

## TOWN OF STETTLER

Prepared by: Department Heads                      Number: VII-4  
Adopted by: Town of Stettler Council              Original Policy: 1987 05 19  
Previous Policy: 2010 04 06  
Current Policy: 2010 06 15

Title:                      **Purchasing of Goods and Services**

Purpose:                      To provide guidelines to ensure that Town of Stettler purchasing is carried out in an efficient, economical, fair and legislatively compliant manner.

Policy Statement:      Major considerations in purchasing goods or services are:

1. Expenditures must be provided for in the operating or capital budget and processed through the internal purchase order system.
2. Expenditures must be made in accordance with the Budget Policy.
3. Quality, price and service.
4. All supplies shall be quoted FOB Stettler.
5. Subject to compliance with **NWPTA**\*\* & AIT\*\*\* local suppliers are allowed a pre-tax price differential as follows:
  - a. Amounts from \$0 - \$15,000 a pre-tax price differential of 10%.
  - b. Purchases of goods between \$15,001 - \$75,000, and construction contracts valued up to \$200,000 a pre-tax price differential of \$1,500.
  - c. No local preference is permitted as follows:
    - \* On projects that are wholly or partially funded by Provincial or Federal Government Grants.
    - \*\* The **New West Partnership Trade Agreement (NWPTA)** between the provinces of Alberta, British Columbia and **Saskatchewan** includes a set of procurement thresholds unique to the MASH sector that require open and competitive tendering for goods and services above \$75,000 and above \$200,000 for construction.

\*\*\* Concurrently, under the provisions of the pan-Canadian *Agreement on Internal Trade (AIT)* procurement thresholds require municipalities purchasing goods valued at \$100,000 or more and construction project tenders of \$250,000 or more must be open and treat all suppliers the same.

The APC (Alberta Purchasing Connection) system has been established as an acceptable/open web based procurement site to assist the MASH Sector in complying with provincial and national purchasing regulations.

#### 6. Purchasing Authority:

Budgeted expenditures up to \$5,000.00 may be approved at the Department Head level. Budgeted expenditures between \$5,001.00 and \$25,000.00 may be approved by the Chief Administrative Officer (CAO), or designate.

Purchases of \$10,000 or less shall, where practical and economical, be supported and/or compared with quotations from alternative suppliers (for the same or similar goods or services). The determination of practical and economical varies depending on the type and the amount of the purchase and therefore shall be at the discretion of the appropriate level of purchasing authority. For simplified purposes authorized purchasers shall attempt to utilize local suppliers on a somewhat rotational basis provided quality and pricing is competitively acceptable. It is acknowledged that for continuity purposes certain contractors/tradespersons are more familiar with servicing internal components/systems within equipment, facilities and utility infrastructure.

All purchases greater than \$10,000 must be procured utilizing either a competitive tender or a request for proposal (RFP) process. Such purchases may be offered on either an open or an invitational basis (subject to **NWPTA** or AIT) depending on, but not limited to, the following general factors:

- The urgency/timing of the need for the procurement.
- Advice of professional/technical agency assisting in the procurement process.
- The nature of the specified procurement being subject to an authorized dealer district.
- Consideration of future repairs, maintenance and servicing costs (total cost of ownership).
- Organizational compatibility to assist staff operators, mechanic and office technicians.

- Organizational support for functional and quality characteristics (of selective brands) based on past performance and servicing.
- Balancing relative fairness with practicality.
- Availability/competitiveness of area suppliers/regional market.
- Consideration of shipping time and/or transportation constraints.

All tender/RFP offers exceeding the sum of \$25,000.00 shall be received by Administration and submitted to Council for final approval/acceptance. However purchases over \$25,000 of an immediate/urgent nature can be authorized by the CAO, or designate, based upon support/authorization obtained via a telephone and/or electronic poll of available Council Members (must be a majority). Under this circumstance the CAO's decision to proceed with the purchase shall be presented for (belated) authoritative review at a subsequent Council Meeting.

Administration may under certain circumstances deem it appropriate to sole source a purchase quotation from a single supplier. Relative to the purchasing authority levels within this policy, the appropriate level of authorization is required and must be supported with practical and/or reasonable rationale for the purchase decision; the general factors previously noted in this policy shall be taken into consideration by the appropriate level of purchasing authority prior to the authorization of a sole source supply.

Internal tenders and RFP's shall be coordinated through the Assistant CAO, or designate, to allow for broader organizational input, direction and consistency. Where professional/technical external agencies are utilized to undertake a procurement process on behalf of the Town, they must be advised to follow the requirements of this Purchasing Policy.