

Policy

Title: PROCUREMENT		Number: 0173
Reference: Administrative Committee - August 10, 2022 Corporate Services Committee - September 8, 2022	Adopted by City Council: October 3, 2022	
	City Clerk	Chief Administrative Officer
		Supersedes: Policy No. 0118
Prepared by: FINANCE – SUPPLY CHAIN		

STATEMENT

ENSURE THAT EQUITABLE, ECONOMICAL, SUSTAINABLE AND CONSISTENT PRACTICES ARE IMPLEMENTED FOR THE CITY OF MEDICINE HAT FOR THE PROCUREMENT AND PAYMENT OF GOODS, SERVICES AND CONSTRUCTION AND FOR THE DISPOSAL OF SURPLUS ITEMS.

STRONG FINANCIAL LEADERSHIP AND PLANNING ENSURES THE LONG-TERM VIABILITY OF THE CITY OF MEDICINE HAT. THE PURPOSE OF THIS POLICY AND PROCEDURE IS TO ACHIEVE THE BEST VALUE FOR THE ORGANIZATION THROUGH PROCUREMENT PROCESSES THAT ARE OPEN, FAIR AND TRANSPARENT.

THIS POLICY AND PROCEDURE IS DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE TRADE TREATY OBLIGATIONS AND THE LAWS OF PUBLIC PROCUREMENT. ALL PROCUREMENTS COVERED BY THIS POLICY MUST BE CONDUCTED IN ACCORDANCE WITH THE PROCUREMENT PROCEDURES AND ALL APPLICABLE PROTOCOLS.

PRINCIPLES

1. Ensure compliance with applicable trade agreements, Municipal Bylaws, and other City of Medicine Hat policies.
2. Encourage competitive Procurement and ensure fairness, objectivity, transparency, and accountability are reflected in the Procurement processes.
3. Practice reciprocal non-discrimination and geographic neutrality with respect to Alberta's trading partners and avoid preferential treatment of local Suppliers.
4. Optimize value through cost effective and efficient use of City funds through consideration of the full range of Procurement formats and the adoption of commercially reasonable business practices.
5. Procure goods, services, or construction in accordance with approved budgets unless otherwise authorized by Council, or in the case of an emergency, or if required by law.

ROLE OF COUNCIL

1. To receive, review and adopt this policy and any recommended amendments thereto.

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1. DEFINITIONS

- 1.01 “Accounting Administrator” means the Finance Department employee assigned to process the P-card payments.
- 1.02 “Administrative Committee” means the administrative committee established by the CAO under the City’s Administrative Organization Bylaw.
- 1.03 “Authorized Personnel” means a City employee or individual under Contract who has been delegated Spending Authority.
- 1.04 “Award Recommendation Form” means the form used to obtain approval to award a Contract and to assign a Contract Administrator.
- 1.05 “Bid” means a submission in response to a Solicitation Document, and includes proposals, quotations, or responses.
- 1.06 “Bidder” means a Supplier that submits a Bid and includes proponents and respondents.
- 1.07 “Cardholder” means Authorized Personnel who have been issued a P-Card.
- 1.08 “CAO” means the Chief Administrative Officer – City Manager for the City.
- 1.09 “CETA” means the Comprehensive Economic and Trade Agreement between Canada and the European Union.
- 1.10 “CFTA” means the Canadian Free Trade Agreement.
- 1.11 “City” means the Corporation of the City of Medicine Hat.
- 1.12 “Competitive Process” means the solicitation of Bids from multiple Suppliers.
- 1.13 “Contract” means a commitment by the City for the Procurement of Deliverables from a Supplier, which may be evidenced by an agreement signed by the Supplier and the City or a Purchase Order issued by the City to the Supplier.
- 1.14 “Contract Administrator” means an Authorized Personnel assigned to the management of a Contract.
- 1.15 “Council” means the municipal council for the City of Medicine Hat.
- 1.16 “Deliverables” means any goods, services or construction, or combination thereof.
- 1.17 “Department” means the department, division or unit of the City that is requisitioning the purchase of the Deliverables.
- 1.18 “Department Coordinator” means the Department employee assigned as the Department’s Purchasing Card liaison between the Cardholder, Accounting Administrator and Program Administrator.
- 1.19 “Director” means an individual in the position of a Director for the City and, for the purposes of this procedure, includes the City Solicitor, City Clerk, Fire Chief and Chief of Police.
- 1.20 “Electronic Bidding Site” means the City’s third party managed website where all competitive bid packages are uploaded, including any/all addenda that may be issued. Interested vendors are able to download bid opportunity documents and submit a response to bid opportunities through this site.

