



## Town of Vegreville Procedure

**Policy No.:**

**FIN-6009**

**Policy Title:**

**Procurement Policy**

**Approval Date:**

**September 12, 2022**

**Revised Date:**

**Department:**

**Corporate Services**

### APPENDIX "A"

#### PURCHASING PROCEDURE MANUAL

#### TOWN OF VEGREVILLE

(the "Town")

#### **Purpose**

The purpose of this procedures is to establish procurement processes to consistently and fairly apply the guidelines established under the Procurement Policy for the Town of Vegreville.

#### **Scope**

All purchases shall be included in the current year's budget or as otherwise approved by resolution or bylaw of Town of Vegreville Council, or any policy adopted by Council.

**1.0 Request for Quote (RFQ)**

- 1.1** This method of purchase is a competitive method. The specifications for the goods and services and terms of purchase will be established with sufficient particularity to permit comparable quotations to be made by suppliers.
- 1.2** The department requiring the goods and/or services (requisitioning department) shall develop therelevant specifications, terms, and conditions for the purchase.
- 1.3** The requisitioning department shall then prepare a Quotation document which provides parties with clear instructions, specifications, terms, and conditions. The Quotation document may include a quotation form on which a bidder can make his/her quotation.
- 1.4** The requisitioning department may give notice of the RFQ in one local newspaper, the Town’s website, or send notice directly to approved vendors. If applicable, the RFQ shall also comply with the Agreement on Internal Trade and New West Trade Partnership Agreement national tendering provisions.
- 1.5** The Quotation document shall clearly indicate the final time and place for the receipt of quotations. The quotations will be received in the requisitioning department. There will be no formal or public opening of the quotations.
- 1.6** All quotations received will be evaluated by the requisitioning department. At least three quotations should be presented, unless otherwise stated in the Procurement Policy, or if purchase by negotiation applies or if a variation is approved by the CAO. The quotation will be awarded consistent with the purchasing principles stated in the Procurement Policy.
- 1.7** A summary or report indicating the selected vendor will be prepared. This report will require approval in accordance with the Purchasing Authority limits found in Section 5 of the Procurement Policy.

**2.0 Purchase by Negotiation**

- 2.1** All purchase of goods and services shall be by a competitive method except where thenegotiation method would apply, as follows:
  - 2.1.1** When goods or services are available from only one source, for technical or otherreasons;
  - 2.1.2** Where compatibility within an existing product or process is the overriding consideration;
  - 2.1.3** When, due to market conditions, goods are in short supply;
  - 2.1.4** When all acceptable bids exceed the amount budgeted and re-tendering would not beneficial;

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- 2.1.5 When the extension or reinstatement of the existing contract would be the most cost effective or beneficial method and is in the best interest of the Town;
  - 2.1.6 When an emergency occurs where goods and services are deemed necessary and time and safety concerns reasonably limit the use of any other prescribed procurement process;
  - 2.1.7 When no bids are received on a request for quotation, tender or request for proposal;
  - 2.1.8 When goods are required for resale and thus an important factor in choosing a successful bidder is marketability and profitability;
  - 2.1.9 Where the best interest of the Town would be served through negotiations;
  - 2.1.10 For work to be performed on or about a leased building or portions thereof that may only be performed by the lessor;
  - 2.1.11 For work to be performed on a property by a contractor according to the provisions of a warranty or guarantee held in respect of the property or original work;
  - 2.1.12 For a contract to be awarded to the winner of a design contest, or for the procurement of original works of art;
  - 2.1.13 For procurement contracts with a public body or a non-profit organization;
  - 2.1.14 For the purchase of real property.
- 2.2 The authority to incur an expenditure of the Town's funds through the negotiation method shall be subject to the same spending approval levels as outlined in Section 5 of the Procurement Policy.
- 2.3 In accordance with the negotiation method, the requirements for inviting tenders (RFT) and quotations (RFQ) will be waived. The methods of negotiation shall be those accepted as standard negotiating procedures that employ fair and ethical practices.
- 2.4 Notwithstanding the above, all exceptions for formal tender (RFT) or sole supplier procurement, must comply with the Agreement on Internal Trade and the New West Trade Partnership Agreement.

### 3.0 Request for Tender (RFT)

The following is the procedure for issuing, receiving and awarding tenders as issued by the department.

- 3.1 As outlined in Procurement Policy certain purchases require the use of RFT or RFP process. The criteria for determining which process to use are contained in Section 8 of the Procurement Policy.

- 3.2** In all cases, tenders (RFT) shall be coordinated by the requisitioning department, which will ensure:
  - 3.2.1 Completeness of documentation;
  - 3.2.2 Advertisements are arranged;
  - 3.2.3 Closing dates and tender opening are scheduled;
  - 3.2.4 Vendor contact information is appropriate.
  
- 3.3** In some cases, external engineering firms may be engaged to design and oversee the tendering process (i.e. construction projects). The tender process may change slightly from these procedures, based on the standards of the engineering firm, at the discretion of the CAO.
  
- 3.4** Specifications contained within the tender documents are the responsibility of the requisitioning department. If necessary, outside consultants, (i.e. engineers) will be used as a resource for development of specifications.
  
