



**TOWN OF BLACKFALDS
REGULAR COUNCIL MEETING
REQUEST FOR DECISION**

MEETING DATE: June 22, 2021

PREPARED BY: Justin de Bresser, Director of Corporate Services

SUBJECT: Purchasing Policy Update

BACKGROUND:

The Purchasing Policy was last updated in 2011, and the current policy is due for a review. In an effort to streamline the purchasing abilities of authorized staff, Administration has made further amendments for Council's consideration, including a new procedure. Feedback from the Standing Committee Meeting on June 14 was also used to further amend the Policy.

DISCUSSION:

The Purchasing Policy is essentially the rules in order to procure goods and services within a defined range of conditions. This document enables authorized personnel to efficiently carry out their duties whilst maintaining a consistent approach.

The Purchasing Policy has undergone an extensive review in order to update the policy and procedure to current practices. The Finance Team initially reviewed the document and made the required changes and feedback from the managers group was also welcomed.

The new marked up document has been provided with any additions included in red, whereas any deletions from the old Policy has been struck out.

Administration has expanded the section for Local Preference (Section 5) and added a new section speaking to the procurement of green products and services (Section 13). The green procurement section emphasizes the importance on goods and services that have a positive impact on the environment at all stages of the products life cycle. This section also speaks to the importance of the cost benefit of green procurement.

One additional change was made from the June 14 Standing Committee Meeting on Local Preferences (Section 5), which clarifies that subject to the processes in Section 4, employees may refer prime contractors to local businesses that can act as suppliers and contractors.

ADMINISTRATIVE RECOMMENDATION:

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| <ol style="list-style-type: none">1. That Council accepts the recommendation of the Standing Committee of Council in the approval of the Purchasing Policy 151.21 as presented. |
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ALTERNATIVES

- a) That Council refers this item back to Administration for further discussion.



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Attachments:

- 151.21 Purchasing Policy – Clean Copy
- 151.21 Purchasing Policy – Marked-up Copy
- 2011 Purchasing Policy

Approvals:



CAO Myron Thompson



Department Director/Author

Policy No.: 151.21 Policy Title: Purchasing Policy Department: Corporate Services Effective Date: Reviewed: June 2021 Revised: June 2021 July 2011 April 2007 Supersedes Policy/Bylaw: 2011 Purchasing Policy	Council Approval: Resolution No: Date:
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Policy Statement

The Town of Blackfalds delivery of services and acquisition of assets will be performed in a manner that might best achieve a high-quality product and/or service while maintaining an accountable, transparent, efficient and fair purchasing process. Investing in our community is done with an ever-present consideration of the financial impact on the taxpayers.

1. Reason for Policy

- 1.1 Acquire goods and services for the Town of Blackfalds using a method that provides best value for the dollars spent.
- 1.2 Restrict purchasing powers to only persons possessing such authority through the purchasing policy or bylaw of the Town of Blackfalds.
- 1.3 Ensure proper approval procedure.
- 1.4 Purchases made in accordance with this policy shall not require Council approval provided budget appropriation approved by the Town Council has not been exceeded.

2. Definitions

- 2.1 Purchase Order: A commercial electronic document and first official offer issued by a buyer to a seller, indicating types, quantities and agreed prices for products or services. Created in the financial system to approve a purchase prior to committing the expense with a vendor and reflect the financial commitment in the system against the cost GL code.

