



Council Policy

Policy Number: ply_FIN_Procurement Policy

Procurement Policy

Date Approved by Council: February 9, 2021

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Mayor: "Original Signed - Alanna Hnatiw"

County Commissioner: "Original Signed - Reegan McCullough"

TABLE OF CONTENTS

- 1. Purpose..... 2
- 2. Revision History 2
- 3. Persons/Areas Affected 2
- 4. Definitions 2
- 5. Policy Statement..... 4
- 6. Scope 4
- 7. Purchasing Principles..... 4
- 8. Procurement Strategy 8
- 9. Procurement Thresholds 11
- 10. Contract Requirements 12
- 11. Bid Dispute Process 13
- 12. Unsolicited Proposals 13
- 13. Document Retention and Confidentiality 14
- 14. Review Period..... 14
- 15. Responsibilities 14

1. Purpose

This policy and related procedures are intended to:

- Increase the effectiveness of Sturgeon County's Procurement operations by providing simple, clear and consistent direction based on sound Procurement practices;
- Specify the responsibilities of County Employees and Vendors at each stage of the Procurement process; and
- Reduce purchasing costs.

2. Revision History

| Approval Date | Revision Number | Modification |
|-----------------|-----------------|--------------|
| 2021 February 9 | 1.0 | New Document |

3. Persons/Areas Affected

Council
County Administration
Vendors

4. Definitions

CAO means the individual appointed to the position of chief administrative officer (CAO) for Sturgeon County and having the title, County Commissioner, or their designate.

CFO means the individual appointed to the position of chief financial officer and having the title Director of Finance, Assessment and Procurement Services, or their designate.

Construction means 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.

Council means the duly elected Council of Sturgeon County.

County means the municipality of Sturgeon County having jurisdiction under the *Municipal Government Act*.

Emergency means an occurrence or situation which could jeopardize the safety, health or welfare of people or the protection of property in the County.

Employee means an individual employed by the County on a permanent, temporary or casual basis.

Expenditure Officer means an Employee given the authority to sign contracts, credit applications, purchase orders, and invoices for payment. Authority limits are defined in the Signing Authority Policy.

Goods means property (including the costs of installing, maintaining, or manufacturing such moveable property), including raw materials, products, equipment, and other objects of every kind and description whether in solid, liquid, gaseous, or electronic form.

Local Vendor means a Vendor who maintains a permanent business premises within the County's corporate limits.

Procurement means any contractual or commercial arrangement involving the acquisition of a Good, Service or Construction through purchase, rental, lease or conditional sale for the provision of municipal services.

Procurement Officer means an Employee given the responsibility of ensuring adequate Procurement processes and controls are in place so that all purchases follow the guidelines set out herein, and as defined within the Procurement Procedure.

Reciprocal Non-discrimination means consideration provided to all Vendors through the competitive process regardless of their geographic location and in accordance with trade treaties.

RFx means the entire formal request process and can include any of the following: request for bid, request for proposal, request for quotation, or request for tender.

Services means all services to be supplied, including but not limited to consulting and professional services.

Unsolicited Proposal means a proposal received by the County that is independently developed and prepared without the County's supervision, endorsement, direction, or involvement.

Vendor means any individual or business, in any form, who may from time to time conduct business with the County or submit bids, proposals, quotes or tenders to the County.

Vendor of Record (VOR) means a Procurement arrangement that authorizes one or more qualified Vendors to provide Goods and Services for a defined period on terms and conditions, including pricing, as set out by contract.

5. Policy Statement

Sturgeon County shall procure all Goods, Services and Construction necessary for the provision of municipal services through fair, publicly accountable, open, and transparent processes in compliance with governing legislation, bylaws, and trade agreements. Procurement decisions shall be made to support the County's strategic objectives and are assessed based on obtaining the best value for the County. Sturgeon County is committed to acting ethically in its Procurement activities to minimize organizational risk.

6. Scope

This policy applies to the Procurement of all Goods and Services, including Construction.

Adherence to the policy is mandatory. Any exception sought from this policy requires Council approval.

A municipality may only make an expenditure that is:

- Included in an operating budget, interim operating budget, capital budget or otherwise approved by Council;
- For an Emergency; or
- Legally required to be paid.

