



**City of  
Lloydminster**

***Policy***

<b>Policy Title:</b>	Procurement and Purchasing Policy	<b>Policy Number:</b>	120-05
<b>Date of Adoption:</b>	April 6, 2020	<b>Motion Number:</b>	94-2020
<b>Date of Amendment:</b>	October 23, 2023	<b>Motion Number:</b>	377-2023

**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 the objectives related to the Procurement of Goods, Services, and Construction within the City of Lloydminster.
- 1.3. To ensure there are no perceived or real conflicts of Financial Interest.

**2. Objective:**

- 2.1. Ensure compliance with all applicable laws, regulations, bylaws, policies and trade agreements associated with Procurement, while maintaining adherence to the highest standards of ethical conduct.
- 2.2. Ensure the use of a Competitive Process for all Procurement 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, transparent, and ethical Procurement methods.
- 2.4. Achieve the Best Value for the City of Lloydminster through an open, fair, accountable, ethical, and transparent Procurement process.

**3. Definitions:**

<b>Administration</b>	An employee or Contract employee of the City of Lloydminster.
<b>Alternate Procurement/ Project Delivery Method</b>	Procurement or Project Delivery Methods that are trade agreement compliant, but fall outside the general scope of this policy, which may include but not be limited to: Qualification-Based Selection, Construction Management, Integrated Project Delivery.

<b>Best Value</b>	Relevant financial and non-financial factors which may include, but not be limited to: quality of Goods and Services, delivery, Bidder experience and performance, risk and compliance management, warranty, and total cost of ownership.
<b>Bidder</b>	A Person or supplier that offers a submission or bid regarding a Procurement.
<b>Buying Group</b>	An association of companies/municipalities who use their combined purchasing power to achieve the best price from Bidders.
<b>Change Order</b>	A written amendment to an existing contract after the effective date that alters the scope of work, contract amounts, or timeline.
<b>City</b>	The corporation of the City of Lloydminster.
<b>Competitive Process</b>	An Open Competition or Invitational Competition used for the Procurement of Goods and/or Services, including Construction.
<b>Construction</b>	A Construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work. 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. Does not include professional consulting Services related to the Construction Contract unless they are included in the Procurement.
<b>Contract</b>	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.
<b>Council</b>	The municipal Council of the City of Lloydminster.
<b>Evaluation Team</b>	A team generally consisting of members of Administration, including the Purchaser, used to evaluate all received RfX documents submitted during a Competitive Process, if required.
<b>Financial Interest</b>	As defined in Section 131 of <i>The Lloydminster Charter</i> .
<b>Good</b>	A thing that is produced, manufactured, grown, or used for a commercial purpose.

<b>Invitational Competition</b>	Competition where Bidders are invited to bid, which may be preceded by a pre-qualification phase.
<b>Local Business</b>	A business that holds a valid business license in accordance with the <i>Business Licence Bylaw</i> and has a physical location within City limits.
<b>Member of Council</b>	An individual elected pursuant to <i>The Local Government Election Act</i> (Saskatchewan) as a Member of Council.
<b>Open Competition</b>	A bidding process that is open publicly to all Bidders and is posted on the City's tendering websites.
<b>Person</b>	An individual, a group of individuals, a corporation, firm, partnership, proprietorship, association, society or co-operative organization.
<b>Procurement</b>	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.
<b>Procurement Department</b>	The City's Procurement Officer, Supervisor or supporting Administration.
<b>Purchase Agreement</b>	Contract outlining the details of a purchase, which may include delivery terms, servicing, warranty etc.
<b>Purchaser</b>	A member of Administration who initiates a Procurement or purchase, and is responsible for managing the Contract.
<b>Purchasing Card</b>	A credit card provided by a recognized financial institution imprinted with the cardholder's name, City of Lloydminster, credit card number and validity period.
<b>Qualification-Based Selection</b>	A Competitive Process under which the most appropriate Bidder is selected based on the merit of their qualifications, exclusive of a financial component.
<b>Quotation</b>	A written price guaranteed by a Bidder for a Good or Service.
<b>RFx</b>	A catch-all term for Procurement methods and processes that captures all references including, but not limited to: <ul style="list-style-type: none"> <li>• Request for Information (RFI)</li> <li>• Request for Pre-Qualifications (RFPQ)</li> <li>• Request for Proposals (RFP)</li> <li>• Request for Qualifications (RFQ1)</li> <li>• Request for Quotation (RFQ)</li> </ul>

