



TOWN POLICY

POLICY NUMBER: 1808

REFERENCE:

Resolution No. 271.07.21

ADOPTED BY:

Town Council

PREPARED BY: M Tiede

DATE: July 21, 2021

TITLE: PROCUREMENT POLICY

POLICY STATEMENT

The Town of Strathmore is committed to the acquisition of goods, capital projects, and services at the best value while treating all vendors equitably. All current procurement activities shall meet the current and future needs of the Town of Strathmore, providing economical, efficient service and shall provide fiscal responsibility and accountability.

The authorities granted in this policy are related to the acquisition of goods and services only. They are not intended to include the purchase or disposal of property, payroll remittances, transfer payments, utility refunds, employee reimbursements and other non-purchasing related activities.

1.0 PURPOSE

The purpose of this policy is to establish practices under which the Town conducts purchasing activities. Purchases on behalf of the Town of Strathmore shall follow the guidelines set out in this policy and be in compliance with.

- (a) Municipal Government Act.
- (b) Canadian Free Trade Agreement Formerly Agreement on Internal Trade (AIT).
- (c) New West Partnership Trade Agreement (NWPTA).
- (d) Freedom of Information and Protection of Privacy Act.
- (e) any subsequent federal or provincial legislation, regulations, or agreements governing municipal procurements.

2.0 DEFINITIONS

- 2.1 **“Acquisition/contract value”** refers to the value to be applied to a purchase to determine the bid process and signing authority required to complete the process. The contract/acquisition value is the total value of the acquisition (not including G.S.T.). For multiyear service/consulting contracts with the possibility of extensions, the contract value is the total estimated value of the contract if it was to remain in effect for its entire term, excluding extensions.
- 2.2 **“Best Value Acquisition”** means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best value may include the useful life of an asset and track record.
- 2.3 **“Bid”** means an offer to buy or sell goods or services by a vendor or purchaser.
- 2.4 **“Bid shopping”** refers to the practice of revealing the price submitted by one vendor to a competing vendor to obtain a better price.
- 2.5 **“Budget”** means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Council.
- 2.6 **“Change in scope”** refers to the completion or deliverable of the project. If a project is amended such that there is a tangible change in the expected completion or deliverable, then that would be considered a Change in Scope of the project. Changes in Scope do not include amendments to the method, approach or execution of the project.
- 2.7 **“Change order”** is a negotiated amendment to a (usually construction) contract that covers a specific change in the method, approach or execution of a project, typically required when an unforeseen problem arises in the field, resulting in an amendment to the cost of the project. A Change Order does not impact the original scope of the project.
- 2.8 **“Collaborative (piggyback) opportunity”** is an opportunity that exists for the Town to take advantage of an existing agreement between another public sector agency and a vendor. The existing agreement must be the result of a formal, open competitive bid process.
- 2.9 **“Competitive bid process”** is a process whereby vendors are requested to submit bids for the provision of goods/services. The requirement is defined by specifications, the award is based on a defined set of criteria. Standard competitive bid processes include: phone quotes, email quotes, and Invitations to Tender (ITT’s).
- 2.10 **“Contingency”** is internal funding above the contract cost, but below the project budget amount, that is set aside to cover unexpected additional project costs. The contingency amount is often based on a percentage of the contract cost but varies

- depending on the complexity of the project, local economy, and other factors that could potentially affect the cost of the project but cannot be accurately determined at time of contract award.
- 2.11 **“Contract”** means an agreement in writing between two or more parties, comprising of an offer, acceptance and consideration.
- 2.12 **“Contract extension”** for the purposes of this policy, is the award of a pre-existing contract beyond its anticipated original contract term to the incumbent vendor without competitive bid. If the original contract is for a three-year term with no provision or allowance for an additional term and the intent is to award a fourth year to the same vendor, that is considered a contract extension. If, however, the original contract is a three-year contract with provision for up to an additional two years, then the anticipated original contract term is five years and awarding the final two years is not considered an extension.
- 2.13 **“Contractor”** means a person or a business that follows an independent trade, business, or profession in which they provide goods or services to the public.
- 2.14 **“Council”** means the duly elected officials of the Town of Strathmore and the Mayor.
- 2.15 **“Designate”** means an employee who is authorized to sign or approve
- 2.16 **“Director”** is the head of a department of the Town of Strathmore.
- 2.17 **“Emergency Purchases”** are situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- 2.18 **“Environmental Consideration/Sustainability”** means purchasing of products or services, which minimize, or provide favourable environmental impacts. Green Procurement involves considering the costs and environmental consequences of a product in all states of its life cycle.
- 2.19 **“Ethical behaviour and conduct”** means to maintain a high level of credibility with vendors, peers, and the public.
- 2.20 **“Evaluation criteria”** are the factors that will be considered when evaluating a tender submission. In all formal tender processes the evaluation criteria and the weighting of each criteria must be published in the tender document. Typical evaluation criteria would include cost, compliance with specifications, demonstrated experience and qualifications, functionality, ease of use and many others depending on the nature of the purchase.
- 2.21 **“Expression of Interest/Pre-Qualification (EOI/PQ)”** is a formal pre-bid process used to limit the number of vendors invited to bid to only those firms most capable of providing an acceptable solution. An EOI/PQ is typically used for complex purchases when there is an unknown number of vendors and it is deemed more efficient to limit the number of vendors through the EOI/PQ process than to have all vendors submit full ITT’s. EOI/PQ’s are evaluated on ability to provide a solution,

