



# Procurement

<b>Procedure No.:</b> CS-FIN-1	<b>Council Resolution No.:</b> N/A
<b>Department:</b> Corporate Services	<b>Authority:</b> Chief Administrative Officer
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<b>Supersedes:</b> N/A	
<b>Related Policy No.:</b> CS-FIN-1	
<b>Related Policy Name:</b> Procurement	

## 1.0 PURPOSE

- 1.1 To establish a framework outlining parameters for the acquisition of goods and services by the Town of Taber.
  - 1.1.1 To promote the most cost effective and efficient use of Town funds and resources by acquiring the specified goods, services or construction at the optimum quality, quantity, price, delivery and performance.
  - 1.1.2 To procure goods, services or construction only as approved in budgets unless otherwise authorized by Council, in the case of emergency, or if required by law.
  - 1.1.3 To encourage competitive bidding on all procurements and disposals where practical.
  - 1.1.4 To ensure compliance with the *Municipal Government Act* and other relevant legislation (including legislation adopting trade agreements), Municipal Bylaws and Council Policies.
  - 1.1.5 To consider Environmental Factors in all procurements.
  - 1.1.6 To delegate the appropriate level of Signing Authority to enable Town departments to meet service requirements; to ensure Authorized Personnel are accountable for their actions and decisions.
  - 1.1.7 To ensure anyone acting on the behalf of the Town of Taber endeavors to conduct its financial operations in an ethical and responsible manner.



## 2.0 DEFINITIONS

- 2.1 "Authorized Personnel" means a Town employee or individual under contract who has been delegated Signing Authority or purchasing limits.
- 2.2 "Canadian Free Trade Agreement (CFTA)" means an agreement to establish a transparent and efficient framework to ensure fair and open access to government procurement opportunities for all Canadian suppliers.
- 2.3 "CAO" means Chief Administrative Officer
- 2.4 "Competitive Bid Process" means a formal process whereby the Town's Procurement Department solicits bids to facilitate the acquisition of goods, services or construction in response to a business need.
- 2.5 "Comprehensive Economic and Trade Agreement (CETA)" means an agreement that applies only to high-value contracts to ensure that governments can continue to use procurement to support local development.
- 2.6 "Contract" means a voluntary, deliberate, and legally binding agreement between two or more competent parties.
- 2.7 "Environmental Factors" means those aspects or features of a procurement which could reasonably be anticipated to have an impact, positive or negative, on human health.
- 2.8 "New West Partnership Trade Agreement (NWPTA)" means an agreement between the Provinces of Alberta, British Columbia and Saskatchewan established to broaden trade, investment and labor mobility.
- 2.9 "Preferred Vendor" means Vendor who has been pre-qualified and appears on Canoe Procurement Group of Canada or the Town of Taber's Preferred Vendor List.
- 2.10 "Procurement" mean the acquisition of goods, services or construction. Includes rentals and equipment leases.
- 2.11 "Publicly Advertised (APC/TOT)" means as required by this procedure and/or governmental regulations and trade agreements, invitations to bid via a competitive bid process must be publicly advertised on the Town of Taber (TOT) Bidding System and/or on the Alberta Purchasing Connection (APC) and/or use of local newspapers. For purposes of this procedure, this is required, at a minimum, for procurement over \$75,000 for goods or services and for procurement over \$200,000 for construction.
- 2.12 "Purchase Order (P.O.)" means a document that states the terms, conditions of a transaction, and creates a contractual relationship between a Vendor and the Town.
- 2.13 "Purchasing Card (P-Card)" mean an authorized Town of Taber credit card, issued by a financial institution that may be used for procurement.





