



**City of
Lloydminster**

Policy

Policy Title:	Procurement and Purchasing Policy		Policy Number:	134-01	
Date of Council Approval:	March 26, 2018	Motion No.:	81-2018	Year of Review:	2021
Department Sponsored by:	Operations				

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.

2. Objective:

- 2.1. Ensure compliance with all applicable laws, regulations, bylaws, policies and trade agreements and adherence to the highest standards of ethical conduct;
- 2.2. Use of a Competitive Process for all purchases that are \$75,000 or greater for Goods and Services and are \$200,000 or greater for Construction, 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 while avoiding preferences for local suppliers for purchases that fall within the requirement of a Competitive Process.
- 2.4. Achieve the best value for the City of Lloydminster through an open, fair, accountable and transparent Procurement Process.
- 2.5. Communicate a clear and accountable Procurement and purchasing process to the public and Administration.

3. Definitions:

Administration	An employee or Contract employee of the City of Lloydminster.
Change Order	A written instruction and approval between the City of Lloydminster and the Contractor to make changes to the work in accordance with the Construction Contract.
Competitive Process	A publicly posted open 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 and includes 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, but does not include professional consulting Services related to the construction Contract unless they are included in the Procurement.
Contra	A barter arrangement between two parties who exchange Goods or Services.
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 at least 3 members of Administration, including the Purchaser, used to evaluate all received RFx documents submitted during a Competitive Process. The same team is to be used throughout the Vendor Performance and Post Contract Evaluation stages.
Good	A thing that is produced, manufactured, grown, or used for a commercial purpose.
Members of Council	An individual elected pursuant the Saskatchewan Elections Act 2015 as a Member of Council.
Personal Reward Programs	An incentive program where a percentage of the amount spent is paid back to the card holder in any form, including but not limited to cashback or points.

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
Purchaser	A member of Administration who is responsible for the Procurement and/or purchase of any Good, Service or Construction.
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.
Quotation	A statement setting out the estimated cost 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 Proposal (RFP), Request for Quotation (RFQ), Request for Pre-Qualifications (RFPQ), Request for Tenders (RFT), Request for Standing Offer (RFSO), Quality Based Selection (QBS), etc.
Scope of Work	An accurate, detailed, and concise description of the work to be performed by the contractor, the owner, and all third parties in a Construction project or Contract for Services broken down into specific tasks 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 of Lloydminster or a member of Administration including Members of Council.
Situation of Urgency	A situation where the purchase of the Good or Service is necessary because of 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.

4. Scope:

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

5. Guiding Principles:

- 5.1. The City of Lloydminster abides by the following principles for all Procurement related activities:
 - a) Ethical behavior and conduct;
 - b) Open and effective competition; and
 - c) Compliance with trade agreements and all pertinent legislation.

- 5.2. Ethical Behavior and Conduct;
 - a) Administration will behave with impartiality, fairness, independence, openness, integrity and professionalism when conducting business to ensure fairness to all actual and potential business partners and the public.

- 5.3. Open and Effective Competition;
 - a) Administration will ensure that all interested vendors are provided with opportunity to conduct business with the City of Lloydminster and that all participants are subject to the same terms, conditions and requirements. Furthermore, that all Procurement documents and Contracts accurately reflect the requirements of the City and are not unreasonably biased to favour a particular vendor.

- 5.4. Best Value Acquisition;
 - a) The City encourages the consideration of overall cost in the acquisition of Goods and Services, including but not limited to: acquisition cost, operating costs, life cycle costing, salvage value and delivery. The City will consider and evaluate the relevance of price and non-price factors prior to commencing the Competitive Process.

6. All Employees:

- 6.1. Shall procure and/or make purchases in compliance with all applicable trade agreements, including but not limited to:
 - a) Canadian Free Trade Agreement (CFTA);
 - b) New West Partnership Trade Agreement (NWPTA);
 - c) Canadian-European Union (EU) Comprehensive Economic and Trade Agreement (CETA).

