



| TOWN OF DIDSBURY POLICY INDEX |                                   |
|-------------------------------|-----------------------------------|
| Policy Number:                | FIN 010                           |
| Policy Title:                 | Procurement of Goods and Services |
| Approval Date:                | July 9, 2019                      |
| Date to be Reviewed:          | 2024                              |
| Responsible Department:       | Financial Services                |
| Related Bylaws:               |                                   |

### Policy Statement:

The Town’s procurement policy helps protect the interests of taxpayers, the Town and the people participating in procurement processes by providing a consistent framework and clear, consistent direction for procurement at the Town. The policy identifies procurement authorities, roles and responsibilities, and reinforce the best practice principles of open, fair, and transparent procurement in alignment with legislated requirements.

### 1. Definitions

- 1.1 Canada Free Trade Agreement (“CFTA”) is an intergovernmental trade agreement which entered into force on July 1, 2017 and is intended to reduce and eliminate, to the extent possible, barriers to free movement of persons, goods, services and investments within Canada and to establish an open, efficient and stable domestic market.
- 1.2 Construction project includes roads and infrastructure construction (water, sewage, landfills, buildings, site improvements, etc.), which would result in a tangible capital asset.
- 1.3 Direct purchase shall mean the direct ordering and purchase of goods and services from a supplier with or without negotiation. This method of purchase will be used primarily for the purchase of low value goods where the cost and administrative burden of other methods of purchase may be equal to or greater than the price or value of the goods purchased. Employees are encouraged to use their own judgment to promote the principles of this policy in any direct purchase.
- 1.4 Goods and services shall mean all non-construction purchases including professional services and operational contracts.
- 1.5 Goods and Services Tax (“GST”) means the Goods and Services Tax or Harmonized Sales Tax as described in the *Excise Tax Act*. All numbers in this policy exclude GST.
- 1.6 Invitation to Tender means the initiating step of a competitive tendering process in which qualified contractors are invited to submit bids for construction or for supply of specific and clearly defined goods or services during a specified timeframe. Also commonly referred to as a request for tenders.
- 1.7 Local contractor means the business owner’s personal mailing address or the business’s mailing address is within the Didsbury postal code region. (i.e. the mailing address includes TOM 0W0).
- 1.8 New West Partnership and Trade Agreement (“NWPTA”) is an economic partnership



between the governments of British Columbia, Alberta, Saskatchewan and Manitoba which creates an interprovincial free trade zone.

- 1.9 Request for Tender shall mean a competitive method of purchase which may include supplier or contractor pre-qualification. The tender process follows the general procedures set out in this policy.
- 1.10 Request for Proposal (“RFP”) shall mean a method of purchase which involves the solicitation of proposals. It may include prequalification. In this method of purchase, some or all the specifications and contract terms may not be finally determined with sufficient certainty to form the basis of a final contract before proposals are solicited and submitted. It may be expected that there will be some variation in the final specification and contract terms among and between responsive proponents.
- 1.11 Request for Quotes/Price Quotation (“RFQ”) shall mean a competitive method of purchase where the specifications for the goods and services and terms of purchase will be established with enough particularity to permit comparable quotations to be made by suppliers. A sufficient number of suppliers are requested to submit quotations on the specifications and terms of purchase. The Request for Quotation process does not require advertising and the receipt of sealed bids and is generally an informal process.
- 1.12 Total Acquisition Cost - includes but is not limited to such factors as repairs, fuel consumption, operating cost per hour (or other unit of measure), staff training, suitability, compatibility, warranty, trade-in values, recycling and disposal concerns.

## 2. Responsibilities

- 2.1 Chief Administrative Officer is responsible to develop, implement and oversee adherence to this policy.
- 2.2 Chief Financial Officer shall provide forms and procedures to support the implementation of this policy.
- 2.3 Department Managers
  - 2.3.1 shall ensure that all procurement complies with this policy;
  - 2.3.2 shall ensure that their employees understand the requirements of this policy prior to being given purchasing authority;
  - 2.3.3 shall review and approve all tenders and RFP documents before they are issued.
- 2.4 Employees with Purchasing Authority
  - 2.4.1 shall obtain applicable authorization prior to asking for, obtaining or securing bids, proposals, services or goods;
  - 2.4.2 shall understand and adhere to this policy.

