

## **PROCUREMENT**

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Date Issued: April 11, 2017

Mandated by: City Council

Current Revision: April 11, 2017

Cross Reference:

- Business Licence Bylaw C9-16

Next Review: April 11, 2020

Responsibility: Chief Financial Officer

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### **PURPOSE**

To establish a governance framework for the procurement of goods and services by the City.

### **POLICY**

The City shall procure all goods and services necessary for the provision of municipal services through fair, publicly accountable, open, and transparent processes in compliance with governing legislation, bylaws, and trade agreements. The City shall engage with and may give preference to local vendors, but best value shall be the determining factor in all procurement decisions. Procurement decisions shall be made to support the City's strategic objectives and are assessed based on obtaining the best value for the City. The City is committed to acting ethically in its procurement activities in order to minimize the risks to the City.

### **DEFINITIONS**

*Best value* - means the most advantageous balance of price, availability, quality, and serviceability identified through competitive procurement methods in accordance with stated selection criteria.

*Conflict of interest* - means when an employee or their relatives' private interests, usually of a financial or material nature, encounter a real or perceived conflict with that employee's public duties and responsibilities.

*CFO* - means the Chief Financial Officer of the City or any person acting in that capacity.

*City* - means the City of Fort Saskatchewan.

*City Council* - means the Mayor and Councillors of the City, both together and individually.

*City Manager* - means the Chief Administrative Officer of the City.

*Employee* - means an individual employed by the City on a permanent, temporary, or casual basis.

*Goods* - means in relation to procurement, moveable property (including the cost of installing, operating, maintaining, or manufacturing such moveable property) and includes supplies, materials, raw materials, products, equipment, and other physical objects of every kind and description whether in solid, liquid, gaseous, or electronic form.

*Local vendor* - means a vendor that maintains a permanent business premises within the City's corporate limits and holds a resident business licence issued pursuant to Business Licence Bylaw C9-16.

*NWPTA* - means the New West Partnership Trade Agreement, a trade agreement between Alberta, British Columbia, and Saskatchewan.

*Procurement* - means the acquisition by any means of goods or services for the provision of municipal services.

*Relative* - means: (a) any member of the same family by birth, marriage, common-law relationship or adoption; or (b) any business owned, directed or managed by an employee or any relative of an employee described in (a).

*Services* - means all services to be supplied, including construction and consulting.

*Vendor* - means any individual or business, in any form, who may from time to time conduct business with the City or submit bids, proposals, quotes, or tenders to the City.

## **GUIDING PRINCIPLES**

### **Open and Fair Competition:**

1. This Policy and the associated procurement procedures and practices of the City shall protect the City and give guidance to employees involved in procurement of goods or services by providing clear direction and accountability.
2. All procurements of goods or services by the City shall be fair and impartially conducted, free of real or perceived conflicts of interest, ensuring that qualified vendors have reasonable access to the City's business, that no vendor is arbitrarily excluded, and that there is reasonable competition for procurement opportunities to ensure that the City receives best value for needed goods and services.
3. Procurement of goods and services shall be conducted in an open and transparent manner, treating all vendors fairly, including dealing with vendor complaints, providing feedback to unsuccessful vendors upon request, and maintaining records on vendor's performance under contracts.

4. All procurement procedures and practices must be compliant with the NWPTA and other internal or external trade agreements, all legislation, regulations, City bylaws, and other relevant sources of law.

**Best Value:**

5. The City encourages the consideration of overall best value in the procurement of goods and services. The City will consider and evaluate the relevant financial and non-financial factors prior to commencing competitive processes. The City shall select the vendor that offers the best value consistent with the required quality and service.
6. Factors that shall be considered in determining best value should include, but are not limited to:
  - Price, including delivery and implementation or set up costs;
  - Operating costs, including maintenance and life cycle costs;
  - Salvage value and disposal costs;
  - Availability and timeliness of delivery;
  - Quality, serviceability and warranties;
  - Vendor experience, expertise, capacity, and capability to meet predefined requirements;
  - References regarding past performance from other customers of the vendor and the City's previous experience with the vendor;
  - Value add benefits to the City;
  - Contributions to the local economy through supporting businesses and creation of job opportunities;
  - Environmental and ethical impacts of producing the goods and services, and the goods and services themselves.

**Local Vendors:**

7. The City shall engage with local vendors to enhance the understanding of doing business with the City and how best for local vendors to interact with the City to promote vendor's services and products. This will include, where reasonable, posting procurement opportunities on the City's website, notifications to vendors of current business opportunities, and other appropriate communication methods.
8. The City may give preference to local vendors when the procurement of goods or services are valued at less than the relevant thresholds prescribed in the NWPTA.
9. Notwithstanding Section 8, procurement decisions shall be decided based on the option that represents the best value to the City as defined in the Best Value Section of this Policy.