- 6.2. Shall comply with all applicable laws, regulations, bylaws and policies.

- 6.3. Shall authorize only the purchases within their approval thresholds. All dollar figures in the policy are inclusive of all applicable additional fees or charges, including but not limited to Goods and Service Tax (GST), environmental tax, and disposal surcharges.
- 6.4. Shall not subdivide, split, or otherwise structure Procurement documents in order to reduce the Procurement value and avoid the requirements of this policy.
- 6.5. Shall not use Personal Reward Programs when making purchases with Purchasing Cards or through Purchase Orders.
- 6.6. Shall not make any purchases using any form of Contra or any other form of an exchange of products for Services or vice versa.
- 6.7. Shall protect information received in relation to a Competitive Bid Process or the award of a Contract in accordance with the provisions of the *Local Authority of Freedom of Information and Protection (LAFOIP)*.

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, after identifying a need for Procurement;
 - a) determine the type of Procurement document required and develop a work plan including but not limited to the specifications, Scope of Work, and evaluation criteria;
 - b) establish the Evaluation Team prior to the RFX document being posted.
 - c) identify any applicable conditions which must be adhered to if grants are to be used in whole or in part to fund the Procurement.
- 7.3. Shall support the appropriate education to employees involved in the process.
- 7.4. Shall monitor and advise Supervisors on budget availability and potential sources of funding, including associated job, activity and object (JAO) numbers;
- 7.5. Delegate purchasing authority to staff as required and when approved by the Chief Financial Officer or Delegate.
- 7.6. May authorize the release of holdbacks, letters of credits and bonds upon Contract completion.

8. Procurement Department:

- 8.1. Shall monitor Procurement to ensure compliance with applicable laws, regulations, trade agreements, bylaws, policies and procedures.
- 8.2. Shall ensure Evaluation Teams are providing consistent evaluations and record all forms and documents for tracking purposes.
- 8.3. Shall provide templates and conduct regular spot checks of RFX documents to ensure compliance.
- 8.4. Shall work in conjunction with Office of the City Clerk to ensure policies, regulations and legislation affecting Procurement is up to date and available to staff and the public.
- 8.5. Shall report all Procurement activity that is \$75,000 or greater to City Council on a quarterly basis at Governance and Priority Committee Meetings.
- 8.6. Shall analyze the City's business requirements and identify opportunities for cost savings and strategic sourcing to the City's Executive Leadership Team.

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 the Competitive process.
- 10.2. Shall have final approval on all delegated Purchasing authority and shall, from time to time, monitor and track the Purchaser limits and amend as needed.
- 10.3. Shall oversee and track the budget restrictions and advise on constraints and re-budgets.

11. City Manager or Delegate:

- 11.1. Shall implement this policy and oversee the conduct and activities of Administration in carrying out the Procurement and/or purchase of Goods and Services.
- 11.2. Shall support the appropriate education to employees involved in Procurement and/or making purchases.

12. City Council:

- 12.1. Shall review and approve or not approve this Policy and any amendments by resolution.
- 12.2. Shall determine the allocation of resources through an approved Operating and Capital Budget.
- 12.3. 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. Goods and/or Services exceeding \$5,000 but less than \$75,000 and Construction exceeding \$5,000 but less than \$200,000 require a written quote from a minimum of three suppliers.
 - a) Supervisors may direct Purchasers to proceed by RFx or may request from Purchasers for the Procurement Department to lead a public RFx.
- 13.2. Purchasers may seek guidance from the Procurement Department when creating and issuing a request for quotes.
- 13.3. If three written quotes cannot be obtained Purchasers:
 - a) may cancel the purchase, revise the request for quotes and reissue, or Single Source; and
 - b) shall seek guidance from the Procurement Department and
 - c) shall seek approval from their Supervisor
- 13.4. Goods and/or Services, that are \$75,000 or greater shall use a public RFx.
- 13.5. Construction that is \$200,000 or greater shall use a public RFx.