- 2.14 "Signing Authority" means the legal right to conduct tasks as outlined in the Procurement Policy and Procedures.
- 2.15 "Single Source" means the Town may have a choice to switch suppliers, but for strategic and possibly cost reasons the Town decides to use only a specific supplier.
- 2.16 "Sole Source" means to utilized when there is only one available supplier of a required product or service that meets the needs of the Town, and has the current ability to fulfill the needs.
- 2.17 "Specification" means a clear, complete and precise description of the characteristics of the good or service needed. Specifications will be written to enable more than one Vendor of the product or service.
- 2.18 "Taber Business" means a person, firm, or corporation which in the course of carrying on its business:
- 2.18.1 Supplies goods, services or construction contract services;
  - 2.18.2 Is located in the Town of Taber; and
  - 2.18.3 Has a current business license, unless otherwise exempted from the requirement to obtain a business license.

### 3.0 OPERATING GUIDELINES

- 3.1 Methods of Procurement / Procurement Strategies
- 3.1.1 Purchasing Card (P-Card) – Up to \$5,000
    - 3.1.1.1 Used where goods or services are low in value and in low risk. Requirements and specifications are clearly defined. Purchasing is either done in person at the vendor's place of business or can be done on the phone or through a secured on-line service. There are no restrictions based on vendor location.
  - 3.1.2 Informal Quotes – Over \$5,000 up to \$25,000
    - 3.1.2.1 Used where goods or services are relatively low in value and low in risk. Requirements and specifications are clearly defined. Whenever possible, informal written or verbal quotes are attained. For administrative purposes and to gain operational efficiencies, local economic advantage may be considered for singular purchases from Town of Taber vendors. A second quote is not required where no local (Town of Taber) competition exists. Business Units are required to submit a requisition for services in the Town's requisitioning software.
  - 3.1.3 Competitive Bids (RFT, RFP, ITQ, RFI) – Over \$25,000
    - 3.1.3.1 Request for Tender (RFT) – Used when the project is of sufficient size and complexity and where goods or services are of high value and/or high risk and the requirements and specifications (design spec) are clearly defined. The Town is the considered the expert and award criteria are heavily weighted to prices. A contract is



intended at the end of the process for which little flexibility is required and a formal legal agreement may be required. Bid bonds or Contract Securities may be required to ensure responsible performance and/or financial security.

3.1.3.2 Request for Proposal (RFP) – Used for goods or services of any dollar value where requirements and specifications (performance spec) are not clearly defined, the vendor is considered the expert, a high degree of flexibility is required and negotiations may be required. An RFP is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Town. It is used when a supplier is invited to propose a solution to a problem, requirement or objective. Price may not be the primary award evaluation criteria; many other criteria are weighted in the evaluation process in an attempt to find the best overall proposal. Bid bonds or Contract Securities may be required to ensure responsible performance and/or financial security.

3.1.3.3 Invitation to Quote (ITQ) – Used for goods or services are of moderate risk to the Town, requirements and specifications are clearly defined and quantifiable. The Town is considered the expert and the award criterion is heavily weighted to price. Normally the award is made by the use of a Purchase Order.

3.1.3.4 Request for Information (RFI) – Used for goods or services of any value where the Town has an idea and is looking for the best approach to execute it. The intent is to source technical or commercial data for possible inclusion in a follow up process; a contract is not always the intended result at the end of this process, but it may result in a short list and lead to next steps in a competitive bid process (ITQ or RFP).

3.1.3.5 Competitive Bidding Waived – The The competitive bidding requirement may be waived at the discretion of the CAO or Director as appropriate (based on delegated financial authority):

3.1.3.5.1 In emergency situations when the requirement for the immediate supply of goods or services precludes obtaining bids;

3.1.3.5.2 In the case of an existing relationship with an exclusive supplier provided that the supply or service is under \$75,000 and the supplier continues to deliver best value (documented via a Sole Source form).

3.1.4 Request for Prequalification

3.1.4.1 Used to establish the commercial and technical abilities of a vendor and to ensure that the vendor will be capable of providing the required goods or services. Used to create bid lists when there is a high risk in regards to consequences of failure or requirements are repetitive.