## 3. Guidelines

- 3.1 The Town of Didsbury will conduct all purchases in a manner that results in the acquisition of quality goods and services delivering the best value to the Town.



- 3.2 In accordance with CFTA and NWPTA, all procurements of goods and services valued at \$75,000 or greater or construction valued at \$200,000 or greater. The Town will use the Alberta Purchasing Connection (“APC”) as its posting agent for these procurements and via electronic methods, including the Town’s website and social media accounts.

#### **4. Purchasing Authority**

- 4.1 Purchasing authority is delegated from the CAO through Department Managers to specific staff.
- 4.2 Purchasing authority is the authority granted to a Town employee to purchase and or approved the purchase of goods and/or services within the scope of an approved budget on behalf of the Town. This includes the authority to initiate the competition process.
- 4.3 Purchasing authority does not grant authority to execute contracts on behalf of the Town.

#### **5. Local Preference**

- 5.1 Purchases shall be made at the lowest cost available, consistent with the required quality and service. Local contractors that meet such criteria shall have equal access to opportunities with the Town.
- 5.2 The operating principle of NWPTA and CFTA is to ensure that Canadian suppliers are not discriminated against based on geographic location. This means that entities must consider persons, goods and services from other provinces equal to their own. However, the Town of Didsbury recognizes the need to support its local economy and reserves the right to give preference to local suppliers and contractors for goods and services where the value of the procurement is below the thresholds of \$75,000 under the following conditions:
- i. There is sufficient competition amount local vendors
  - ii. Vendors’ expertise and pricing is competitive.
- 5.3 The procurement method used for local vendors must also meet the criteria listed in section 6 of this document.

#### **6. Ethics and Fair Conduct**

- 6.1 The Town of Didsbury will always conduct all commercial dealings in a fair and ethical manner.
- 6.2 All procurement activities shall ensure equal opportunity, due process and fairness to actual and potential suppliers. Procurement methods must ensure fairness and perceived fairness. Any information made available to one supplier must be made available to all potential suppliers.
- 6.3 No requisition, purchase order, voucher, petty cash funds or any other order, written or verbal, shall be issued for personal goods and/or services for employees of the Town, a member of Town Council, or the public, unless approved by Town or a policy adopted by Council.
- 6.4 If a purchase or contract for goods or services is to be placed with an employee of the Town, any company in which an employee of the Town has an interest, or a relative of an



employee of the Town, the employee shall declare an interest and that employee shall not be placed in a position to approve the purchase or execute the contract.

- 6.5 Town personnel must not solicit, or accept gifts, gratuities or favours from suppliers or potential suppliers other than promotional items of nominal value.

## 7. Purchasing

7.1 All department managers are responsible to ensure that budget funds are available for any expenditure commitments made by them or their staff. They are also responsible for ensuring staff members with delegated purchasing authority have a complete understanding of the purchasing process and receive training on the completion and processing of the necessary commitment and purchasing documents.

7.2 Purchasing methods are not to be initiated with the intent of lowering approval levels for individual purchases.

7.3 All purchasing will be done on a competitive basis, except for:

- i. Purchases under \$5,000;
- ii. Emergency requirements; or
- iii. Goods and or Services, which are below \$75,000 AND where it can be demonstrated that only one supplier is able to meet the requirements of procurement.

7.4 Each exception shall have the appropriate purchasing authority and approvals. When goods or services fall under exception #3 above, Form A (attached) *Competitive Purchasing Exception Request* must be filled out and approved by the CAO prior to undertaking the procurement process. This form must be attached to the final invoice.

7.5 Purchases made through an authorized buying group, such as the RMA, have already been carried out in a manner that is consistent with CFTA and NWPTA and will not require to go through the following procedures again.



