

POLICY PURCHASING



Policy C4002

1.0 POLICY

Town of Banff is committed to obtaining the best value for goods and services purchased while incorporating sustainable procurement principles and best practices that befits a municipality located within Canada's premier National Park.

2.0 PURPOSE

The purpose of the Purchasing Policy is to provide guidance to all Town of Banff employees and Council members with respect to purchasing functions.

All employees delegated with purchasing authority shall follow the guidelines set out in the Purchasing Policy. All procurement activities shall meet the current and future needs of the Town of Banff, while demonstrating commitment to environmentally, socially and economically sound purchasing practices. This commitment recognizes that:

- The Town's purchases have inherent environmental, social and economic impacts that extend throughout the life cycle of each product or service;
- Though some impacts are local, many impacts occur far beyond the boundaries of Banff National Park, given the regional, national, and global supply chains that underpin most products and services;
- The Town can leverage its purchasing power to minimize the adverse life cycle impacts of products and services, while motivating suppliers to provide more sustainable options for all of their customers; and
- By taking responsibility for the environmental, social, and economic impacts of the entire life cycle of each purchase, the Town reduces risk, practices fiscal responsibility, and contributes to sustainable development locally, provincially, nationally, and internationally.

3.0 SCOPE

The Purchasing Policy applies to the purchase of Goods and Services by any municipal employee or Council member on behalf of the Town of Banff. Values referred to in this policy do not include GST unless otherwise noted.

The Director, Corporate Services will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability and ethics.

4.0 RESPONSIBILITIES

4.1 All employees are responsible for:

- a) Procuring and/or make purchases in compliance with all applicable trade agreements, including but not limited to:
 - i) Canadian Free Trade Agreement (CFTA)
 - ii) New West Partnership Trade Agreement (NWPTA)
 - iii) Canadian-European Union Comprehensive Economic and Trade Agreement (CETA)
- b) Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them, as a publicly funded institution.
- c) Considering the environment impact of all purchasing decisions, as described in the **Employee Sustainable Procurement Guidelines**, where the additional cost is not prohibitive (see section 12).
- d) Obtaining the Best Value for money by achieving fulfillment of specified needs including quality, health & safety standards, environmental impacts, productivity and service life.
- e) Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
- f) Meeting the legal and ethical obligations in the acquisition of Goods and Services by purchase, lease or Barter.
- g) Using appropriate purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.
- h) Securing expense authorization prior to any purchase except Emergency Purchases. All related documentation shall be retained for review and auditing.
- i) Using purchasing contracts when the Town gains an advantage by doing so.
- j) Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- k) Obtaining appropriate authorization for all purchasing contracts.
- l) Obtaining legal assistance or advice if necessary for any non-standard clauses in purchasing contract.
- m) Ensuring a Supplier of Goods and Services holds a valid Town of Banff business license where required.
- n) Ensuring that each Contractor performing work for the Town carefully reviews the **Contractor Orientation Package**, signs the accompanying acknowledgment form, and returns it to the Town of Banff project owner prior to commencing any work.

4.2 Directors are responsible for:

- a) Ensuring all purchases are performed in accordance with this policy.
- b) Delegating expense authorization in writing to the appropriate levels.
- c) Ensuring that corporate standards are adhered to for purchases.
- d) Entering into purchasing contracts on behalf of the Town.
- e) Coordinating administration and the continuous review of the department's use of goods and/or services to ensure the Town is receiving the best quality, quantity, service, price, etc.
- f) Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records . in accordance with [the](#) Information Governance and Records Management Program Policy.

- 4.3 The Director, Corporate Services is responsible for:
- a) Ensuring that no payments are made without the appropriate authorization.
 - b) Providing training and documentation on how to utilize the Purchasing Policy efficiently and effectively.
 - c) Communication regarding all developments in the field of purchasing by all government agencies