- 13.6. Evaluation criteria for a Request for Quotations shall include a price component which accounts for:
- a) at least 60% of the final score for equipment purchases;
 - b) at least 45% of the final price for all other purchases.
- 13.7. Purchasers shall refer to Schedule "A" for a detailed Bid Document Selection Matrix for further clarification.
- 13.8. All Procurement that is \$75,000 or greater for Goods and/or Services and Procurement for Construction that is \$200,000 or greater shall be posted to the Alberta Purchasing Connection website, the SaskTenders website, the COOLNet Alberta website and the City of Lloydminster website and the Procurement Department shall be notified.
- 13.9. Sole sourced Procurement may be conducted for obtaining Goods and/or Services of any value without a Competitive Bid Process when:
- a) 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 NWPTA;
 - b) a Situation of Urgency exists; or
 - c) the Goods and/or Services are valued at \$5000 or less.
- 13.10. Single sourced Procurement may be used for Goods and/or Services of any value without a Competitive Bid Process when the Procurement Department confirms;
- a) a Procurement process has been conducted in accordance with this Policy and has not resulted in the receipt of any bids; or
 - b) only one bidder was 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.

14. Change Orders:

- 14.1. For purchases under \$200,000, 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 Council approved project budget.
- 14.2. For purchases over \$200,000 Purchasers may request Council approval for a contingency of up to 15% of the Contract Value during Contract approval.
 - a) If requesting a Contract contingency from Council, Purchasers shall clearly identify the percentage they are requesting, the amount and where the funds will come from at the time of Council approval.
- 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 at the next Scheduled meeting.
- 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 of Lloydminster Purchaser, and the Contractor. In the event that a signed Change Order cannot be obtained without delaying the project, the terms are to be verbally agreed upon with and 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. Purchasing Card purchases for Goods and/or Services that are \$5,000 or less, may require a verbal or written quote.
- 15.3. Purchases of Goods and/or Services that are \$5,000 or less not made on a Purchasing Card shall require a written quote.
- 15.4. Purchasers shall be granted purchasing authority through their Supervisors, and the CFO on a case by case basis.

- 15.5. All Procurement and/or Purchases shall be approved by the Purchaser's supervisor(s) in accordance with the following table:

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	\$75,000
Senior Managers and Managers or Delegate	\$50,000

- 15.6. All Purchases that are greater than \$200,000 and have been approved by Council shall fall to the appropriate executive member for approval during internal software purchasing processes.
- 15.7. All single or sole sourced purchases shall be approved in accordance with Schedule "A"
- 15.8. If a capital project is tendered and comes in over budget, the executive leadership team shall be informed.
- a) for capital projects that are less than \$10,000 over budget, the executive leadership team may approve a capital budget reallocation.
 - b) for capital projects that are \$10,000 or greater over budget, Council may approve a capital budget reallocation or amendment.
 - c) Council shall be informed of all reallocations made by the executive leadership team.

16. Procurement Contracts and/or Purchasing Orders

- 16.1. Purchase orders shall be used whenever a purchase is not made on a Purchasing Card except in accordance Section 16.10 and 16.11.
- 16.2. Contracts shall be used when the City purchases any Service or Construction.

- 16.3. All Contracts and purchase orders shall be signed by the Purchaser's supervisor in accordance with the following table:

1st Signatory	2nd Signatory
Mayor	City Clerk
City Manager	City Clerk
City Clerk, Chief Financial Officer, Chief of Staff and Executive Managers	City Manager
Manager, Senior Manager, Directors, and Executive Coordinator	City Clerk, Chief Financial Officer, Chief of Staff, City Manager and Executive Managers
Purchaser	Approver in accordance with Section 15.5

- 16.4. Purchasers shall at all times ensure their direct supervisors are aware of any and all purchases submitted for approval.
- 16.5. Any Contract, Procurement and/or Purchase with a total value over \$200,000 shall only be awarded and approved by a resolution of Council.
- 16.6. All Contracts shall be reviewed by the Office of the City Clerk and dually signed in accordance with Section 16.3.
- 16.7. 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.
- 16.8. All Purchase Orders shall have any related RFX submissions attached.
- 16.9. The City requires and retains one fully executed original of all Contracts to be held in Legislative Services and one copy, either electronic or paper, to be held in the Procurement Department.
- 16.10. Following full execution of capital project Contracts approved by Council Blanket Purchase Orders shall be created.
- a) Purchasers shall be granted the authority to draw progress payments in any amount, from the established Blanket Purchase Order in accordance with fully executed Contracts approved by Council.