**Ethical Practices:**

10. The City is committed to acting ethically in its procurement practices.
11. Employees shall ensure specifications in procurement competitions shall be performance based, accurate, and clear.

12. Employees involved in establishing the specifications of needed goods or services, or the evaluation of a procurement competition must remain free of any real or perceived conflicts of interest with any vendor or potential vendor.
13. Employees shall disclose any real or perceived conflicts of interest with a vendor or potential vendor as soon as they become aware of the conflict. Such vendors will not be disqualified due to the existence of a conflict of interest provided that it is properly disclosed at the outset that the conflicted employee is removed from any portion of the vendor selection process.
14. The City may refuse to do business with vendors who do not act in good faith towards the City, whether by failing to live up to the terms and conditions of past or current agreements or contracts with the City.

## **GENERAL REQUIREMENTS**

### **Thresholds:**

1. Less than \$10,000	<ul style="list-style-type: none"><li>• Verbal or written quotations from one or more vendor(s);</li><li>• Use of normal invoice procedures, City corporate credit card or via a payment requisition;</li><li>• A verbal or written request for quotation may be used.</li></ul>
\$10,000 – \$50,000	<ul style="list-style-type: none"><li>• A written request for quotation must be sent to three or more vendors; or</li><li>• A written request for proposal or invitation to tender may be used.</li></ul>
Greater than \$50,000	<ul style="list-style-type: none"><li>• A written request for proposal or invitation to tender must be used;</li><li>• Requests for proposals and invitations to tender must be advertised on Alberta Purchasing Connection (<a href="http://www.purchasingconnection.ca">www.purchasingconnection.ca</a>) and posted on the City's website;</li><li>• A contract may be required.</li></ul>

### **Sole Source Procurements:**

2. With the prior written authorization of the City Manager, the City may acquire goods, services, or construction through sole source procurements when there is only one available supplier of a required good, service, or construction that meets the City's needs or in the event of an emergency.
3. Notwithstanding the foregoing, in no case shall sole source procurements be used to avoid competition or discriminate between suppliers. Every reasonable effort should be made to negotiate to receive the best value for the City.

## **AUTHORITY / RESPONSIBILITY TO IMPLEMENT**

1. City Council delegates procurement authority to the City Manager through the budget process and through Council resolutions and bylaws.

2. The City Manager shall delegate procurement authority to department directors, who may further delegate that authority to appropriate personnel, which shall be conducted in compliance with any procurement procedures and practices established by the CFO. The City Manager shall ratify any procurement procedures and practices established by the CFO.
3. The CFO shall establish procurement procedures and practices to provide for the application of this Policy, which shall be ratified by the City Manager, and shall be responsible for implementing and monitoring compliance with the procedures and practices. Procurement practices must protect the financial assets of the City through an effective, efficient, and flexible system of controls that ensure risks are managed prudently without impairing the City's ability to acquire the best value in the goods and services that it requires to deliver municipal services and achieve the City's strategic objectives.
4. Department directors are responsible for ensuring compliance with this Policy and the procurement procedures and practices within their departments, implemented by the CFO.



**PROCUREMENT**

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Date Issued: February 1, 2018

Responsibility: Chief Financial Officer

Current Revision: September 14, 2021

- Cross Reference:
- Procurement Policy FIN-020-C
  - Procurement Card Policy FIN-003-A
  - Delegation of Authority GOV-010-A
  - Contractor Management SAF-026-A
  - City Manager's Bylaw C29-95
  - Emergency Management Bylaw C4-15
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## **PURPOSE**

To establish responsibilities and procedures for procurements by the City of Fort Saskatchewan.

## **DEFINITIONS**

*Accounts Payable (AP)* – shall mean the Accounts Payable Clerk of the Financial Services Department.

*AIT* – shall mean the Agreement on Internal Trade.

*Best value* - shall mean the most advantageous balance of price, availability, quality, and serviceability identified through competitive procurement methods in accordance with stated selection criteria.

*Budget* – shall mean the annual budget for the City of Fort Saskatchewan that has been duly approved or amended by Council.

*Capital Project* – shall mean a long-term investment project to acquire, develop, improve, and/or maintain a capital asset.

*CFO* - shall mean the Chief Financial Officer of the City or any person acting in that capacity.

*Change Order* – shall mean a negotiated amendment to a contract (usually construction) 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.

*Changes to the Original Scope* – shall mean if a project is amended such that there is a tangible change in the expected end product or deliverable. For example, the City tenders for 30 km of asphalt overlays but, due to unexpected lower pricing received from the Contractor, the City has sufficient funds in the project budget to complete 40 km of overlays. If the City amends the contract from 30 km to 40 km of overlays this would constitute a change to the Original Scope of the Project.