7. Purchasing Principles

Sturgeon County supports open and non-discriminatory procedures for the purchase of Goods, Services and Construction. This is done with consideration to these key principles:

- a. regulatory compliance;
- b. best value for money;
- c. open and fair competition;
- d. risk management;
- e. procedural integrity and transparency;
- f. environmental stewardship;
- g. supporting the local economy; and
- h. social procurement.

a. Regulatory Compliance

All Procurement in Sturgeon County must be compliant with all laws, regulations, and standards, including but not limited to:

- *Municipal Government Act* and Regulations;
- *Income Tax Act* and Regulations;
- *Excise Tax Act* and Regulations;
- *Occupational Health and Safety Act* and Regulations;
- *Workers' Compensation Act* and Regulations;
- *Freedom of Information and Protection of Privacy Act* and Regulations (FOIP);
- *Competition Act* and Regulations; and
- Sturgeon County's bylaws, policies, directives, and procedures.

Procurement must comply with the following Trade Agreements:

- Canadian Free Trade Agreement (CFTA);
- New West Partnership Trade Agreement (NWPTA); and
- Canadian-European Union (EU) Comprehensive Economic and Trade Agreement (CETA);
- Canada – United States – Mexico Agreement (CUSMA); and
- Other trade agreements as applicable to Procurement value.

b. Best Value for Money

The County encourages the consideration of overall best value in the Procurement of Goods and Services. County Employees will consider and evaluate the relevant financial and non-financial factors prior to commencing competitive processes and select the Vendor that offers the best value consistent with the required quality and service. Factors that shall be considered in determining best value may include, but are not limited to:

- Price, including delivery and implementation or set up costs;
- Operating costs, including maintenance and life cycle costs;
- Performance and reliability of product or service;
- Salvage value and disposal costs;
- Availability and timeliness of delivery;
- Quality, serviceability and warranties;
- Vendor experience, expertise, capacity, and capability to meet predefined requirements;
- References regarding past performance from other customers of the Vendor and the County's previous experience with the Vendor;
- Value-added benefits to the County;

- Contributions to the local economy through supporting businesses and creation of job opportunities; and
- Environmental and ethical impacts of producing the Goods, Services or Construction and the Goods, Services or Construction themselves.

c. Open and Fair Competition:

All Procurement by the County shall be fair and impartially conducted, free of real or perceived conflicts of interest, ensuring that qualified Vendors have reasonable access to the County's business and no Vendor is arbitrarily excluded. This includes avoiding creating relationships that result in continuous reliance on a Vendor for specific Goods, Services or Construction.

Procurement Officer(s) shall treat all Vendors fairly, including managing Vendor complaints or disputes, providing feedback to unsuccessful Vendors upon request, and maintaining records on Vendors' performance under contracts.

Employees shall ensure specifications in Procurement competitions are performance based, accurate, and clear:

- Focus criteria on outcomes rather than how the outcome is achieved;
- Based on standards, should they exist;
- Refrain from specifications and technical requirements that are brand specific; and
- Fully disclose the evaluation methodology in the RFX including a clear articulation of all mandatory and point-rated requirements, including pass/fail criteria and all scoring weights.

Sturgeon County will practice Reciprocal Non-discrimination with respect to Alberta's trading partners.

d. Risk Management

Procurement activities will be performed in accordance with Sturgeon County's Risk Management Policy.

e. Procedural Integrity and Transparency

Sturgeon County is committed to acting ethically in its Procurement practices. This means that all individuals involved with purchasing or other supply chain-related activities must act, and be seen to act, with integrity and professionalism. This includes acting with due diligence and respecting Sturgeon County, its Vendors, other stakeholders, and the environment. Confidential information will be safeguarded in

accordance with the Freedom of Information and Protection of Privacy Act of Alberta and County policies and procedures.

Employees involved in establishing the specifications of needed Goods or Services, or the evaluation of a Procurement competition must remain free of any real or perceived conflicts of interest with any Vendor or potential Vendor. This includes refraining from accepting gifts or favours, providing preferential treatment or publicly endorsing Vendors or products.

To avoid any perception of bias or unfair advantage, any communication related to the solicitation between the County and prospective Vendors during the period between the posting of an RFX and the award of the resulting contract will be solely through the Procurement Officer. This does not preclude Employees from having conversations with Vendors regarding existing agreements or matters that have no connection with the ongoing Procurement process.

Employees shall disclose any real or perceived conflicts of interest with a Vendor or potential Vendor as soon as they become aware of the conflict. Such Vendors will not be disqualified due to the existence of a conflict of interest provided it is properly disclosed and the conflicted Employee is removed from any portion of the Vendor selection process.

For the purposes of this section, Vendor shall be deemed to include any related entity and any partner, principal, director, or officer of such Vendor as well as any other legal entity with one or more of the same partner(s), principal(s), director(s), or officer(s).

