

POLICY NUMBER:	ARG-026
POLICY SUBJECT:	PROCUREMENT POLICY
DEPARTMENT:	COUNCIL
EFFECTIVE DATE:	JULY 10, 2023
INITIAL EFFECTIVE DATE:	OCTOBER 7, 2019
REVISION DATE (s):	

POLICY STATEMENT

The purpose of this policy is to provide direction regarding procurement requirements.

PURPOSE

- 1.1 To outline the procurement process including tender, proposals and competitive quotations for the Town of Coaldale;
- 1.2 Allow Administration and Council to use taxpayer funds in the most responsible way possible;
- 1.3 Align the Town of Coaldale Procurement Policy with Council's vision of fairness, openness and transparency;
- 1.4 To achieve compliance with relevant legislation and trade agreements.
- 1.5 This Policy does not apply to:
 - 1.5.1 Acquisition or sale of land;
 - 1.5.2 Legal services;
 - 1.5.3 Insurance;
 - 1.5.4 Financial investments;
 - 1.5.5 Utilities including gas and hydro-electricity;
 - 1.5.6 Employee benefit services;
 - 1.5.7 Professional development, education, employee training; and
 - 1.5.8 Agreements or transactions with other government agencies or First Nations.
- 1.6 Principles:

In accordance with all applicable regulations, the Town will maintain procurement best practices and manage its procurement activities based on the following principles:

 - 1.6.1 Open and Fair Competition:

The Town will acquire materials, supplies, goods and services through an open, transparent and competitive process that balances the interests of the taxpayers with the fair and equitable treatment of vendors. The Town gives all businesses equal opportunity by advertising all competitions on the Alberta Purchasing

Connection (APC) website that are over the thresholds identified in the Tenders section (4.1) of this policy, unless otherwise specified in this policy.

1.6.2 Local Vendors:

According to applicable trade agreements, the Town cannot give preferential treatment to local vendors for competitions over the \$75,000 goods and services threshold and the \$200,000 construction threshold without breaking the regulations. However, departments may direct competitions under these thresholds to local vendors only under the following conditions:

- There is sufficient competition among local vendors
- Vendors' expertise and pricing is competitive

Preferences to local vendors, when given, must be carried out within applicable procedures per the Tenders Section.

1.6.3 Open Communication and Records:

The Town will provide feedback to vendors on closed competitions, including those that are unsuccessful, in the same manner as the competition advertisement. The Town will maintain competition records and provide unsuccessful vendors with a debriefing session at the vendor's request and subject to the competition wording. The Town will maintain records on vendor performance for vendors under contracts and will inform the vendor of such information upon request or in accordance with Tenders section (4.4) of this policy.

1.6.4 Environmental Considerations/Sustainability

The Town is committed to reducing its environmental impact. Therefore, the Town will integrate environmental performance considerations into as many aspects of the Town's procurement decision making process as reasonably appropriate in each case to reduce the impact of the Town's procurement practices.

1.6.5 Ethics

The Town is committed to:

- Meeting the highest level of ethical standards in all its procurement and contracting practices.
- Acting with the highest honour and integrity, avoiding even the appearance of impropriety in all its procurement and contracting practices.
- Maintaining consistency in all processes and actions.

1.6.6 Business Relations with Vendors

Town staff will ensure consistent procurement practices and will remain free of any obligation to any vendor or potential vendor, other than the obligations

agreed to by established agreements.

1.6.7 Conflict of Interest

Conflicts of interest may occur when a Town employee has a direct or indirect relationship with a vendor or potential vendor through financial, family related, or other beneficial interest subject to reasonable interpretation by the Town. Town staff will inform the CAO when there is a possibility or perception of conflict of interest with a vendor or potential vendor for the Town. The Town may not disqualify a vendor on the basis of a conflict of interest, as long as it is identified, recorded and acknowledged at the onset of procurement. Town staff involved in procurement may not have any direct or indirect interest or receive any personal benefit within any contract for goods and/or services unless it is disclosed and approved by their respective Director/Department Manager and the CAO. Town staff are obligated to notify their manager/supervisor of any potential conflict of interest with a vendor and that manager/supervisor is required to notify the CAO.

1.6.8 Gifts and Gratuities

Town staff will not place themselves in a position of obligation or appearance of obligation by soliciting or accepting gifts, discounts, hospitality or tips from vendors or potential vendors. Infrequent, minimally valued hospitality, discounts and gifts estimated at up to \$100.00 per event, per person may be accepted.

1.6.9 Best Value Considerations

The Town will consider all components of cost in the procurement of materials, supplies, goods and services, including, but not limited to acquisition cost, operating costs, life cycle costing, salvage value, availability, serviceability and delivery. The Town will consider and evaluate the relevance of price and nonprice factors before starting the competitive process.

