

Approval Date:	December 14, 2020	Policy Number:	P-12-21-B
Motion:	Motion-20-12-365		
Supersedes:	P-12-21-A		
Title:	Purchasing Policy		

This policy is augmented by the Town of Peace River’s Local Preference within Purchasing Policy. Users should be cognizant of the provisions provided within both policies when enacting on behalf of the Town or providing services to the Town.

Purpose

The purpose of the Purchasing Policy is to provide guidance to all Town of Peace River employees and Council members with respect to purchasing functions.

All employees delegated with purchasing authority shall follow the guidelines set out in the purchasing policy. All procurement activities shall meet the current and future needs of the Town of Peace River, providing an economical and efficient service and shall provide fiscal responsibility and accountability.

Related Documents

- Local Preference within Purchasing Policy.

Definitions

- “Best Value” means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset and track record.
- “Chief Administrative Officer (CAO)” means the Chief Administrative Officer for the Town of Peace River appointed by Council.
- “Council” means the duly elected officers of the Town of Peace River and the Mayor.
- “Delegate/Delegation” means any delegation of the designated officer’s powers, duties or functions to an employee of the Town in accordance with section 212 of the Municipal Government Act.
- “Director” is the head of a department of the Town of Peace River.
- “Emergency Purchases” are situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- “Invitational Tender” is a means of purchasing that is generally not advertised and bids are invited from a selected number of parties.

- “Peace River” means the Town of Peace River in the Province of Alberta.
- “Public Tender” is a means of purchasing that is widely advertised and intended to solicit bids from any and all interested parties.
- “Purchaser” means the employee initiating the purchasing process on behalf of the Town of Peace River.
- “Sole Source” means purchasing when there is only one available Supplier of a required product or service that meets the needs of the Town. Negotiation is used to complete the terms and conditions of this type of purchase.
- “Town” means the Town of Peace River in the Province of Alberta.

Policy

1. The Chief Administrative Officer can authorize exceptions to this policy when deemed necessary, which must then be ratified by Town Council at its next Regular Meeting.

2. The Town will weigh a number of purchasing factors in any decision to purchase goods or services. Factors may receive different weight in the decision process; therefore, the lowest unit cost supplier may not be the chosen supplier. Purchasing factors may be as follows:
 - 2.1. price,
 - 2.2. life cycle,
 - 2.3. delivery time,
 - 2.4. transportation costs,
 - 2.5. quality of workmanship,
 - 2.6. condition of equipment,
 - 2.7. warranty or service work,
 - 2.8. supplier expertise in a product or service,
 - 2.9. previous experience with supplier or brand,
 - 2.10. location of supplier,
 - 2.11. the only manufacturer or supplier,
 - 2.12. quality of design,
 - 2.13. meets proposed criteria,
 - 2.14. safety,
 - 2.15. references, and
 - 2.16. local preference or content, as allowed under the terms of the Agreement on Internal Trade (AIT) and the New West Partnership Trade Agreement (NWPTA).

3. Goods and services over \$75,000 and construction projects over \$200,000 are generally subject to the Agreement on Internal Trade (AIT) and the New West Partnership Trade Agreement (NWPTA). Subject to any applicable exceptions under those agreements, Article 14 of the NWPTA sets procurement thresholds for advertising applicable to municipalities as follows:
 - 3.1. \$75,000 or greater for goods,
 - 3.2. \$75,000 or greater for services,
 - 3.3. \$200,000 or greater for construction.

4. Professional services include but are not limited to auditing, banking, planning, assessment, legal, and engineering services; generally these services will be subject to a Request for Proposal process on a three (3) to five (5) year basis. The Chief Administrative Officer is responsible to prepare the specifications for these services, call for proposals, carry out the necessary interviews, and prepare a recommendation for Council approval.

