distribute all questions and answers that may have an impact on bidder submissions to all bidders, as addenda.
- f) Employees shall have no communications with bidders (including the release of award information during the Bid process), for the period of time from the Bid closing date up to and including the date of contract award ("Evaluation Period").
- g) Supply Chain shall release unofficial result information at the public opening, and award information through the City's bidding system website to inform the public of Bid status.

- h) The City shall not disclose any information related to any potential outcome of the evaluation of a Bid or any information related to any content of the submissions during the Evaluation Period.
- i) During the Evaluation Period, Employees may only initiate communication with bidders for the purpose of obtaining information or clarification necessary to ensure a proper and accurate evaluation of Bids.

### **3.11.2 Changes to Solicitation**

- a) Supply Chain may modify the terms of the Bid document at any time prior to closing, at its sole discretion, unless otherwise stated in the Bid document, as detailed below.
- b) Supply Chain shall make information publicly available regarding any changes made to the Bid document, including any change in the closing date or time. Bidders shall be responsible for ensuring that they are aware of and have complied with any and all addenda.
- c) Any significant change added or deleted to clarify, modify, or support the information in the original Bid document or previously issued addenda before the closing date shall require an addendum to the document.
- d) When changes occur, to ensure sufficient Bid preparation time for bidders, the closing date may be extended. This decision shall be the responsibility of Supply Chain, who shall discuss potential changes with the department before making the final decision. A change in the closing time or date shall not be considered an addendum.

### **3.12 Cancelling and/or Reissuing a Call for Bids**

- a) Any Bid document issued by Supply Chain shall not imply any obligation to accept any Bids.
- b) Supply Chain may cancel and/or reissue a Bid document as detailed below.
- c) Supply Chain may cancel (in whole or in part) any Call for Bids if:
  - i. the Bid prices received exceed the funds allocated for the Procurement;
  - ii. a substantial change in the requirements has occurred after the Bid document is issued; and/or
  - iii. for reasons outlined in the Bid document.
- d) Supply Chain may reissue a Bid document, where:

- i. a previous Bid document has been cancelled for the reasons listed above;
- ii. all Bids are non-responsive;
- iii. no Bids were received from Suppliers; and/or
- iv. for any reason outlined in the Bid document.

### **3.13 Bid Evaluation**

- a) Supply Chain shall ensure the Procurement Procedures related to Bid evaluation are followed.
- b) Before starting the technical and financial evaluation of proposals, Supply Chain shall ensure that all the information required at closing is available and ready to be transmitted to the evaluation committee. Supply Chain shall determine whether the Bids received are complete as specified in the Bid document.
- c) Information that Supply Chain may consider in order to confirm the Bid is complete, may include, but is not limited to:
  - i. inclusion of proof of required certifications;
  - ii. proper identification of the bidder (particularly important in the case of joint ventures);
  - iii. acceptance of the terms and conditions of the Bid document and a potentially resulting contract; and
  - iv. submission of all supporting documents required by the Bid document to determine technical responsiveness.
- d) Evaluation of Bids shall be in accordance with the procedures stipulated in the Bid document. Bids shall be checked for responsiveness to the contractual, technical, and financial requirements of the document.
- e) For any Bid process where evaluation is not solely based on price (High Score), the department shall establish an evaluation committee, who shall follow a logical, systematic evaluation procedure to determine Best Value.
- f) At the City's sole discretion, the evaluation committee may invite third parties (e.g., subject matter experts) to assist in evaluating Bids. When third parties participate in the evaluation, or in the Bid document preparation, Supply Chain and/or departments shall ensure that a non-disclosure agreement and a Conflict of Interest agreement are signed by the third parties before such involvement.

- g) Bids that fail to meet a mandatory requirement or any other mandatory evaluation criteria (technical, financial, or other) shall be declared non-responsive. The reasons for declaring a Bid non-responsive shall be clearly documented in the Procurement file.
- h) Bids shall be evaluated in accordance with the evaluation criteria established in the Bid document.
- i) Pricing information shall not be viewed and/or evaluated until all other portions of the evaluation have taken place.
- j) Whenever possible, the same evaluation team members shall evaluate all proposals.
- k) Documents pertaining to the evaluation of Bids shall be retained. Evaluators shall provide the original or a copy of all evaluation notes and communications to Supply Chain for the Procurement file. Evaluators' working notes or worksheets shall not be destroyed, even when the information contained is recorded in other evaluation documents.