- 2.2 Request for Proposal (RFP): A solicitation often made through a bidding process, by an agency or company interested in procurement of a commodity, service or valuable asset, to potential suppliers to submit business proposals.
- 2.3 Tender: To make a formal written offer to carry out work, supply goods, or buy land, shares, or another asset for a stated fixed price and where all services, ~~shares~~, or another asset for a stated fixed price and where all services, work and outcomes are clearly defined. A mandatory evaluation criterion is set prior to the release of the invitation to tender and a criterion is applied to acceptance of a tender, including budgetary consideration. The option to not proceed with a project or purchase must be dealt with in a change order fashion and not negotiated at the time of awarding the contract.
- 2.4 Best Value: A combination of quality, timeline, cost, and efficiency is used to calculate the best value. The value of each criterion for purchases is determined at the time of acquisition of the product and/or service.
- 2.5 Emergency: An event that requires prompt coordination of actions or special regulations of persons or property to protect the safety, health or welfare of people or to limit damage to property.
- 2.6 Local Supplier: A person, firm, corporation or business which has a valid Town of Blackfalds business license and has a business address located within the corporate limits of the Town and/or within a 10 km radius.
- 2.7 Business Licence: A permit authorized and issued by the Town of Blackfalds to allow individuals or companies to conduct business within the Town of Blackfalds geographical jurisdiction.
- 2.8 Green Procurement: Purchasing products or services, which minimize, or provide favourable environmental impacts.
- 2.9 Single Source: Refers to a product or service that is proprietary and no alternate sources of supply/service exist.
- 2.10 Purchasing Authority: Refers to the authority granted to an employee to purchase and/or approve the purchase of goods and or services on behalf of the Town. This does not include the authority to sign or execute contracts.
- 2.11 Trade Agreements: The Canadian Free Trade Agreement, the New West Partnership Trade Agreement and any future trade agreements the Town may become subject to plus any amendments made to these Trade Agreements.

3. Responsibilities

3.1 Municipal Council to:

3.1.1 Approve by resolution this policy and any amendments;

3.1.2 Consider purchasing processes for successful implementation of this policy.

3.2 Chief Administrative Officer to:

3.2.1 Implement this policy and approve procedures;

3.2.2 Ensure policy and procedure reviews occur and verify the implementation of policies and procedures.

3.3 Director of the Department to:

3.3.1 Ensure implementation of this policy and procedure;

3.3.2 Ensure that this policy and procedure is reviewed every three years;

3.3.3 Make recommendations to the Chief Administrative Officer of necessary policy or procedure amendments.

3.4 Manager to:

3.4.1 Understand, and adhere to this policy and procedure;

3.4.2 Ensure employees are aware of this policy and procedure.

3.5 All Employees to:

3.5.1 Understand and adhere to this policy and procedure.

4. Appendix

4.1 None

5. End of Policy

PROCEDURE	Policy No.: 151.21 Policy Title: Purchasing Policy Department: Corporate Services
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1. Preamble

- 1.1 The purpose of the Purchasing Policy is to establish and delegate purchasing authority, ensure fairness and expediency in Town purchases, reflect a commitment to protect our local economy and ensure compliance with legislation and current trade agreements.

2. Authorization

- 2.1 The following employees of the Town of Blackfalds will have authorization to issue a purchase order for purchases in the listed ranges:

▪ Chief Administrative Officer	No Limit
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▪ Environmental Foreman	Up to \$2,500
▪ Recreation and Culture Programmer	Up to \$2,500
▪ Fitness and Aquatic Programmer	Up to \$2,500

- 2.1.1 Upon approval of the department Director ~~and the Chief Administrative Officer~~, additional staff members may be authorized to issue purchase orders for purchases up to a maximum of \$2,500.00.

- 2.1.2 Authorized personnel will be responsible for expenditures in their department only. In the case of an order containing goods and services for two or more departments, each authorized signing authority is required to code and

approve the invoice for payment, or sign a purchase order, whichever is required.

3. Vendor Relations

- 3.1 To maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all dealings. At all times, applicable laws must be observed. In this regard the following should apply when dealing with suppliers and their representative:
 - 3.1.1 Offer prompt and courteous reception, as well as fair and equal treatment, to all suppliers and their representatives.
 - 3.1.2 Provide equal opportunity for all suppliers to respond to the Town's procurement requirements.
 - 3.1.3 Guarantee the confidentiality of all specifications and price quotations made by vendors responding to a Request for Proposal. Bottom line quotes will be made public in accordance with FOIP and the *Municipal Government Act*.
 - 3.1.4 If for any reason a supplier is permitted to re-quote, their competitors will be given the same opportunity.

