



**City of
Lloydminster**

Policy

Policy Title:	Procurement and Purchasing Policy	Policy Number:	120-05
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Sponsoring Department:	Legislative Services		

1. Purpose:

- 1.1. To describe the roles, responsibilities and duties of Administration and Members of Council involved in the Procurement Process.
- 1.2. To express the goals and objectives related to the City of Lloydminster’s purchases of Goods, Services and Construction.
- 1.3. To ensure there are no perceived or real Pecuniary Interests.

2. Objective:

- 2.1. Ensure compliance with all applicable laws, regulations, bylaws, policies and trade agreements, while maintaining adherence to the highest standards of ethical conduct.
- 2.2. Ensure the use of a Competitive Process for all purchases where applicable, except where the Procurement process meets specific jurisdiction as defined in this policy and is in accordance with all applicable trade agreements.
- 2.3. Ensure sustainable Procurement methods and geographic neutrality.
- 2.4. Achieve the Best Value for the City of Lloydminster through an open, fair, accountable and transparent Procurement Process.

3. Definitions:

Administration	An employee or Contract employee of the City of Lloydminster.
Best Value	Relevant financial and non-financial factors which may include but not limited to; quality of Goods and Services, delivery, supplier experience and performance, risk and

	compliance management, and total cost of ownership.
Buying Group	An association of companies/municipalities who use their combined purchasing power to achieve the best price from suppliers.
Change Order	A written instruction and approval between the City and the Vendor to make changes to the work in accordance with the Construction Contract.
City	The corporation of the City of Lloydminster.
Competitive Process	An Open Competition, Invitational Competition, and Limited Competition used for the Procurement of Goods and Services, including Construction.
Construction	A Construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work. Including site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the Construction and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work. Does not include professional consulting Services related to the Construction Contract unless they are included in the Procurement.
Contract	A written agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for a valuable benefit, not including the sale of City owned land or assets.
Evaluation Team	A team generally consisting of members of Administration, including the Purchaser, used to evaluate all received RFX documents submitted during an Open Competition.
Good	A thing that is produced, manufactured, grown, or used for a commercial purpose.
Integrated Project Delivery	A collaborative alliance of business structures and practices into a process that harnesses the talents and insights of all participants to optimize project results, increase value to the owner and maximize efficiency through all phases of design, fabrication, and Construction.
Invitational Competitions	Competition where suppliers are invited to bid, normally preceded by a pre-qualification phase.

Limited Competition	Competition where bids are solicited from a limited number of suppliers (for a number of reasons) when an Open Competition would normally be required.
Member of Council	An individual elected pursuant to <i>The Local Government Election Act</i> (Saskatchewan) as a Member of Council.
Non-Competitive Procurement	Where the deliverables are acquired from a particular Vendor (for a number of reasons) without conducting a Competitive Process when an Invitational Competition or an Open Competition would normally be required.
Open Competition	A bidding process that is open publicly to all bidders, posted on the City's tendering websites.
Pecuniary Interest	Means Pecuniary Interest within the meaning of Section 131 of the Lloydminster Charter.
Personal Reward Programs	An incentive program where a percentage of the amount spent is paid back to the card holder in any form.
Procurement	The acquisition by any means, including by purchase, rental, lease or conditional sale, of Goods and Services or Construction but does not include any form of government assistance or provisions by government organizations.
Procurement Department	The City's Purchasing Officer, Supervisor or supporting Administration
Purchase Agreement	Contract outlining the details of a purchase, including delivery terms, servicing, warranty etc.
Purchaser	A member of Administration who is either listed as an approver in the table in section 15 or has been delegated purchasing authority.
Purchasing Card	A credit card provided by a recognized financial institution imprinted with the cardholder's name, City of Lloydminster, credit card number and validity period.
Qualifications-Based Selection	A Competitive Process under which the most appropriate Vendor is selected based on qualifications rather than price.
Quotation	A statement setting out the estimated cost and terms for a particular job or Service.
RFx	A catch-all term for Procurement methods and processes that captures all references to Request for Information (RFI), Request for Proposals (RFP), Request for Quotation (RFQ), Request for Pre-Qualifications (RFPQ), Request