5.0 DEFINITIONS

- 5.1 **Barter** means an exchange of goods or services between two or more parties where no money changes hands.
- 5.2 **Best Value** means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset and track record.
- 5.3 **Bid** means an offer to buy or sell goods or services by a vendor or purchaser.
- 5.4 **Budget** means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Town Council.
- 5.5 **Cheque Requisition** means a form requesting a cheque be prepared for payment of a Town expense.
- 5.6 **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, but does not include professional consulting services related to the construction contract unless they are included in the procurement;
- 5.7 **Contract** means an agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.
- 5.8 **Contractor** means a person or a business that follows an independent trade, business, or profession in which they provide goods or services to the public.
- 5.9 **Emergency Purchases** are situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- 5.10 **Exclusive rights** means an arrangement with a Supplier whereby the purchaser undertakes to obtain related supplies or services only with that Supplier.
- 5.11 **Goods and Services** includes supplies, materials and equipment of every kind required to carry out the operations of the Town. Services include contractors, consultants and other non-material requirements.
- 5.12 **Sustainable Procurement** means purchasing products or services which minimize or provide favourable environmental, social, and economic impacts, and consider those impacts during all stages of its life cycle.
- 5.13 **Invitation to Tender** means a request for Bids for prices on specific goods and/or services from a Supplier submitted in writing.
- 5.14 **Local Business** includes any business holding a valid Town of Banff resident business license.
- 5.15 **Request for Proposal** means a request for Bids as to how the Supplier would address the need identified in the Request for Proposal document.
- 5.16 **Request for Quotation** means a request for Bids for prices on specific goods and/or services from a Supplier submitted verbally or in writing.

- 5.17 **Sole Source** means purchasing from a supplier without a competitive process **Supplier** means any person or company that supplies goods or services to the Town. Also known as a contractor, seller, subcontractor, or vendor.
- 5.18 **Town** shall mean the Corporation of the Town of Banff.

6.0 RELATED POLICIES AND ADMINISTRATIVE DOCUMENTS

C1004 – Signing Authority
C6001 – Disposal of Fixed Assets

Employee Sustainable Procurement Guidelines
Contractor Environmental Responsibilities Package

7.0 PURCHASING AUTHORIZATION

7.1 Purchase Authorization Limits

\$0 to \$10,000	A manager, director or designate shall review and authorize any purchase approved in the Budget with a total value \$10,000 and under.
\$10,000 to \$75,000	A director shall review and authorize any purchase approved in the Budget with a total value between \$10,000 and \$75,000.
\$75,000 to \$250,000	A director and the Director, Corporate Services shall review and authorize any purchase approved in the Budget with a total value greater than \$75,000 and less than \$250,000.
\$250,000 or greater	The Town Manager shall review and authorize any purchase approved in the Budget over \$250,000.
Greater than 3 years and \$250,000 in value	The Town Council shall require the Town Manager to obtain Town Council authorization for purchase commitments or renewals longer than 3 years and greater than \$250,000 in total value excluding renewal years.

7.2 Non-Budgeted Purchases

Town Council shall review and authorize any purchase not approved in the Budget that has the potential to affect the direction or financial results (\$10,000 or greater) of the Town.

7.3 Emergency Purchases

Emergency situations occasionally arise within Town operations. In emergency situations it is up to the judgement of the highest authority personnel on hand to make a responsible decision regarding obtaining required Goods and Services. Any purchases made outside of normal purchasing procedures must be reported to the appropriate authority and to the Director, Corporate Services as soon as is reasonably possible.

7.4 Barter Transactions

- a) Barter transactions are generally discouraged, but may be appropriate in special circumstances. They must be approved by the Director, Corporate Services in addition to whatever approvals are required based upon the values involved.
- b) Barter transactions are accounted for at the amounts that would have been paid had they occurred as routine transactions in the ordinary course of business. Authorizations for barter transactions shall follow the same process as for a standard

purchase, at the normal commercial value of the exchange. GST as well as any other taxes must be accounted for as for a standard purchase.

7.5 Authorization of Supplier Invoices

Invoices should be compared to the original purchase authorization document and/or supplier quotation. Invoices must be approved for payment by an employee authorized in accordance with section 7.1.

7.6 Purchases over \$10,000 Initiated by Management

All purchases made on behalf of the Town of Banff must have an authorizing signature other than that of the initiator of the purchase. Where a director or manager initiates a purchase, the authorization will be in accordance with section 7.1 above, or the individual's direct supervisor, whichever level is higher.

