

	<b>City of Lacombe</b> <b>Purchasing Policy</b>	
	Policy Number:	13/211/01 (2014)
	Approval Date:	March 24, 2014
	Effective By:	March 24, 2014
	Supercedes:	13/211/01 (2012)
	Revision Date:	March 17, 2014
	Review Date:	N/A
	Department:	Corporate Services Department
	Reference:	City of Lacombe Bylaw 58, "The Chief Administrative Officer Bylaw" New West Partnership Trade Agreement (NWPTA)

### Purpose of Policy

The purpose of the policy set out the guidelines for the City's purchasing activities and to assure objectivity and fairness of purchasing practices for all City personnel involved either directly or indirectly in the acquisition of goods and services for the City, and to allow City staff the flexibility to acquire goods and services necessary to delivery municipal services.

### Policy Statement

The City shall ensure that goods and services necessary for the provision of municipal services are obtained in an economic, efficient and expedient manner.

The City shall adhere to the highest possible standards of business ethics, professional courtesy and technical competence in all of its purchasing practices.

The City will provide fair and equitable treatment of all suppliers and maintain the confidentiality of specifications and detailed pricing as permitted under law.

### Applicability

The policy applies to the purchase of goods and services acquired and paid for through the City of Lacombe for use by any City department and/or agency.

### Definition

1. **Employee** is any person whose name appears on the payroll records of the City and whose manner of work is controlled and directed by the City.
2. **Immediate family** includes the spouse, common-law spouse, parents, children and brothers and sisters of the employee.
3. **Manager** is any person employed by the City or agency responsible for a particular department or agency of the City and includes department head, manager or, director. The Chief Administrative Officer may, by administrative directive assign, purchasing authority for department or agency of the City.
4. **Pecuniary Interest** is defined as an interest in a contract that could monetarily affect:
  - a. the employee;

- b. a corporation, other than a distributing corporation, in which the employee is a shareholder, director or officer.
- c. A distributing corporation in which the employee beneficially owns more than 1% of the issued shares or of which the employee is a director or officer;
- d. A partnership or firm of which the employee is a member; or
- e. A corporation, partnership, firm, or person that employs the employee.

### Responsibilities

1. **City Council** will be responsible for approving this policy and amendments thereto.
2. **Chief Administrative Officer** will be responsible for approving procedures via Administrative Directive related to purchasing to ensure the procedures are in accordance with the Policy set by Council.
3. **Corporate Services Department** will be responsible for establishing and maintaining purchasing procedures, and ensure the guidelines for the City's purchasing function are followed, and accurately followed.

### Procedures – General Purchasing Guidelines

1. The City's Chief Administrative Officer shall establish procedures via Administrative Directive related to the acquisition of goods and services in accordance with this Policy and as delegated by Council through the provisions of the Chief Administrative Officer Bylaw, City of Lacombe Bylaw 58 as amended.
2. The City will conduct all purchases in a manner that results in the acquisition of products and services of acceptable quality at the most cost effective price available in consideration of availability, urgency of demand and required service level.
3. This policy does not apply to the following purchases – real estate transactions, investment or borrowing, postage purchases, employee vehicle use expenditure, payroll withholding remittances, training fund disbursements, membership and subscription payments, and grants to nonprofit agencies and societies.
  - 3.1 The acquisition of art for the City of Lacombe Public Art Collection as defined in the City's Public Art Collection Policy (added March, 2014) is exempt from the terms of this policy except for the following:
    - a) Requests for commissioned art shall be subject to a Call to Artist or a Request for Qualifications established in accordance with the City's Public Art Collection Policy.
    - b) All other purchases of art by Lacombe Art Collection Committee shall be subject to the annual budget limitations established by Council.
4. All purchasing transactions shall ensure equal opportunity, due process and fairness to actual and potential suppliers. The methods by which decisions are made must ensure not only fairness, but the appearance of fairness.
5. In order to protect the overall City interests and minimize long term financial losses, the City reserves the right not to consider award of any contracts to a party that is engaged in litigation or arbitration with the City.

6. City employees shall not have any pecuniary interest, direct or indirect, in any contract with the City of Lacombe. No employee of the City or partnership of which an employee is a member of may submit a tender for the supply of goods or services to the City. Any corporation (other than those whose shares are publicly traded) submitting a tender must disclose the names of any shareholder who is a City employee and the number of shares owned by the employee. No employee of the City shall make any recommendations about the awarding of any tender or quotation when the employee is a member of the immediate family of any individual who is:
  - 1.1 submitting the tender;
  - 2.1 a shareholder or employee of a company submitting the tender; or
  - 3.1 a member or employee of any partnership submitting the tender.
7. Any individual, partnership or corporation providing a service to the City of Lacombe may be required to submit proof of liability insurance, GST registration and Alberta Workers' Compensation coverage.
8. General Purchases - Purchases for goods and services made through the City shall adhere to the following broad processes:
  - a) Direct Purchase Process: the direct purchase process may be used to obtain goods and services for the operations of the City where the value is less than \$1,000. Goods and or services with a value of up to \$1,000 may be purchased without use of the quotation process. Where goods and services are required immediately and any delay could jeopardize the City's ability to provide essential services, and the costs exceed \$1,000 but do not exceed the Manager's purchasing limit, the Manager may depart from the quotation process to obtain the necessary goods and services. The Chief Administrative Office must be informed at the earliest opportunity of the departure from the quotation process.
  - b) Quotation Process: The quotation process shall be used when the cost of goods and/or services exceeds \$1,000 but less than \$75,000. Where the Chief Administrative Officer deems it necessary, purchases below \$75,000 may be carried out by formal tender or request for proposal. In the quotation process, the responsible Manager shall on behalf of the City:
    - i) Provide drawings and/or specifications to describe the requirement
    - ii) Provide any acceptable criteria, if applicable.
    - iii) Obtain quotations from three qualified suppliers where possible
    - iv) Document the results of the quotations and attach the results to the purchase directive or award letter.
    - v) Sign the purchase order or award letter on behalf of the City.
  - c) Tender Process: The tender process is a formal method of obtaining competitive prices for and goods and/or services when the cost exceeds \$75,000 (before GST). In the tender process, the Manager responsible for the item or project shall, on behalf of the City:
    - i) 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
    - ii) Publicly advertise the calling for tender submissions. All tenders are to be advertised on the City's website, in the local newspaper, and on the electronic tendering website, Alberta Purchasing Connection.