- 3.1.5 Expression of Interest (EOI)
  - 3.1.5.1 Used to develop a list of potential bidders by gauging interest in an expected future procurement.
- 3.1.6 Negotiation
  - 3.1.6.1 Used with one or more suppliers for the supply of goods and/or services when any of the following conditions exist:
    - 3.1.6.1.1 Goods and/or services are in short supply due to market conditions;
    - 3.1.6.1.2 There is only one source of the goods or services;
    - 3.1.6.1.3 Efforts at breaking identical bids have been unsuccessful;
    - 3.1.6.1.4 All bids received are not acceptable or exceed the amount budgeted for the purchase; or
    - 3.1.6.1.5 The extension or reinstatement of an existing contract(s) would be more cost effective or beneficial to the municipality.
- 3.1.7 Sole / Single Source
  - 3.1.7.1 A timeline should be applied to an approved Sole and Single Source purchase.
  - 3.1.7.2 The timelines are subject to regular review.
  - 3.1.7.3 Negotiation should be used to complete the terms and conditions for this purchase.
  - 3.1.7.4 A sole or single source purchase may occur when:
    - 3.1.7.4.1 No alternative or substitute or service exists that meets the specific or unique technical requirements of the purchase.
    - 3.1.7.4.2 The supplier is currently performing work on site and it is most efficient to have them perform the additional required work.
    - 3.1.7.4.3 Ensuring compatibility with existing products, to recognize exclusive rights such as licenses, copyright and patent rights or to maintain specialized products that must be maintained by the manufacturer or its representative and/or to maintain standardization of spare parts.
    - 3.1.7.4.4 The purchase is for work to be performed that involves security or confidential issues.
    - 3.1.7.4.5 The purchase is for work to be performed on property by a contractor according to provisions of a warranty or



guarantee held in respect of the property or the original work.

3.1.7.4.6 Due to tight market conditions, only one supplier can provide the goods or services by the required date specified. More than one supplier exists in the market for the requested good or service; however, only the supplier or distributor indicated is able to meet specific requirements for this.

3.1.7.4.7 The product to be purchased is replacement and is of the same manufacture as original to ensure compatibility with existing products.

3.1.7.4.8 More than one supplier exists in the market for the requested good or service; however, only the supplier or distributor indicated is a local supplier who is able to provide aftermarket service to meet the needs of the Town of Taber.

3.1.7.4.9 A true emergency exists (not a procurement planning deficiency). An emergency situation exists where and acquisition is urgently required to prevent danger to life or property, suspension of essential delay or serious delay injurious to the Town.

3.1.7.4.10 The purchase is for goods or services available under exceptional circumstances such as bankruptcy or receivership, but not for routine purchases.

### 3.1.8 Preferred Vendors

3.1.8.1 The procurement of a particular good or service from one vendor in preference over others.

3.1.8.2 Established Preferred vendor lists are the result of an RFI or an RFP solicited by either the Town of Taber or Canoe Procurement Group of Canada or Alberta Municipalities or the Government of Alberta. The manufacturer or seller has continuing arrangements to provide a business or organization with products or services, at a reduced price.

3.1.8.3 As Competitive bidding has already been taken place in the establishment of these programs/agreements; the process is not required to be repeated.

3.1.8.4 Procurement must follow the established guidelines as per the "Trade Programs" established.





### 3.1.9 Emergency Purchases

3.1.9.1 Emergency or extraordinary situations may require necessary purchases being made in the most expedient method. Used when a situation creates immediate and serious need which may not be reasonably met by other procedures and includes without limitation:

3.1.9.1.1A condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment or jeopardize the health or safety of the public; or

3.1.9.1.2 Interim contractual arrangements following the expiration or breach of a contract or the receipts of unacceptable or uncompetitive bids.

### 3.2 Local Preference

3.2.1 As preference to local businesses is not allowed for purchases over \$75,000 for Goods & Services, \$200,000 for Construction Projects under many governing Trade Agreements or legislation, any single purchase over \$75,000 (Goods & Services), \$200,000 (Construction Projects) will be posted publicly on the Alberta Purchasing Connection (APC) website as well as the Town of Taber Bidding System. All vendors will be provided equal opportunities to supply goods and services and perform construction contracts for the Town of Taber.