1.6.10 Vendors Acting in Good Faith

The Town will refuse to do business with parties who do not act in good faith towards the Town with the Town's full intent to apply and interpret this statement in accordance and within the spirit of the Canadian Free Trade Agreement.

1.6.11 Confidential Information

Release of information is subject to FOIP. Town staff will not release any information made available to them in their role of employee unless that information is public and available upon public request. Any information made available to a potential vendor, which may influence other vendors' responses, must be made available to all potential vendors. Information about budget and cost estimates, pricing or costing of competing vendors, names of vendors prior

to award and any other information, which may create an unfair advantage, will remain confidential and will not be released by Town staff to the public or to a single potential vendor unless required under FOIP.

1.6.12 No-Split Procurements

Town staff shall not artificially split any procurement or the projects in order to meet either their own signing authority limits or procurement thresholds as it may be perceived as an attempt to circumvent delegated authority and/or to avoid open and transparent competition.

DEFINITIONS

- a) "APC" means Alberta Purchasing Connection, a Government of Alberta electronic tendering system that meets the interprovincial tendering requirements of the CFTA and the NWPTA.
- b) "Bid" means a verbal or written submission in response to a request for quotations, proposals or tenders.
- c) "Bidder" means the company or person submitting a bid to the Town.
- d) "CAO" means the Chief Administrative Officer, the administrative head of the municipality as legislated under the MGA.
- e) "CFTA" means the Canadian Free Trade Agreement, a trade agreement between the Federal and Provincial governments providing open and transparent trade across Canada and applicable to Alberta municipalities.
- f) "Council" is the governing body of the municipal corporation and the custodian of its legislative power under the authority of the Municipal Government Act (MGA) of Alberta.
- g) "Contract Award" means issuing of a signed Purchasing Document to a successful bidder for purchase of goods, services or works.
- h) "NWPTA" means the New West Partnership Trade Agreement, a trade agreement between agreement between Alberta, British Columbia, Saskatchewan and Manitoba providing open and transparent trade across Canada and applicable to Alberta municipalities.
- i) "Open Tender" means Requests for Proposals, Request for Quotations or Call for Tenders advertised publicly.
- j) "MGA" refers to the Municipal Government Act.
- k) "Purchasing Document" means a document used to authorize purchase of goods, services or works, including purchase orders, service agreements, contracts and travel approvals.
- l) "Tender Document" means Requests for Proposals (RFP), Request for Quotations (RFQ) and Call for Tenders.

TENDERS / BIDS / PROPOSALS / QUOTATIONS

1.1 COMPETITIVE QUOTATIONS

Competitive quotations are required for purchase of any goods, services or works over the value of \$10,000 except as noted in Sections: Tenders, Sole Sourcing, Group Purchasing and Standing Purchase Agreements. Quotations for goods, services and construction shall be obtained as follows:

Estimated Value of:		
Goods or Services	Construction	Quotation Process
< \$10,000	< \$10,000	No quotations required.
\$10,001 - \$20,000	\$10,001 - \$20,000	Minimum of two (2) verbal or written quotations. ¹
\$20,001 - \$75,000	\$20,001 - \$200,000	Minimum of three (3) written quotations. ²
> \$75,001	> \$200,001	Open Tender. ³

Notes: ¹ Amount quoted, date and name of individual and firm providing the quotation shall be recorded on the accounting copy of the purchase order.

² Copies of the quotations shall be attached to the accounting copy of the purchase order.

³ All tenders shall be advertised through the APC

1.2 TENDER / BID / PROPOSAL ACCEPTANCE CRITERIA

- a) In all cases, the Town reserves the right to refuse any or all tenders, bids or proposals.
- b) Tender Documents shall clearly define the product, services and/or works to be provided, and the terms and conditions under which they will be provided. Where factors other than bid price will be the determining factors in contract award, the Tender Document shall clearly and concisely identify the requirements of the procurement, the criteria that will be used in the evaluation of bids and the methods of weighting and evaluating the criteria.
- c) A qualified tender means that in the opinion of the Town, the tenderer or bidder has the expertise and ability, physically and financially, to supply or perform the goods, services or works tendered or bid, and whose past performance or references are satisfactory to the Town.

- d) In the case of requests for proposals or other procurements not based solely on price, the Town shall accept the proposal which, in the opinion of the Town, best meets the requirements of the Town, unless the proposal documents set out additional and/or other acceptance criteria.

1.3 SUPPLIER PERFORMANCE

- a) The Town reserves the right to measure supplier performance for the supply of goods or services against performance goals in a contract and may use a supplier's record of performance when evaluating the potential for future work with the Town of Coaldale.
- b) Departments shall record issues of non-performance or unsatisfactory performance in writing and shall consult with the CAO and the Town's applicable consultants as required to ensure that Purchasing Documents are performed in accordance with their terms and conditions.