	for Tenders (RFT), Request for Standing Offer (RFSO), Qualification-Based Selection (QBS), etc.
Scope of Work	An accurate, detailed, and concise description of the work to be performed, and associated deadlines.
Service	The action of helping or doing work, not including Construction, that is supplied or is to be supplied to the City, or a member of Administration or Council.
Situation of Urgency	A situation where the purchase of the Good or Service is necessary due to an immediate risk to the health and safety of Administration or the general public, or because of the possibility of serious damage to City or private property.
Single Source	A Non-Competitive Procurement where a single Vendor is selected when others could have supplied a similar Good or Service.
Sole Source	A Non-Competitive Procurement where a single Vendor is selected on the basis that they are the only supplier that can provide the Goods or Service.
Standing Offer Agreement	An agreement under which a supplier allows a buyer to purchase specified Goods and/or Services at a predetermined price for a certain period on an 'as and when' requirement basis.
Vendor	The person or company that undertakes a Contract to provide materials, labour, expertise or a combination thereof, to perform a Service.

4. Scope:

- 4.1. This policy applies to all Members of Council and Administration, including City owned entities.

5. Guiding Principles:

- 5.1. The City of Lloydminster abides by the following principles for all Procurement related activities:
 - 5.1.1. ethical behavior and conduct, ensuring impartiality, fairness, openness, integrity and professionalism;
 - 5.1.2. open and effective competition, ensuring that all interested Vendors and participants are subject to the same terms, conditions, and requirements; and
 - 5.1.3. compliance with trade agreements and all applicable legislation.

5.2. The City shall ensure Best Value by encouraging the consideration of overall cost in the acquisition of Goods and Services, including but not limited to:

- 5.2.1. acquisition cost;
- 5.2.2. operating costs;
- 5.2.3. life cycle costing; and
- 5.2.4. salvage value and delivery.

5.3. The City will consider and evaluate the relevance of price and non-price factors prior to commencing the purchasing process.

6. All members of Administration:

6.1. Shall authorize purchases within their approved threshold only. All amounts within this policy are inclusive of all applicable additional fees or charges with the exception of Goods and Services Tax (GST). Some of the applicable fees include but are not limited to:

- 6.1.1. Environmental tax; and
- 6.1.2. Disposal surcharges.
 - i. Provincial Sales Tax (PST) will be evaluated on a case by case basis.

6.2. Shall not subdivide, split, or otherwise structure Procurement documents in order to reduce the Procurement value and avoid the requirements of this policy. For the purpose of this policy, all references to Procurement values shall be the total, not annual, Contract value.

6.3. Shall not use Personal Reward Programs when making purchases with Purchasing Cards or through Purchase Orders.

6.4. Shall protect information received in relation to a Competitive Process or the award of a Contract in accordance with the provisions of the *Local Authority of Freedom of Information and Protection (LAFOIP)*.

6.5. A corporation or organization that employs a member of City of Lloydminster Administration, may be eligible to bid, or be awarded a Contract to provide a Service or Good to the City provided that:

- 6.5.1. The member of Administration is not employed or connected to the area that the service is being provided;
- 6.5.2. The contractor's use of the member of Administration is consistent with all governing legislation and does not create an unsafe or dangerous condition for the City or the member of Administration; and
- 6.5.3. The contractor's use of City employment is consistent with open and transparent government.

- i. At the time a member of Administration is no longer employed for the City, a cooling off period of twelve (12) months will be administered whereas the corporation or organization that employs that former City employee shall not be eligible to bid or be awarded a Contract if that former employee is directly involved in the award.
- ii. Bidding eligibility may be subject to further review by the City Manager or delegate.

7. Executive Managers, Directors, Senior Managers, Managers, Purchasers or Designates:

- 7.1. Shall identify the need for Procurement and develop requirements and specifications to be satisfied through the process.
- 7.2. Shall ensure that Procurement practices are fair and meet the guiding principles and objectives of this policy.
- 7.3. Shall properly plan Procurement, keeping in mind budget, timelines and other applicable conditions.

8. Procurement Department:

- 8.1. Shall monitor Procurement to ensure compliance with applicable laws, regulations, trade agreements, bylaws, policies and procedures, as well as opportunities for cost savings or strategic sourcing.
- 8.2. Shall provide reports on Procurement to Council and the public on a quarterly basis, and as required.
- 8.3. Shall publish a notice of participation with the Buying Group at least once annually on the tendering websites as listed in this policy.
- 8.4. Shall report any known non-compliance with the Procurement and Purchasing Policy to the City Clerk when discovered.

