

RM OF SPRINGFIELD COMMITTEE OF THE WHOLE MEETING NOTES
February 11, 2020

WITHOUT PREJUDICE (E&OE)

I would hope you will read the dialogue of the discussion of the Procurement Policy which I feel important in terms of value for dollars. Included at the bottom is a continuation of the discussion regarding the proposed Rec Centre for which no Business Plan has been provided.

4.1 Procurement Policy - Jody Thiessen, Finance Manager - "We wanted to bring the Procurement Policy to the Committee of the Whole just to talk about some of the things that we were looking at. The last time the Procurement Policy was updated was September 2015 so it's almost 4 1/2 going on to 5 years now and um we were looking at different other municipalities with their procurement policies thinking if we could find some efficiencies in um how we operate and some of that would be applicable to amending some of the procurement policies so I thought I'd come to Council to see what their thoughts on um in regards to questions from public or terminology that we have here from what is currently on our Procurement Policy. Um some things I thought I'd share we were looking at areas of adding wordings for signing authority and purchasing authority and um we were also looking at changing some threshold limits so when we go through the procurement policy with regard to spending limitations the current limit right now is \$7500. We were thinking of moving that to \$10,000. just because we've seen some costs in Public Works that are um like purchasing of tires and things like that even though it's in the budget um we still have to go out and .. and ..they still do their due diligence but just looking at increasing that so we came across another thing where there was some a consulting like a one topic consulting matter that because the price was above \$7500. we had to go out and get quotes I think it was the train whistle consulting that was one so because of the timing it extended the length of time it took to actually implement or follow through with the purchase or the consulting so we thought by bumping that up a little bit um we were looking at related purchases between right now it's \$7500. and \$30,000. We were looking at changing that terminology from \$10,001. to \$50,000. um again it's still finding competitive quotes but we'd still from that point review it with the CAO and inform the CAO what the decision was so that was just changing the structural again and then um the next limit would be the All expenditures over \$50,000. to \$100,000. would be requiring RFPs and RFQs. There were a couple of limits we were looking at. We were looking at also the threshold for what a tender at what threshold should we issue a tender uh possible RFP as well um so that was looking at any expenditure over \$100,000. would be tendered if we can define what the parameters are. Sometimes though it would still be an RFP depending on what project we're doing. It just depends on if we can define the type of well done? and scope um. And then we were looking at changing some wording um in regards to "sole source" .. I know we try to stay away from sole source as much as possible um just to ensure the competition is out there and ensure that we are finding the best price for our tax dollars. Uh so we did note though there were some scenarios where there is only one available supplier in Manitoba so we thought we'd put that terminology in there and identify that if there's only one supplier out there um it not effective sometimes to go outside of our boundaries to find **(Mayor Fell interrupts Ms. Thiessen mid sentence about only being able to get dust abatement from one company so they had to sole source and Anola where they only had one bid and knew the contractor so we went with them.)** Exactly. Yes. Those kind of scenarios. We were also looking at times where we have one product um like right now our accounting system is GP Dynamics and so what we would do instead of looking at an additional module based on the procurement policy we would actually have to go and quote with other vendors even though they are not 100% compatible or it would mean more work to make the two systems talk so we were looking at having, recognizing that if we have one vendor supplying the main structure that we would just look at the pricing of what an extra module would be rather than quoting other vendors that really aren't very compatible at meeting our needs. Uh so trying to make it uh integrated keeping in mind like efficiency and integration with our other systems that we have right now. Um sometimes we've been um an example to use ..our photocopiers...um we do go out and price it but we do find that sometimes keeping with the same vendor if we use the same machine we don't have to retrain staff on new components and the network right away picks up on the type of machine that we do have or a similar component to it. So things like that we keep in mind um but we don't have terminology in the Procurement Policy. ... Ya ya there's been some amendments even with the, I guess we'll see more too with the Free Trade and things like that that come in all the terminology as well but..". **Councillor Williams** - In the preamble Section 1 Policy Statement it says that the establishment of overall purchasing procedures involved in this policy. Are those documents that are available to us to review? **Jody Thiessen** - Like um ..I guess the...like the documents as to the internal processes that we do or? **Councillor Williams** - Well, one of the issues that I'm concerned about is in a tendered contract there is a scoring system. Are there guidelines for how we score, the weights we put on pricing, the weights we put on ... **Jody Thiessen** - So ya there is. Each ..I want to say each department has their own structure as to how that works. I know even myself when it goes to selecting an auditor, uh we do have parameters of how it's scored uh at that time usually when I send my information out, I share it with the ... I share it with the interested parties to know what it's weighted on um and I do know when we're scoring the...scoring the uh submission there is a key. I just don't know with the different departments if they do share it with the vendors or the interested parties at that time. (Here Mayor Fell coughs loudly and I could not hear exactly what was said.) It should be...we usually do ... **Councillor Williams** - I don't think I've had any problems when we had a report that identifies what the scoring is but ...**Colleen Draper** - Like I don't have a standard set. It's based on the project and what's appropriate to them. **Jody Thiessen** - Yes, I find that the difference between say the Financial Department and the Engineering Department would be different scoring...sometimes the price depending on how big the budget is too ..sometimes the price might be scored a little bit heavier than the technicality of it. **Councillor Williams** - Section 2.1 Emergency Procurement ..I just have a grammatical change ...the second sentence in the first paragraph...An emergency purchase may only be authorized tothen I would take that next few words and put them in front ofwould be to a) Alleviate a situation that constitutes danger to life or property... Um I have a question about 3 A. (a) Related Purchases under the proposed \$10,000. Are you suggesting

