

PROCUREMENT POLICY

Policy Number:	13/211.01 2021PO
Policy Review:	Every 5 Years or upon Legislative Change
Policy Owner (Dept.):	Financial Services
Reference(s):	Municipal Government Act (MGA), New West Partnership Trade Agreement (NWPTA) Comprehensive European Trade Agreement (CETA) Canadian Free Trade Agreement (CFTA) Freedom of Information and Protection of Privacy Act (FOIP) Annual Budget and Taxation Preparation policy #13/210.03 2018PO Corporate Credit Card Use Policy 13/211.02 (2018) Art Development Policy 78/212.01 2019PO

1. PURPOSE OF POLICY

- 1.1. The purpose of this policy is to establish the basic direction, philosophies, and values for the procurement of goods and services for use by the City.

2. POLICY STATEMENT

- 2.1. The City is committed to the acquisition of goods and services at the best value while treating all vendors equitably through procurement processes that ensure integrity, transparency, accountability, efficiency and consistency.

3. APPLICABILITY

- 3.1. The policy applies to employees or council members who purchase, rent, lease on behalf of the City.
- 3.2. This Policy comes into effect upon approval of Council.
- 3.3. This Policy does not apply to:
 - 3.3.1. Purchase or sale of land
 - 3.3.2. Investments or borrowing
 - 3.3.3. Postage purchases
 - 3.3.4. Employee vehicles use expenditure
 - 3.3.5. Payroll withholding remittances
 - 3.3.6. Training fund disbursements
 - 3.3.7. Membership and subscription payments

- 3.3.8. Grants to nonprofit agencies and societies
- 3.3.9. Employment service/agreements
- 3.3.10. Development agreements excluding construction
- 3.3.11. Legal Services
- 3.3.12. Provincial and federal funding agreements and grant applications
- 3.3.13. Corporate or individual staff memberships
- 3.3.14. Various rights of use, easements, encroachments, crossing agreements etc.
- 3.3.15. The acquisition of art for the City of Lacombe Public Art Collection as defined in the Art Development Policy is exempt from the terms of this policy except for the following:
 - 3.3.15.1. Requests for commissioned art may be subject to a Call to Artist or a request for qualifications established in accordance with the City's Art Development Policy.
 - 3.3.15.2. All Other purchases of Art by the Lacombe Art Collection Committee shall be subject to the annual budget limitations established by Council.

4. NON-COMPLIANCE

- 4.1. Non-compliance with this Policy may result in legal liability, reputational damage as well as disciplinary action for the employee.

5. DEFINITIONS AND ABBREVIATIONS

- 5.1. **Bid** means a bid, tender or price offered to the City of Lacombe.
- 5.2. **CAO** shall mean the Chief Administrative Officer of the City of Lacombe.
- 5.3. **City** shall mean the City of Lacombe.
- 5.4. **Conflict of Interest** means a situation where the independence or impartiality of an employee's decisions or actions are impaired or may be reasonably expected to be impaired because of outside employment, political, business or family interests.
- 5.5. **Construction** means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply or products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.

- 5.6. **Council members** shall mean elected officials, including the Mayor.
- 5.7. **Employees** shall mean individuals who are employed by the City of Lacombe.
- 5.8. **Emergency** – is a situation that requires prompt action for the safety and protection of persons or property.
- 5.9. **Good** – means a good that is produced, manufactured, grown, or obtained in, used for a commercial purpose in
- 5.10. **Service** – means a service supplied or to be supplied
- 5.11. **Local Vendors** – means a business having a City of Lacombe resident business license.
- 5.12. **MGA** – Municipal Government Act

6. ROLES AND RESPONSIBILITIES

6.1. Council is responsible for:

- 6.1.1. Approving the Procurement Policy that establishes the basic direction, philosophies, and values for the procurement of goods and services for use by the City and amendments thereto.

6.2. The CAO is responsible for:

- 6.2.1. Authorizing the expenditure of funds and payment of accounts according to the approved budget once the operating, interim and/or Capital budget is passed by Council, as per the MGA.
- 6.2.2. Ensuring that the procurement procedures and programs of the municipality are developed and implemented to carry out programs identified by the City Council.
- 6.2.3. Delegating authority to develop and implement applicable procedures through Directors and the Senior Manager of Financial Services.
- 6.2.4. Delegating Budget Authority to City staff in accordance with the Annual Budget and Taxation Preparation policy.
- 6.2.5. Overriding procurement policy and procedures when required as a sound business decision, in accordance with 7.3.1.
- 6.2.6. Ensuring that procurement and contract activities are carried out under the City's Purchasing Policy and applicable procedures.
- 6.2.7. Ensure budget funds are available for procurement requests.

