CITY OF AIRDRIE
PROCUREMENT POLICY

Effective Date: July 18, 2011  Revision Date: _____________
Approved By: City Council
Approved On: July 18, 2011  Resolution #: 2011 – C - 212

PURPOSE:

To establish the parameters for the acquisition of goods and services by the City of Airdrie. The policy establishes the basic direction, philosophies, climate and values upon which the purchasing function must operate. The objective of the City’s Procurement Policy is to ensure that goods and services are acquired through a fair, open, transparent and competitive process that uniformly balances the interests of taxpayers with the fair and equitable treatment of suppliers. Procurement Services uses competitive purchasing as the primary strategy in the procurement of goods and general services.

SCOPE:

This policy governs the acquisition of goods and services, by purchase or lease, with City funds from all sources including both operating and capital expenditures. Procurement Services has overall responsibility for administering this policy under the general direction of the Director of Corporate Services.

POLICY:

The City of Airdrie must maintain high legal, ethical, managerial, and professional standards in the management of the resources entrusted to it as a publicly funded entity. We must ensure that goods and services are acquired in a manner that ensures the City:

- obtains value for money by incurring the lowest cost of ownership in the fulfillment of specified needs with appropriate levels of quality and service;
- uses a fair and open process when calling for, receiving, and evaluating quotations and tenders;
- meets its statutory, legal and ethical obligations in the acquisition of goods and services by purchase or lease;
- employs trained staff skilled in purchasing techniques including negotiating, contractual terms and conditions, cost reduction techniques, and cooperative buying processes;
embeds ethical, environmental and economic performance criteria into City supply chain procedures, processes and activities; and is consistent with all City policies.

When not prohibited by legislation, legal requirements or trade agreements, if a local source of supply can be found that can render the City of Airdrie as good a value as can be located elsewhere, it should be supported.

Roles and Responsibilities:

Procurement Services are responsible for:

- entering into purchasing contracts on behalf of the municipality;
- identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract;
- advising and assisting in the preparation of bid solicitations, contracts and agreements;
- ensuring compliance with the City’s Procurement Policy and Guidelines;
- reviewing and approving all public tender and Request For Proposal (RFP) documents before they are issued;
- reviewing bids, evaluation results and other relevant documents prior to the contract being awarded and certifying that the City’s Procurement Policy and associated procedures have been uniformly applied using a fair and transparent process when calling for, receiving and evaluating quotations and proposals; and
- meeting the legal and ethical obligations in the purchase of goods and services.

All staff are responsible for:

- obtaining the best value for money by achieving the specified needs of quality, health and safety standards, productivity, service life and total cost of ownership;
- using a fair and transparent process when calling for, receiving and evaluating quotations and proposals;
- meeting the legal and ethical obligations in the purchase of goods and services;
- securing expense authorization prior to any purchase, except emergency purchases as defined in Methods of Procurement, Item 9;
- retaining documentation for review and auditing;
- using purchasing agreements when the municipality can gain an advantage;
- identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract;
- obtaining purchasing or legal assistance or advice when necessary; and
- ensuring a supplier of goods and services holds a valid City business license and adequate required insurance (when applicable).
DELEGATION OF PURCHASING AUTHORITY

Procurement authority is established and delegated in accordance with the Municipal Government Act, RSA 2000, Chapter M-26 (MGA) and City policies. The MGA sets out the signing authorities for the City of Airdrie. Any procurement that involves a contract or agreement that binds the City must be signed in accordance with the Signing Authority Policy.

As a means of ensuring a consistent approach to managing and conducting procurement as a strategic activity, only Procurement Services is authorized to generate purchase orders with vendors to execute purchases.

Departments submit approved requisitions to Procurement Services, which initiates the procurement process. Purchasing can take place upon conversion of a requisition to a purchase order approved by Procurement Services, subject to policy and authority limits.

City staff may submit a purchase requisition if:

a) sufficient funding has been provided for in the approved budget or the budget as amended; and
b) in the event of purchases in excess of $25,000, Procurement Services has certified that the City’s Purchasing Policy and Purchasing Procedures have been uniformly applied.

Authority to initiate any purchase approved in the budget or budget as amended is delegated based on procurement values as follows:

- a) Team Leaders up to $25,000
- b) Managers up to $75,000
- c) Directors up to $200,000
- d) City Manager over $200,000

Authority to enter the City into procurement agreements based on procurement value as follows:

- a) Buyer up to $25,000
- b) Senior Buyer up to $75,000
- c) Manager, Procurement Services up to $200,000
- d) Director of Corporate Services over $200,000
PURCHASING ACQUISITION PROCESS

Procurement Services must be involved in the acquisition when:

a) purchases are in excess of $25,000;
b) a purchase order is issued;
c) purchases where criteria other than price is being evaluated for award;
d) sole source purchases over $5,000;
e) purchase is a capital asset; or
f) the award of a contract or purchase is of a contentious or controversial nature (causing or likely to cause disagreement or disputes, causing argument or disapproval or subject to litigation)

All personnel having responsibility for purchasing activities are expected to ensure that the City of Airdrie acquires maximum benefit for the expenditures of its resources. Goods and services shall be acquired according to the following principles:

Purchases of Goods and Services of $5,000 or less:
Purchases that are random in nature, not included in a price agreement or available from inventory and are under the value of $5,000 do not require a purchase order. Purchases having a yearly aggregate cost of under $1000 can be made at the discretion of the Team Leader. A minimum of two verbal bids shall be obtained for purchases having an estimated yearly aggregate acquisition cost between $1000-$5000.