that we obtain quotes ...I'm sorry the policy suggesting we obtain quotes from suppliers where practical from a time and dollar value perspective. I'm not sure what that means. **Jody Thiessen** - Well sometimes when we know we can go out and shop for pricing uh take a look, a quick e-mail to some of the vendors that we commonly work with uh sometimes we can go out and shoot them an e-mail and say we want to purchase so much of this, so many of this quantity ...and some vendors are really quick at responding. They prefer an e-mail...they'll e-mail us back and others uh we might find that if we too many requests for quotes and if they're not the selected vendor, they start...they stop providing that information. **Councillor Williams** - They should be dropping their prices. **Jody Thiessen** - You would think that, ya. But we also do..unfortunately we do get feedback from them saying that uh we're never selected, we're never going to be the selected vendors so we're going to stop with the ...you can let us know and they'll determine if they want to submit or not.I spoke with other municipalities on that because we're not the only ones that have that feedback from some vendors but there was one municipality that I spoke to and they found that the ones that did get on board with the process of RFQs and RFPs and understanding that we're looking at receiving quotes, ..some of the vendors had no problem with understanding that this is the process and they jumped on board so you know some municipalities find that vendors will jump on board and others will just kick and scream and whatever they want they do and there's nothing we can do to change them. **Councillor Wilson** - As far as chemicals, sometimes we see in our list of accounts one company or another has a significant dollar value owing to them and a cheque is cut for sixty grand or something and Council has never seen that. It seemed like there was some wording in this thing that was trying to address that a little bit. Wondering if there is some way items on the list of accounts that are not identifiable as a previously discussed purchase can have an explanation attached or available. **Jody Thiessen** - Explanation: Amount could represent multiple invoices (and often does), equipment rates are contracted out on the basis of an annual meeting where hourly rates are messaged to contractors which are not necessarily applicable to tender or RFP. **Councillor Wilson** - Wants some kind of policy re tender vs flexibility with weight being given to need to tender. **Jody Thiessen** - Noted. If well defined scope can be found. **Mayor Fell** - Said if significant changes are going to be made, local contractors, staff, Council should all be involved in the discussion and time to adjust to the change. **CAO Colleen Draper** - We also discussed about small drainage vs large drainage projects and having a \$\$ amount and anything over that would have to be put out for RFP or tender and anything under would be ok under equipment contracting process. **NOTE: I think what Councillor Wilson is referring to is an issue that I raised while on Council and that has to do with the fact that one particular contractor in the municipality appears to get the majority of ditching and road contracts and on each list of accounts receives cheques that are significantly large, especially in comparison to other contractors on the list. In point of fact, very soon after I was elected to Council, I requested that this particular company be investigated related to a particular road extension project that ended up costing six times the amount originally estimated to cost and it involved a taxpayer contributing an agreed upon portion to the original project but nothing to the repair of the original job the following year. My predecessor, Ken Lucko, paid for the remainder of the cost from his ward allotment which at that time was considerably larger than what Councillors currently have. To say that