7. POLICY DETAILS

7.1. Principles

7.1.1. The City will manage its procurement activities in accordance with all applicable legislation including but not limiting to the trade agreements as well as competitive bidding law and procurement best practices. The City will adhere to the following minimum general principles:

- 7.1.1.1. Competition process will be open, transparent, and fair.
- 7.1.1.2. According to applicable trade agreements, the City cannot give preferential treatment to local vendors for competitions over a \$75,000 threshold.
- 7.1.1.3. Departments may direct competitions under \$75,000 to local vendors only if there are at least two vendors who are available and competitive.
- 7.1.1.4. Whenever practical the City will consider environmental impact and sustainability.
- 7.1.1.5. The City is committed to the highest level of ethical standards in all procurement and contracting practices.
- 7.1.1.6. The City encourages the best value consideration in procurement.
- 7.1.1.7. The City expects all vendors to perform their obligations to the City in good faith.
- 7.1.1.8. City employees shall not have any pecuniary interest, direct or indirect, in any contract with the City of Lacombe. No employee of the City or partnership of which an employee is a member of may submit a tender for the supply of goods or services to the City. Any corporation (other than those whose shares are publicly traded) submitting a tender must disclose the names of any shareholder who is a City employee and the number of shares owned by the employee.
- 7.1.1.9. City employees shall not make any recommendations about the awarding of any tender or quotation when they are a member of the immediate family of any individual who is:
 - 7.1.1.9.1. submitting the tender
 - 7.1.1.9.2. a shareholder or employee of a company submitting the tender
 - 7.1.1.9.3. a member or employee of any partnership submitting the tender

7.2. Local Vendors

7.2.1. To be compliant with applicable trade agreements, the City cannot give preferential treatment to local vendors for competitions over the \$75,000 threshold for goods and

services and \$200,000 threshold for construction contracts. For competitions below \$75,000 for goods and services or below \$200,000 for construction contracts, the following local provisions can be applied:

- 7.2.1.1. Departments can direct competitions up to \$74,999 for goods and services and up to \$199,999 for Construction contracts, to local vendors if the vendors’ expertise is competitive.
- 7.2.1.2. A bid submitted by a local vendor and having local content shall be awarded to that business if:
 - 7.2.1.2.1. They have submitted the lowest bid from a local business, and
 - 7.2.1.2.2. That the bid is not more than two percent (2.00%), to a maximum amount of \$2,000, above the lowest cost submitted by a non-local vendor.

7.3. Sole Sourcing

7.3.1. Sole source purchases maybe be used when there is only one available supplier of a required good or service that meets the needs of the City, subject to regular review. Negotiation should be used to complete the terms and conditions for this purchase. A single source purchase may occur:

- 7.3.1.1. Where the compatibility of a purchase with existing equipment, facilities or services is a paramount consideration and the purchase must be made from a single source;
- 7.3.1.2. Where an item is purchased for testing or trial use;
- 7.3.1.3. Where the City purchase supplies for resale;
- 7.3.1.4. For direct purchases under \$10,000 (See Table 1 below);
- 7.3.1.5. Where the City has a rental contract with a purchase option and such purchase option could be beneficial to the City;
- 7.3.1.6. Purchase from another vendor would violate warranties and guarantees where service is required;
- 7.3.1.7. For matters involving security or confidential issues a purchase may be made in a manner that protects the confidentiality of the contractor of the City.