4. Purchase

- 4.1 The direct purchasing process allows purchases of items under \$2,000 dollars to be left to the discretion of the authorized signing authority. There is no competitive pricing requirement, but the signing authority is expected to obtain the best possible value for the taxpayer's money.
- 4.2 That three written price estimates be obtained prior to the purchasing of budgeted items valued between \$2,001 dollars and \$5,000 dollars. Copies of written price estimates shall be attached to the final invoice for payment.
- 4.3 A purchase order must be issued for any purchase of goods or services that do not have a contract or agreement in place and exceed \$5,000. Three written confirmations of price estimates must be received prior to the purchase of budgeted items valued at \$5,000 to \$10,000.
- 4.4 Purchase orders must be completed within the financial system and bear the appropriate authorization as per the Purchasing Policy prior to ordering the goods or services on behalf of the Town. The approving individual is responsible to ensure that the purchase is appropriate and within budgetary guidelines. A purchase order that does not correspond in value to an invoice must have a written explanation for any variance exceeding 5% or \$500.00.

- 4.5 Procurement of goods and services between \$10,000 and \$75,000 shall be awarded on the basis of written Request for Proposal. If there are local suppliers, the request for written Proposals shall be advertised locally or the local suppliers shall be invited to respond. If verbal invitations are extended to local suppliers, the buyer shall ensure that the identical information is given to each of those suppliers. Requests for Proposal shall include all acceptable known local suppliers and may include out-of-town suppliers.
- 4.6 Procurement of goods and services over \$75,000 shall be awarded on the basis of:
- 4.6.1 Written tender submissions to be prepared by a designated engineer and used for projects and/or services that have enough detailed information to limit the number of change orders required and prevent project cost overruns.
- 4.6.2 Written Request for Proposals are to be prepared by department Directors and used for projects that have specified outcomes and are open to the methods of delivery.
- 4.6.3 Requests for Proposals/Tenders must not exceed thresholds of Trade Agreements.
- 4.7 Tenders and Request for Proposals for procurement of goods and services for capital works shall be advertised, and/or undertaken by invitation for known local and non-local suppliers.
- 4.8 The evaluation criteria in which Tenders/Proposals are ranked and chosen may be determined by the Director depending on the nature of the purchase and the expertise required.
- 4.9 Unless otherwise specified by Council, the Chief Administrative Officer is delegated the authority to accept any proposal, the value of which does not exceed \$100,000; as long as,
- 4.9.1 The goods or services are provided for in an approved budget;
- 4.9.2 Multi-year service contracts will be approved by Council;
- 4.9.3 The Tender or Proposal is to be awarded based on best value.
- In the event of the following, the Tender or Proposal shall be submitted to Council for approval:
- 4.9.4 The budget allocation is insufficient in the opinion of the Chief Administrative Officer;
- 4.9.5 The award is to be made to any firm with a proposal that does not demonstrate best value.

4.9.6 All Tenders or Proposals over \$100,000 shall be submitted to Council for approval.

4.10 The lowest estimate will not always be accepted, if consideration of warranty, special conditions and availability make the lowest bid less desirable.

5. Local Preference

5.1 Preference should be given to Town of Blackfalds based suppliers and contractors with the final decision based on an overall “best value” evaluation. This is subject to ensuring the Town does not exceed the thresholds of Trade Agreements.

5.1.1 Employees with purchasing authority are encouraged to make all direct purchases from local businesses, where possible.

5.1.2 Employees with purchasing authority are encouraged to invite all qualified local businesses to submit a quotation for goods and services as part of the competitive pricing or quotation process.

5.1.3 When the Town awards a contract through the process set out in Section 4, employees with purchasing authority may suggest and recommend to the Prime Contractor local businesses that can act as suppliers and subcontractors.