- iii) Receive tenders under sealed envelope format by a specified date and time of bid closure.
  - iv) When any tendering process is used, the lowest evaluated tender, which is the tender evaluated as being the most advantageous to the City shall be accepted subject to the right of the City to refuse any or all tenders. In cases where two or more bids are identical and/or it is difficult to determine the lowest evaluated bid, preference shall be given to suppliers using access to service and/or support as the criteria.
- d) A request for proposal may be used in place of a tender for purchases in excess of \$75,000 (before GST) 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 Manager responsible for the item or project shall, on behalf of the City:
- i) 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
  - ii) Publicly advertise the calling for request for proposal submissions. All request for proposals are to be advertised on the City's website, in the local newspaper, and on the electronic tendering website, Alberta Purchasing Connection.
  - iii) Receive request for proposals under sealed envelope format by a specified date and time of closure.
  - iv) 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 City 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 Corporate Services and the responsible Manager.
- e) The Chief Administrative Officer may approve all tenders and request for proposals where the acquisition prices does not exceed \$75,000 and or the term of the contract does not exceed one year. The Chief Administrative Officer may establish procedures via Administrative Directive for delegating signing authority for purchases below the \$75,000 threshold.

### 9. Authorities

- a) Annual Budget – The City of Lacombe's annual budget is approved annually by City Council in accordance with section 242(1) and 245 of the Municipal Government Act. The budget is composed of two specific budgets (1) Operating and (2) Capital. The operating budget provides the spending authority for day to day operation of the City while the capital budget identifies the major replacement, upgrades and new investment in the City's capital asset inventory.
- b) Operating Budget – Each Manager is responsible to carry out the mandate of their department within its approved operating budget and Council's strategic plan. Where an unbudgeted expenditure is necessary and may result in the overall department budget being over expended, the purchase must be approved by the Chief Administrative Officer. Capital purchases may not be made from the operating budget.

- c) Capital Budget – Each manager is responsible for the acquisition of capital items approved by Council for their respective department in the annual capital budget. Because capital projects are individually approved, funding may not be change or projects substantially altered without the prior approval of Council.
  - d) Declared State of Local Emergency – In the event a local state of local emergency is declared for the City of Lacombe, the purchasing provisions of the City’s Emergency Management Plan and Emergency Management Bylaw, City of Lacombe Bylaw #369, shall be in effect.
  - e) North West Trade Agreement - The City of Lacombe must comply with the Province of Alberta's requirement for municipalities under the North West Trade Agreement as well as the Trade, Investment and Labour Mobility Agreement.
  - f) Signing Authorities – The Chief Administrative Officer shall designate those managers with signing authority for expenditures related to each respective department subject to the limitations outlined by this policy.
  - g) Lease, Utilities & Services Contracts – Managers may approve the monthly payment for expenditures related to leases, utilities and service contracts for their related department entered into by the City in accordance with this policy.
  - h) Progress Payments – Managers may approve progress payments under an approved capital purchase contract as long as the payment does not cause the approved contingency allowance of the capital project to be exceeded. All change orders that would fall within the contingency of the capital project must be approved by the Chief Administrative Officer.
10. When a payment is made to a City employee, the cheque requisition must be requested by the employee and include the appropriate supporting documentation and approved by the employee’s manager. Any cheque requisition requested by the Chief Administrative Officer must be approved by the Mayor.
11. Employees may be issued corporate credit cards to facilitate purchases for goods and services for use by the City. The issuance and use of corporate credit cards shall be in accordance with the purchasing limits identified in this policy and subject to the rules and regulations of a corporate credit card policy.
12. The City may establish petty cash funds for small purchases under \$50.00. The Chief Administrative Officer shall establish procedures via Administrative Directive for the creation and use of petty cash systems.

### **Legislative Authority**

1. This Policy is approved in accordance with the following legislative authority:
  - a. City of Lacombe Bylaw 58, “The Chief Administrative Officer Bylaw” as amended.
  - b. The Municipal Government Act, RSA 2000, Chapter m-26
  - c. New West Partnership Trade Agreement (NWPTA).

**Repeal**

1. City of Lacombe Policy #12/211 (06) PO and all amendments are repealed.

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Mayor

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Chief Administrative Officer

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