*City* - shall mean the City of Fort Saskatchewan.

*City Manager* - shall mean the Chief Administrative Officer of the City.

*Conflict of interest* - shall mean when an employee or their relatives' private interests, usually of a financial or material nature, encounter a real or perceived conflict with that employee's public duties and responsibilities.

*Construction* – shall mean the 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 of 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

*Contract* – a legally binding agreement other than a purchase order between the City and a third party.

*Council* - shall mean the Mayor and Councillors of the City, both together and individually.

*Department Director* – shall mean the person responsible for directing the operations of a Department.

*Department Manager* – shall mean the person responsible for planning and directing the work of a group of individuals within a Department, monitoring their work and taking corrective action when necessary.

*Director of Emergency Management* – shall mean the person designated as the Director of Emergency Management by the Emergency Management Bylaw C4-15, or as delegated pursuant to the Delegation of Authority Policy GOV-010-A.

*Emergency Procurement* – shall mean a sole source Procurement of Goods or Services that bypasses normal procurement requirements, such as the need for an SOA, RFQ, RFP, or ITT, which is necessitated by emergency or other unforeseen circumstances.

*Employee* - shall mean an individual employed by the City on a permanent, temporary, or casual basis.

*General Manager* – shall mean the person(s) holding or acting in the position(s) of a General Manager of the City of Fort Saskatchewan.

*Goods* - shall mean in relation to procurement, moveable property (including the cost of installing, operating, maintaining, or manufacturing such moveable property) and includes supplies, materials, raw materials, products, equipment, and other physical objects of every kind and description whether in solid, liquid, gaseous, or electronic form.

*Invitation to Tender (ITT)* – shall mean a formal structured request from the City asking for offers from potential suppliers to supply clearly defined Goods or Services. Often there are highly technical requirements and a prescriptive solution. The contract award is based on evaluation criteria that places higher weight on price than value.

*Local vendor* - shall mean a vendor that maintains a permanent business premises within the City's corporate limits and holds a resident business licence issued pursuant to Business Licence Bylaw C9-16.

*MGA* – shall mean the Municipal Government Act.

*NWPTA* - shall mean the New West Partnership Trade Agreement, a trade agreement between Alberta, British Columbia, and Saskatchewan.

*Original Scope of the Project* – shall mean the original anticipated end product or deliverable of the project.

*Other City Employees* – shall mean a City employee, other than a City Manager, General Manager, Department Manager, or Supervisor, who has been delegated Procurement Authority by their Department Director in consultation with the General Manager.

*Procurement* - shall mean the acquisition by any means of goods or services for the provision of municipal services.

*Procurement Authority*- shall mean the authority to enter into a Purchase Order and/or approve payment for an invoice indicating that the Goods or Services listed on the invoice have been received, are correct and in good order.

*Procurement Card or P-Card* – shall mean a credit card which designated employees can make Procurements on behalf of the City. The P-Card will be embossed with both the City's name and the individual's name. They are primarily used for lower priced Procurements.



(PBC) - Progress Billing Certificate

*Project Sponsor* – shall mean the individual responsible for funding, direction, commitment, resources and approval at previously determined milestones.

*Purchase Order (PO)* – shall mean a legally binding agreement between a vendor and the City for a product or service.

*Relative* - shall mean: (a) any member of the same family by birth, marriage, common-law relationship or adoption; or (b) any business owned, directed or managed by an employee or any relative of an employee described in (a).

*Request for Proposal (RFP)* – shall mean a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the City. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective for Goods or Services of any dollar value where the requirements and specifications are not clearly defined, the vendor is considered the expert, a high degree of flexibility is required, and negotiations may be required.

*Request for Quotation (RFQ)* – shall mean an informal procurement process normally used when the cost and/or nature of the work does not warrant the time and level of effort required for a formal process. Used when Goods or Services are of a low dollar value and low risk to the City, and when requirements and specifications are clearly defined. The City is considered the expert and the award criterion is heavily weighted to price.

*Services* - shall mean all services to be supplied, including construction and consulting.

*Sole Source Procurement* – shall mean a Procurement process conducted when there is only one person or company that can provide the Goods, Services, or Construction needed, so any attempt to obtain bids would only result in that person or company bidding on it.

*Standing Offer Agreements or SOA* – shall mean contracts for the supply of Goods or Services over an extended period of time where each request for supplies does not need to be tendered or quoted again.

*Supervisor* – shall mean a person responsible for supervising the work of a group of individuals within a Department, monitoring their work, and taking corrective action when necessary.

*Vendor* - shall mean any individual or business, in any form, who may from time to time conduct business with the City or submit bids, proposals, quotes, or tenders to the City.