5.1.4 When evaluating different vendors on the price factor, ensure prices are directly comparable. When comparing prices; supplies for purchases below \$75,000. Employees with purchasing authority may accept a local price preference of 5% to a maximum of \$2,000.

6. Managing Capital Projects

6.1 All contracts for capital projects shall be awarded according to the Town’s Purchasing Policy. Administration of all capital projects is the responsibility of the Chief Administrative Officer who may delegate such responsibility to the appropriate Director or another person. The Chief Administrative Officer or that delegated person shall approve all expenditures i.e., progress payments up to the approved contract price. Where administrative responsibility has been delegated, the person to whom the responsibility is delegated shall ensure:

6.1.1 That the work, goods supplied or service supplied has met the standard specifications contracted for;

6.1.2 That the price charged is according to the contract and where a progress or similar payment is involved, that the portion of the contract being paid for is complete in all respects;

6.1.3 That all the terms and conditions specified by the Town have been met;

- 6.1.4 That funds are available within the capital project budget; and
- 6.1.5 That the expenditure is charged against the activity to which it is coded. The Chief Administrative Officer may revise terms and conditions of a contract providing that the revision does not substantially change the project, or cause the project to exceed the budget. Changes to contracts exceeding contingency amounts, will not be changed without Council's prior approval, except in an emergency as deemed necessary by the Chief Administrative Officer.

7. Responsibility

- 7.1 Every authorized employee is responsible for ensuring that Purchase Orders are used within the specified guidelines and approval is obtained prior to making purchases.
- 7.2 It is the responsibility of all to obtain the best possible value for the taxpayer's dollar and to ensure that their purchasing authority is not abused.
- 7.3 Misuse or abuse of the purchasing authority may result in disciplinary action or termination.

8. Petty Cash

- 8.1 An employee may be reimbursed for purchases made for by the individual and authorized by the supervisor to an amount of \$100.00. The reimbursed amount will be paid out of the Town's petty cash fund upon presentation of a paid receipt.
- 8.2 The Director of Corporate Services or designate is authorized to reimburse cash purchases.

9. Business Licences and Worker's Compensation

- 9.1 Those successful bidders, where applicable, shall be required to have a Town of Blackfalds Business Licence as per the bylaw prior to the start of work, and this requirement shall be included in the Tender or Request for Proposal document.
- 9.2 Where required, Workers' Compensation Numbers shall be provided to the Town prior to the start of work and this requirement shall be included in the Tender or Request for Proposal document.
- 9.3 When a contractor is required to have WCB. Payment of invoice's will be held until WCB clearance is obtain, where the labour portion of the invoice is over \$1,000

10. Other Over-riding Factors

- 10.1 The Director of Corporate Services may approve the issuance of an open purchase order for local vendors as requested by a department Director. All receipts and applicable purchase orders must be submitted to the Accounts Payable Clerk immediately after the procurement of goods.
- 10.2 Any change will constitute a reissue of the Purchase Order.

11. Single Source

- 11.1 Single source is a product or service that is proprietary and no alternate sources of supply/service exist. Each single source purchase must have a clearly defined backup to demonstrate what makes it qualify for this type of purchase.
- 11.2 Repairs to equipment and/or facilities that require immediate attention may be obtained through a single source type of purchase. Single source Vendors should be known for their ability to deliver best value on a regular basis.

12. Exceptions

- 12.1 For emergencies or single source supplies, the requirements of competitive bidding in this policy may not be followed. For emergency purchases, approval must be obtained as soon as possible from the Director (for \$2,000 to \$10,000), Chief Administrative Officer (for amounts exceeding \$100,000), and Council will be advised at the next scheduled Regular Meeting of Council.
- 12.2 Notwithstanding anything in this Policy, the CAO may authorize any required expenditures in emergency situations where:
 - 12.2.1 The health and safety of employees or the public is at risk
 - 12.2.2 The loss or failure of infrastructure is at risk;
 - 12.2.3 Any delay in procuring goods and services could jeopardize the Town's ability to provide essential services; or,
 - 12.2.4 Pursuant to an enactment such as the *Emergency Management Act*.