1.4 DISQUALIFICATION OF BIDDERS OR SUPPLIERS

- a) For the purposes of this Section, Bidder and Supplier shall be deemed to include any related entity and any partner, principal, director or officer of such Bidder or Supplier as well as any other legal entity with one or more of the same partner(s), principal(s), director(s) or officer(s).
- b) A Bidder or Supplier may be excluded from eligibility to submit Bids or a submitted Bid may be summarily rejected and returned to a Bidder or Supplier where the CAO determines, in his/her absolute sole discretion that one of the following circumstances has occurred:
 - (i) the Bidder or Supplier is or has been involved in litigation, arbitrations or other claims-based processes with the Town, its elected officials, officers or employees;
 - (ii) the Bidder or Supplier has failed to pay an amount owed to the Town when due and owing;
 - (iii) there is documented evidence of poor performance, non-performance or default by the Bidder or Supplier in respect to any Purchasing Document or work for the Town;
 - (iv) the Bidder or Supplier has withdrawn its Bid on a previous tender process after Bids have been opened by the Town;
 - (v) the Bidder, Supplier or its personnel have demonstrated abusive behavior or threatening conduct towards Town employees, their agents or representatives;

- (vi) the Bidder or Supplier has been convicted of a criminal offence including but not limited to fraud or theft;
 - (vii) the Bidder or Supplier has been convicted of any quasi-criminal offence pursuant to applicable legislation or regulations including but not limited to the Occupational Health and Safety Act, as amended, where the circumstances of that conviction demonstrate a disregard on the part of the Bidder or Supplier for the health and safety of its workers, Town employees or the general public;
 - (viii) the Bidder or Supplier is bankrupt or insolvent;
 - (ix) the Bidder or Supplier has made a false declaration(s); or,
 - (x) the Bidder or Supplier has committed professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the Bidder or Supplier.
- c) In arriving at a determination for the disqualification of a Bidder or Supplier pursuant to this section, the CAO will consider whether the circumstances are likely to affect the Bidder or Supplier's ability to work with the Town, its consultants and representatives, and whether the Town's experience with the Bidder or Supplier indicates that the Town is likely to incur increased staff time and legal costs in the administration of any dealings with the Bidder or Supplier.
 - d) Based on the severity of the events leading to the disqualification the CAO shall establish the duration of the period during which the disqualification shall be effective.
 - e) In the event the Town concludes that a Bidder or Supplier should be disqualified pursuant to this section, it shall first provide written notice to the Bidder or Supplier indicating the Town's intention to disqualify the Bidder or Supplier, its reasons for doing so, and the duration of the intended disqualification. Such notice shall indicate that the Bidder or Supplier will have a period of at least fourteen (14) days to respond to such notice in writing, setting out (if the Bidder or Supplier so chooses) any reasons it opposes or disputes either the disqualification or the duration of the disqualification.
 - f) Any notice of appeal from an affected Bidder or Supplier received by the Town within the time frame set out in subsection (e) shall be reviewed and considered by the CAO, who may either uphold, overturn, or vary the terms of disqualification. Any such decision will be final and not subject to further appeal, and will be communicated in writing to the Bidder or Supplier.

SOLE SOURCING

In certain situations, it may be necessary to sole source purchase of goods, services or works. A sole source is a situation where the specifications of an item(s) limits its purchase to only one known source of supply. Sole sourcing may include:

- urgent and emergency situations including:
 - unforeseeable situations of urgency such as a fire, flood, water main break, roof leak or environmental contamination;
 - unforeseeable situations of public safety, security, or public order;
 - unforeseeable situations of employee safety or security;
- economic necessities including:
 - avoiding delay in the work of another contractor;
 - maintaining compatibility with existing products;
- where no reasonable alternative or substitute exists;
- matters of a confidential or privileged nature where disclosure of those matters through an open tender process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest;
- situations where licences, copyright or patent rights apply;
- procurement of real property;
- conferences transportation and hotel accommodations;
- permits and licences; or
- other circumstances in which sole sourcing may be permissible under the CFTA and the NWPTA.

GROUP PURCHASING

The Town of Coaldale is a Trade Member of the Alberta Urban Municipalities Association (AUMA) and the Rural Municipalities of Alberta (RMA). Agreements have been negotiated with several suppliers by the AUMA and the RMA on behalf of Trade Members to provide competitive pricing and consolidated invoicing. Where goods or services are being purchased that are provided by such AUMA or RMA suppliers, the goods or services may be purchased from that supplier without a competitive process.

STANDING PURCHASE AGREEMENT

Where goods or services are procured on a regular on-going basis (e.g.: engineering services, petroleum products, automotive parts, hardware), a standing purchase agreement may be tendered up to every three (3) years.

UNSOLICITED BIDS

Unsolicited bids shall not be accepted by the Town.

Note: This policy supersedes Tendering and Purchasing Policy #ARG-003 and #ARG-023.