	<ul style="list-style-type: none"> <li>Request for Tenders (RFT)</li> <li>Request for Standing Offer (RFSO) etc.</li> </ul>
<b>Scope of Work</b>	An accurate, detailed, and concise description of the work to be performed, and associated deadlines.
<b>Service</b>	The action of helping or doing work, not including Construction, that is supplied or is to be supplied to the City.
<b>Situation of Urgency</b>	An unforeseeable situation where there is a threat to the health and/or safety of Administration or the general public, essential Services, the security of City interests, or because of the possibility of serious damage to City or private property.
<b>Single Source</b>	A non-competitive Procurement where a single Bidder is selected when others could have provided a similar Good or Service.
<b>Sole Source</b>	A non-competitive Procurement where a single Bidder is selected on the basis that they are the only supplier that can provide the Goods or Service when required.
<b>Standing Offer Agreement</b>	An agreement under which a Vendor allows a buyer to purchase a specified Good and/or Service at a predetermined price for a certain period on an 'as and when' requirement basis.
<b>Supervisor</b>	The individual a member of Administration reports to.
<b>Vendor</b>	The Person that undertakes a Contract to provide materials, labour, expertise or a combination thereof, to provide Goods or perform a Service.

**4. Scope:**

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

**5. Guiding Principles:**

- 5.1. The City 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 Bidders 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 value in the acquisition of Goods and Services, which may include, but is not limited to:
  - 5.2.1. acquisition cost;
  - 5.2.2. operating costs;
  - 5.2.3. life cycle costing;
  - 5.2.4. salvage value and delivery;
  - 5.2.5. quality of Goods and/or Services;
  - 5.2.6. environmental sustainability of Goods and/or Services;
  - 5.2.7. timelines and delivery;
  - 5.2.8. Bidder experience, capacity and capabilities;
  - 5.2.9. Bidder performance history and references; and
  - 5.2.10. value added benefits
- 5.3. The City will consider and evaluate the relevance of price and non-price factors as part of the Procurement process, prior to commencing the purchasing process.
- 5.4. The City may encourage solicitation from Local Businesses for purchases under the trade agreement thresholds (\$75,000 for Goods and Services and \$200,000 for Construction), while remaining in compliance with this policy.

## **6. Valuation:**

- 6.1. For the purpose of this policy, all references to Procurement values shall be the total, not annual, Contract value.
- 6.2. Procurement values shall exclude the Goods and Services Tax (GST) and the Provincial Sales Tax (PST), but include all other applicable additional fees or charges.
- 6.3. To determine the valuation of a Procurement for Open Competition thresholds and approval thresholds, the total amount shall include renewal and extension options:
  - 6.3.1. approval values shall include contingency amounts, if applicable.
  - 6.3.2. renewal and extension options shall be approved as per the "*Signing Authority Policy*".

## **7. Bidder Eligibility:**

- 7.1. A corporation or organization that employs a member or former member of Administration, may not be eligible to be awarded a Contract to provide a Good or Service to the City, except where:
  - 7.1.1. the member of Administration is not employed or connected to the area that the service is being provided;
  - 7.1.2. the former member of Administration has completed a twelve (12) month cooling off period following leaving the employment of the City, if they are directly involved in providing the Good or Service to the City.

## **8. Responsibilities:**

- 8.1. All members of Administration shall:
  - 8.1.1. authorize the Procurement of a Good or Service within their approved threshold only, as per the "*Signing Authority Policy*";
  - 8.1.2. not subdivide, split, or otherwise structure Procurement documents in order to reduce the Procurement value in an effort to avoid the requirements of this policy;
  - 8.1.3. protect information in accordance with the provisions of the *Local Authority of Freedom of Information and Protection (LAFOIP)*.
- 8.2. Executive Managers, Directors, Senior Managers, Managers, Purchasers or Designates shall:
  - 8.2.1. identify the need for Procurement and develop requirements and specifications to be satisfied through the Procurement process;
  - 8.2.2. ensure that Procurement processes are fair and meet the guiding principles and objectives of this policy;
  - 8.2.3. properly plan Procurement, keeping in mind budget, timelines, and other applicable conditions.
- 8.3. Procurement Department shall:
  - 8.3.1. monitor to ensure compliance with applicable laws, regulations, trade agreements, bylaws, policies and procedures, as well as opportunities for cost savings or strategic sourcing;
  - 8.3.2. report activity on Procurement and present this activity to Council and the public on a quarterly basis, and as required;
  - 8.3.3. publish a notice of participation with Buying Groups at least once annually on the tendering websites as listed in this policy;
  - 8.3.4. report any known non-compliance with this policy to the City Clerk when discovered.