Purchases of Goods and Services above $5,000 to $25,000:
A minimum of two written quotations shall be obtained and documented from qualified suppliers. A purchase order is recommended.

Purchases of Goods and Services above $25,000 to $75,000:
Goods or services exceeding $25,000 require a minimum of three written quotations from qualified suppliers. Purchase orders are required. Departments are responsible to contact Procurement Services to solicit the competitive process in consultation with the user department.

Purchases for Goods and Services above $75,000:
Procurement transactions for goods and services of this value require a publicly tendered Request for Proposal (RFP) by Procurement Services. A purchase order is required.

Purchases above $200,000 or more for construction or maintenance:
Purchases of this value require a call for public tenders by Procurement Services. Public tendering may involve a public invitation to pre-qualify followed by invited tenders to qualified contractors. A purchase order is required.
Exceptions:

1. Purchase orders are normally not issued for the following items:
   - registration fees for conferences and other events;
   - travel arrangements such as hotels, rental cars, airline, etc.;
   - subscriptions;
   - memberships in professional, trade or other organizations;
   - restaurants and catering services;
   - whenever immediate payment is required - unless the purchase order is needed
to spell out terms of the contract; or
   - if the City has already received the item and the invoice.

2. Competitive quotations and tenders are not required for goods or services where the
supplier is a department, agency, or utility of the federal, provincial, regional or
municipal government.

METHODS OF PROCUREMENT

The following are the methods of procurement that may apply for a given purchase of
goods or general services under this policy:

1) Tenders: Used where goods or services are of high value and/or high risk and
the requirements and specifications are clearly defined. The City is the expert
and award criteria is heavily weighted to price. A contract is intended at the end
of the process for which little flexibility is required and a formal legal agreement
may be required.

2) Request for Proposal: Used for goods or services of any dollar value where
requirements and specifications are not clearly defined, the vendor is considered
the expert, a high degree of flexibility is required and negotiations may be
required. An RFP is a formal invitation to suppliers to describe how their services,
methods, equipment or products can address and/or meet specific needs of the
City. It is used when a supplier is invited to propose a solution to a problem,
requirement or objective.

3) Request for Quotation: Used when goods or services are of a low dollar value
and low risk to the City, requirements and specifications are clearly defined. The
City is considered the expert and the award criterion is heavily weighted to price.
This is an informal procurement process normally used when the cost and/or
nature of the work does not warrant the time and level of effort required for a
formal process.

4) Request for Information: Used for goods or services of any value where the City
has an idea and is looking for the best approach to execute it. The intent is to
source technical or commercial data for possible inclusion in a follow up process; a contract is not intended at the end of this process.

5) Request for Prequalification: Used to establish the commercial and technical abilities of a vendor and to ensure that the vendor will be capable of providing the required goods or services. Used to create bid lists when the requirements are repetitive.

6) Expression of Interest: Used to develop a list of potential bidders by gauging interest in an expected future procurement.

7) Negotiation: Used with one or more suppliers for the supply of goods and/or services when any of the following conditions exist:
   a) goods and/or services are in short supply due to market conditions;
   b) there is only one source of the goods or services;
   c) efforts at breaking identical bids have been unsuccessful;
   d) all bids received are not acceptable or exceed the amount budgeted for the purchase; or
   e) the extension or reinstatement of an existing contract(s) would be more cost effective or beneficial to the municipality.

8) Sole Source Purchases: Used when there is only one available supplier of a required product or service that meets the needs of the City, subject to regular review. Negotiation should be used to complete the terms and conditions for this purchase. A single source purchase may occur:
   a) 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;
   b) where an item is purchased for testing or trial use;
   c) where the City purchases supplies for resale;
   d) where the City has a rental contract with a purchase option and such purchase option could be beneficial to the City;
   e) purchase from another vendor would violate warranties and guarantees where service is required;
   f) for matters involving security or confidential issues a purchase may be made in a manner that protects the confidentiality of the contractor or the City.

9) Emergency Purchases: Used when a situation creates immediate and serious need which may not be reasonably met by other procedures and includes without limitation:
   a) a condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment or jeopardize the health or safety of the public; or
   b) interim contractual arrangements following the expiration or breach of a contract or the receipts of unacceptable or uncompetitive bids.

GENERAL PROVISIONS

This policy will comply and be conducted in accordance with relevant legislation, legal requirements and trade agreements, including:
a) Federal and Provincial Laws
   (i) Income Tax Laws and Regulations;
   (ii) Goods and Services Tax Laws and Regulations;
   (iii) Occupational Health and Safety;
   (iv) Worker’s Compensation; and
   (v) Freedom of Information and Protection of Privacy Act (FOIP)

b) Municipal Government Act of Alberta (MGA)

c) Municipal Bylaws and Council Policies

d) National Agreement on Internal Trade (AIT)

e) New West Partnership Trade Agreement.

Consequences of non-compliance with this Policy may result in violation of environment, safety or trade-related policy and agreements creating the potential for legal challenges and/or penalties to the City.

The City Manager or the Director of Corporate Services must approve any exceptions to this Policy.

Mayor

City Clerk