9. Office of the City Clerk:

- 9.1. Shall, in conjunction with the Procurement Department, ensure compliance with applicable laws, regulations, trade agreements, and bylaws and policies.
- 9.2. May review all Contracts, bids and tender documents.
- 9.3. Shall monitor and review proposed changes to Contract templates.

10. Chief Financial Officer (CFO) or Delegate:

- 10.1. Shall oversee and monitor the financial duties of carrying out all acquisitions.
- 10.2. Shall oversee and track budget restrictions and advise on constraints and budget adjustments.

11. City Manager or Delegate:

- 11.1. Shall oversee the conduct and activities of Administration in carrying out the Procurement and/or purchase of Goods and Services.

12. City Council:

- 12.1. Shall determine the allocation of resources through an approved operating and capital budget.
- 12.2. May review, approve and deny by resolution, any amendments to operating and capital budget and Procurement and/or purchases that exceed the delegated authority of the City Manager.

13. Procurement Acquisitions:

- 13.1. When making one-time purchases within the following thresholds, Purchasers shall request a written quote from a minimum of three (3) suppliers.
 - 13.1.1. Goods and/or Services exceeding \$10,000, but less than \$75,000
 - 13.1.2. Construction exceeding \$25,000, but less than \$200,000
 - 13.1.3. Supervisors may direct Purchasers to proceed by RFX or may request from Purchasers for the Procurement Department to lead an Open Competition.
- 13.2. If three written quotes cannot be obtained, with approval from their Supervisor, Purchasers may:
 - 13.2.1. cancel the purchase; or
 - 13.2.2. revise the Request for Quotes and reissue, or
 - 13.2.3. if two bids are received, award the lowest bid or Best Value quote, or
 - 13.2.4. Single Source
- 13.3. Open Competition shall be required for:
 - 13.3.1. Goods and/or Services, that are \$75,000 or greater; or
 - 13.3.2. Construction that is \$200,000 or greater.

- 13.4. With the exception of Qualifications-Based Selection, evaluation criteria for an Open Competition shall include a price component which accounts for:
 - 13.4.1. at least 60% of the final score for equipment purchases;
 - 13.4.2. at least 35% of the final price for all other purchases.
- 13.5. All Procurement shall be posted to the following websites: Alberta Purchasing Connection, SaskTenders, and the City of Lloydminster's BidsandTenders.
 - 13.5.1. In addition to the above, Construction related Procurement shall be posted to the BuildWorks Canada website.
- 13.6. Agreements shall not exceed three years with an option to extend for a maximum of two, one-year terms, without re-tendering, unless authorized by the City Manager or delegate.
- 13.7. Sole Sourced Procurement may be conducted for obtaining Goods and/or Services of any value without a Competitive Bid Process when:
 - 13.7.1. the Purchaser confirms:
 - i. there is only one available supplier of a required Good and/or Service that meets the needs of the City;
 - ii. no alternatives or substitutions exist, or
 - iii. the Procurement aligns with the exceptions under the applicable Trade Agreements;
 - 13.7.2. a Situation of Urgency exists; or
 - 13.7.3. the Goods and/or Services are valued at \$10,000, or less.
- 13.8. Single sourced Procurement may be used for Goods and/or Services of any value without a Competitive Bid Process when the Procurement Department confirms;
 - 13.8.1. a Procurement process has been conducted in accordance with this policy and has not resulted in the receipt of any bids; or
 - 13.8.2. only one bidder/supplier is able to meet the requirements of the deliverables such as, but not limited to;
 - i. ensuring compatibility with existing products;
 - ii. exclusive copyrights and patents;
 - iii. maintenance of specialized products that are required to be maintained by the manufacturer or its representatives; or
 - iv. if not doing so voids warranty or Service.
- 13.9. The City may participate in cooperative or joint Purchasing initiatives, such as Buying Groups, with other entities where such initiatives are deemed to be in the best interests of the City.

- 13.9.1. Procurement over \$75,000 shall have this Procurement approach brought forward for approval before the commencement of the Procurement, or to Council for decision if the value exceeds Administration's approval thresholds.
- 13.10. The City may engage in Qualifications-Based Selection, such as the Integrated Project Delivery method, when deemed advantageous for the City. This Procurement approach shall be brought forward for approval before the commencement of the Procurement or to Council if the value exceeds Administration's approval thresholds, provided that once Council has approved the use of an Integrated Project Delivery method, further Council approvals will not be required for each subsequently procured component of the IPD project unless otherwise directed by Council.