13. Green Procurement

- 13.1 Green Procurement means purchasing products or services, which minimize, or provide favourable environmental impacts. It takes into consideration the costs and environmental consequences of a product in all stages of its life cycle.
- 13.2 The Town will consider Green Procurement when making purchasing decisions when Goods and Services are available at competitive prices, and the environmental

benefits provided do not negatively affect the intended end use. Sustainable criteria will be examined when purchasing products and services.

- 13.3 All purchases will be made with the effort to procure, when feasible, recycled products, reusable products, and products designed to be recycled as long as the price differential is reasonable.

14. End of Policy



Town of Blackfalds POLICY

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Town of Blackfalds POLICY

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**Town of Blackfalds
POLICY**

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Town of Blackfalds POLICY

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Town of Blackfalds POLICY

- 4.5 ~~That three written confirmations of price estimates be received prior to the purchase of budgeted items valued at \$5,000.00 to \$10,000.00. Copies of the recorded telephone and/or internet estimates shall be attached to the final invoice for payment.~~ **Moved this section to 4.3.**
- 4.6 Procurement of goods and services between \$10,000 and \$75,000 shall be awarded on the basis of written Request for Proposal. If there are local suppliers, the request for written Proposals shall be advertised locally or the local suppliers shall be invited to respond. If verbal invitations are extended to local suppliers, the buyer shall ensure that the identical information is given to each of those suppliers. Requests for Proposal shall include all acceptable known local suppliers and may include out-of-town suppliers.
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- 4.10.1 The goods or services are provided for in an approved budget;
 - 4.10.2 Multi-year service contracts will be approved by Council;
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In the event of the following, the Tender or Proposal shall be submitted to Council for approval:

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Town of Blackfalds POLICY

- 4.10.4 The budget allocation is insufficient in the opinion of the Chief Administrative Officer;
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- 4.10.6 All Tenders or Proposals over \$100,000 shall be submitted to Council for approval.
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Town of Blackfalds POLICY

- 6.1.2 That the price charged is according to the contract and where a progress or similar payment is involved, that the portion of the contract being paid for is complete in all respects;
- 6.1.3 That all the terms and conditions specified by the Town have been met;
- 6.1.4 That funds are available within the capital project budget; and
- 6.1.5 That the expenditure is charged against the activity to which it is coded. The Chief Administrative Officer may revise terms and conditions of a contract providing that the revision does not substantially change the project, or cause the project to exceed the budget. Changes to contracts exceeding contingency amounts, will not be changed without Council's prior approval, except in an emergency as deemed necessary by the Chief Administrative Officer. ~~who will advise Council at their next scheduled meeting. This was moved down to 13.2.~~

7. Responsibility

- 7.1 Every authorized employee is responsible for ensuring that Purchase Orders are used within the specified guidelines and approval is obtained prior to making purchases.
- 7.2 It is the responsibility of all to obtain the best possible value for the taxpayer's dollar and to ensure that their purchasing authority is not abused.
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- 8.1 An employee may be reimbursed for purchases made for by the individual and authorized by the supervisor to an amount of **\$100.00**. The reimbursed amount will be paid out of the Town's petty cash fund upon presentation of a paid receipt.
- 8.2 The Director of Corporate Services or designate is authorized to reimburse cash purchases.

9. Business Licences and Worker's Compensation

- 9.1 Those successful bidders, where applicable, shall be required to have a Town of Blackfalds Business Licence **as per the bylaw** prior to the start of work, and this requirement shall be included in the Tender or Request for Proposal document.
- 9.2 Where **required** applicable, Workers' Compensation Numbers shall be provided to the Town prior to the start of work and this requirement shall be included in the Tender or Request for Proposal document.