- 16.11. Following the full execution of Contracts approved by Council that require reoccurring or progress payments, Blanket Purchase Orders may be created.
- a) Purchasers shall be granted the authority to draw reoccurring payments or progress payments, in any amount, from the established Blanket Order in accordance with fully executed Contracts approved by Council.
 - b) in the event a Purchase Order or Blanket Purchase Order is not used a Payment Voucher shall be used.

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

SCHEDULE "A"

Bid Document Selection Matrix

Estimated Procurement Value	Method of Procurement	Advertising	Authority	Execution of Contract
\$5,000.00 or less	Verbal or written quote from one or more Vendors	Advertising is NOT Required	P-Card or Purchase Order in accordance with policy #23-2017	N/A
Goods and Services \$5,000.01- \$74,999.99	Written Quotation (Request For Quotation) from a minimum of three (3) Vendors	Advertising is NOT Required	Senior Managers or Managers of Purchasers to \$50,000	Goods: if applicable, follow Section 16.3 of this policy Services: 1 st and 2 nd Signature per Section 16.3 of this Policy
			Director, Chief of Assessments, Executive Coordinator or Executive Manager of Purchasers to \$75,000	
Construction \$5,000.01- \$199,999.99	Written Quotation (RFQ) from a minimum of three (3) Vendors	Advertising is NOT Required	Senior Managers or Managers of Purchasers to \$50,000	1 st and 2 nd Signature per Section 16.3 of this Policy
			Director, Chief of Assessments, Executive Coordinator or Executive Manager of Purchasers to \$75,000	
			City Clerk, CFO, Chief of Staff or Executive Manager of Purchasers to \$100,000	
			City Manager to \$200,000	

Estimated Procurement Value	Method of Procurement	Advertising	Authority	Execution of Contract
Goods and Services \$75,000 and over	Competitive Process is Required	Advertising IS Required	City Manager, City Clerk, CFO, Chief of Staff, or Executive Manager of Purchasers	1 st and 2 nd Signature per Section 16.3 of this Policy
Construction \$200,000 and over	Competitive Process is Required	Advertising IS Required	Council	Mayor and City Clerk
Greater than previously approved budget			Council	Mayor and City Clerk
SOLE OR SINGLE SOURCE PURCHASES				
Up to \$10,000	N/A	Advertising NOT Required	Director, Chief of Assessments, Executive Coordinator or Executive Manager of Purchasers; and Purchasing Officer	1 st and 2 nd Signature per Section 16.3 of this Policy
\$10,000.01 - \$25,000.00	N/A	Advertising NOT Required	City Clerk and Purchasing Officer	1 st and 2 nd Signature per Section 16.3 of this Policy
\$25,000.01 - \$49,999.99	N/A	Advertising NOT Required	City Manager and Purchasing Officer	1 st and 2 nd Signature per Section 16.3 of this Policy
\$50,000.00 and over	N/A	Advertising NOT Required	Council	Mayor and City Clerk
SITUATION OF URGENCY PURCHASES				
Up to \$50,000.00	N/A	N/A	Director, Chief of Assessments, Executive Coordinator or Executive Manager of Purchaser, City Clerk, or City Manager	N/A
\$50,000.01 - \$99,999.99	N/A	N/A	City Clerk or City Manager	N/A

Estimated Procurement Value	Method of Procurement	Advertising	Authority	Execution of Contract
\$100,000.00 and over	N/A	N/A	City Manager	N/A