- 8.4. Office of the City Clerk shall:
  - 8.4.1. in conjunction with the Procurement Department, ensure compliance with all applicable laws, regulations, trade agreements, bylaws, and policies;
  - 8.4.2. review any bid and tender documents and Contracts, as requested;
  - 8.4.3. monitor and review proposed changes to Contract templates.
- 8.5. Chief Financial Officer or delegate shall:
  - 8.5.1. oversee the financial process of carrying out the Procurement of Goods and Services;
  - 8.5.2. oversee and track budget restrictions and advise on constraints and budget adjustments.
- 8.6. City Manager or delegate shall:
  - 8.6.1. oversee the conduct and activities of Administration in carrying out the Procurement of Goods and Services.
- 8.7. City Council shall:
  - 8.7.1. determine the allocation of resources through an approved operating and capital budget.
  - 8.7.2. review, approve or deny by resolution, any amendments to the operating and capital budgets and Procurement that exceeds the delegated authority of the City Manager.

## **9. Sole/Single Source Procurement**

- 9.1. Sole Source Procurement may be conducted for obtaining Goods and/or Services of any value without a Competitive Bid Process when the Purchaser confirms:
  - 9.1.1. there is only one (1) available Bidder of a required Good and/or Service that meets the needs of the City;
  - 9.1.2. no alternatives or substitutions exist;
  - 9.1.3. the Procurement aligns with the exceptions under the applicable trade agreements;
  - 9.1.4. a Situation of Urgency exists; or
  - 9.1.5. the Goods and/or Services are valued at \$10,000, or less.
- 9.2. Single Source Procurement may be used for Goods and/or Services of any value without a Competitive Bid Process when the Procurement Department confirms:

- 9.2.1. that a Procurement process has been conducted in accordance with this policy and has not resulted in the receipt of any compliant bids;
- 9.2.2. the Procurement aligns with the exceptions under the applicable trade agreements;
- 9.2.3. a Situation of Urgency exists; or
- 9.2.4. only one (1) Bidder 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; or
  - v. if not doing so would cause significant inconvenience or substantial duplication of costs;
- 9.2.5. the Goods and/or Services are valued at \$10,000, or less.

## **10. Procurement Acquisitions:**

- 10.1. Purchasers shall request a written Quotation from a minimum of three (3) Bidders when making one-time Procurement within the following thresholds:
  - 10.1.1. Goods and/or Services exceeding \$10,000, but less than \$75,000;
  - 10.1.2. Construction exceeding \$25,000, but less than \$200,000;
  - 10.1.3. Supervisors may direct Purchasers to proceed by RFX or may request from Purchasers for the Procurement Department to lead an Open Competition.
- 10.2. The City Manager may consider exceptions to Section 10.1 and 10.4 for Procurements financed primarily by third party donations to the City, in accordance with the "*Donation Policy*".
- 10.3. Notwithstanding Section 10.1, if three (3) written Quotations cannot be obtained, with approval from their Supervisor, Purchasers shall either:
  - 10.3.1. cancel the Procurement process;
  - 10.3.2. revise the Request for Quotation and reissue;
  - 10.3.3. proceed with the Best Value Quotation provided a minimum of two (2) bids were received;
  - 10.3.4. consult the Procurement department for further direction.
- 10.4. Purchasers shall initiate an Open Competition Procurement process when making one-time Procurement within the following thresholds:
  - 10.4.1. Goods and/or Services, exceeding \$75,000 or greater;



- 10.4.2. Construction exceeding \$200,000.
- 10.5. With the exception of Qualification-Based Selection, Evaluation criteria for an Open Competition shall include a financial component which accounts for:
  - 10.5.1. at least 50% of the final score for the purchase of Goods;
  - 10.5.2. at least 20% of the final score for all other purchases including Services.
- 10.6. All Open Competitions led by the City shall be posted to the following tendering websites that include Alberta Purchasing Connection, SaskTenders, and the City of Lloydminster's Bids and Tenders.
- 10.7. Contracts shall not exceed a total of five (5) years without re-tendering, unless authorized by the City Manager or delegate. The five (5) years shall comprise of a base Contract of three (3) years with an option to extend for a maximum of two (2) years.
  - 10.7.1. an exception applies to software Contracts where the change of product or Service would cause significant disruption to City operations and/or services.
- 10.8. All Procurement that complies with the policy and applicable trade agreements are approved methods of Procurement.