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- 1.21 “Environmental Factors” means those aspects or features of a Procurement which could reasonably be anticipated to have an impact, positive or negative, on human health or the integrity of natural ecosystems.
- 1.22 “Head of Procurement Services” means the individual officer or employee, or authorized designate, who is responsible for Procurement Services at the City (i.e. Manager of Supply Chain).
- 1.23 “Invitational Competition” means an informal Competitive Process in which an invitation to submit quotes is issued to a minimum of three Suppliers.
- 1.24 “Invitational Competition Thresholds” means the dollar values at which an Invitational Competition is used to procure Deliverables, as set out in Appendix A.
- 1.25 “Invitation To Tender” (“ITT”) means the solicitation of Bids where the selection is based on the lowest price.
- 1.26 “Low Value Purchase” means any Procurement of Deliverables with a value below the Low Value Purchase Threshold, except where the Procurement is made through an existing Standing Offer or Qualified Supplier Roster.
- 1.27 “Low Value Purchase Order” (“LVPO”) means a Purchase Order document to be used by Authorized Personnel for purchases not greater than the Low Value Purchase Thresholds.
- 1.28 “Low Value Purchase Thresholds” means the dollar values for Low Value Purchases, as set out in Appendix A.
- 1.29 “Managing Director” means an individual appointed to the City position of Managing Director.
- 1.30 “Master Framework Agreement” means a master agreement entered into between the City and the prequalified Suppliers that have been included on a Qualified Supplier Roster.
- 1.31 “Non-Standard Procurement” means the acquisition of Deliverables through a process or method other than the process or method normally required for the type and value of the Deliverables. Non-standard Procurement processes include:
 - a) A “Non-Competitive Procurement”, where the Deliverables are acquired directly from a particular Supplier without conducting a Competitive Process when an Invitational Competition or an Open Competition would normally be required; or
 - b) A “Limited Competition,” where Bids are solicited from a limited number of Suppliers when an Open Competition would normally be required.
- 1.32 “NWPTA” means the New West Partnership Trade Agreement.
- 1.33 “Open Competition” means the solicitation of Bids through a publicly posted Solicitation Document.
- 1.34 “Open Competition Thresholds” means the dollar values at which an Open Competition is used to procure Deliverables, as set out in Appendix A.
- 1.35 “Open Framework Competition” means the Competitive Process used to establish a Qualified Supplier Roster and provide for an ongoing application process during the term of the Qualified Supplier Roster, as further described in the Procurement Protocols.

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- 1.36 “Performance Evaluation Report” means a report evaluating a Supplier’s performance in accordance with the Procurement Protocols and includes both interim and final performance evaluation reports.
- 1.37 “Procurement” means the acquisition of Deliverables by purchase, rental or lease.
- 1.38 “Procurement Plan” means the plan developed by a Department at the outset of an Invitational Competition or Open Competition.
- 1.39 “Procurement Protocols” means the processes and procedures that are essential for the Procurement of goods, services and construction. The City’s Procurement Protocols document should be used as a guideline to complete procurement activities. The Procurement Protocols can be found on the City’s internal website in the General Policies, Procedures & Guidelines section.
- 1.40 “Procurement Request Form” means the form used to initiate a procurement process.
- 1.41 “Procurement Services” means the City Department or unit responsible for purchasing Deliverables for the City (i.e. Supply Chain Department).
- 1.42 “Procurement Value” means the total value of the Deliverables being procured, and must include all costs to the City, including, as applicable, acquisition, maintenance, replacement, disposal; and training, delivery, installation and extension options, less applicable rebates or discounts and exclusive of sales taxes (GST, PST, HST).
- 1.43 “Program Administrator” means the Procurement Services employee assigned to administer the Purchasing Card program as indicated on the applicable job description.
- 1.44 “Purchase Order” (“PO”) means the City’s written document issued by a duly authorized employee of the City to a Supplier formalizing all the terms and conditions of the purchase and supply of the Deliverables identified on the face of the Purchase Order.
- 1.45 “Purchasing Card” (“P-Card”) means an authorized City credit card issued by a financial institution that is provided by the City to Authorized Personnel for use as a payment method where permitted under the City’s Purchasing Card program and in accordance with any Cardholder agreement and applicable procedures.
- 1.46 “Qualified Supplier Roster” means a list of Suppliers that have participated in and successfully met the requirements of a Request for Supplier Qualifications (RFSQ) and have therefore been pre-qualified to perform discrete work assignments involving the delivery of a particular type of Deliverable. The Suppliers that qualify for inclusion on the Qualified Supplier Roster will enter into a Master Framework Agreement and will be eligible to participate in Roster Competitions, as and when the goods or services are required.
- 1.47 “Roster Competition” means an expedited, Invitational Competition between Suppliers that have been included on a Qualified Supplier Roster for the selection of a Supplier to perform a discrete work assignment during the term of the roster.
- 1.48 “Senior Managers” includes the City’s CAO, Managing Directors and Directors.
- 1.49 “Solicitation Document” means the document issued by the City to solicit Bids from Bidders.