3.2.2 When not prohibited by legislation, legal requirements or trade agreements, if a local source of supply can be found that can render the Town of Taber as good a value as can be located elsewhere, it will be supported. Preference shall be given to suppliers operating from taxable property within the Town of Taber, where all bids or quotations offered for consideration are deemed equal. For administrative purposes and to gain operational efficiencies additional local economic advantage may be considered for singular purchases under \$25,000 from Town of Taber vendors.

### 3.3 Conflict of Interest

3.3.1 The Town shall not acquire goods, materials or services from an employee, from anyone who is not arm's length to any employee, or from a corporation, firm or other business in which an employee, or someone at non-arm's length to an employee, is a shareholder in a company that is not publicly traded, without full disclosure of the conflict of interest, and the written waiver or other resolution of the conflict by the Director of Finance.

3.3.2 Accordingly, an employee may not, without disclosure and resolution of a conflict or a perception of conflict:

3.3.2.1 Enter into a business or other contract/transaction on behalf of the Town with a company or firm in which the employee, or related persons, has a financial interest; and/or

3.3.2.2 Influence the purchase of equipment, materials or services for the Town from a company or firm in which the employee, or related persons, has financial interest.



### 3.3.3 Disclosure Procedure

3.3.3.1 Whether the conflict actually exists or can appear to others as though a conflict exists, the employee has an obligation to declare this conflict, the waiver of which can only be approved by the CAO, Director of Finance or designate.

3.3.3.2 To declare a conflict of interest, an employee shall submit a formal written declaration outlining the details of the conflict to the Procurement Department, in advance of making any financial commitment to an external supplier.

3.3.3.3 The Procurement Department will consider the nature of the situation and will submit a recommendation to the Director of Finance who shall make a determination on how the matter shall be resolved.

3.3.3.4 The request will be retained as the official record until the conflict no longer exists (e.g. change in employment status or change in relationship status).

3.3.3.5 Undeclared conflicts of interest may result in disciplinary action.

### 3.4 Delegation of Procurement Authority

3.4.1 Procurement authority is established and delegated in accordance with the Municipal Government Act, RSA 2000, Chapter M-26 (MGA) and Town policies.

3.4.2 The Procurement Policy and Procurement Procedures in keeping with the Policy of Employee Conduct Rules and Regulations shall govern all employees designated with purchasing authority.

3.4.3 Authority to initiate any purchase approved in the budget or budget as amended, and the method of procurement is delegated based on procurement values as follows:

3.4.3.1 Up to \$5,000 – P-Card – Approved by the designated Purchasing agent (summary Reports approved by the Department Head).

3.4.3.2 Over \$5,000 up to \$25,000 – Informal Quotes – Approved by functional Manager.

3.4.3.3 Over \$25,000 up to \$75,000 (Goods & Services) – Competitive Bids (by Invitation or Publicly Advertised) – Approved by Department Head within previously approved budget limits, by the CAO outside previously approved budget limits.


3.4.3.4 Over \$25,000 up to \$200,000 (Construction) Competitive Bids (by Invitation or Publicly Advertised) – Approved by Department Head within previously approved budget limits. Budget approval required through a Council motion outside previously approved budget limits.





3.4.3.5 Over \$75,000 (Goods & Services) – Competitive Bids (Publicly Advertised) – CAO or designate approved the Purchase Order and/or Contract within previously approved budget limits. Budget approval required through a Council motion if over previously approved budget limits.