- pricing is not usually a component of the process. Depending upon the outcome of the EOI/PQ it is usually followed by either an ITT or direct negotiation.
- 2.22 **“Fitness for purpose”** means the minimum acceptable physical and/or functional specifications required for the goods/services to fulfill its required function.
- 2.23 **“Formal bid”** a bid process for medium and high value goods/services that requires specifications, terms and conditions and a written, signed response. Depending upon the value and complexity of the purchase a formal bid could be as basic as an email quote but is usually accomplished using an Invitation to Tender (ITT) process.
- 2.24 **“Goods and Services”** includes supplies, materials and equipment of every kind required to carry out the operations of the Town. Services include contractors, consultants and other non-material requirements.
- 2.25 **“Informal quotes”** a process for low and medium value goods/services for an immediate requirement that can be accomplished with minimal requirement for specifications and terms and conditions. Informal quotes are typically conducted by email or phone, but in all cases the process and results are to be documented.
- 2.26 **“Invitation to Tender (ITT)”** is the process used for most formal bid requirements regardless of the nature of the purchase. The structure of the tender document varies depending upon the nature of the purchase and number and types of criteria considered in evaluation, but the overall objective and rules of the tender process remain the same.
- 2.27 **“Invoice/payment authority”** means the authority to sign off an invoice indicating that the goods/services listed on the invoice have been received, are correct and in good order, and that the invoice is approved for payment by the Accounts Payable department.
- 2.28 **“Local Business”** includes any business holding a valid Town of Strathmore business license where the main office is in the Town of Strathmore or Wheatland County.
- 2.29 **“Public Tender”** is a means of purchasing that is widely advertised and intended to solicit bids from all interested parties.
- 2.30 **“Purchaser”** means the employee initiating the purchasing process on behalf of the Town of Strathmore.
- 2.31 **“Request for Proposal”** means a request for bids as to how the supplier would address the need identified in the request for proposal document.
- 2.32 **“Request for Quotation”** means a request for bids for prices on specific goods and/or services from a supplier submitted verbally or in writing.
- 2.33 **“Single source acquisition”** is a purchase awarded to a vendor without competition for reasons specific to the situation, although competitive bids may be potentially available.

- 2.34 **“Sole Source acquisition”** means purchasing when there is only one available supplier of a required product or service that meets the needs of the Town. Negotiation is used to complete the terms and conditions of this type of purchase.
- 2.35 **“Substantial compliance”** is compliance with the substantial or essential elements of the specifications/requirements that satisfies its purpose or objective even though all the specifications/requirements may not be met.
- 2.36 **“Supplier”** means any person or company that supplies goods or services to the Town. Also known as a contractor, seller, subcontractor, or vendor.
- 2.37 **“Town”** shall mean the Corporation of the Town of Strathmore.

3.0 EMPLOYEE RESPONSIBILITIES

- 3.1 All employees and elected officials of the Town are responsible to comply with all the rules and regulations:
- (a) Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them, as a publicly funded institution.
 - (b) Obtaining the best value for money by achieving fulfillment of specified needs including quality, health & safety standards, productivity and service life.
 - (c) Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
 - (d) Meeting the legal and ethical obligations in the acquisition of goods and services.
 - (e) Beneficial goods and services where the additional cost is not prohibitive.
 - (f) Obtaining appropriate authorization for all purchasing contracts except emergency purchases. All related documentation shall be retained for review and auditing.
 - (g) Obtaining legal assistance or advice if necessary, for any non-standard clauses in purchasing contract.
 - (h) Any conflict of interest known to employees will be communicated to the Chief Administrative Officer.
 - (i) If the employee in question is the Chief Administrative Officer, they will make any conflict of interest known to Council.
- 3.2 Directors & Managers are responsible for:
- (a) Ensuring all purchases are performed in accordance with this policy.
 - (b) Delegating expense authorization to the appropriate levels.
 - (c) Ensuring that corporate standards are adhered to for purchases.