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- 1.50 “Spending Authority” means the authority to make decisions with regard to spending City funds in accordance with approved budgets or otherwise authorized by council. Spending authority alone does not provide the authority to an individual to sign agreements with Suppliers on behalf of the City.
- 1.51 “Standard Procurement” means the acquisition of Deliverables through the standard process or method identified in section 3.15 herein.
- 1.52 “Standing Offer” means a written offer from a pre-approved Supplier to supply Deliverables to the City, upon request, through the use of an ordering process during a particular period of time, at a predetermined price or discount, generally within a pre-defined dollar limit. The Standing Offer does not create a contractual commitment from either party for a defined volume of business. The commitment to purchase against a Standing Offer is formed at the time a specific order is placed through the issuance of a Purchase Order to the Supplier.
- 1.53 “Supplier” means a person carrying on the business of providing Deliverables.
- 1.54 “Surplus Disposal” means disposal of City assets (excluding real estate or other interests in land, which includes oil and gas properties) that are no longer required by the City.
- 1.55 “Suspension Recommendation Report” means a written report recommending the suspension of a Supplier and setting out the terms of the proposed suspension.

2. RESPONSIBILITIES

2.01 City Council

- (a) City Council shall receive, review and in its discretion adopt the Procurement Policy and any recommended amendments thereto.
- (b) To approve all Non-Standard Procurements in excess of \$500,000.
- (c) Provide strategic direction and guidance and approve funding for expenditures through the City’s budget approval process.
- (d) Receive and review the regular Procurement reporting provided by staff.
- (e) Council may provide strategic direction and guidance on major projects prior to the commencement of the Procurement process; however, Council is not involved in the day-to-day Procurement operations or individual Procurement processes, except to the extent that the approval of Council is required under this procedure or in the event that an exception to this procedure is required.
- (f) All items requiring Council approval will be directed through the Administrative Committee.

2.02 Administrative Committee

- (a) make recommendations to Council regarding any amendments to the Procurement Policy;
- (b) consider and provide input on other Procurement matters that may be referred to it by the Head of Procurement Services or the CAO; and
- (c) make amendments to this procedure.

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2.03 Officers and Employees

Specific responsibilities pertaining to all stages of a Procurement process, from the initial identification of requirements through to the management of Contracts with Suppliers, are detailed in the Procurement Protocols. In addition to those specific responsibilities, the general roles and responsibilities delegated to the City's officers and employees are set out below.

(a) Procurement Services

It is the role of Procurement Services to lead the City's Procurement operations. In fulfilling this role, the Head of Procurement Services, or designate, is responsible for:

- i. ensuring the consistent application of this policy and procedure and the provision of Procurement Services to the City Departments in an efficient and diligent manner;
- ii. making recommendations to the Administrative Committee regarding amendments to this procedure;
- iii. communicating this policy and procedure and the Procurement Protocols to all City Departments and providing appropriate orientation, training and tools to employees involved in Procurement activities;
- iv. developing, maintaining, and updating the Procurement Protocols and Solicitation Document templates;
- v. developing Procurement procedures and protocols for adoption by the Administrative Committee;
- vi. staying apprised of developments and changes in public sector Procurement rules and best practices;
- vii. developing Procurement strategies and continually analyzing business requirements and spending patterns to identify opportunities for cost savings and strategic sourcing;
- viii. addressing any issues or concerns that arise in respect of a Procurement process and seeking legal advice, as required;
- ix. ensuring this policy, procedure and any related policies, procedures and the Procurement Protocols are readily accessible to City employees, vendors and the general public;
- x. advising City Departments on market conditions and strategies in developing budgets, planning projects, framing business cases and buying decisions;
- xi. developing and maintaining positive vendor relationships;
- xii. ensuring efficient and effective procurement processes are developed and being fully utilized;
- xiii. ensuring that City Procurements are compliant with applicable trade agreements, including the NWPTA, CFTA and CETA;
- xiv. reporting Procurement activity annually to the Administrative Committee.

Procurement Services employees must clearly understand their obligations and responsibilities under this procedure and the Procurement Protocols and should

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consult with the Head of Procurement Services in respect of any questions regarding their application or interpretation.

(b) Senior Managers

- i. ensuring that all Authorized Personnel in their Department understand their responsibilities and adhere to this policy and procedure and the Procurement Protocols;
- ii. monitoring the activities of Authorized Personnel and addressing any identified non-compliance;
- iii. notifying Procurement Services and Accounts Payables of any interim delegation of their Spending Authority;
- iv. notifying Solicitor's Office of any litigation or commercial arbitration the Department is involved in;
- v. ensuring that their requirements for Deliverables are met in accordance with this policy and procedure;
- vi. encouraging sound Procurement practices;
- vii. providing appropriate education and training to employees involved in Procurement activities;
- viii. accountable for any decisions to proceed with a Procurement process or transaction that is not conducted in accordance with this policy and procedure or does not have the approval of Procurement Services.