I was stonewalled in my quest is an understatement. At least 2 CAO's buried my request and it was never done. The issue of that particular project was brought to my attention by more than one resident of the municipality. The giving of the majority of contracts to one particular company was also messaged to me by not one but several contractors in the RM. The prevailing belief at the time, and I would hazard to guess even now, is that favouritism was a factor in the awarding of contracts. I added up the payments made to this company on Council meetings from May 21, 2019 to January 7, 2020 and they totalled \$523,588.38. Only on 3 occasions did the List of Accounts specify the month they represented, June, July and December 2019. The remainder of the List of Accounts did not specify. That is a little over half a million dollars in just over 6 months, presuming the January 7, 2020 still covers 2019 expenses and all to one company.** **Councillor Williams** - There's one other issue I'd like .. I'm not sure if we can address it in this policy but that was the purchase of that fire apparatus about a year ago and I was unhappy with the process because we had posted Request for Tenders on MEXX. There were 9 downloads but only one responded. When I asked the question about where did the tender requirements for this come from I was told it came from one company. And then I said did you allow in your tender any substitutions from other bidders and the answer was No so I said that explains why you only got one bid because it was the requirements of a single organization. Is there some way we can deal with that kind of thing? **Jody Thiessen** - I'm like thinking about the process there are times I would imagine we could look at making sure the language is there to recognize some accommodations that doesn't change the end result of what we are acquiring because it's tough when we are doing like a fire truck versus another piece of equipment. Some are really specialized and some you can buy generic out of a box and then do modifications later down the road so it depends on our scope and how we define it and if it's flexible. **Councillor Williams** - I don't think that was the case for this particular contract. It was a general purpose vehicle and the specifications were so tight that nobody else could bid. There were several manufacturers available. He suggested Ms. Thiessen bring forward another draft. **Heather Erickson** - And that piece of equipment that Councillor Williams is talking about is still not here and we had to pay an exchange rate on it because due to the specifications only one company which was the company in Florida could respond to the bid. **NOTE: I remember this order well. In fact I consulted with a representative of a Manitoba company that manufactures such vehicles and except that the tender specified patented parts made by a certain company in Florida, any company could have built this machine in Canada. The truck in question cost in the neighbourhood of \$400,000. US which would be increased exponentially when our Canadian dollars were converted to pay for the vehicle in question. We have not yet received the vehicle which is currently under manufacture in Florida. Further there was the additional expense of at least one member of our Fire Department having to make at least one trip down to Florida during its construction to view the progress. Previous to this there was an issue with a mini pumper truck tender where a Winnipeg company could well have built the vehicle but the specifications called for a certain feature which a professional mechanical engineer advised me could not work and the Manitoba company selected promised to provide this feature. In the end, the delivery of the mini pumper was delayed over a year due to the fact that when the feature was tested, it was found not to be viable and the truck had to be partially rebuilt without it. As I see it, without a Procurement Officer that**