- (d) Coordinating administration and continuous review of the department's use of goods and/or services to ensure the Town is receiving the best quality, quantity, service, price, etc.
 - (e) Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records.
- 3.3 Director of Corporate Services is responsible for:
- (a) Ensuring approval and appropriate authorization of all purchasing contracts on behalf of the Town up to the authorized limit.
 - (b) Communicating changes and amendments, providing training, and documentation of how to utilize the Procurement Policy efficiently and effectively.
 - (c) Ensure divisional compliance with all procurement policies, applicable laws, trade agreements and regulations.
- 3.4 The Chief Administrative Officer:
- (a) Responsible for all procurement contracts and payments on behalf of the Town.
 - (b) Shall establish procedures related to the acquisition of goods and services in accordance with this Policy and as delegated by Council.
 - (c) Establish administrative procurement policies in accordance with all applicable laws, trade agreements and regulations.
 - (d) Support the promotion of sound procurement practices and appropriate education and training to employees involved in the procurement process to ensure compliance.
 - (e) The CAO may further delegate this authority to other Town staff members as he/she deems appropriate.
- 3.5 Council:
- (a) Approve by resolution this policy and any amendments

4.0 CONFIDENTIALITY OF INFORMATION

- 4.1 Release of information is subject to the Freedom of Information and Protection of Privacy Act. Town Employees will not release any information made available to them in their role of employee unless that information is public and available upon request.

Any information made available to a potential vendor, which may influence other vendors' responses, must be made available to all potential vendors.

- 4.2 Pursuant to the Town's obligations and duties under the Freedom of Information and Protection of Privacy Act, as amended or repealed and replaced from time to time, the Town commits to protect confidential information from unauthorized

access or disclosure, especially information of a confidential nature that is clearly marked as such.

5.0 ETHICALLY BOUND

5.1 The Town is committed to acting ethically in all its procurement practices.

- (a) Town employees shall ensure that specification in procurement competitions are performance based, accurate and clear, that consistent buying practices are maintained and that they remain free of any obligation to any vendor or potential vendor.
- (b) Town staff involved in any aspect of the procurement process will act in a manner that ensures not only fairness, but the appearance of fairness, to all actual and potential vendors and the public. Staff will behave with impartiality, fairness, independence, openness, integrity and professionalism in dealings with vendors.
- (c) Town employees are to exercise caution when dealing with vendors or potential vendors where there is the possibility or perception of a conflict of interest, either through a direct or indirect relationship of any kind. Such vendor will not be disqualified due to the existence of such a conflict of interest if it is identified, recorded, and acknowledged at the outset and proper precautions have been exercised to limit any such conflict of interest. Town procurement documents will specify the requirement for Vendors to declare that there are no conflicts of interest or provide details of any actual or potential perception of conflicts of interest with Town employees or elected officials.
- (d) Town employees will not participate in any unfair, unethical, or illegal procurement practices.
- (e) Town employees will not use their public role to influence or seek to influence a Town procurement decision which could further a personal interest of any town employee.
- (f) Staff will not place themselves in a position of obligation, or appearance of obligation, with any vendor or potential vendor through the acceptance of gifts, favors or any other benefits.
- (g) Staff will not conduct or condone bid shopping, or any other unfair practice, while engaged in purchasing activities for the Town.

6.0 RESPONSIBLE PROCUREMENT

6.1 The Town is committed to reducing its environmental impact and will integrate responsible performance considerations into as many aspects of the Town's procurement decision making process as practically possible and reduce the impact of the Town's procurement practices to the greatest extent practical.

- (a) Town employees will review all proposal and tender specifications to ensure that, wherever practical and economically feasible, specifications provide for expanded use of socially responsible preferred goods and services.
- (b) Town employees should take into consideration such factors as: durability; reusability; level of post-consumer waste and/or recyclable content; and recognized third party eco/ethical certification.
- (c) The Town will take into consideration vendors who support local community groups, non-profit organizations, or other Strathmore based service organizations.

7.0 NON-BUDGETED PROCUREMENTS

7.1 An expenditure not included in the approved capital or operating budget must be approved by Council before the expenditure is made unless the purchase is due to an emergency.

7.2 Emergency Purchases:

Unbudgeted expenditures may be undertaken in the event of an emergency where the highest authority personnel must make purchase decisions efficiently to bring the emergency situation under control.

- (a) May be authorized by the Chief Administrative Officer or designates.
- (b) All such expenditures shall be reported to the Town at the next available opportunity.
- (c) Proper documentation of purchases is required.