(c) Contract Administrators

- i. oversee proposal planning, mitigation of risks, and administration of Contracts;
- ii. prepare Contract briefs and revisions summarizing contractual requirements and budgets;
- iii. track authorizations, correspondence, payments and deadlines;
- iv. maintain detailed and organized files including an audit file for each Contract which will include original Contract, all correspondence, changes/deviations, amendments, clarifications, payment schedules;
- v. communicate Contract status to appropriate employees and facilitate contractor meetings, as required;
- vi. prepare Contract change notices, monitoring contractor performance, including the reporting and status of contractor and owner Deliverables;
- vii. ensure contractor is in compliance with legal requirements, safety requirements, owner specifications and government regulations;
- viii. perform closing activities as needed.

(d) Authorized Personnel

- i. comply with all aspects of this policy and procedure and the Procurement Protocols;

(e) City Solicitor

It is the role of the City Solicitor to provide legal advice and assistance on the City's Procurement activities and its relationships with Suppliers as required. In fulfilling this role, the City Solicitor, or designate, is responsible for:

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- i. advising Procurement Services, as required, on legal issues arising from Procurement activities, as well as reviewing Solicitation Documents and related documentation referred for legal review by the Head of Procurement Services;
- ii. providing advice on the finalization of Contracts when requested to do so, and reviewing and advising on proposed changes to the City's standard terms and conditions, legal agreements and Solicitation Document templates;
- iii. providing legal advice and counsel to the City in the event of a Contract dispute or legal challenge from a Procurement process;
- iv. informing Procurement Services of any organization engaged in litigation or commercial arbitration with the City.

(f) **Managers**

It is the role of the Manager to ensure their requirements for Deliverables are met in accordance with this policy and procedure. In fulfilling this role, Managers are responsible to do the following:

- i. identify the need and develop requirements and specifications to be satisfied through a Procurement;
- ii. build a Procurement Plan for the project and obtain appropriate conditional approval prior to proceeding to market or soliciting Bids;
- iii. identify an available and approved funding source and verify the assigned account number;
- iv. ensure employees involved in Procurement activities have appropriate training.

3. PROCEDURES

3.01 Interpretation and Application

(a) Application and Exemptions

- i. This policy and procedure applies to the Procurement of all Deliverables by or on behalf of the City but does not apply to any of the items and expenditures set out in Appendix B – Exempt Expenditures.

(b) Dollar Values

- ii. All dollar values specified or referred to in this procedure and the Procurement Protocols are exclusive of sales taxes (GST, PST, HST).

(c) Cooperative Purchasing

- iii. The City may participate in cooperative or joint purchasing initiatives with other entities where such initiatives are determined to be in the best interests of the City. If the City participates in such cooperative or joint Procurement initiatives, the City may adhere to the Procurement procedures of the entity conducting the Procurement process, provided that such procedures comply in spirit with this policy and procedure. If the City is leading a cooperative or joint purchasing initiative, this policy and procedure and the City's Procurement Protocols will be followed.

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3.02 Ethical Conduct and Conflicts of Interest

(a) Conduct and Conflicts of Interest

- i. The City's Procurement activities must be conducted with integrity and all individuals involved in the City's Procurement activities must act in a manner that is consistent with this policy and procedure, as well as the City's Conflict of Interest Policy and any other relevant policies.
- ii. All participants in a Procurement process, including any outside consultants or other service providers participating on behalf of the City, must declare any perceived, possible or actual conflicts of interest to the Head of Procurement Services.

(b) Supplier Conduct and Conflicts of Interest

- i. The City requires its Suppliers to act with integrity and conduct business in an ethical manner.
- ii. All Suppliers participating in a Procurement process or providing Deliverables to the City must declare any perceived, possible or actual conflicts of interest and must conduct themselves in accordance with the Supplier Code of Conduct in Appendix C of this procedure. This is normally completed as part of the Bid submission process.
- iii. The City may refuse to do business with any Supplier that has engaged in illegal or unethical Bidding practices, has an actual or potential conflict of interest or an unfair advantage or fails to adhere to ethical business practices.

3.03 Supplier Relations and Contract Management

(a) Procurement Protests

- i. Suppliers may formally protest the outcome of a Procurement process. Procurement protests must be managed and responded to within 30 days of when the award contract is signed.

(b) Contract Management

- i. All Contracts for Deliverables must be managed in accordance with the Procurement Protocols.

(c) Supplier Suspension

- i. Suppliers can be suspended from participating in future Procurement processes in accordance with the Procurement Protocols.

3.04 Procurement Recordkeeping

(a) Supplier Information

- i. The City must ensure that Supplier information submitted in confidence in connection with a Procurement process or Contract is adequately protected. Procurement Services and the Departments must ensure that all Bids and Contracts are kept in a secure location and only accessible by those individuals directly involved with the Procurement or management of the Contract.