has years of experience in the field of municipal supply who can participate in the ordering of such specialized equipment and make the final decision as to the viability of such specialized specifications as well as monitoring and controlling all the purchases of the RM of Springfield, taxpayer dollars are being wasted. Another example would be the used rock crusher that we purchased for approximately \$483,000, because allegedly it was available and in high demand without first considering if it possessed all the necessary equipment to render it usable. It sits idle to this day and we are instead purchasing gravel from Glacial for our roads. **Edwin Giesbrecht** - Going toward some of Mr.

Wilson's concerns, Mr. Williams concern as to terminology and some of the transparency and accountability, under the purpose the wording here, I think that there could be a little bit of an addition that might help umbrella and alleviate some of these concerns and it's not unknown but I would suggest something where to ensure best values for all Springfield residents and ratepayers the highest value for money and the highest money for value. This is not unlike what is happening right now in the Province under the Pallister administration where they have now as of very recent, currently as I speak, a temporary suspension of all Crown Land and property sales, that is suspended right now. They are not taking any applications. They've done some reviews and that is exactly their concern at the provincial level that there's a fair transparent way of communicating information and recognizing and ensuring value for money for all Manitobans. So I understand there's other municipalities with programs but I think that Mr. Pallister and Minister Squires have undertaken some very deep thought through some very advanced advice and we'll see what they come out with a procurement policy for procurement and tender. And the other question that I would have is in regards to the procurement, you're indicating assets. Given the position of the province **does that asset on this particular policy also go toward municipal land?** **Mayor Fell - It does NOT.** **Vic Gerbasi - Distributed a sheet of his comments to the Executive Assistant prior to speaking, a summary of which is as follows:** *In purchases under \$7500. he feels it should state "should be picked up with a purchase order, not an invoice"; 3.0 c. should read that the expenditures over \$30,000 MUST be approved by resolution or bylaw or council PRIOR to purchase; 4.0 NO department heads shall be able to purchase anything without approval of purchase by council; 5.0 RECEIVING The verification of receipt should be done by the Finance Department or Purchasing Department, thus insuring that all goods and services are received.; the attitude of the RM should be NEED, not WANT; mention of purchase of the fire truck above from a USA firm; mention of purchase of a highway tractor for in excess of \$200,000 which he questions the need for and feels money could have been better spent on a used one which could have been purchased for less than half the cost or on hiring local trucking firms.* These are all taken from what was on the web site. And I'd read them to you today but that's just going to take up a bunch of time. An invoice is a bill, it's not a procurement paper and I could go on to the whole business of it and these are proper business practices which I am recommending or suggesting or at least taking a good solid look at and if you want me to go over them one by one that's fine by me and I'll give you an example in statement on the web site which Jody has in front of her you've got the ability to possibly allow purchasing of anything when the cost of service is UNKNOWN at the time of the order. Why are you ordering anything that you don't know what the cost is? Am I misinterpreting that? **Jody Thiessen** - There are times **Mayor Fell - (interrupting) Would you take your seat, please.** **Jody Thiessen** - ... in the event of um I know for emergency purposes uh depending on the practices what actually has to take place um we know there might be an hourly rate or a cost **Vic Gerbasi - (interrupting)** Can you give me an example? **Mayor Fell - (interrupting) - Vic, I'm going to ask you ...I don't want you walking back and forth behind the staff member so could you take a seat or if you want to stand then stand further back but I don't want you walking back and forth in front of the staff member.** Thank you. **Jody Thiessen** - Ya, to think about certain events, there might, I might not get into specific details but there could be in the event where there's overland flooding or a culvert that's blocked and we have to bring out additional equipment that we don't own that we have to bring in some contractor to come and relieve that situation. **Vic Gerbasi** - But you have an hourly rate for that equipment therefore you know what the cost is or real close to, if he's 20 minutes over or 20 minutes shy. **Jody Thiessen** - But sometimes those are the defined scopes does not mean we will know how long it will actually take to accomplish what needs to be done. We might have an estimate but it might take longer than expected. **Vic Gerbasi - Felt good business practice would suggest that contractor not be hired again as he should have had a good idea of the length of the job.** When he questioned the Public Works Director Blaine Moffat about the purchase of the highway tractor and what it might be used for, he was told transport water on the trailer we already have as well as dust control and the monster bulldozer in case we have a land fire and need to make a fire lane. When was the last time we did that.....NEVER? Not needed as there are many in the RM available for rental at a reasonable cost.