Town of Blackfalds POLICY

Note of explanation: "Where applicable, is defined as where required," for example:

a. If the Town is to bring in a contractor to complete a capital project for the Town, and that contractor is working in Town and will be here in Town, they will be required to have a Town of Blackfalds Business License. If the Town purchases supplies out of Town and has them delivered, that supplier will not require a Town of Blackfalds Business License.

b. Contractors performing work for the Town of Blackfalds requiring that the contractor be registered with the Workers' Compensation board shall be required to supply their Workers' Compensation Board number to the Town of Blackfalds buyer. This number will then accompany the purchase order.

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9.3 When a contractor is required to have WCB. Payment of invoice's will be held until WCB clearance is obtain, where the labour portion of the invoice is over \$1,000

10. Other Over-riding Factors

- 10.1 The Director of Corporate Services may approve the issuance of an open purchase order for local vendors as requested by a department Director. All receipts and applicable purchase orders must be submitted to the Accounts Payable Clerk immediately after the procurement of goods.
- 10.2 Any change will constitute a reissue of the Purchase Order.

11. Single Source

- 11.1 Single source is a product or service that is proprietary and no alternate sources of supply/service exist. Each single source purchase must have a clearly defined backup to demonstrate what makes it qualify for this type of purchase.
- 11.2 Repairs to equipment and/or facilities that require immediate attention may be obtained through a single source type of purchase. Single source Vendors should be known for their ability to deliver best value on a regular basis.

12. Exceptions

- 12.1 For emergencies or single source supplies, the requirements of competitive bidding in this policy may not be followed. For emergency purchases, approval must be obtained as soon as possible from the Director (for \$2,000 to \$10,000), Chief Administrative Officer (for amounts exceeding \$100,000), and Council will be advised at the next scheduled Regular Meeting of Council.
- 12.2 Notwithstanding anything in this Policy, the CAO may authorize any required expenditures in emergency situations where:



Town of Blackfalds POLICY

12.2.1 The health and safety of employees or the public is at risk

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12.2.2 The loss or failure of infrastructure is at risk;

12.2.3 Any delay in procuring goods and services could jeopardize the Town's ability to provide essential services; or,

12.2.4 Pursuant to an enactment such as the *Emergency Management Act*.

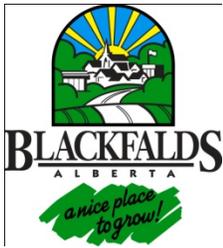
13. Green Procurement

13.1 Green Procurement means purchasing products or services, which minimize, or provide favourable environmental impacts. It takes into consideration the costs and environmental consequences of a product in all stages of its life cycle.

13.2 The Town will consider Green Procurement when making purchasing decisions when Goods and Services are available at competitive prices, and the environmental benefits provided do not negatively affect the intended end use. Sustainable criteria will be examined when purchasing products and services.

13.3 All purchases will be made with the effort to procure, when feasible, recycled products, reusable products, and products designed to be recycled as long as the price differential is reasonable.

14. End of Policy



Town of Blackfalds Municipal Policy Handbook

Policy Name: Town of Blackfalds Purchasing Policy

Date of Approval by Council: April 23, 2002

Resolution No. 232/11

Last Review Date: **July 12, 2011**
April 10, 2007

Next Review Date:

POLICY STATEMENT

The Town of Blackfalds delivery of services and acquisition of assets will be performed in a manner that might best achieve a high quality product and/or service while maintaining an accountable, efficient and fair purchasing process. Investing in our community is done with an ever present consideration of the financial impact on the tax payers.

1 General Purpose

- 1.1 Acquire goods and services for the Town of Blackfalds using a method that provides best value for the dollars spent.
- 1.2 Restrict purchasing powers to only persons possessing such authority through the purchasing policy or bylaw of the Town of Blackfalds.
- 1.3 Ensure proper approval procedure.
- 1.4 Purchase made in accordance with this policy shall not require Council approval provided budget appropriation approved by the Town Council has not been exceeded.