A Vendor may be excluded from eligibility to submit a bid, proposal or quote or a submitted bid, proposal or quote may be summarily rejected and returned to a Vendor where the County, in its absolute sole discretion, determines that one of the following circumstances has occurred:

- The Vendor is or has been involved in litigation with the County;
- The Vendor has failed to pay an amount owed to the County when due and owing (including without limitation any tax arrears outstanding);
- There is documented evidence of poor performance, nonperformance or default by the Vendor in relation to any contract with the County;
- The Vendor has been convicted of a criminal offence including but not limited to fraud or theft; or
- The Vendor has been convicted of any quasi-criminal offence pursuant to applicable legislation or regulations including but not limited to the

Occupational Health and Safety Act, where the circumstances of that conviction demonstrate a disregard on the part of the Vendor for the health and safety of its workers, County Employees or the general public.

f. Environmental Stewardship

Sturgeon County is committed to environmental sustainability and stewardship. Procurement of Goods and Services, whenever practical and economically feasible, will incorporate environmentally sustainable practices and innovation into the evaluation criteria.

g. Supporting the Local Economy

Sturgeon County shall engage with Local Vendors to enhance the understanding of doing business with the County and how best for Local Vendors to interact with the County to promote Vendors' services and products. This will include posting Procurement opportunities on the County's website, notifications to Vendors of current business opportunities, and other appropriate communication methods.

Sturgeon County may give preference to Local Vendors when the Procurement of Goods or Services are valued at less than the relevant thresholds prescribed in the trade agreements. Notwithstanding the above, Procurement decisions shall be decided based on the option that represents the best value to the County as defined in the Best Value section of this Policy.

h. Social Procurement

Sturgeon County may incorporate evaluation criteria in its Procurement activities to encourage positive social outcomes. The emphasis will be on recognizing and rewarding initiatives undertaken by Vendors to effectively contribute to the building of a stronger community.

8. Procurement Strategy

8.1. Procurement Planning

Sturgeon County must undertake Procurement planning as an integral part of the Procurement process to identify Goods and Services needed to meet business requirements and identify opportunities to aggregate spending to achieve economies of scale.

Planning assists in identifying the potential supply source and Procurement method based upon the value, complexity and identified risks of a project as well as projecting time requirements to develop, review, advertise, evaluate, and prepare Procurement contracts to ensure sufficient time is allowed to complete the Procurement process.

8.2. Advertising of Procurement Opportunities

Sturgeon County's standard for communicating competitive Procurement opportunities is through the Alberta Purchasing Connection, a web-portal which is required for advertising all Alberta public Procurement activities.

Sturgeon County may also post its Procurement opportunities (both competitive and non-competitive) through an electronic submission portal on the Sturgeon County website to reach a wider audience including local Vendors.

All submissions must be signed by an authorized Vendor representative. Submissions must be received prior to the designated closing time. Any submission attempted or presented after closing will not be evaluated.

8.3. Acceptable Methods of Procurement

| | |
|-------------------------------------|--|
| Non-Competitive | <ul style="list-style-type: none"> • Direct purchase of Goods or Services below \$5,000 |
| Sole Source | <ul style="list-style-type: none"> • When there is only one available Vendor of a required Good or Service as outlined below |
| Expression of Interest (EOI) | <ul style="list-style-type: none"> • When the number of Vendors, market size or the approach to solving a problem is largely unknown • When both the County and potential Vendors would benefit from sharing information so that Vendors can better understand the County's needs and the County can better understand how to frame those needs • May be used to prepare a short list of the most qualified Vendors that will subsequently be invited to submit a proposal for an RFP or Tender |
| Request for Prequalification (RFPQ) | <ul style="list-style-type: none"> • Used to identify a list of potential Vendors who meet the criteria to be on the County's Vendor of Record (VOR) list • Typically used on large, high risk construction projects |
| Request for Quotation (RFQ) | <ul style="list-style-type: none"> • Can be used to acquire Goods or Services below \$75,000 or Construction below \$200,000 • Contract requirements are well defined • Terms and conditions do not exceed 1 year |
| Invitation to Tender (ITT) | <ul style="list-style-type: none"> • Primarily used for Construction contracts and other high value Procurements • Scope is well defined/ clear standards • Main criteria for evaluation are price and bidder qualifications |