3.4.3.6 Over \$200,000 (Construction) – Competitive Bids (Publicly Advertised) – CAO or designate approves the Purchase Order and/or Contract if within previously approved budget limits. Budget approval required through a Council motion if over previously approved budget limits

 <b>PROCUREMENT THRESHOLDS &amp; AUTHORIZATION AT-A-GLANCE</b>						
	Goods & Services				Construction	
FINANCIAL LIMITS	Up to \$5,000	Over \$5,000 up to \$25,000	Over \$25,000 up to \$75,000	Over \$75,000	Over \$25,000 up to \$200,000	Over \$200,000
DOCUMENTATION	Purchase Card or Purchase Order	Purchase Order or Blanket Purchase Order	Purchase Order &/or Service Contract	Purchase Order &/or Service Contract	Purchase Order &/or Construction Contract	Purchase Order &/or Construction Contract
PROCUREMENT METHOD (Minimum Requirement)	VERBAL ORDER	INFORMAL QUOTES (Minimum of 2 Vendors)	COMPETITIVE BIDS (May be by invitation or publicly advertised)	COMPETITIVE BIDS (Publicly Advertised)	COMPETITIVE BIDS (May be by invitation or publicly advertised)	COMPETITIVE BIDS (Publicly Advertised)
DESCRIPTION	Verbal Order	Verbal or Written	RFT, ITQ, RFI, RFP or SS	RFT, ITQ, RFI, RFP or SS	RFT, ITQ, RFI, RFP or SS	RFT, ITQ, RFI, RFP or SS
AUTHORIZATION	Approved by designated purchasing agent.  Receipts must be signed, coded and submitted to Finance.  P-Card Summary Reports are to be approved by the Department Head.	Approved by the functional area Manager prior to the purchase being made.	Approved by the Department head within budgeted limits.  <b>Approval outside budgeted limits:</b> Chief Administrative Officer (CAO) has discretion to approve outside of budgeted limits and/or if the recommendation is other than the successful bidder under the criteria established in the bid documents.  <b>Single or Sole Source (SS):</b> Justifications at this procurement value must be approved by the Department Head.	CAO or designate approves the Purchase order &/or contract within previously approved budget limits.  <b>Approval outside budgeted limits:</b> The CAO or designate will prepare a Request for Decision (RFD) for Council approval with a recommendation to award to the successful bidder under the criteria established in the Tender or RFP documents.  <b>Single or Sole Source (SS):</b> Justifications at this procurement value must be approved by the CAO.	Approved by the Department head within budgeted limits.  <b>Approval outside budgeted limits:</b> Chief Administrative Officer (CAO) has discretion to approve outside of budgeted limits and/or if the recommendation is other than the successful bidder under the criteria established in the bid documents.  <b>Single or Sole Source (SS):</b> Justifications at this procurement value must be approved by the Department Head.	CAO or designate approves the Purchase order &/or contract within previously approved budget limits.  <b>Approval outside budgeted limits:</b> The CAO or designate will prepare a Request for Decision (RFD) for Council approval with a recommendation to award to the successful bidder under the criteria established in the Tender or RFP documents.  <b>Single or Sole Source (SS):</b> Justifications at this procurement value must be approved by the CAO.

3.5 Exceptions

3.5.1 This Procurement Policy and Procedures applies to the purchase of all types of goods and services with the exception of the following:

- 3.5.1.1 Investments;
- 3.5.1.2 Insurance Premiums;
- 3.5.1.3 WCB Premiums;
- 3.5.1.4 Corporate Debt Service Costs;
- 3.5.1.5 Benefits;
- 3.5.1.6 Permits and License Fees;
- 3.5.1.7 Rental, Lease, Appraisal, Purchase and Sale of Property, Land or Accommodation;



- 3.5.1.8 Freight Charges;
- 3.5.1.9 Joint Venture Payments;
- 3.5.1.10 Royalty Payments;
- 3.5.1.11 Surface and Mineral Lease Payments;
- 3.5.1.12 Property Tax Requisitions;
- 3.5.1.13 Membership Registration;
- 3.5.1.14 Subscriptions and Publications;
- 3.5.1.15 Corporate Agreement Items;
- 3.5.1.16 Communications/Utilities/Miscellaneous Services;
- 3.5.1.17 Donations of Labour, Equipment or Services; and,
- 3.5.1.18 As the above are exempt, those purchases do not require competitive bids or the issuance of a purchase order.

  
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CHIEF ADMINISTRATIVE OFFICER

June 22, 2022  
DATE