2 Definitions

- 2.1 Purchase Order: A commercial electronic document and first official offer issued by a buyer to a seller, indicating types, quantities and agreed prices for products or services. Created in the financial system to approve a purchase prior to committing the expense with a vendor and reflect the financial commitment in the system against the cost GL code.
- 2.2 Request for Proposal (RFP): A solicitation often made through a bidding process, by an agency or company interested in procurement of a commodity, service or valuable asset, to potential suppliers to submit business proposals.
- 2.3 Tender: To make a formal written offer to carry out work, supply goods, or buy land, shares, or another asset for a stated fixed price and where all services, shares, or another asset for a stated fixed price and where all services, work and outcomes are clearly defined. A mandatory evaluation criterion is set prior to the release of the invitation to tender and a criterion is applied to acceptance of a tender, including budgetary consideration. The option to not proceed with a project or purchase must be dealt with in a change order fashion and not negotiated at the time of awarding the contract.
- 2.4 Best Value: A combination of quality, timeline, cost, and efficiency is used to calculate the best value. The value of each criterion for purchases is determined at the time of acquisition of the product and/or service.

- 2.5 Emergency: An event that requires prompt coordination of actions or special regulations of persons or property to protect the safety, health or welfare of people or to limit damage to property.
- 2.6 Local Supplier: A person, firm, corporation or business which has a valid Town of Blackfalds business license and has a business address located within the corporate limits of the Town and/or within a 10 km radius.
- 2.7 Business Licence: A permit authorized and issued by the Town of Blackfalds to allow individuals or companies to conduct business within the Town of Blackfalds geographical jurisdiction.

3 Authorization

3.1 The following employees of the Town of Blackfalds will have authorization to issue a Purchase Order for purchases in the listed ranges:

▪ Chief Administrative Officer	All Amounts
▪ Director of Corporate Services	Up to \$10,000.00
▪ Director of Community Services	Up to \$10,000.00
▪ Director of Infrastructure & Property Services	Up to \$10,000.00
▪ Information Technology Manager	Up to \$5,000.00

Upon approval of the department Director and the Chief Administrative Officer, additional staff members may be authorized to issue Purchase Orders for purchases up to a maximum of \$2,500.00

Authorized personnel may only be responsible for expenditures in their department only. In the case of an order containing goods and services for two or more departments, each authorized signing authority is required to code and approve the invoice for payment, or sign a Purchase Order, whichever is required.

4 Vendor Relations

To maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all dealings. At all times, applicable laws must be observed. In this regard the following should apply when dealing with suppliers and their representative:

- 4.1 Accord prompt and courteous reception, as well as fair and equal treatment, to all suppliers and their representatives.
- 4.2 Provide equal opportunity for all suppliers to respond to the Town's procurement requirements.
- 4.3 Guarantee the confidentiality of all specifications and price quotations made by vendors responding to a Request for Proposal. Bottom line quotes will be made public in accordance with FOIP and the *Municipal Government Act*.
- 4.4 If for any reason a supplier is permitted to re-quote, their competitors will be given the same opportunity.

5 Purchase

- 5.1 A Purchase Order must be issued for any purchase of goods or services that do not have a contract or agreement in place and exceed \$5,000.00.
- 5.2 Purchase orders must be completed within the financial system and bear the appropriate authorization as per the Purchasing Policy prior to ordering the goods or services on behalf of

the Town. The approving individual is responsible to ensure that the purchase is appropriate and within budgetary guidelines. A Purchase Order that does not correspond in value to an invoice must have a written explanation for any variance exceeding 5% or \$500.00.