**8. Purchasing Approvals**

8.1 The following table outlines the process required for each type and/or value of purchase:

| Types of Purchase                                     | Purchase Price/Total Contract Value | Procurement Method   | Minimum Approval Required                               |
|---|-------------------------------------|--|---|
| <b><u>Goods and Services</u></b>                      |                                     |  |   |
| Goods and Services (incl. vehicles & heavy equipment) | Up to \$5,000                       | Direct purchase or discretion of Department Manager                        | Department Manager                                      |
| Goods and Services (incl. vehicles & heavy equipment) | \$5,001 - \$25,000                  | Minimum 3 quotes/RFQ   | Department Manager in consultation with the CAO and CFO |
| Goods and Services (incl. vehicles & heavy equipment) | \$25,001 - \$74,999                 | Minimum 3 quotes/RFQ, or Formal tendering process (at discretion of CAO)   | Chief Administrative Officer                            |
| Goods and Services (incl. vehicles & heavy equipment) | >\$75,000                           | Formal Tender/RFP Process  | Council   |
| <b><u>Construction</u></b>                            |                                     |  |   |
| Construction  | Up to \$5,000                       | Minimum 3 Quotes/RFQ or discretion of Department Manager                   | Department Manager in consultation with the CAO and CFO |
| Construction  | \$5,001 - \$74,999                  | Minimum 3 Quotes/RFQ or a Formal Tender/RFP process (at discretion of CAO) | Chief Administrative Officer                            |
| Construction  | >\$75,000                           | Formal Tender/RFP process  | Council   |



## 8.2 Signing Authority

- a. Signing authority for contracts or purchases is based on the above purchasing authority values. The CAO has authority to sign agreements on the Town's behalf for those goods, services, and construction arrangements based on the purchasing thresholds he/she can approve.
- b. A contract or agreement requiring Council's signature shall be signed by the Mayor and the CAO, unless otherwise delegated by Council to the CAO.

## 9. Construction project contracts

9.1 All construction project contracts will have the following clause attached (variations may be made at the discretion of the Chief Administrative Officer):

*.1 The contractor shall schedule his work such that all construction under this contract is complete by or before \_\_\_\_\_ (date of substantial completion).*

*.2 The liquidated damages for any delay in achieving substantial completion will be at a rate of \$\_\_\_\_\_ per day in respect of the Town's direct costs for Town staff and consultants.*

## 10. 10. Methods of Procurement

10.1 Request for Quotations (RFQ): All requests for quotations should be in writing and from a minimum of three suppliers unless noted otherwise in the purchasing guidelines. If a written quote is not obtainable, verbal quotes must be fully documented with any supporting documentation attached. The CAO may approve purchasing goods and services with less than three quotes on a case-by-case basis.

10.2 Invitation to Tender/Request for Proposal (RFP):

- a. The formal tendering process is intended to ensure that all interested individuals and organizations are given an equal opportunity of providing goods and services in response to the identified needs of the Town.
- b. The process for issuing Tenders/RFPs will be governed by the procedures of the Town.
- c. Responsibility for the preparation of the required specifications, tender/RFP documents and advertising rests with the department requiring the goods and/or services;
- d. The lowest bid tender/proposal will not necessarily be accepted, depending on the goods and services being tendered/requested. Bid evaluation and selection may be based upon quantitative and qualitative criteria, which is to be identified and documented prior to the close of the tender/proposal call. The nature of the evaluation and selection criteria and methods of evaluation will be made known to prospective suppliers in the tender/RFP document.
- e. Adequate documentation, to record the evaluation and selection process, will be created and retained.



- f. All Tenders, RFPs, or Invitation to Tender will have the following clause attached (variations may be made at the discretion of the Chief Administrative Officer):

*The Town of Didsbury reserves the right to accept or reject any and all Tenders/Proposals, and to waive irregularities, informalities and non-compliance at its discretion. The Town reserves the right to award a Tender (Proposal) other than the lowest Tender(Proposal) without stating reasons and, without limiting the generality of the foregoing, the Town may consider any other factor(s), besides price, capability to perform the work and proposed specifications, in its sole and unfettered discretion. By submitting its Tender (Proposal), the Bidder/Proponent waives any right to claim, in any proceeding or court action, for loss of anticipated profit or for any other damages in excess of the reasonable costs incurred by the Bidder/Proponent in preparing its Tender.*

10.3 Purchases Involving Other Partners: The Town may jointly tender or request price quotes with other municipalities, municipal organizations, senior governments or other government organizations if there is an opportunity for obtaining goods and/or services at a more cost-effective price. Purchasing involving other partners must comply with CFTA and NWPTA. Any involvement in joint tendering or price quotes shall be approved by the Chief Administrative Officer.