5. Responsibilities

5.1. All employees are responsible for:

- 5.1.1. Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them, as a publicly funded institution.
- 5.1.2. Obtaining the Best Value for money by achieving fulfillment of specified needs including quality, health & safety standards, productivity and service life.
- 5.1.3. Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
- 5.1.4. Meeting the legal and ethical obligations in the acquisition of goods and services by purchase or lease.
- 5.1.5. Using appropriate purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.
- 5.1.6. Considering the environment in all purchasing decisions and selecting environmentally beneficial goods and services where the additional cost is not prohibitive.
- 5.1.7. Securing expense authorization prior to any purchase except Emergency Purchases. All related documentation shall be retained for review and auditing.
- 5.1.8. Using purchasing contracts when the Town gains an advantage by doing so.
- 5.1.9. Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- 5.1.10. Obtaining appropriate authorization for all purchasing contracts.
- 5.1.11. Obtaining legal assistance or advice if necessary, for any non-standard clauses in purchasing contract.

5.2. Directors are responsible for:

- 5.2.1. Ensuring all purchases are performed in accordance with this policy.
- 5.2.2. Delegating expense authorization in writing to the appropriate levels.
- 5.2.3. Ensuring that corporate standards are adhered to for purchases.
- 5.2.4. Coordinating administration and the continuous review of the department's use of goods and/or services to ensure the Town is receiving the best quality, quantity, service, price, etc.
- 5.2.5. Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes.

5.3. The Chief Administrative Officer is responsible for:

- 5.3.1. Approval of all purchasing contracts on behalf of the Town.
- 5.3.2. Ensuring that no payments are made without the appropriate authorization.

- 5.3.3. Providing training and documentation on how to utilize the Purchasing Policy efficiently and effectively.
- 5.3.4. Communication regarding all developments in the field of purchasing by all government agencies.

6. Purchasing Guidelines

6.1. Low Value Purchases

- 6.1.1. Where the value of goods and services to be purchased is less than \$10,000, in any one case, formal price comparisons are not required, although from time to time some comparisons should be done to ensure that the Town is getting the best value.

6.2. Informal Tender

- 6.2.1. Quotations will be sought from suppliers where possible when the cost of goods and services exceeds \$10,000 but is less than \$50,000. Purchases between \$10,000 and \$50,000 must obtain a minimum of three written quotes. The purchaser should maintain and attach a record of quotes received to the purchase order/invoice.
- 6.2.2. For informal tenders between \$10,000 and \$25,000, quotations may be received by Invitational Tender or Public Tender at the discretion of the Director. When considering the method of tender, the Director shall consider the criteria identified in section 2, along with other factors that are to the best interest of the Town, including timelines and means and distribution of advertising.
- 6.2.3. For informal tenders between \$25,000 and \$50,000, quotations may be received by Invitational Tender or Public Tender at the discretion of the Chief Administrative Officer. When considering the method of tender, the Chief Administrative Officer shall consider the criteria identified in section 2, along with other factors that are to the best interest of the Town, including timelines and means and distribution of advertising.
- 6.2.4. Acceptance of the quote is done by purchase order or written contract.
- 6.2.5. Only the accepted price(s) will be released to the public.

6.3. Tendering and Requests for Proposals

- 6.3.1. The Tender or Request for Proposal process is a formal method of obtaining competitive prices for goods and services when the cost exceeds \$50,000.
- 6.3.2. Tender Process: In the tender process, the Director responsible for the item or project shall, on behalf of the Town:
 - 6.3.2.1. Prepare or have prepared on its behalf, detailed plans, drawings and/or specifications outlining the goods and services to be provided as well as the terms and conditions under which a tender is to be accepted for consideration.
 - 6.3.2.2. Publicly advertise the calling for tender submissions. All tenders are to be advertised on the Town's website, in the local newspaper, and on the electronic tendering website, Alberta Purchasing Connection.
 - 6.3.2.3. Receive tenders under sealed envelope format by a specified date and time of bid closure.