## **RESPONSIBILITIES**

### **DEPARTMENT RESPONSIBILITIES**

1. Department Directors are responsible for ensuring compliance with Procurement Policy FIN-020-C, this Procedure, and all other relevant policies or procedures of the City within their department.
2. Department Directors, Managers, and Supervisors shall monitor the Procurement activities of their subordinate employees to ensure compliance with this Procedure.
3. Department Directors and Department Managers are responsible for determining the amount of Procurement Authority required by their subordinate employees, subject to the maximum amounts provided in Appendix 1 of this Procedure.

- a. The level of Procurement Authority for an employee may differ significantly from that employee's level of authority to make Procurements with a P-Card. Employees may have only P-Card Procurement authority as per FIN-003-A and not authority to engage in other Procurements.
  - b. All personnel initiating a Procurement shall have the authority to do so and have sufficient funding in the Budget.
4. Department Directors, Managers, and Supervisors are responsible for monitoring vendors under their area of responsibility and ensuring ongoing compliance with all City policies and procedures, including but not limited to Vendor Management Policy SAF-026-A.
  5. In accordance with Delegation of Authority Policy GOV-010-A, whenever a City employee is acting for another position and signing a document on behalf of a delegate, the employee must include authorization (**Sub-Delegation of Authority Form**) to act in this position.

#### **FINANCIAL SERVICE DEPARTMENT RESPONSIBILITIES**

1. Implement and monitor compliance with this Procedures and practices of all City departments.
2. Provide initial and ongoing Procurement Training to all employees who have Procurement Authority.
3. Maintain an electronic register of all current Procurement Authorities and SOAs in a secure location on the City's file server. This register shall be updated by AP as required and reviewed annually by the CFO or a person delegated by the CFO.
4. Maintain all original Procurement Authority Forms and SOA forms in a secure location.
5. Notify the appropriate supervisor of any situation that may be unethical, illegal, and non-compliant with this Procedure, the Procurement Policy FIN-020-C, the Procurement Card Policy FIN-003-A, the Delegation of Authority Policy GOV-010-A, or places the City in a position of unacceptable risk. If the issue remains unresolved, the CFO shall advise the City Manager.

#### **LEGISLATIVE SERVICES RESPONSIBILITIES**

Legislative Services is responsible for ensuring all contracts and delegations of authority are properly executed and distributed.

#### **PEOPLE SERVICES RESPONSIBILITIES**

People Services is responsible for monitoring compliance with the City's health and safety policies, and to ensure adequate training is provided to all employees responsible for the procurement of goods or services that may be subject to one or more of those policies.

#### **GENERAL PROCEDURES**

Procurement of Goods, Services, or Construction should be conducted in a fair and cost effective manner, through publicly accountable, open, and transparent processes in compliance with governing legislation, bylaws, and trade agreements.

This procedure sets out minimum requirements for Procurements in Appendix 2.

No person shall make a Procurement on behalf of the City unless authorized to do so pursuant to Procurement Policy FIN-020-C, this Procedure, or by the City Manager.

Any person who fails to comply with this Procedure will be subject to review. This may result in corrective discipline including the suspension or revocation of Procurement Authority.

#### **DELEGATION OF PURCHASING AUTHORITY**

Procurement Authority may be delegated by completing a **Procurement Authority Form**, and sending the form to AP.

Employees will be required to complete Procurement Training provided by AP before their Procurement Authority will come into effect.

#### **EXCEPTIONS TO MAXIMUM PROCUREMENT AUTHORITY**

The City Manager or General Managers may authorize exceptions to the Maximum Procurement Authority Limits provided in Appendix 1. Such exceptions shall be authorized by a Sub-Delegation of Authority Form from the General Manager sent to AP, which shall include the following:

1. A clear definition of a specific transaction or type of transactions being excepted;
2. A maximum transaction value which shall not exceed the relevant department's approved budget; and
3. An expiry date for the exception that shall not exceed three years from its effective date.

The CFO will sign any Sub-Delegation of Authority form as acknowledgement.

#### **DETERMINING THE MINIMUM REQUIREMENTS OF A PROCUREMENT**

For the purposes of determining the minimum requirements for a Procurement, the acquiring employee shall estimate the maximum total value of the entire Procurement at the time of the acquisition. The estimated value shall include all forms of remuneration to be paid to the supplier including, but not limited to, premiums, fees, commissions, and interest.

Where an agreement to procure goods, services, or constructions over a period of time includes one or more options to renew the agreement, only the mandatory portion of the agreement shall be considered in estimating the value of the Procurement so long as the mandatory portion of the agreement is not less than one year.

#### **EVALUATING VENDOR QUOTES, PROPOSALS, AND TENDERS**

The City will consider and evaluate the relevant financial and non-financial criteria prior to commencing competitive processes. The procurement evaluation criteria will be provided to potential vendors at the commencement of the competitive process to allow for open and fair competition. The City shall select the vendor that offers the best value consistent with the required quality and service.