Council Policy

Policy Number: ply_FIN_Procurement Policy

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| Request for Proposal (RFP) | <ul style="list-style-type: none"> • Criteria are less defined or no clear standard exists • Evaluation Criteria are based on best value instead of a focus on lowest price |
| Request for Information (RFI) | <ul style="list-style-type: none"> • Used to gather information to support a decision on next steps • Seldom the final stage and are often used in combination with another method of Procurement • Based on the responses to the RFI, companies may be shortlisted to participate in the next phase of the Competitive Selection Process |

8.4. Sole Source Procurement

Procurements valued at \$5,000 or more may be conducted by Sole Source when:

- The purchase involves matters of a confidential or privileged nature, including retaining legal services;
- There is an absence of any bids in response to a competitive Procurement process;
- In the event of an Emergency;
- The Good/Service is explicitly exempted from trade agreements;
- There is only 1 available supplier of a required Good, Service, or Construction that meets the County's needs.
- Advance Contract Award Notifications (ACAN) will be posted to the Alberta Purchasing Connection when applicable trade thresholds are met.

When a Sole Source Procurement is required, the Expenditure Officer is required to obtain prior written authorization from:

- The Director if the value is between \$5,000 and \$50,000; or
- The CAO if the value is greater than \$50,000.

The Expenditure Officer shall submit a Sole Source Form, appropriately signed, to the Procurement Office. The Sole Source Procurement Form shall indicate the name of the Vendor, the details of the Goods or Services, the expected cost, and the rationale for conducting the Procurement by Sole Source.

In no case shall Sole Source Procurement be used to avoid competition or discriminate between Vendors. Every reasonable effort should be made to ensure Procurement activities are in the best value and interest of the County.

8.5. Competitive Process with Negotiation

The County may negotiate specific topics as part of the Procurement process, providing that:

- The County has notified potential Vendors that it intends to permit negotiations in the RFx document.
- Negotiation will be limited to those topics which have been listed as subject to negotiation, including the framework, rules and timeline that will apply to the negotiation process.
- Any negotiation must be limited to the eligible Vendor(s) which has obtained the highest ranking in the evaluation process. If the negotiation terminates according to the rules set out in the RFx, the County may commence negotiation with the next highest ranked, eligible Vendor.

9. Procurement Thresholds

To determine the appropriate approval authority and method for a given Procurement, the County will consider all costs and benefits associated with entering into a contractual arrangement with a third party. The Procurement value may include but are not limited to:

- The per unit price or overall cost of the Good or Service;
- One-time costs such as site preparation, delivery, installation, data migration, and documentation;
- Ongoing operating costs including operating licenses, training, support, and maintenance;
- Applicable duties, premiums, fees, commissions, and interest;
- Disposition costs;
- Options to renew or extend the term;
- Options to expand the scope;
- Any direct payments to the successful Vendor or indirect payments by third parties to the successful Vendor;
- Any conferred value by the County to the Vendor such as the exchange of Goods or Services, revenue generating opportunities or partnership agreements.

If the project is anticipated to generate revenue for the County, the Procurement value will be based upon the total resources associated with the activity or the revenue generated by the opportunity, whichever is greater.

Sturgeon County may consider subdividing a project-related Procurement into several smaller Procurements for the purposes of complexity, size, uncertainty, or improved

Council Policy

Policy Number: ply_FIN_Procurement Policy

management control but not to circumvent approval authorities or competitive bid requirements. This includes Procurement that involves design and build phases.

| Value | Procurement Method | Approval Authority |
|--|--|--|
| \$0 - \$4,999 | Non-Competitive Procurement Card use encouraged | Expenditure Officer under defined authority limits |
| \$5,000 – \$74,999 | Request for Quotation 3 Quotes required or Competitive Bid process | Expenditure Officer under defined authority limits |
| \$75,000 - \$200,000 Construction | Request for Quotation 3 Quotes required | Divisional Director |
| Goods and Services | Competitive Bid process | |
| \$200,000 - \$499,999 | Competitive Bid process | Chief Operations Officer |
| \$500,000 + | Competitive Bid process | Chief Administrative Officer |

10. Contract Requirements

10.1. Contract Award Notification

Notification of a contract award is only released after the contract is signed by all parties. All Vendors who participated in the Procurement process will be notified by the Procurement Officer. Vendors may request a debriefing within 30 days of award notification. Contract award notifications will also be posted on the Alberta Purchasing Connection website as required by the agreements on international trade.

10.2. Procurement Value Increases (Change Orders)

If the Procurement value increases for any reason during the Procurement process, the County must use the approval authority and Procurement method applicable to the revised Procurement value. Approval for Procurement value increases that remain under the approved budget for the project must be sought from the appropriate Approval Authority prior to proceeding with or continuing the Procurement.