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- ii. City staff must not disclose Supplier information to other Suppliers. All inquiries for Supplier information must be referred to Procurement Services.

(b) Procurement Records

- i. The maintenance, release and management of all Procurement records must be in accordance with the City's policies and procedures on document management, records retention, and access to information.
- ii. Procurement Services is responsible for ensuring that all documentation relating to a Procurement is properly filed and maintained in a Procurement project file. Documentation and reports regarding Procurement processes and Contract awards (including Non-Standard Procurements) and data necessary to trace the process conducted electronically must be maintained for a minimum period of ten (10) years from the Contract award date.

3.05 Compliance Monitoring and Reporting

(a) Compliance Monitoring

- i. Senior Managers are required to observe and address non-compliance with this policy and procedure within their Departments. Where instances of non-compliance are identified, the Senior Manager is expected to notify the Head of Procurement Services and obtain advice with respect to mitigating potential risks to the City arising from the non-compliance.
- ii. The Head of Procurement Services is responsible for monitoring compliance across the organization. Based on the results of compliance monitoring, reports outlining instances of non-compliance may be issued by the Head of Procurement Services to the relevant Senior Manager. The Senior Manager must address the identified compliance concerns and submit a written confirmation of actions taken to the Head of Procurement Services.

(b) Consequences of Non-Compliance

- i. Violation of this policy or procedure may be subject to disciplinary action, up to and including discharge.
- ii. Authorized Personnel who do not adhere to the limits set out in this procedure may have their privileges limited or revoked.

(c) Internal Review

- i. All Procurement activities will be subject to internal review by the Head of Procurement Services.

(d) Reporting

- i. The Head of Procurement Services will prepare and submit to the Administrative Committee annually a report summarizing the City's Procurement activities.

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3.06 Procurement Planning

Effective Procurement Planning is essential to ensuring an effective result and to limiting risk to the City. Departments must ensure that they leave sufficient time to plan for a Procurement, including time for:

- (a) developing proper specifications, technical/commercial award-winning criteria with weighting and scoring and business requirements;
- (b) obtaining internal reviews;
- (c) conducting a Competitive Process, as required;
- (d) negotiations if applicable; and
- (e) obtaining necessary approvals.

3.07 Environmental Factors

Where applicable, Departments may consider Environmental Factors in all Procurements and endeavor to purchase Deliverables that have positive environmental attributes by considering Environmental Factors in the Procurement Planning process and, where possible, incorporating specifications, performance requirements and evaluation criteria that support this goal.

3.08 Market Research

Where the Department is uncertain about the Deliverables required or where there is insufficient internal knowledge about the market, the Department must consult with Procurement Services about conducting a Request for Information (RFI) process. An RFI process must be openly posted in order to gather market research from prospective Bidders. It must not be used as a prequalification tool.

3.09 Importing Goods into Canada

Goods imported into Canada require accompanying documentation and records retention. Details of the requirements are posted on the City Intranet (Corporate Documents/Policies, Procedures and Guidelines).

3.10 Supply Arrangements for Recurring Requirements

Before initiating a Procurement, Departments must consider the availability of existing supply arrangements. If the Deliverables will be required on a frequent or regularly recurring basis, and there is no existing supply arrangement, the Department must consult with Procurement Services about the possibility of establishing a Standing Offer or Qualified Supplier Roster.

Standing Offers (and City-Wide Contract(s)) may be established by Procurement Services for standardized Deliverables to be purchased by all Departments, where the requirements for Deliverables are recurring and predictable over an extended period of time, the requirements are standard and clearly defined at the time of establishment of the Standing Offer, and it is possible to fix pricing for the Deliverables for the duration of the Standing Offer.

Qualified Supplier Rosters may be established by Procurement Services to pre-qualify Suppliers that will be invited to compete for discrete work assignments, as and when required, involving the delivery of a particular type of Deliverables.

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3.11 Procurement Value

It is important to accurately estimate the value of the Procurement to ensure compliance with this policy and related procedures and the Procurement Protocols. Under no circumstances will a purchase be divided or split in any way to avoid the threshold limits set out in applicable trade treaties and Appendix A of this Policy.

3.12 Procurement Method

Different types of Procurement processes may be used depending on the nature, value and circumstances of the Procurement.

3.13 Initiating Procurement

Unless specifically permitted under this procedure or the Procurement Protocols, Departments are not permitted to procure Deliverables or engage with potential Suppliers regarding the Procurement of Deliverables without the involvement of Procurement Services.

A Procurement must be initiated in accordance with the Procurement Planning Protocol contained within the Procurement Protocols.

3.14 Applicable Protocols

The Procurement process must be conducted in accordance with this policy and related procedures and the Procurement Protocols. The roles and responsibilities of those involved in the various stages of a Procurement process are described in the Procurement Protocols.

3.15 Standard Procurement Methods

Depending on the nature, value and circumstances of the Procurement, the City may procure Deliverables through the following standard Procurement methods.