## **11. Third Party Standing Offer Agreements:**

- 11.1. The City may participate in government standing offers and cooperative or joint purchasing initiatives, such as Buying Groups, with other entities where such initiatives are deemed to be in the best interest of the City:
  - 11.1.1. where the total Procurement exceeds \$75,000 approval is required before the Procurement process, in accordance with the "*Signing Authority Policy*", and the Procurement Department shall be notified.

## **12. Alternate Procurement/Project Delivery Methods:**

- 12.1. The City may engage in Alternate Procurement/Project Delivery Methods, when deemed advantageous for the City.
  - 12.1.1. With the exception of Qualification-Based Selection, the Procurement method shall be brought forward for approval before the commencement of the Procurement:
    - i. Procurement valued under \$500,000 shall require City Manager's prior approval;

- ii. Procurement valued at and above \$500,000 shall require Council's prior approval.
- 12.1.2. Once Council has approved the use of an Alternate Procurement/Project Delivery Method, if applicable, subsequent components shall be approved in accordance with the Council motion.

**13. Purchasing and Approvals:**

- 13.1. Purchasing Card purchases shall conform to the "*Purchasing Card Policy*".
- 13.2. Purchasers shall seek approval for expenditures in accordance with the "*Signing Authority Policy*".

**14. Procurement Contracts and Purchase Orders:**

- 14.1. Purchase orders shall be used whenever a purchase is not made through the use of a Purchasing Card, payment request, employee reimbursement or paying a utility bill.
- 14.2. Purchasers shall, at all times, ensure their direct Supervisor is aware of any and all purchases submitted for approval.
- 14.3. All Contracts shall be reviewed by Legislative Services prior to issuing to the Vendor and dually signed by the City in accordance with the "*Signing Authority Policy*".
- 14.4. All Contracts and purchase orders shall have all proper documentation attached.
- 14.5. Contracts and applicable related documentation shall be retained in accordance with the "*Records Management Bylaw*".

**15. Contingencies, Change Orders, and Situations of Urgency:**

- 15.1. Purchasers may request a contingency amount of up to a maximum of 15% of the Contract value at the time of Contract approval. The combined Contract value and contingency value shall not exceed the approved project budget.
- 15.2. Change Orders may be issued, provided the cumulative value of the Change Orders does not exceed the original approved contingency value and the approved project budget.
  - 15.2.1. Force account items or quantity overages not captured through Change Orders shall be covered by the approved contingency value. As such, the combined value of all Change Orders, force

account items, or quantity overages shall not exceed the approved contingency amount.

- 15.3. 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.
- 15.4. In the event that a Situation of Urgency requires a purchase or Change Order to be issued in an amount in excess of the approved project budget or an already approved contingency value, the City Manager has the authority to approve the purchase and payment in accordance with the "*Reserves Policy*".

## **16. Funding Request:**

- 16.1. The CFO or delegate shall be notified if a project:
  - 16.1.1. is tendered and comes in over budget;
  - 16.1.2. exceeds the budgeted amount over the course of the project;
  - or
  - 16.1.3. has unexpected increases to the tendered amount that exceeds the contingency but is still within the allotted and approved capital project due to market or other project related costs.
- 16.2. For projects that remain within the scope of the project and require additional funds during the course of the project:
  - i. if the project was originally Administratively approved, the Executive Leadership Team member and City Manager may consider a transfer from the City Manager's Contingency Reserve or from the approved project budget.
  - ii. if the project was originally Council approved, Council may consider a transfer from Reserve or approved project budget.
  - iii. Council shall be informed of all reserve fund transfers made by the Executive Leadership Team and City Manager, as per the "*Reserve Policy*".
- 16.3. For capital projects that require funds due to scope changes, Purchasers must seek Council approval or a transfer from the City Manager's Contingency Reserve.

## **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 Administration shall administer the policy through the use of a supporting procedure.
- 18.3. Sponsoring Department is responsible for creating and amending a supporting procedure.