7.4. Procurement Process

Table 1 – Summary of Procurement Process based on Procurement value, for **Goods or Services**:

Procurement Threshold	Process	Process Required
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\$0 - \$4,999	Direct Purchase	<ul style="list-style-type: none"> • Direct purchases should be made locally whenever a local vendor is available and competitive
\$5,000 - \$9,999	Non-competitive	<ul style="list-style-type: none"> • Three verbal quotes are recommended but not required (phone, fax, email or written) • Local Preference can be given, in accordance with this policy
\$10,000 - \$74,999	Informal Competitive Bidding Process	<ul style="list-style-type: none"> • Three written quotes are required. • Local Preference can be given, in accordance with this policy
Equal to or greater than \$75,000	Formal Competitive Bidding Process	<ul style="list-style-type: none"> • Fully open competition • Involves sealed bids or proposals • May involve prequalification process • Must be posted on Alberta Purchasing Connection

Note – Request for Proposal or Invitation to Tender can be for any value

Table 2 – Summary of Procurement Process based on Procurement value, for **Construction**:

Procurement Threshold	Process	Process Required
\$0 - \$9,999	Direct Purchase	<ul style="list-style-type: none"> • Direct purchases should be made locally whenever a local vendor is available and competitive
\$10,000 - \$199,999	Written Quotation Process	<ul style="list-style-type: none"> • Three written quotes are required. • Local Preference can be given, in accordance with this policy
Equal to or greater than \$200,000	Formal Competitive Bidding Process	<ul style="list-style-type: none"> • Fully open competition • Involves sealed bids or proposals • May involve prequalification process • Must be posted on Alberta Purchasing Connection

Note – Request for Proposal or Invitation to Tender can be for any value

7.5. Capital Projects

7.5.1. Managing Capital Projects – all contracts for capital projects shall be awarded according to the City’s Procurement Policy. The Chief Administrative Officer is responsible for administration of the capital projects and may delegate such responsibility to the appropriate staff.

7.5.2. The Chief Administration Officer or the delegated person shall:

- 7.5.2.1. Approve expenditures up to the approved contract price;
- 7.5.2.2. Ensure that the work, goods, or services supplied meets the contracted specifications.
- 7.5.2.3. Ensure the terms and conditions specified by the City have been met.

7.6. Purchasing Authority

- 7.6.1. Council shall approve all annual Operating Budgets, Capital Budget, and long term Capital Plans of the City.
- 7.6.2. The CAO is delegated purchasing authority to purchase, and approve the purchase of, goods or services within the limits of a Council approved budget on behalf of the City.
- 7.6.3. As per the City’s CAO Bylaw, and the Municipal Government Act, purchasing authority may be delegated by the CAO to Directors, Department Managers, and other staff at their discretion. Purchasing authority may also be revoked by the CAO at his or her discretion due to:
 - 7.6.3.1. Repetitive non-compliance
 - 7.6.3.2. Lack of due diligence
- 7.6.4. Any staff granted purchasing authority, through an administrative directive, must ensure that all applicable policies and procedures are followed and the budget approval for the purchase of goods and/or services is in place. Staff must ensure they have control over the budget and that the budget dollars are available during the entire period of procurement.
- 7.6.5. The CAO may approve individual line-item expenditures that vary from the operating budget only if the City’s revenue requirement is unchanged from Councils’ approved budget.

7.7. Contracts and Agreements

- 7.7.1. Under section 214 (4) of the MGA the CAO has the authority to sign contracts and agreements for the City.
- 7.7.2. Council will be informed of contracts with a total value exceeding \$1,000,000, or a length or greater than three years, through the CAO report.

7.8. Expenditure Review

- 7.8.1. That one signature from Group I and one signature from Group II be required for bank account documents and materials, forms, and legal documents. The following be designated signing officers for the City of Lacombe:

Group I	Group II
Mayor	CAO

Deputy Mayor	Directors
Members of Council	Senior Manager of Financial Services

- 7.8.2. The Mayor or Deputy Mayor and CAO (or their designate) should conduct a general review of each general cheque run noting payees and amounts. The Mayor or Deputy Mayor and the CAO (or their designate) will sign the cheque register confirming the review has occurred.
- 7.8.3. Signature for cheques may be handwritten or reproduced electronically.
- 7.8.4. The cheque register listing the payees and amounts for each general cheque run should be made available to Council Members for examination.
- 7.8.5. As per the MGA, a municipality must ensure that all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasure branch or trust corporation designated by Council.

8. END OF POLICY

Original Signed

Signature of Mayor

Original Signed

Signature of CAO

Date

Date

POLICY RECORD

Approval and Amendment History

Date of Council Meeting	Council Motion Number	Description
August 9, 2021		Approval of new policy

Review History

Date of Policy Owner's Review	Description/Action Taken or Required