(a) Ordering from Standing Offer (City Wide Contract)

When a Standing Offer is available, Deliverables should be ordered based on the pre-negotiated prices and terms and conditions of the Standing Offer.

(b) Roster Competition

If the Deliverables are available under an existing Qualified Supplier Roster, the goods and services must be acquired through a Roster Competition in accordance with the terms of the Master Framework Agreement and the Qualified Supplier Rosters Protocol contained within the Procurement Protocols.

(c) Low Value Purchase

- i. Where the Procurement Value is below the Low Value Purchase Threshold and the Deliverables are not covered under an existing Standing Offer or Qualified Supplier Roster, the Procurement process must be conducted in accordance with the Low Value Purchase Protocol or P-card protocol, as contained in the Procurement Protocols.
- ii. If a Department anticipates making multiple Low Value Purchases of the same Deliverables and the total value of those Procurements may exceed the Low Value Purchase Threshold, the Department must contact Procurement Services to discuss the possibility of setting up a Standing Offer or Qualified Supplier Roster.

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(d) Invitational Competition

- i. Where the Procurement Value is above the Low Value Purchase Threshold of \$10,000 and below the Open Competition Threshold of \$75,000 Departments may use the Invitational Competition process, by requesting quotes from a minimum of three Suppliers. Alternatively, Departments may also choose to have Procurement Services conduct the quote requests.

(e) Open Competition

- i. An Open Competition, in which Bids are solicited from all interested Suppliers through a publicly posted Solicitation Document, is the standard method of Procurement, especially when the Procurement Value equals or exceeds the Open Competition Thresholds. Open Competitions may also be used to establish Standing Offers.
- ii. Open Competitions may include two-stage Procurement processes in which a prequalification process is conducted by soliciting and evaluating submissions from all interested Suppliers in order to establish a short-list of prequalified Suppliers that will be eligible to submit a Bid in response to a second-stage Solicitation Document. A two-stage Procurement process may be used whenever determined appropriate by the Head of Procurement Services, in consultation with the Department.
- iii. Only Procurement Services is authorized to conduct an Open Competition.

(f) Open Framework Competition

- i. In the case of goods or services that are required on a regular or repetitive basis by one or more Department(s), an Open Framework Competition may be used to establish a Qualified Supplier Roster.

3.16 Non-Standard Procurement

Under no circumstances will a Non-Standard Procurement be used for the purpose of avoiding competition among Suppliers or in a manner that discriminates against, or advantages Suppliers based on geographic location.

3.17 Emergency Purchases

(a) Situations of Emergency

For the purposes of this Policy, an emergency exists when an unforeseeable situation or event occurs where lack of immediate action could be a threat to any of the following:

- i. public health and/or safety;
- ii. the maintenance of essential services;
- iii. the welfare of persons or public property; or
- iv. the security of the City's interests.

Situations of urgency resulting from the failure to properly plan for a Procurement do not constitute an emergency.

(b) Emergency Procurement Authority

- i. Notwithstanding any other provisions of this Policy, where an emergency exists, the limits of Spending Authority do not apply, and any Authorized

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Personnel may approve and acquire the purchase of required Deliverables in accordance with the emergency purchase program set out in the Procurement Protocols.

- (c) Where a Department emergency exists, the Department will conduct the emergency purchase. An emergency order requisition is to be completed detailing the Deliverables and is to be used as reference for generating an emergency Purchase Order. The emergency order requisition, along with any additional supporting documentation, must be saved as an attachment to the Purchase Order. The Department must report all emergency purchases to their Department Director. Where an emergency exists that requires use of the Incident Command System, emergency purchases will be conducted in accordance with Incident Command System protocols.

3.18 Approval of Contract Award

Contract awards must be approved in accordance with this procedure.

To obtain approval, the Department must prepare an Award Recommendation Form for submission to the appropriate party(s). A copy of all Award Recommendation Forms requiring approval from a Senior Manager, Administrative Committee or Council will be forwarded to the Head of Procurement Services in advance of obtaining the approval.

If the recommendation is for the award of a fixed term Contract with extension options (e.g. a one-year Contract with the option to extend for two additional one-year periods), this information shall be clearly noted in the recommendation. The recommendation shall seek approval for the entire term including the potential extension periods with the total value of all extension periods.

3.19 Contract Finalization

Contracts must be finalized, approved and entered into in accordance with the Procurement Protocols. The Contract must be in place prior to the delivery of the Deliverables.

No Contract may be entered into through the use of documents, other than the City's standard documents, unless reviewed and approved by the City's Legal Department.

3.20 Procurement during Litigation with the City of Medicine Hat

The Administrative Committee, at their sole and absolute discretion, may debar a Bidder who is engaged in litigation or commercial arbitration against the City, or whose corporate affiliate is engaged in litigation or commercial arbitration against the City, from submitting a Bid and/or being awarded a Contract.