- 3.5** Standard construction industry bidding documents will be employed whenever possible.
  
- 3.6** The tender document will consist of a number of sections as described below. When considered in its entirety, the document must contain the appropriate information so that staff evaluating the bids can determine that:
  - 3.6.1 The bidder understands the full scope of the tender for which bids have been invited;
  - 3.6.2 The bidder is capable and willing to perform all of the required work or provide all of the required goods/services;
  - 3.6.3 The bidder is capable and willing to enter into a legal agreement with the Town if required, for the provision of the required goods/services;
  - 3.6.4 The bidder satisfies the Town's requirements regarding liability insurance, worker's compensation, and occupational health and safety for the bidder and its subcontractors;
  - 3.6.5 The bidder offers financial guarantees that a formal agreement will be executed (if required), and that all goods/services will be provided following the terms of the executed agreement.
  
- 3.7** Tender documents will contain at least the following:
  - 3.7.1 A cover sheet with the name of the tender, the closing date and time, and the issuer or contact person within the requisitioning department;
  - 3.7.2 Information to Bidders. This document contains non-technical information that advises the bidder of the general terms and conditions that apply to the tender

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of goods and/or services. Included as well, will be information related to the *Freedom of Information and Protection of Privacy Act*;

- 3.7.3 A Performance Guarantee/Finance Guarantee - To ensure proper execution of the work, a performance guarantee in the form of cash, certified cheque, irrevocable letter of credit, or bond (performance, labour, and/or material) may be required. All requirements must be clearly outlined in the Information to Bidders;
  - 3.7.4 The specification section will provide details to describe accurately and precisely the nature, scope, and extent of the goods and/or services required. As outlined in the policy, specifications may not be structured to exclude certain vendors or manufacturers unless there is justification to warrant exclusion;
  - 3.7.5 The tender (RFT) form when properly completed and signed is a legal offer by the bidder to carry out the tendered work. The tender form should include an acknowledgement from the bidder that he has reviewed and understands all of the tender documents, and that he is prepared and capable of carrying out the contemplated work. Proper and clear identification of the bidder as well as clear bid prices must appear on the completed tender form;
  - 3.7.6 A Tender envelope. A standardized tender envelope or envelopes are provided to all bidders where appropriate; and
- 3.8** Tender documents, advertisements and calls for tender, shall indicate that the Procurement Policy and related procedures will apply to this tender.
- 3.9** The requisitioning department will give notice of the Tender in the newspaper or on the Town's website. Electronic tendering networks (like Alberta Purchasing Connection), will also be employed if required as described below. All tenders shall be open for bid by vendors for a minimum period of two weeks unless critical or exceptional time constraints limit the period available for bidding. Advertising of contracts for goods and services valued at \$75,000 or greater, and construction valued at \$200,000 or greater shall comply with the Agreement on Internal Trade and the New West Trade Partnership Agreement unless the type of goods, service, or project falls within the exceptions to these agreements. Advertising of opportunities below the thresholds, although not required, are encouraged when such advertising would benefit the Town.
- 3.10** Pre-qualification of bidders may be desirable to ensure that prospective bidders have the necessary knowledge, experience, and financial resources to complete the work. If pre-qualification is required for a particular tender, no Form of Tender or Tender Envelope is to be issued to any prospective bidder until he has pre-qualified. However, during the prequalification process, certain of the documents (i.e. specifications) may be made available.
- 3.11** Upon the request of a prospective bidder, the Director or designate shall supply the

following material for each contract:

- 3.11.1 One copy of the official tender form;
  - 3.11.2 One standard tender envelope, if applicable; and
  - 3.11.3 Tendering materials, including specifications, plans etc.
- 3.12** In the case of tender documents for Public Works construction contracts the documents will be distributed by the Public Works Department or designated engineering firm.
- 3.13** A fee may be charged for the specifications. This fee shall be non-refundable.
- 3.14** A list of prospective bidders shall be maintained by the requisitioning department or designate. Names and addresses shall be recorded when tender documents are released to facilitate distribution of addenda and when necessary to extend or cancel a request for tender under call. However, where a pre-qualification requirement exists and the prequalification process is complete, the release of the Tender documents will be to qualified bidders only.
- 3.15** Addenda will be issued under the following circumstances:
- 3.15.1 Interpretation of tender documents as a result of queries from prospective bidders;
  - 3.15.2 Revisions, deletions, additions or substitutions to any portion of the tender documents are required. The requisitioning department or designate shall approve the issuance of any addenda.
- 3.16** A copy of all addenda shall be sent by registered mail, or by fax confirmed by a telephone call or by electronic correspondence when appropriate, to each prospective bidder who obtained tender documents. The addenda shall also be posted on APC if the opportunity was posted there. All remaining tender documents not yet distributed shall have the addenda appended.
- 3.17** Where an addendum must be issued later than two days prior to the specified closing date, the closing date may be extended to allow four working days between the issuance of the addendum and the revised closing date. This extension is optional and shall be used as required.
- 3.18** Closing Date Extension or Tender Cancellation - when it becomes necessary to extend the closing date or to cancel the tender, all prospective bidders who received tender documents shall be notified of the extension using the method for notification of addenda detailed above. When the closing date for receiving tenders has been extended, tenders already received shall be handled as follows:

If the extension of time is two weeks or more, the bidder shall be advised that his tender will be returned upon request.