- 5.3 Purchases of budgeted items under \$2,000.00 dollars will be left to the discretion of the authorized signing authority to obtain the best possible value for the taxpayer's money.
- 5.4 That three recorded telephone and/or internet estimates be obtained prior to the purchasing of budgeted items valued between \$2,001.00 dollars and \$5,000.00 dollars. Copies of the recorded telephone and/or internet estimates shall be attached to the final invoice for payment.
- 5.5 That three written confirmations of price estimates be received prior to the purchase of budgeted items valued at \$5,000.00 to \$10,000.00. Copies of the recorded telephone and/or internet estimates shall be attached to the final invoice for payment.
- 5.6 Procurement of goods and services between \$10,000 and \$75,000 shall be awarded on the basis of written Request for Proposal. If there are local suppliers, the request for written Proposals shall be advertised locally or the local suppliers shall be invited to respond. If verbal invitations are extended to local suppliers the buyer shall ensure that the identical information is given to each of those suppliers. Requests for Proposal shall include all acceptable known local suppliers and may include out-of-town suppliers.
- 5.7 Procurement of goods and services over \$75,000 shall be awarded on the basis of:
 - 5.7.1 Written tender submissions are to be prepared by a designated engineer and used for projects and/or services that have enough detailed information to limit the number of change orders required and prevent project cost overruns.
 - 5.7.2 Written Request for Proposals are to be prepared by department Directors and used for projects that have specified outcomes and are open to the methods of delivery.

Tenders and Request for Proposals for procurement of goods and services for capital works shall be advertised, and/or undertaken by invitation for known local and non-local suppliers.

Unless otherwise specified by Council, the Chief Administrative Officer is delegated the authority to accept any proposal, the value of which does not exceed \$100,000; as long as,

- 5.7.3 The goods or services are provided for in an approved budget;
- 5.7.4 Multi-year service contracts will be approved by Council;
- 5.7.5 The tender or proposal is to be awarded based on best value.

In the event of the following, the tender or proposal shall be submitted to Council for approval:

- 5.7.6 The budget allocation is insufficient in the opinion of the Chief Administrative Officer;
- 5.7.7 The award is to be made to any firm with a proposal that does not demonstrate best value.

All tenders or proposals over \$100,000.00 shall be submitted Council for approval.

- 5.8 The lowest estimate will not always be accepted, if consideration of warranty, special conditions and availability make the lowest bid less desirable.

- 5.8.1 Preference should be given to Town of Blackfalds based suppliers and contractors with the final decision based on an overall "best value" evaluation.
- 5.8.2 When evaluating different vendors on the price factor, ensure prices are directly comparable. When comparing prices; supplies for purchases below \$75,000, the Town may apply a local price preference of up to 10% price difference. Town Staff shall apply a local preference of 10% on price to a maximum of \$1,500.00 price difference.

6 Managing Capital Projects

6.1 All contracts for capital projects shall be awarded according to the Town's Purchasing Policy. Administration of all capital projects is the responsibility of the Chief Administrative Officer who may delegate such responsibility to the appropriate Director or another person. The Chief Administrative Officer or that delegated person shall approve all expenditures i.e., progress payments up to the approved contract price. Where administrative responsibility has been delegated, the person to whom the responsibility is delegated shall ensure:

- 6.1.1 That the work, goods supplied or service supplied has met the standard specifications contracted for;
- 6.1.2 That the price charged is according to the contract and where a progress or similar payment is involved, that the portion of the contract being paid for is complete in all respects;
- 6.1.3 That all the terms and conditions specified by the Town have been met;
- 6.1.4 That funds are available within the capital project budget; and
- 6.1.5 That the expenditure is charged against the activity to which it is coded. The Chief Administrative Officer may revise terms and conditions of a contract providing that the revision does not substantially change the project, or cause the project to exceed the budget. Changes to contracts exceeding contingency amounts, will not be changed without Council's prior approval, except in an emergency as deemed necessary by the Chief Administrative Officer, who will advise Council at their next scheduled meeting.

7 Responsibility

- 7.1 Every authorized employee is responsible for ensuring that Purchase Orders are used within the specified guidelines and approval is obtained prior to making purchases.
- 7.2 It is the responsibility of all to obtain the best possible value for the taxpayer's dollar and to ensure that their purchasing authority is not abused.
- 7.3 Misuse or abuse of the purchasing authority may result in disciplinary action or termination.

8 Petty Cash

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