3.21 Withdrawal of Bids

- (a) At any time prior to the submission deadline, bidders may withdraw their bid through the electronic bidding system. The bids are permanently removed from the bidding site.
- (b) Withdrawal requests for Open Competitions will be allowed up to and until such time that a Contract has been awarded and signed. All electronic submissions that have not been withdrawn prior to the submission deadline will remain on the

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electronic bidding site and will not be reviewed or evaluated as part of the bid process.

- (c) Withdrawal requests for Invitation To Tender (ITT) after the submission deadline time will not be allowed.

3.22 Surplus Disposal

When an item(s) are no longer needed, are obsolete or not repairable, they shall be declared, as such, by the Department responsible for the item(s). For items that have been inventoried at the request of a Department and for their specific use, that Department is responsible for the item(s).

The Department responsible for the item(s) will ready them for disposal (e.g. fluids drained, computers decommissioned, logos removed). Item(s) are to be disposed of in a timely fashion. Identification and methods for disposal are outlined below.

Approval from the Director of the Department responsible for the item(s) is required for the sale of all surplus and obsolete items.

No employee or elected official shall purchase City surplus except by bidding through auction or through an open competition process.

Items are identified as follows: surplus material and equipment are useable material or equipment which is in excess of current needs and for which a use cannot be seen in the next 24 months; obsolete material and equipment are material or equipment that is no longer useable in the service in which they were acquired and which cannot be utilized safely or economically for any other purpose within the next 24 months; and scrap is damaged, spent or otherwise unusable items with no resale value.

(a) Exceptions

- i. Excluded is the disposition of land and permanent buildings/structures as well as oil and gas properties.
- ii. Materials seized by police and used as evidence during trials. This material belongs to the Provincial Court system and is disposed of by the Province.

(b) Methods for Disposal

- i. Transfer – Item(s) no longer needed by a Department but is functional, may be economically repaired, or that retains some residual value may be transferred to another Department. All transfers must be recorded. If the item being transferred has a recorded value, the user Department must advise Accounting of the transfer.
- ii. Trade-in on New Purchase – Departments should consider including equipment as a trade-in option when soliciting bids for new equipment. Details of the trade-in shall be noted on the request to initiate a tender. Award of any purchase that includes trade-in equipment must be clearly noted in the recommendation.
- iii. Sale through Open Competition – A Competitive Process for the sale of surplus items should be conducted as needed. Items may be sold on an individual item or lot basis. Sale shall be made to the highest responsive bidder.

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- iv. Scrap – May be disposed of in the City dumpster, taken to the City landfill, or recycled.
- v. Construction Projects – Surplus, obsolete or scrap material or equipment that is being replaced or removed through a construction project can be included as part of the contract as the responsibility of the contractor to dispose of the item.
- vi. Inventory under the control of Central Stores – Wherever practical, inventory will be returned to Supplier for credit. In the event inventory cannot be returned to Suppliers for credit, the subject inventory will be disposed of using one of the disposal methods. In the case of items that have been inventoried at the request of a Department and for their specific use, any costs associated with the removal or disposal of the items will be charged directly to the Department.
- vii. Disposition of Vehicles – The City's Fleet Services Department is responsible for the disposition of all City vehicles. Vehicles will generally be disposed of through public auction. Requests for vehicle donations by non-profit organizations must be forwarded to a Managing Director for review/approval.
- viii. Donation – Item(s) that fail to receive a reasonable offer through auction or competitive bid or in the best estimation where the cost related to time and effort to dispose surplus may be more than the items are worth may be made available at a nominal fee or donated to other governmental entities or non-profit organizations. A Managing Director approval is required.

The Department responsible for the item(s) being sold will complete a Sales Agreement and have it duly authorized. Transfer of the item(s) to the buyer will occur only after execution of the Sales Agreement.

All proceeds will be credited to the user Department account. All proceeds must be recorded and forwarded to the Accounting Department for deposit to the Department account.

When Procurement Services involvement is required to solicit offers through an open competition process, the requesting Department will be charged standard open competition fees.

4. APPENDICES

APPENDIX A – PROCUREMENT THRESHOLDS

APPENDIX B – EXEMPT EXPENDITURES

APPENDIX C – SUPPLIER CODE OF CONDUCT

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APPENDIX A – PROCUREMENT THRESHOLDS

1. LOW VALUE PURCHASE THRESHOLDS

Goods	Up to \$10,000
Services	Up to \$10,000
Construction	Up to \$10,000

2. INVITATIONAL COMPETITION THRESHOLDS

Goods	\$10,000 - \$75,000
Services	\$10,000 - \$75,000
Construction	\$10,000 - \$75,000

The City may choose to engage in an Invitational Competition. For the purchase of goods, services or construction greater than \$10,000 and less than \$75,000, a Department may conduct an Invitational Competition by requesting Bids from at least three (3) qualified Suppliers. The Department is encouraged to utilize bid solicitation templates made available by Procurement Services.