10.4 Request for Tender vs. Request for Proposal:

10.4.1 A Request for Tender should generally be issued when the following criteria apply:

1. Two or more sources are considered capable of supplying the requirements;
2. The requirement is adequately defined to permit the evaluation of tenders against clearly stated criteria;
3. The market conditions are such that tenders can be submitted on a common pricing basis; and
4. It is intended to accept the lowest priced compliant bid without negotiations.

10.4.2 A Request for Proposal should generally be issued where one or more of the criteria for issuing a Request for Tender cannot be met, such as:

1. Owing to the nature of the requirements, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the supplier is based on the effectiveness of the proposed solution, including price, rather than on price alone; or
2. It is expected that negotiations with one or more bidders/proponents may be required with respect to any aspect of the requirement. In general, the Request for Proposals process encourages different solutions from vendors and actively searches for better and more creative ideas for supply of goods and services. It provides a process whereby the negotiation and award are based on demonstrated competence, qualifications and the technical merits of the Proposal at a fair price.

10.5 Award Considerations:

10.5.1 In addition to price, consideration may be given to other factors in determining the successful bidder/proponent, including:



TOWN OF DIDSBURY POLICY #FIN 010  
POLICY NAME: Procurement of Goods and Services

1. The ability and skill of the bidder/proponent to provide the goods or services requested;
2. The ability of the bidder/proponent to perform the contract or provide the services promptly or at the time specified without delay or interference;
3. The character, integrity, reputation, judgment, experience and efficiency of the bidder/proponent;
4. The quality and performance of previous contracts, goods or services, provided by the bidder/proponent;
5. The sufficiency of the financial resources and the ability of the bidder/proponent to perform the contract or provide the goods or services (this includes reviewing the bidder's/proponent's payment history with the Town if necessary);
6. The quality, availability and adaptability of the goods or contractual services to the particular use required, and ability to best meet the Town's operational needs;
7. The ability of the bidder/proponent to provide future maintenance and services for the items acquired;
8. The number and scope of conditions attached to the bid/proposal;
9. Any litigation between the bidder/proponent and affiliated individuals and corporations and the Town whether pending, past, threatened or suggested; and
10. The Total Acquisition Cost of the goods and/or services covered by the bid or proposal.

10.5.2 The Town of Didsbury reserves the right to customize RFQ and RFP scoring metrics on a case-by-case basis, given the varying requirements between different procurements and projects.

10.6 Purchase by Negotiation: All purchases of goods and services shall be competitive, and in accordance with the guidelines set out in section 8 herein. However, there may be instances where this is not possible and purchase by negotiation is necessary.

10.7 Documentation: All documentation will be filed in accordance with the corporate records structure to ensure legal retention timelines are met.





Form A: Competitive Purchasing Exception Request

|                                |    |
|--------------------------------|----|
| Recommended Supplier:          |    |
| Total Purchase Amount:         | \$ |
| Description of Goods/Services: |    |

I understand and accept that Town of Didsbury is committed to complying with competitive bid requirements of federal and regional government trade agreements (i.e. CFTA, NWPTA).

Trade agreements set in place requirements that ensure open and non-discriminatory procurement practices are followed by public sector organizations. The agreements require that all purchases and goods and services in excess of \$75,000 and construction services exceeding \$200,000 be competitively bid and posted on an electronic tendering system. The agreements provide a list of exceptions as indicated in the table below.

Procurements:

- from philanthropic institutions, prison labour or persons with disabilities
- from a public body or a non-profit organization
- of goods purchased for representational or promotional purposes
- in the absence of a receipt of any bids in response to a call for bids
- of health services and social services
- on behalf of entities not covered by the agreement
- where an unforeseeable situation or urgency exists and the goods could not be obtained in time through open procurement procedures
- where it can be demonstrated that only one supplier is able to meet the requirements of a procurement (copyright, patents, prototypes, exclusive rights)

I am requesting a competitive purchasing exception for the following reasons:

|                     |             |
|---------------------|-------------|
|                     |             |
| Signature:          | Date:       |
| Printed Name/Title: | Department: |

Approved by (CAO):

|                     |             |
|---------------------|-------------|
| Signature:          | Date:       |
| Printed Name/Title: | Department: |

Approved by (Mayor)(For goods/services and construction contracts over \$75,000):

|                     |             |
|---------------------|-------------|
| Signature:          | Date:       |
| Printed Name/Title: | Department: |