8.0 PURCHASING PROCESS

- 0 - \$10,000 a) Verbal or written quotations from one or more vendors.
 b) Use of normal invoice procedures, Town corporate credit card or via a Cheque Requisition.
 A verbal or written Request for Quotation may be used.
- \$10,000 – \$75,000 a) Orders may be placed based on receiving three written quotations or proposals where practical and advantageous to the Town.
 b) A written Request for Quotation or Request for Proposal may be used.
- \$75,000 + a) An advertised Request for Proposal or Invitation to Tender must be used.
 b) A comprehensive assessment of the proposals or quotations will be undertaken including a decision matrix. At least 20 percent of the scoring must be allocated to environmental considerations referenced in section 12
 c) A Contract may be required.
 d) The Town of Banff will comply with purchasing practices legislated under the Canadian Free Trade Agreement (CFTA), the New West Partnership Trade Agreement (NWPTA), and the Comprehensive, Economic and Trade Agreement (CETA)
 e) Goods and Services over \$75,000 and Construction contracts over \$200,000 must be procured openly through the Province's designated electronic tendering system.

9.0 REQUEST FOR PROPOSAL/INVITATION TO TENDER

- 9.1 Valuation will include all taxes, fees and extras.
9.2 The evaluation criteria or a summary of the evaluation criteria should be included with the proposal or tender.
9.3 The Town will conduct vendor debrief when requested by a vendor.
9.4 Proposal and tender documents must be kept in accordance with the Retention Policy
9.5 Any disputes related to this process must be reported to the Director, Corporate Service as soon as is reasonably possible.

10.0 CONTRACT INITIATION AND APPROVAL

- 10.1 A Town employee who initiated the expenditure should initiate a Contract.
10.2 The Director, Corporate Services must approve all Contracts up to \$250,000 and the Town Manager must approve contracts over \$250,000.

11.0 SOLE SOURCE

Town employees must obtain written approval of a Sole Source acquisition over \$10,000 by the Town Manager for exceptions to the requirement for quotations and proposals within this policy. The Town identifies such instances as:

- a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source.
- b) Where an item is purchased for testing or trial use.
- c) Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Town.
- d) Where the only Supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.
- e) Where the acquisition is of a highly specialized nature and/or is available from only one Supplier.
- f) Where an unforeseeable situation of urgency exists and the Goods and Services or Construction cannot be obtained in time by means of open procurement procedures

Signed written approvals including reasons for the Sole Source will be kept by the Director, Corporate Services for audit purposes.

12.0 SUSTAINABLE PROCUREMENT REQUIREMENTS

12.1 **All employees are responsible for carefully reviewing the most up-to-date Employee Sustainable Procurement Guidelines, and adhering to them when:**

- a) Planning and designing projects
- b) Preparing purchase orders, scopes of work, Requests for Proposals, Requests for Quotations, or similar requests for products or services;
- c) Choosing suppliers and service providers;
- d) Developing and managing Town contracts and price agreements;
- e) Specifying standards and performance requirements for materials & equipment; and
- f) Ordering/purchasing materials.

12.2 **When applying the Employee Sustainable Procurement Guidelines, employees are responsible for considering the following for all products and services:**

- a) Water consumption
- b) Energy consumption
- c) Greenhouse gas emissions
- d) Any chemicals, toxins, or emissions that may contribute to water, air, and/or soil pollution
- e) Recycled content (i.e. post-consumer/post-industrial content)
- f) Third party environmental certifications such as EcoLogo, FSC or LEED;
- g) Travel distance required to deliver the product or service, and
- h) Product end-of-life including whether the product is reusable, recyclable, or compostable, and the potential environmental impacts if landfilled.

13.0 WORKERS COMPENSATION

13.1 Contractors of the Town must have Worker Compensation accounts in good standing

13.2 Contractors must provide proof of 13.1 prior to starting work

14.0 PROHIBITIONS

The following activities are prohibited, unless specifically approved by Council:

- 14.1 The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- 14.2 Purchase by any employee or member of Council of any Goods and Services for personal use.
- 14.3 An employee shall not accept a gift, favour or service from any individual, organization or corporation, other than: the normal exchange of gifts between friends; the normal exchange of hospitality between persons doing business together, tokens exchanged as part of protocol; or the normal presentation of gifts to persons participating in public functions.
- 14.4 Purchases by the Town from any member of Council or Town employee or their immediate families or other source except when the purchase is at competitive prices and the Supplier is a dealer in those goods and services and which purchase is incidental or in the ordinary course of the business of the Supplier.

15.0 NON-COMPLIANCE

- 15.1 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 written warning to dismissal with cause.
- 15.2 Any Member of Council found to be in violation of this policy may be dealt with utilizing a confidential report to Council.

This policy shall be in effect on the date it is approved by resolution of Council.

On Original

Karen Sorensen
Mayor

On Original

Randall McKay
Interim Town Manager

APPROVAL HISTORY

Approved	2019.11.12	COU19-302
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