Factors that shall be considered in determining best value should include, but are not limited to:

- Price, including delivery and implementation or set up costs;
- Operating costs, including maintenance and life cycle costs;
- Salvage value and disposal costs;

- Availability and timeliness of delivery;
- Quality, serviceability and warranties;
- Vendor experience, expertise, capacity, and capability to meet predefined requirements;
- References regarding past performance from other customers of the vendor and the City's previous experience with the vendor;
- Value add benefits to the City;
- Contributions to the local economy through supporting businesses and creation of job opportunities; and
- Environmental and ethical impacts of producing the goods and services, and the goods and services themselves.

### **LOCAL VENDORS**

The City may give preference to local vendors when the procurement of goods or services are valued at less than the relevant thresholds prescribed in the New West Partnership Trade Agreement (NWPTA). However, procurement decisions shall be decided based on the option that represents the best value to the City.

When conducting a procurement, employees should consider whether the required goods or services are available from a local vendor. Employees are encouraged to contact local vendors, when reasonable, to make them aware of our need. Requests for proposals and invitations to tender shall be posted on the City's website in addition to being published on the Alberta Purchasing Connection.

Procurement criteria shall not be set in such a way that might explicitly preclude local vendors from having an opportunity to participate in a competitive process. Practices such as bundling procurements are permitted only if they have a demonstrable benefit to the City.

### **ETHICAL PROCUREMENT PRACTICES**

Employees shall ensure specifications in procurement competitions shall be performance based, accurate, and clear.

Every employee has a duty to report concerns regarding the City's procurement practices, including non-compliance with this Procedure, Procurement Policy FIN-020-C, or any other policy, bylaw, or applicable laws.

The City may refuse to do business with vendors who do not act in good faith towards the City, whether by failing to fulfill the terms and conditions of past or current agreements or contracts with the City, or by entering into litigation with the City for frivolous, vexatious, or malicious purposes.

### **CONFLICTS OF INTEREST**

Employees involved in establishing the specifications of needed goods or services, or the evaluation of a procurement competition must remain free of any real or perceived conflicts of interest with any vendor or potential vendor.

Employees shall disclose to their supervisor any real or perceived conflicts of interest with a vendor or potential vendor as soon as they become aware of the conflict. Such vendors will not be disqualified due to the existence of a conflict of interest provided that it is properly disclosed at the outset and the conflicted employee is removed from any portion of the vendor selection process.

In the event that an employee or their relative provides a submission to the City they must:

1. declare they are employees of the City or their relation to an employee of the City to avoid a conflict of interest; and
2. remove themselves from any portion of the selection process, including establishing the specifications of needed goods or services or the evaluation of a procurement competition.

Failure to properly declare conflicts of interest may result in the vendor being disqualified from current or future procurement opportunities, disciplinary action against the employee up to and including dismissal, and all other remedies available to the City under law.

### **HEALTH AND SAFETY**

Protection of health, safety and the environment is a core value of the City and is the direct responsibility of all employees.

All procurement activities, including the selection of vendors must be in accordance with the City's policies on health and safety. Before selecting a vendor or good, departments must familiarize themselves with all relevant laws and City policies. Employees are encouraged to contact the People Services Department to ensure full compliance of these guidelines.

At all times while vendors are providing services to or on behalf of the City, they must comply with all applicable laws and City policies, including but not limited to Vendor Management Policy SAF-026-A. Departments are responsible for monitoring such compliance and addressing any issues in accordance with policy SAF-026-A.

### **EMERGENCIES OR UNFORESEEN SITUATIONS**

When emergencies or other unforeseen situations occur that require an urgent and unavoidable Procurement and as a result of the situation:

1. the Procurement cannot reasonably be obtained through an open procurement process; or
2. there is only one source available for the good or service; then

Emergency Procurements may be authorized through the following steps:

1. The responsible General Manager, CFO, or Department Director shall provide justification for the Emergency Procurement to the City Manager or, where appropriate, the director of emergency management may authorize an Emergency Procurement;
2. If deemed necessary and reasonable given the emergency or unforeseen situation, the City Manager or the Director of Emergency Management may authorize the Emergency Procurement.
3. Once the Emergency Procurement is approved, it shall be exempt from the requirements for SOA, RFQ, RFP, or ITT. However, all other requirements of this procedure shall be followed.
4. Purchase Orders are required for all Emergency Procurements and must be clearly marked "**EMERGENCY**".

Emergency Procurements are to be completed in an expedient but economic manner.



**SPECIFIC TOPICS**

**PURCHASE ORDERS (PO)**

Purchase orders are required for all purchases valued from \$10,000 to \$50,000. Purchase orders should include the date and description, and value of the goods or services order. The PO should also include the expected delivery or completion date and the GL code for the expenditure.