8.0 SINGLE/SOLE SOURCE

8.1 A sole source supplier exists when only one acceptable vendor exists who can provide a certain product or service. Town employees must obtain written approval of the sole source acquisition by the CAO for exceptions to the requirement for quotations and proposals within this policy. The Town identifies such instances as:

- (a) Only one supplier (source) can deliver the required product or service. This includes the acquisition of a highly specialized nature and /or is available from only one supplier. Similar types of goods and services may exist, but only one supplier, for reasons of expertise, and/or standardization, quality, compatibility with existing equipment, specifications, or availability, is the only source that is acceptable to meet a specific product or service.
- (b) Where an item is purchased for testing or trial use.
- (c) Where the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.

9.0 TENDER OR REQUEST FOR PROCUREMENT PROCESS

- 9.1 The tender or request for procurement process is a formal method of obtaining competitive prices for goods and/or services when the cost exceeds \$75,000. In the tender process, the Manager responsible for the item or project shall, on behalf of the Town:
- (a) Publicly advertise the calling for tender submissions. All tenders are to be advertised on the Town's website, in the local newspaper, and on the electronic tendering website, Alberta Purchasing Connection (APC).
 - (b) Receive tenders or requests for proposal under sealed envelope format by a specified date and time of bid closure.
 - (c) When any tendering process is used, using appropriate evaluation criteria, the tender evaluated as being the most advantageous to the Town shall be accepted subject to the right of the Town to refuse any or all tenders.
 - (d) Once approved, all necessary contractual agreements, conditions, terms, documents, etc. will be completed, a purchase order will be generated, and the tender or request for proposal will be awarded.
 - (e) In accordance with the Canadian Free Trade Agreement formerly the Agreement on Internal Trade, all procurements of goods and services over the threshold of \$100,000 and construction over \$250,000 must be nationally advertised. The Town will use the Alberta Purchasing Connection (APC) as its "posting agent" for these procurements.
 - (f) In accordance with the New West Partnership Trade Agreement, all procurements of goods and services over \$75,000 and construction over \$200,000 must be nationally advertised. The Town will use the Alberta Purchasing Connection (APC) as its "posting agent" for these procurements.

10.0 DISQUALIFICATION OF BIDS OR TENDERS

- 10.1 At the discretion of the CAO or Director, bids or tenders may be disqualified from consideration based on:
- (a) Falsehoods, misrepresentations, or other untrue statements made in bid packages, quotations, proposals, or other documents submitted to the Town.
 - (b) Incomplete information provided in any response to the Town.
 - (c) Failure to comply with any requirements of the Tender, Request for Proposal, or other request.
 - (d) Inappropriate contact on the part of the bidder with Town staff or elected officials during the competitive process.

- (e) Any efforts or perceived on the part of the bidder to lobby, influence or otherwise exert pressure on the competitive process.
- (f) Any activity, statement, or other representation that in the opinion of the CAO or the Director indicates that the bidder would not be a suitable representative of the Town of Strathmore.

11.0 NON-COMPLIANCE

11.1 Town employees must adhere to the Town's purchasing policy. Managers, Directors, and the Chief Administrative Officer are responsible for ensuring compliance. When non-compliance is detected the Manager is responsible for reporting such activity to the Director of Corporate Services, Director of the business unit, and the Chief Administrative Officer.

Failure to adhere to the items contained in the policy may result in

- (a) Increased operational costs, duplication of effort and procurement delays
- (b) Increased vendor performance risk concerns
- (c) Loss of reputation for the Town if procurement practices are not supported and upheld

12.0 RELATED POLICIES

12.1 1805 – Corporate Credit Card Policy

12.2 1204 – Gift & Gratuities Policy

END OF POLICY

Appendix A

Procurement Matrix:

For procurement of Materials & Supplies, Vehicles & Equipment, Service Contracts, Construction Contracts, Consulting Services.

Dollar Value	Quotation, Purchase Order or Public Tender	Advertising Requirements	Title of Person Authorizing
Up to \$2,000	Not required	Not required	See Signing/Purchasing Authority Limits
Over \$2,000 but not exceeding \$10,000	Verbal or written quotations from one of more Vendors. Purchase Order is required.	At discretion of Purchaser.	See Signing/Purchasing Authority Limits
Over \$10,000 but not exceeding \$75,000	Three Written quotations and purchase order is required. Or Public Tender Request for Proposal Request for quotation Purchase Order is Required	At Discretion of Purchaser or Initiating Department to invite bidders or advertise in local media and/or on the Alberta Purchasing Connection Website.	See Signing/Purchasing Authority Limits
Exceeding \$75,000	Public Tender Request for Proposal Request for Quotation Purchase order is Required	Opportunities must be advertised on the Alberta Purchasing Connection Website, on the Town's website and local newspaper.	See Signing/Purchasing Authority Limits