10.3. Vendor of Record (VOR) Arrangements

VOR arrangements provide efficient access to Goods and Services that are frequently required by Sturgeon County. To maximize value of the VOR arrangement through volume discounts and to reduce administrative effort in the Procurement process, County Employees shall use VOR arrangements whenever possible.

Sturgeon County retains the right to use VOR arrangements negotiated by the County directly, or through joint Procurement with other public sector entities, including but not limited to:

- Rural Municipalities of Alberta;
- Alberta Urban Municipalities Association; and
- The Government of Alberta.

11. Bid Dispute Process

A Vendor has an opportunity to raise concerns in connection with a Procurement process through the question-and-answer period or during a Vendor debriefing meeting after the contract has been awarded. This question-and-answer period will provide feedback on submission strengths and areas of opportunity for improvement. Points awarded to the Vendor, or other Vendors, will not be discussed. The County encourages all Vendors to submit feedback on the process or RfX documents.

If the Vendor is not satisfied with the outcome of the debriefing meeting and wishes to initiate a formal bid dispute, the Vendor must submit its intent to the CFO within 30 days of the completion of the debriefing meeting. Once a bid dispute has been received, the CFO will initiate a formal review of the matter, consulting with legal counsel where appropriate. The CFO will prepare a written decision regarding the matter and will send to the Vendor within 30 days of receipt of the bid dispute.

12. Unsolicited Proposals

Sturgeon County generally welcomes thoughtful, innovative, value-added ideas from Vendors; however:

- Unsolicited proposals will not be considered which circumvent this policy or other County policies or bylaws;
- The County is under no obligation to perform an evaluation of any Unsolicited Proposal;
- The County reserves its unilateral right to proceed, at any point, with an open competition;
- The County reserves the right to consider or reject any Unsolicited Proposal in whole or in part. A favourable initial review by any Employee of the County in

no way implies that a contractual relationship between the Vendor and the County exists or will at any point in the future be formed.

All costs associated with submitting an Unsolicited Proposal, including any subsequent demonstrations, presentations, and negotiations, are the sole responsibility of the Vendor submitting the Unsolicited Proposal. The County will take reasonable measures to keep any proprietary information contained in an Unsolicited Proposal confidential, subject to the County's statutory obligations under the Freedom of Information and Protection of Privacy Act.

13. Document Retention and Confidentiality

All Procurement documents, evaluation records and purchasing contracts will be housed within the Procurement Office and retained in accordance with the Corporate Records Structure.

The County will take reasonable measures to keep any proprietary information contained in Vendor proposals confidential, subject to the County's statutory obligations under the Freedom of Information and Protection of Privacy Act.

14. Review Period

This policy shall be reviewed by Administration at least every four years.

15. Responsibilities

Council shall:

- Approve changes to this Policy.
- Approve changes to Procurement limits and signing authorities as outlined in this and other County policies.

The CAO shall:

- Recommend policy changes to Council.
- Delegate authority to develop and implement applicable procedures and processes through the CFO.

Divisions and Departments:

- Directors shall ensure compliance with this policy and related procedures, and all other relevant policies or procedures of the County within their departments.
- Directors, Managers, and Supervisors shall identify Expenditure Officers within their areas in accordance with the Signing Authority Policy and monitor the

Council Policy

Policy Number: ply_FIN_Procurement Policy

Procurement activities of Expenditure Officers to ensure compliance with this Policy and related Procedures.

- Only Employees who have been delegated Procurement authority may initiate a Procurement, and only then if there is sufficient funding for the Procurement in the Budget.
- Every Employee who is engaged in a Procurement is responsible for complying with this policy and related procedures.
- Directors, Managers, and Supervisors are responsible for monitoring Vendors under their area of responsibility and ensuring ongoing compliance with all County policies and procedures.

The Procurement Officer shall:

- Provide initial and ongoing Procurement training to all Expenditure Officers.
- Maintain an electronic register of all current Procurement authorities and VORs in a secure location on the County's file server. This register shall be updated as required and reviewed annually by the CFO.
- Maintain all original Procurement Authority Forms and VOR forms, including executed contracts, in a secure location.
- Notify the appropriate supervisor of any situation that may be unethical, illegal, and non-compliant with this Policy, related Procedures, or places the County in a position of unacceptable risk. If the issue remains unresolved, advise the appropriate Director and the CFO.