### **3.14 Award of Contract or Standing Offer**

- a) Contract award shall be done on the basis of the criteria set forth in the Bid document and as directed below.
- b) Multi-year contracts may be permitted when the stability of the longer time frame supports Best Value for the City. However, multi-year contracts shall not be established through ongoing amendments and extensions of standard term contracts, unless the extensions had been planned and included as part of a competitive process.
- c) Supply Chain may conduct appropriate due diligence on prospective Contractors, including, but not limited to:
  - i. conducting credit and/or background checks;
  - ii. checking business references; and/or
  - iii. identifying shareholders, directors, and officers of the company.
- d) Supply Chain shall consult the Office of the City Solicitor when considering any changes in a standard agreement.
- e) Supply Chain shall consult the Office of the City Solicitor when disqualifying a low bidder/proponent.
- f) Awards may take place at any time after Bid closing and completion of the evaluation and should take place within the irrevocability period, if applicable, stated on the Bid document.

- g) Supply Chain (or in cases below Procurement thresholds, the responsible department) shall notify the successful Contractor.

### **3.15 Supplier Debriefing**

- a) If requested by bidders, Supply Chain shall offer debriefing information within legislated requirements. The debriefing shall comply with the process detailed below.
- b) Debriefing information shall not compare a Supplier's Bid to other Bids, shall not provide any information on other Bids, and shall not be treated as a complaint process.
- c) Debriefings may be done by letter, in person, or via teleconference.
- d) At a minimum, one member of the evaluation committee who is knowledgeable in all aspects of the Bid document and the Bid evaluation, along with assistance from Supply Chain and the department, shall develop the debriefing document and attend the debriefing. If the debriefing is in-person or via teleconference, it is recommended that at least two members of the evaluation committee attend. A representative from Supply Chain shall also attend.
- e) A record of the debriefing shall be placed in the Procurement file.

### **3.16 Contract Management**

- a) Contract management is an essential element of the Procurement process that protects the interests of the City while ensuring that suppliers are being treated fairly. Contract management can be divided into four distinct phases:
  - i. Pre-contractual (planning)
  - ii. Contracting (bidding and awarding of contract)
  - iii. Contract administration (after the contract is awarded)
  - iv. Post-contractual (close out, warranty and audit)
- b) Supply Chain shall be involved during the pre-contractual (planning) phase of the contract management process as detailed below.
- c) Supply Chain shall have the authority to approve and sign Procurement documents on behalf of departments.
- d) Supply Chain shall have primary responsibility for the contracting phase (bidding and awarding of contract), with Supply Chain and departments sharing responsibilities for some elements, as detailed below.



- e) Contract management details shall be developed at the same time as the formulation of the Bid requirements. These details shall be included in the Bid document, to allow bidders to determine what is required of them, to plan the activities needed, and to reflect the price in their Bids.
- f) Supply Chain shall develop and maintain up-to-date documentation on every aspect of the contract, both to provide a record of actions taken and to protect the City interests under the contract. The files shall include, where applicable, but not be limited to, the following:
  - i. requisition;
  - ii. purchase order;
  - iii. blank Bid document;
  - iv. all completed Bid submissions;
  - v. Bid opening attendees list;
  - vi. Bid evaluation plan and resulting evaluation documents;
  - vii. documentation of professional and specialist advice;
  - viii. correspondence with departments;
  - ix. contract documents (Contract/Insurance/OHS/WHSCC/COR/Sureties/etc., if applicable);
  - x. contract conditions;
  - xi. contract addendums;
  - xii. other correspondence (written and email);
  - xiii. records of phone discussions; and/or
  - xiv. records of decisions (Approvals/Legal/etc.)
- g) Approved contract templates and forms shall be used whenever possible. These are available from Supply Chain. No changes to templates shall be made without written consent of the Manager of Supply Chain and/or the Office of the City Solicitor.
- h) Supply Chain shall maintain a centralized database of contracts.

### **3.16.1 Contract Approval and Signing Authorities**

- a) The financial limits of signing authorities delegated to particular individuals or positions shall be as directed by the DCM, Finance and Corporate Services as detailed below.
- b) An authorized Signing Authority Form is required for each employee who will have responsibility for Budget approval/Procurement. The following Signing Authority Schedule shall define Procurement thresholds for Employees who have been authorized for the Procurement of Commodities:
  - i. Forepersons: \$1,000 or less
  - ii. Supervisors: \$5,000 or less

- iii. Managers: \$10,000 or less
- iv. Directors: \$20,000 or less
- v. DCMs: \$60,000 or less
- vi. City Manager: \$100,000 or less
- vii. Head of Procurement: Above \$100,000
- c) Department Heads shall be responsible for recommending individual signing authority changes if they differ from the Signing Authority Schedule noted in (a). Any changes shall be approved at the discretion of the DCM, Finance and Corporate Services.
- d) Supply Chain's authority to approve and sign Procurement documents on behalf of departments shall be for the execution of documents and shall not be a financial/dollar approval. This shall include:
  - i. addenda;
  - ii. extension agreements; and/or
  - iii. award letters.
- e) Further, these delegations shall only be used:
  - i. to attain the objectives of departments when providing common Supply Chain functions;
  - ii. commensurate with the level of responsibility assigned to the position;
  - iii. when required to undertake the duties of that position and achieve the objectives of this policy.