There are four copies of every PO, each of which has a specific purpose described below:

Copy	Purpose
<b>White (Supplier Copy)</b>	Send to the Vendor
<b>Yellow (Payment Authorization)</b>	Submit to AP with invoice to indicate that the goods or services have been satisfactorily received and the invoice is authorized for payment
<b>Blue (Purchase Authorization)</b>	Submit to AP when the goods or services are ordered to indicate that the City has committed to the procurement.
<b>Pink (File Copy)</b>	Retain for your records

**PROCUREMENT TYPE DECISION MATRIX**

<b>Sole Source</b>	<ul style="list-style-type: none"> <li>•When there is only one available supplier of a required good, service, or construction that meets the City's needs</li> <li>•When an emergency procurement is required</li> </ul>
<b>Request for Quotation</b>	<ul style="list-style-type: none"> <li>•Can be used to acquire low value goods or Services (\$50,000 or less)</li> <li>•Contract requirement must be well defined</li> <li>•Generally terms and conditions should not exceed one year</li> </ul>
<b>Invitation to Tender</b>	<ul style="list-style-type: none"> <li>•Scope should be well defined and its clear how the work will be done</li> <li>•Primarily used for construction contracts and other high value procurements</li> <li>•Main criteria for evaluation are price and qualification of the bidder</li> </ul>
<b>Request for Proposal</b>	<ul style="list-style-type: none"> <li>•Criteria are not as detailed as in an ITT (looking for a solution)</li> <li>•Evaluation Criteria must be clear and based on best value</li> </ul>

For information on RFPs or ITTs, please contact Project Management, Legislative Services, or Financial Services.



**SOLE SOURCE PROCUREMENT**

Procurements valued at \$10,000 or more may be conducted by sole source when there is only one available supplier of a required good, service, or construction that meets the City's needs or in the event of an emergency.

When a sole source procurement is required, the Department is required to obtain prior written authorization from:

- their general manager if the value is between \$10,000 and \$50,000; or
- the City Manager if the value is greater than \$50,000.

The Department shall submit a Sole Source Form (available on MyFort) signed by their general manager or City Manager with the PO to AP as evidence of such authorization. The Sole Source Procurement Form shall indicate the name of the vendor, the details of the goods or services, the expected cost, and the rationale for conducting the procurement by sole source.

In no case shall Sole Source Procurements be used to avoid competition or discriminate between suppliers. Every reasonable effort should be made to negotiate to receive the best value for the City.

**REQUEST FOR QUOTES (RFQ)**

Any employee making Procurements where an RFP or ITT is not issued, shall obtain at least the number and type of quotes indicated in **Figure 1**. Quotes for \$10,000 or more shall be summarized in a Quote Information Form (available on MyFort) and submitted to AP with the blue PO.

*Figure 1: Quote requirements*

One or more verbal or written quotes	• Less than \$10,000
Three written quotes. Written request for proposal or invitation to tender	• \$10,000 - \$50,000
Written request for proposal or invitation to tender	• Greater than \$50,000

**CONTRACTS**

All agreements entered into by the City with any vendor for the procurement of goods or services valued at greater than \$50,000 must be evidenced by a written contract, executed in accordance with the City's delegation of authority policy GOV-010-A and the City Manager's Bylaw C29-95 as may be amended from time to time.

The delegation of authority policy GOV-010-A requires that all agreements and contracts be signed by the Director of Legislative Services together with the relevant General Manager.

**STANDING OFFER AGREEMENTS**

SOAs are used when it is not cost efficient to request quotes, proposals, or tenders for each acquisition of routinely procured Goods or Services. Some SOAs are characterized by a single Procurement contract for multiple delivery requests (i.e. Capital Region Northeast Water Services Commission), or situations where low value items are Procured frequently (i.e. office supplies). SOAs should be reviewed at least every five (5) years to ensure the City continues to make cost efficient Procurements.

The original SOA form shall be filled out and forwarded to AP where it will be stored in a secure location.