Heather Erickson - We purchased a piece of equipment to crush rock in our aggregate pit and that was well over \$50,000. Were there 3 bids on that, was there a tender, were there 3 bids, and if that is the case, why did the tender not include the specifications that require all the necessary equipment to get it running because it's still not running and apparently it's missing a whole bunch of electrical stuff so why would you put out a tender for something that's not going to work? Can that information be provided? **Mayor Fell** - You can send your request in an e-mail. Did we put out a tender for that rock crusher? **Jody Thiessen** - Ya, through the, I believe in the summer of 2018 there was a report that came forward to Council identifying that the Department would like to pursue looking at used crushers and recommended that Council could authorize them to spend up to a certain limit because when they did find one or if at that time they did find a used one, usually it's a short period of time that the used piece of equipment was available to be purchased because there would be other interested parties of course that would prefer to purchase used as well because of the value so the department at that time was concerned that if they had to wait and go to Council and get a resolution of Council to buy a used piece of equipment, we'd miss the opportunity of purchasing it. So they asked in the report for a resolution of Council to go and pursue to purchase a crusher up to a certain limit. **Heather Erickson** - But then my question is if they went out, the supposedly responsible people of the Department, and they went out and found the used crusher, should they not have been apprised of what exactly is required on that piece of equipment to make it usable because? **Mayor Fell** - (interrupting) We don't have answer here, Heather and this is about the procurement policy. **Heather Erickson** - Would you stop interrupting me. That's highly rude and disrespectful. **Mayor Fell** - MISS ERICKSON - Questions are in regard to the procurement policy. That decision to buy that crusher was in 2018. Do you have any input on what you would like added here to address the issue that you're having, otherwise I am going to move on to the next

person? **Heather Erickson** - This policy was in effect when that was done and it requires 3 tenders **Mayor Fell** - (interrupting) - So again she explained to Council ...Miss Erickson... **Heather Erickson** - I'm asking why it was not required that they have all the necessary equipment to make it usable? **Mayor Fell** - Do you have a question in regards to the Procurement Policy otherwise I'm moving on. It's as simple as that. Thank you. Yes, Darryl. **Darryl Speer** - I'd like to refer to Procurement Policy 3A (c) All expenditures over \$30,000. must be approved by resolution of Council and we had an expenditure in the List of Accounts for \$248,062. to Nelson River Construction Inc. for crushing gravel and no resolution of Council for that and this was a policy that was in place so why would that be? **Mayor Fell** - So I don't know what the details of the crushing of that gravel would be. For that type of question, again you'd have to e-mail the CAO or the Finance Manager and they'll give you details on that. We don't have those details here right now. **Darryl Speer** - I did e-mail the CAO and she said there was no resolution of Council, didn't have an answer that conforms to this policy. **Mayor Fell** - Ok, But she e-mailed you back and said there was no resolution of Council? **Darryl Speer** - Yes, I wondered why? **Councillor Rakle** - It's an ongoing bid, is it not. **Mayor Fell** - I think that's what it is but I am not positive so... **Colleen Draper** - That was my response to you that there was no resolution and Public Works felt it was an ongoing operational expense and that's why it was approved. **Darryl Speer** - It was tendered so it wasn't ongoing operational. I've got the tender right here in my hand. It matches to what was paid out. **Mayor Fell** - So Darryl, you got the answer. If you think that there's further investigation required after what Public Works said, please feel free to respond for further detail. I'm sure they'll meet with you to explain it to you. Do you have any suggestions for our Procurement Policy? **Darryl Speer** - Yes, I do. I would like to add to what Councillor Wilson said, that is where we have cumulative billings by a particular company, that there be a threshold at which this is brought under review and I can cite the example of **Tri M Trucking** has accumulated major bills over the course of the year that well exceed your thresholds whether it's the previous threshold or the ones you are proposing. Another area I think I'd like you to focus on is what is the role of staff credit card purchasing, what is your policy there, that's a form of procurement so do you have a policy for staff credit card use and its review? **Mayor Fell** - I believe we do have a policy in regards to the credit card use. It's not wrapped up in this policy, right? It's separate from this policy. **Darryl Speer** - Where is it available? **Mayor Fell** - You can send an e-mail, I believe it's a public document and we'll send it back to you. **Councillor Williams** referred back to a comment of Mr. Giesbrecht's regarding value for money and suggested reference be made to the Values and Strategic Goals in the Strategic Plan of the RM of Springfield. **Edwin Giesbrecht** - In regards to procurement and the subject of a highway tractor being brought up, certainly new drivers like it better from the point of view of F diesel exhaust fluids which is for burnout and proper exhaust emissions ... as far as the reasoning I don't know what we have for equipment in the municipality... um ... **Mayor Fell** - If you'd like to see, we do have an Annual Vehicle Replacement Program that's a public document so it shows everything that we have and when it needs to be replaced. **Edwin Giesbrecht** - The point would be this. We're buying a highway tractor. I would suspect it's to move a lot more than a water tank and a bulldozer. Do we not have excavators and loaders and.... **Mayor Fell** - I can't comment on what Public Works uses specific pieces of equipment for. We're here to follow our Procurement Policy and we discuss all purchases as a Council as well. **Edwin Giesbrecht** - So there is weights and balances. **Mayor Fell** - Answered in the affirmative and elaborated on the Vehicle Replacement Program. **Heather Erickson** - One last comment. As a taxpayer, I would NOT like to see these ceilings increased. I would like them to stay as they are. **Mayor Fell** - The \$7500, the \$30,000? **Heather Erickson** - Yes. **The Procurement Policy will go back to the Management Committee and be re-drafted and come back to another Committee of the Whole.**