- 6.3.2.4. When any tendering process is used, the lowest evaluated tender, which is the tender evaluated as being the most advantageous to the Town shall be accepted subject to the right of the Town to refuse any or all tenders.
- 6.3.3. Request for Proposal Process: A request for proposal may be used in place of a tender for purchases in excess of \$50,000 and where the service component is significantly more than the goods or capital acquisition component. Request for proposal is the preferred method when seeking out proposals for consulting and professional services. In the request for proposal process, the Director responsible for the item or project shall, on behalf of the Town:
 - 6.3.3.1. Prepare or have prepared on its behalf, detailed plans, drawings and/or specifications outlining the goods and services to be provided as well as the terms and conditions under which a request for proposal is to be accepted for consideration.
 - 6.3.3.2. Publicly advertise the calling for request for proposal submissions. All request for proposals are to be advertised on the Town's website, in the local newspaper, and on the electronic tendering website, Alberta Purchasing Connection.
 - 6.3.3.3. Receive request for proposals under sealed envelope format by a specified date and time of closure.
 - 6.3.3.4. When a request for proposal is used, the highest evaluated proposal, which is the proposal with the highest total score, shall be accepted, subject to the right of the Town to refuse and or all proposals. When issuing a request for proposal, the cost criteria shall be no less than 25% and no more than 40%. Percentages for the cost criteria shall be determined by the CAO and the responsible Director/Manager.
- 6.4. Award Criteria
 - 6.4.1. Some or all of the factors identified in section 2 in combination and not necessarily in their order of importance, will be considered in reviewing quotations, tenders, request for proposals and awarding contracts.
 - 6.4.2. The Town of Peace River reserves the right to accept or reject any or all tenders and to waive irregularities and informalities at its discretion. The Town reserves the right to accept a tender other than the lowest tender without stating reasons. By the act of submitting its bid, the bidder waives the right to contest in any legal proceeding or action the right of the Town to award the work to whomever it chooses in its sole and unfettered discretion, and for whatever reason the Town deems appropriate. Without limiting the generality of the foregoing, the Town may consider any other factor besides price and capability to perform the work that is deems in its sole discretion to be relevant to its decision.

7. Emergency Purchases

- 7.1. An emergency purchase occurs when a situation presents itself which requires serious and immediate attention which may not be reasonably met by any other procedure and includes the following limitation:
 - 7.1.1. A condition where lack of supplies or services may adversely affect the functioning of the Town of Peace River, residents, public property, private property, the environment or endanger the health of the public.
 - 7.1.2. Interim contractual arrangements following the expiration, abandonment or breach of a contract; or the receipt of unacceptable bids.
- 7.2. Emergency purchases are to be completed in an expedient manner but should take economy into consideration. In each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the Chief Administrative Officer.

8. Sole Source Purchases

- 8.1. Town employees must obtain written approval of the Sole Source acquisition by the Chief Administrative Officer for exceptions to the requirement for quotations and proposals within this policy. The Town identifies such instances as:
 - 8.1.1. Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source.
 - 8.1.2. Where an item is purchased for testing or trial use.
 - 8.1.3. Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Town.
 - 8.1.4. Where the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.
 - 8.1.5. Where the acquisition is of a highly specialized nature and/or is available from only one supplier.

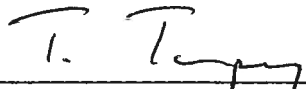
9. Information Technology

- 9.1. The Town will purchase information technology that is compatible with the current environment and strategic plans for information technology.
- 9.2. The System Administrator will approve and facilitate purchases of information technology (both hardware and software).
- 9.3. Department Directors will involve the Corporate Services Department in the early stages of specifications of information technology so that Corporate Services can advise on standards, compatibility, project feasibility, and cost and manpower estimates.


10. Prohibitions

- 10.1. The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- 10.2. For the purpose of a lease or contract, the purchase shall be considered in total amount of the lease or contract.

- 10.3. Purchase by any employee or member of Council of any goods and services for personal use.
- 10.4. An employee shall not accept a gift, favour or service from any individual, organization or corporation, other than:
 - 10.4.1. the normal exchange of gifts between friends,
 - 10.4.2. the normal exchange of hospitality between persons doing business together,
 - 10.4.3. tokens exchanged as part of protocol, or
 - 10.4.4. the normal presentation of gifts to persons participating in public functions.



Thomas Tarpey, Mayor



Christopher J. Parker, CAO