**CAPITAL PROJECT PROCEDURES**

1. Prior to the start of any capital project a [Project Charter](#) must be completed. The charter will clearly define the project sponsor, project manager, team members, and scope of the project.
2. The Project Manager is responsible for reporting any Procurement of a capital nature in accordance with Tangible Capital Assets Policy FIN-018-C.
3. If the procurement process requires a quote, the information must be recorded in a Quote Information Form for valuation purposes.
4. If a construction project is valued greater than \$50,000, the City requires an RFP or ITT to be conducted and a contract must be executed with the winning vendor.
5. The project manager that is managing the competitive bid process is responsible for ensuring that the bid documents and processes are clear, complete, fair, and accurately reflect the City's requirements.
6. The City requires two (2) dually signed original copies of all contracts (excluding POs). Once executed, one is retained by the City and one is returned to the vendor. Copies will be distributed by Legislative Services to the applicable department and the CFO.
7. If a construction project is valued greater than \$50,000 but less than \$200,000, a PO or Progress Billing Certificate must be prepared for internal tracking processes only. If the PO is used, the white supplier copy of the PO does not need to be sent to the vendor. The blue copy of the PO or the contract must be sent to AP along with the RFP/ITT information sheet and a copy of the contract as soon as possible after signing. Upon satisfactory completion of the contract and the invoice is received, the yellow copy of the PO or PBC should be sent with the invoice to AP for payment.
8. Payments for Construction projects valued at \$200,000 and over shall be paid by progress payments, which must be approved by the responsible project manager and evidenced with a signed PBC.
9. Progress claims, and invoices for contracted items must be authorized by City employees within their Delegated Procurement Authority.
10. Contracts must be executed in accordance with the City's delegation of authority policy GOV-010-A and the City Manager's Bylaw C29-95.





11. Authority to authorize change orders related to budgeted projects:

a. Within the Approved Project Budget;

Approval to proceed with a change order **within the original project scope**, provided that the adjusted cost of the project remains within the approved project budget amount, will be authorized as follows:

Change order within original project scope	Who can approve
<b>Change value less than 10% of the project budget or \$100,000 (whichever is less)</b>	Project Manager;
<b>Change value equal to or greater than 10% of budget or \$100,000 (whichever is less)</b>	Project Manager's supervisor's approval and Project Sponsor's approval are both required

Approval to proceed with a change order to change the original scope of a project within the approved project budget due to lower tender prices compared to budget, or unexpected circumstances impacting completion of a project, will be authorized as follows:

Changes to original project scope within project budget	Who can approve
<b>Change value less than 10% of budget or \$100,000 (whichever is less)</b>	Project Manager's supervisor's approval and Project Sponsor's approval are both required
<b>Change value equal to or greater than 10% of budget or \$100,000 (whichever is less)</b>	General Manager's approval and Project Sponsor's approval are both required

b. Outside of the Approved Project Budget

Changes that will exceed the overall approved expenditure in a Capital Budget must be approved by Council. Changes that will exceed the original project budget may be authorized only if they will be funded by a surplus from another Capital Project with the same funding source(s) and will not result in the City exceeding the overall Capital Budget. These changes must only be authorized as follows:

Changes to original project budget with a change order	Who can approve
<b>Change value results in a cost over-run less than \$100,000</b>	Project Sponsor's approval and City Manager's approval are both required
<b>Change value results in a cost over-run equal to or greater than \$100,000</b>	Project Sponsor is responsible for obtaining approval from Council

## FORMS AND TEMPLATES

- Procurement Authority Form
- Quote Information Form
- Sole Source Procurement Form
- Standing Offer Agreement (SOA) Form
- Progress Billing Certificate (PBC)
- Sub-Delegation Form - Appendix 4 in Delegation of Authority **GOV-010-A** (on My Fort)
- Request for Proposal Templates (on MyFort)
- Request for Quote (on MyFort)

## REFERENCES

- Alberta Purchasing Connection <http://www.purchasingconnection.ca/>
- City Health & Safety Policies (on MyFort)
- Delegation of Authority **GOV-010-A** (on MyFort)
- Emergency Preparedness and Response Policy **SAF-018-A** (on MyFort)
- Municipal Government Act (MGA) <http://www.qp.alberta.ca/documents/Acts/m26.pdf>
- New West Partnership Trade Agreement (NWPTA) - <http://www.newwestpartnershiptrade.ca/>
- [Occupational Health & Safety Act](http://www.qp.alberta.ca/documents/Acts/O02.pdf) - <http://www.qp.alberta.ca/documents/Acts/O02.pdf>
- Purchase Order Procedures (on My Fort)
- Procurement Card Policy & Procedures FIN-003-A (on my Fort)