### **3.16.2 Contract Termination/Renewal**

- a) Supply Chain shall be responsible for the termination or renewal of all contracts at or above the thresholds detailed in Section 3.6.1((b).
- b) When terminating a contract Supply Chain shall ensure that all of the necessary conditions are met, including:
  - i. verifying that the product or work has been completed satisfactorily;
  - ii. ensuring that the Supplier has been notified; and
  - iii. ensuring that Procurement files are properly documented.
- c) When renewing a contract, Supply Chain shall ensure that all of the necessary conditions are met, including:
  - i. verifying that the original contract has a renewal clause and that any associated conditions are satisfied;
  - ii. verifying that the department is satisfied with the Commodity supplied and wishes to renew the contract;
  - iii. ensuring that the Supplier has been notified; and
  - iv. ensuring that Procurement files are properly documented.

### **3.17 Disposal of Assets**

- a) All materials, equipment (with the exception of Fleet equipment) and supplies identified by Departments as being of no further use shall be reported to the Manager, Supply Chain, who shall dispose of the assets as detailed below.
- b) If items identified by departments as of no further use cannot be utilized by other City departments, as determined by the Manager, Supply Chain, they shall be disposed of by one of the following methods:
  - i. public auction;
  - ii. Open Call for Bids;
  - iii. trade-in; or
  - iv. negotiation.
- c) Employees may only purchase surplus City-owned assets via public auction or an Open Call for Bids.

#### **4. Application**

The policy and procedures apply to all departments for all Procurement activities requiring an Open Call for Bids. For all other Procurement activities, the policy and procedures apply to all City departments with the exception of the St. John's Transportation Commission (Metrobus).

#### **5. Responsibilities**

##### **5.1 The DCM, Finance and Corporate Services is responsible for:**

- a) the overall implementation the policy and procedures;
- b) ensuring management oversight processes and controls exist to ensure Procurement complies with the requirements of the Framework.
- c) reviewing and approving (at their discretion) exemptions to the Open Call for Bids process.

##### **5.2 The Manager, Supply Chain is responsible for:**

- a) ensuring that the City's requirements for Commodities are met through an open, fair, and transparent process that maximizes competition and value for money;
- b) consistently applying strategic Procurement practices;
- c) supporting departments with their Procurement requirements, as required; and
- d) monitoring compliance with the policy and procedures.

### 5.3 **Department Heads** are responsible for:

- a) all Procurement activity of their departments; and
- b) ensuring their Employees comply with the policy and procedures.

### 5.4 **Managers with Procurement responsibility** are responsible for:

- a) identifying, defining, and estimating the cost of their Procurement needs;
- b) ensuring standing offers are used, if applicable;
- c) ensuring Commodities are obtained from Central Stores, if applicable;
- d) involving Supply Chain in the Procurement process, where applicable;
- e) ensuring appropriate approvals are obtained prior to proceeding with Procurement.

### 5.5 **Employees** are responsible for:

- a) complying with the policy and procedures; and
- b) ensuring that any Procurement processes they are involved with are fair, open, and transparent.

## 6. **References**

- Government of Newfoundland and Labrador Public Procurement Framework ([Act/Regulations/Policy](#))
- [Canadian Free Trade Agreement](#)
- [Canada-European Union Comprehensive Economic and Trade Agreement \(CETA\)](#)
- [Access to Information and Protection of Privacy Act, 2015](#)
- [Councillor Code of Conduct By-Law](#)
- [Municipal Official Code of Conduct By-Law](#)
- 04-06-01 Procurement Policy
- [11-01-02 Environmentally Responsible Procurement Policy](#)
- [Contract Award Without Open Call Form](#)
- [Limited Call Template](#)

## **7. Approval**

- Policy Sponsor: DCM, Finance and Corporate Services
- Procedure Sponsor: Manager, Supply Chain
- Procedure Writer: Policy Analyst / Manager, Supply Chain
- Date of Approval from:
  - Corporate Policy Committee: October 23, 2019
  - Senior Executive Committee: December 6, 2019
- Date of Amendment Approval from Senior Executive Committee: February 3, 2023

## **8. Monitoring and Contravention**

The Supply Chain Division shall monitor the application of the policy and procedures.

Any contravention of the policy or procedures shall be reported to the Department of Finance and Corporate Services, Department of Human Resources, the Office of the City Solicitor, and/or the City Manager for further investigation and appropriate action, which may include, but is not limited to legal action and/or discipline, up to and including dismissal.

## **9. Review Date**

Policy Initial Review: three years

Procedures Initial Review: one year, then with the policy after third year.

Subsequent Reviews (both): five years