14. Contingencies and Change Orders:

- 14.1. Purchasers may request contingency amounts of up to 15% of the Contract value at time of Contract approval, given the total Contract value and contingency do not exceed the approved budget for that project.
- 14.2. Change Orders of up to 15% may be issued, provided the cumulative value of the Change Orders plus the original Contract value do not exceed the original Council approved project budget and contingency amount.
- 14.3. In the event that a Situation of Urgency requires a Change Order to be issued above an already approved limit, the City Manager has the authority to issue the Change Order and shall notify Council.
- 14.4. All Change Orders shall have the scope of change, including terms of time and cost, accepted and signed off on by both the City, and the Vendor. In the event that a signed Change Order cannot be obtained without delaying the project, the terms are to be recorded and agreed upon with an executed Change Order signed within three (3) business days or in accordance with the applicable Contract.

15. Purchasing:

- 15.1. Purchasing Card purchases shall conform to the Purchasing Card Policy.
- 15.2. Purchasers may be granted purchasing and signing authority through their Supervisor, Executive Manager and the CFO on a case by case basis.
- 15.3. Signing authority for health benefits, legal fees, and utilities are exempt from the tables below, or if otherwise authorized by the City Manager and CFO.

15.4. All non-urgent, Competitively Procured Purchase Agreements and Contracts shall be signed in accordance with the table below:

15.4.1. Purchaser shall be 1st signatory when amount is within the approved budget, unless it is brought forward to Council.

15.4.2. If a delegate is assigned both 1st and 2nd signatory roles, an alternate ELT member shall be the 2nd signatory.

Approver	Amount
Council	Greater than \$200,000
City Manager	\$200,000
City Clerk, Chief Financial Officer, Chief of Staff and Executive Managers	\$100,000
Directors, Executive Coordinators and Fire Chief	\$75,000
Senior Managers and Managers or Delegate	\$50,000
Supervisor with delegated purchasing authority	Less than \$50,000
1st Signatory	2nd Signatory
Purchaser	Approver in accordance with the above-listed amounts

15.5. All purchases that are greater than \$200,000 and have been approved by Council shall fall to the City Manager for approval during internal software purchasing processes.

15.6. All Single or Sole sourced purchases shall be approved in accordance with the following table:

Approver	Amount
Council	\$50,000 and over
City Manager	\$25,000.01 – 49,999.99
City Clerk	\$10,000.01 - \$25,000

15.7. The Senior Manager of Finance shall be informed if a project requires additional funds for any of the following reasons:

- 15.7.1. is tendered and comes in over budget;
- 15.7.2. exceeds the budgeted amount over the course of the project; or
- 15.7.3. for unbudgeted purchases.

- i. For projects that require less than \$50,000, the Executive Leadership Team member and City Manager may approve a budget reallocation.
- ii. For projects that require \$50,000 or greater, Council may approve a budget reallocation or amendment.
- iii. Council shall be informed of all reallocations made by the Executive Leadership Team and City Manager.

16. Procurement Contracts and/or Purchasing Orders:

- 16.1. Purchase orders shall be used whenever a purchase is not made on a Purchasing Card, payment request, payment voucher or paying a utility bill.
- 16.2. Purchasers shall, at all times, ensure their direct Supervisor(s) are aware of any and all purchases submitted for approval.
- 16.3. All Contracts shall be reviewed by the Office of the City Clerk and dually signed in accordance with Section 15.4.
- 16.4. Any Contract, Procurement and/or purchase approved by Council shall be signed and sealed by the Mayor and the City Clerk, unless otherwise directed by a resolution of Council.
- 16.5. All Contracts and Purchase Orders shall have all proper documentation attached.
- 16.6. The City requires and retains one fully executed copy of all Contracts to be held in Legislative Services.

17. Penalty:

- 17.1. Any staff member found to be in violation of this policy may be subjected to a disciplinary action. Such action may be dependent upon the nature of the breach of this policy; discipline may range from a verbal warning to dismissal with cause.
- 17.2. Any Member of Council found to be in violation of this policy may be dealt with utilizing the "*Code of Conduct Bylaw*" or provisions of "*The Lloydminster Charter*."

18. Responsibility:

- 18.1. City Council shall review and approve all policies.
- 18.2. City Council shall appoint an external auditor to review the Procurement and Purchasing Policy and City purchases.
- 18.3. City Administration shall administer the policy through the use of a supporting procedure.
- 18.4. Sponsoring Department is responsible for creating and amending a supporting procedure.