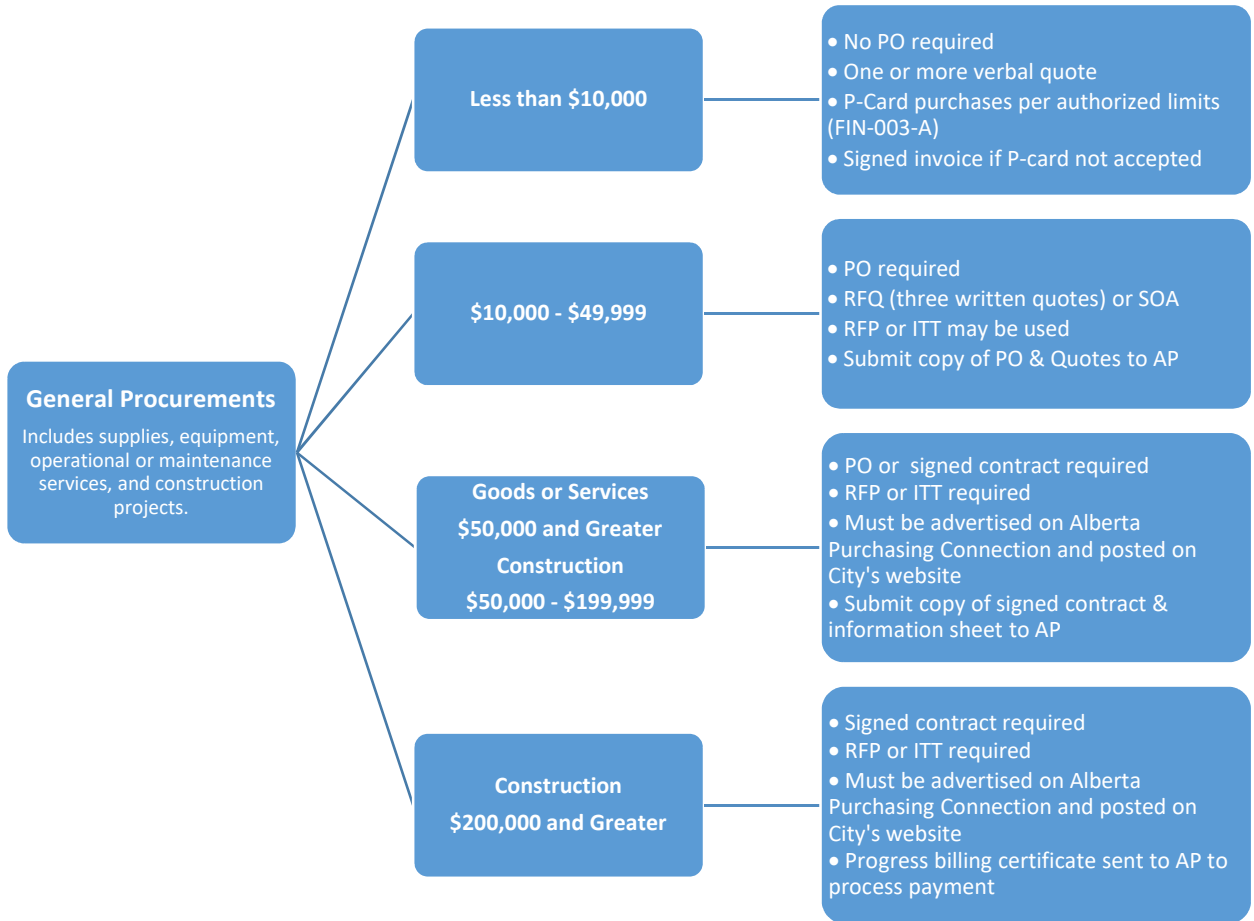
**APPENDIX 1: MAXIMUM PROCUREMENT AUTHORITY LEVELS**

<b>OPERATING / NON-CAPITAL MAXIMUM DOLLAR LIMIT</b>	
<b>Council</b>	<ul style="list-style-type: none"><li>•Approval of Budgets</li></ul>
<b>City Manager</b>	<ul style="list-style-type: none"><li>•Limited as per Budget</li></ul>
<b>General Manager / CFO</b>	<ul style="list-style-type: none"><li>•Approved Budgets for Divisions/Departments</li><li>•Individual Procurements up to \$500,000</li></ul>
<b>Department Directors</b>	<ul style="list-style-type: none"><li>•Approved department budgets</li><li>•Individual Procurements up to \$200,000</li></ul>
<b>Department Managers</b>	<ul style="list-style-type: none"><li>•Procurements up to \$74,999</li></ul>
<b>Department Supervisors</b>	<ul style="list-style-type: none"><li>•Procurements up to \$24,999</li></ul>
<b>Other City Employees</b>	<ul style="list-style-type: none"><li>•Procurements up to \$9,999</li></ul>
<b>CAPITAL PROJECT MAXIMUM DOLLAR LIMIT</b>	
<b>General Manager / City Manager</b>	<ul style="list-style-type: none"><li>•Individual approved contracts for their Divisions</li></ul>
<b>Department Directors</b>	<ul style="list-style-type: none"><li>•Approved department budget for the project</li></ul>
<b>Project Managers</b>	<ul style="list-style-type: none"><li>•Individual Procurements up to \$300,000</li></ul>



**APPENDIX 2: MINIMUM REQUIREMENTS FOR PROCUREMENTS**

Procurement Type	Procurement Category	Minimum Requirements
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**APPENDIX 3: PROCUREMENT PROCESS FLOWCHART**