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PROPOSED RECREATION CENTRE (Continued)

When the Cooks Creek Community Centre was being considered for funding from the RM of Springfield in the amount of \$350,000., I recall there were certain on Council, and I believe Mayor Fell was one of them, who felt they should not be provided the grant without a Business Plan. At the January 12, 2017 Council Meeting, Item 7.2 was a CAO Report to Council in which it stated "the Municipality would like an update on the following criteria in order to ensure the recommendations outlined in the Springfield Recreation Master Plan are being adhered to." These updates were: Project timeline: Total Project Cost: **Updated Financial Plan including the annual operating budget with expected revenue and expenses: Committed user groups: Management team - members and titles: A copy of their Capital Fundraising Plan clearly articulating the manner in which the club would raise the required funds to complete the expansion project.** The report further stated support for this project was based on the assumption that it would provide abundant recreation opportunities for all ages. **QUESTION: Why is it the Mayor and Council are not being required to provide the same assurances without providing the same criteria in order to ensure the recommendations outlined in the Springfield Recreation Master Plan are being adhered to? ANSWER: In my opinion, Mayor Fell does not believe she and her Council must follow the same rules and regulations that are imposed on taxpaying constituents. NOTE: It seems to me that the recommendation of the Recreation Master Plan was to build on the existing clubs until such time as a new centre was needed and funds were readily available. At present, there has been no fund raising by the nearest community, Oakbank, which has an existing Oakbank Community Centre that provides among other things an indoor ice surface. Council has not done their due diligence and surveyed the municipality to assess the need for a new recreation centre rather than expanding on the existing Oakbank Community Centre. Council has not provided a comprehensive Business Plan to justify such a project. Council has not considered the impact on existing Community Centres, especially the Cooks Creek Community Centre (total cost of expansion under \$2 million, I believe), which now provides a hard floor surface and court sports facility, walking space, a raised stage and volumes of storage space, a community kitchen and dining space, and outdoor playing fields, a skating rink, ski hill, etc. Council did not consult with the community as to the location and design of this project. Council appears to be in a hurry to bring this project to fruition and have already expended \$300,000 on the design and plans.**