3. OPEN COMPETITION THRESHOLDS

Goods	Above \$75,000
Services	Above \$75,000
Construction	Above \$75,000

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APPENDIX B – EXEMPT EXPENDITURES

This policy and procedure does not apply to any of the following items and expenditures:

1. Contracts or agreements relating to hiring of employees or employee compensation and benefits or reimbursement of employee expenses
2. Contracts or agreements for the sale, purchase, lease or license of land or existing buildings
3. Investments
4. Insurance Premiums
5. WCB Premiums
6. Corporate Debt Service Costs
7. Permits and License Fees
8. Joint Venture Payments
9. Royalty Payments
10. Surface and Mineral Lease Payments
11. Pipeline Transportation Costs
12. Property Tax Requisitions
13. Membership Registration
14. Subscriptions and Publications
15. Education/training courses, seminars, conferences provided by third parties which are delivered off-site of any City facility
16. Event/Performance Fees
17. Water Purchase Agreement Payments for Drilling & Completions Operations and Soil Purchase Agreement Payments for Wellsite and Pipeline Reclamations
18. Communications/Utilities Services
19. Bulk Energy Purchases (such as Power Pool Electricity, Spot Market Gas Purchases, Energy Purchase Agreements etc...)
20. Postage
21. Charges or remittances to other governmental bodies
22. Operating grants to community and social groups
23. Original artwork
24. Licenses, or maintenance agreements for existing, proprietary software systems
25. Any other Procurements exempted by applicable trade agreements.

Payment of Exempt Expenditures:

The exempt expenditures and related invoice payments may be approved by the employee responsible for the activity and the Director of the Department responsible for the activity up to the approved budget. Provided the expenditure does not exceed the approved budget and the employee's Spending Authority, no additional approval is required. The issuance of a Purchase Order is not required.

Notwithstanding that the transactions listed above are not subject to the Competitive Process outlined in this procedure, Departments should ensure that the City is achieving good value for all purchases.

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APPENDIX C – SUPPLIER CODE OF CONDUCT

The Supplier code of conduct information is included in Open Competitions. The City requires its Suppliers to act with integrity and conduct business in an ethical manner. The City may refuse to do business with any Supplier that has engaged in illegal or unethical Bidding practices, has an actual or potential conflict of interest or an unfair advantage, or fails to adhere to ethical business practices.

Suppliers are responsible for ensuring that any employees, representatives, agents or subcontractors acting on their behalf conduct themselves in accordance with this Code of Conduct. The City may require the immediate removal and replacement of any individual or entity acting on behalf of a Supplier that conducts themselves in a manner inconsistent with this Code of Conduct. The City may refuse to do business with any Supplier that is unwilling or unable to comply with such requirement.

(a) Illegal or Unethical Bidding Practices

Illegal or unethical Bidding practices include, without limitation:

- bid-rigging, price-fixing, bribery or collusion or other behaviours or practices prohibited by federal or provincial statutes;
- offering gifts or favours to the City's officers, employees, appointed or elected officials or any other representative of the City;
- engaging in any prohibited communications during a Procurement process;
- submitting inaccurate or misleading information in a Procurement process; and
- engaging in any other activity that compromises the City's ability to run a fair Procurement process.

The City will report any suspected cases of collusion, bid-rigging or other offenses under the *Competition Act* to the Competition Bureau or to other relevant authorities.

(b) Conflicts of Interest

All Suppliers participating in a Procurement process must declare any perceived, possible or actual conflicts of interest.

The term "Conflict of Interest," when applied to Suppliers, includes any situation or circumstance where:

- in the context of a Procurement process, the Supplier has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having, or having access to, confidential information of the City that is not available to other Suppliers; (ii) communicating with any person with a view to influencing preferred treatment in the Procurement process (including but not limited to the lobbying of decision makers involved in the Procurement process); or (iii) engaging in conduct that compromises, or could be seen to compromise, the integrity of an open and competitive Procurement process or render that process non-competitive or unfair; or

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- in the context of performance under a potential Contract, the Supplier's other commitments, relationships or financial interests (i) could, or could be seen to, exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could, or could be seen to, compromise, impair or be incompatible with the effective performance of its contractual obligations.

Where a Supplier is retained to participate in the development of a Solicitation Document or the specifications for inclusion in a Solicitation Document, that Supplier will not be allowed to respond, directly or indirectly, to that Solicitation Document.

(c) Ethical Business Practices

In providing Deliverables to the City, Suppliers are expected to adhere to ethical business practices, including:

- performing all Contracts in a professional and competent manner and in accordance with the terms and conditions of the Contract and the duty of honest performance;
- complying with all applicable laws, including safety and labour codes (both domestic and international as may be applicable); and
- providing workplaces that are free from harassment and discrimination.