When a tender is cancelled, no bid will be accepted. All bids received shall be returned unopened to the bidders by hand or by registered mail with a covering letter.

- 3.19** All tenders shall be received in person as designated in the RFT documents. They will be time and date stamped and placed in a secure location until after the closing time. Any tenders received after the closing time and date will not be received and will be returned unopened to the submitting vendor. Tenders are required to conform to the conditions listed below:
- 3.19.1 The correct Tender Form, as supplied by the Town, must be used and in the possession of the Director or their duly authorized representative, on or before the tender closing date and time;
  - 3.19.2 The tender must be legible, completed in a non-erasable medium and all items must be bid, unless the tender specifically permits otherwise, with the unit price on every item and other entries clearly shown;
  - 3.19.3 Adjustments by telephone, letter, fax, or electronic correspondence to a tender already submitted will not be considered. A bidder desiring to make adjustments to a tender must withdraw the tender and resubmit. See Subsection 3.24 for the relevant procedures;
  - 3.19.4 The Tender Form shall be signed in the space provided on the form. All specified signatures and company seals or specified signatures duly witnessed must be provided. A seal need not be provided if the signer indicates authority to bind the Town in writing and the signature must be witnessed. If a joint bid is submitted, it must be signed on behalf of each of the bidders and if the signing authority for both bidders is vested in one individual, he shall sign separately on behalf of each bidder;
  - 3.19.5 Erasures, overwriting or strike-outs must be initialed by the person signing on behalf of the bidder; and
  - 3.19.6 Agreement to bonding and/or bid deposits may be required at the discretion of the requisitioning department and the appropriate Director or his designate. If any of the tender requirements have not been met, the tender shall be considered to be an "Improper Bid" and dealt with as set out in Schedule "A" attached hereto.
- 3.20** It is the responsibility of the Director's office that all tenders placed in the secure location are clearly identified as to contents and contract number. Should a submission be received without proper contract identification, it will be returned unopened. In the case where the submission was not hand delivered, reasonable efforts will be made to

inform the bidder of their error. The tender opening will not be delayed by these efforts as it is the responsibility of the vendor to correctly identify their submission. Fax or electronic submission will not be accepted. Receiving of tenders via the Town's post office box on tender closing day is to be discouraged.

- 3.21** When a tender is received, the sealed envelope shall be stamped or marked with the time and date of receipt and initialed by the person receiving the tender. Receipt of the tender shall be recorded on a list of tenders received and tenders shall be deposited unopened in a secure location.
- 3.22** Regardless of the time a bid is received, the envelope shall be time and date stamped or marked. If the bid is received after the time of closing, according to the time stamped or marked on the envelope, it shall be refused and returned unopened to the bidder. If a tender is to be returned by mail, it shall be accompanied by a covering letter stating that the tender could not be accepted due to late arrival. If a late bid is received without a return address on the envelope, it shall be opened and initialed by the requisitioning department and witnessed by any member of staff, address obtained and then returned. The covering letter should state why the envelope could not be returned unopened.
- 3.23** Unless specifically allowed in the tender document, any correspondence pertaining to an adjustment, correction, or restriction to a tender, which is received with a tender but outside the tender envelope or is received after a tender has been submitted but prior to closing time, shall not be considered, and the bidder shall be advised by mail or phone of the withdrawal procedures if possible and practical.
- 3.24** Prior to opening, the withdrawal shall be allowed if the request is made before the closing time for the tender. Withdrawal request must be directed to the Director by letter, fax or electronically. Telephone requests shall not be considered. Tenders confirmed as withdrawn prior to being placed in a secure location shall be returned unopened to the bidder. The withdrawal of a tender does not disqualify a bidder from submitting another tender for the proposed contract. Withdrawal requests received after the tender closing time will not be allowed. The bidder shall be informed that the withdrawal request arrived too late for consideration. However, when the bids are read out at the bid opening, and if it is the lowest bid on a proposed contract, the bidder may then proceed in accordance with the following section.
- 3.25** During the opening, at the conclusion of the reading out of bids on a proposed contract, the successful bidder may withdraw any of his remaining tenders on other contracts prior to the opening of bids thereon. They shall attest in writing to their identity and state the contract or contracts on which they desire to withdraw. The Notice of Withdrawal of Tender must be signed by the bidder. This Notice must be handed to the Director before the opening of the first tender on the proposed contract to which it applies. The Director shall attach it to the applicable tender. The Director shall read out the bidder's name and announce that the tender has been withdrawn in accordance with established procedure.



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- 3.26** Withdrawn tenders shall not be opened. Tenders withdrawn under this procedure shall not be reinstated. If more than one tender is read out under the same name for the same contract and no withdrawal notice has been received, the tender contained in the envelope bearing the latest date and time stamp shall be considered the intended bid. The first tender received shall be considered withdrawn and returned to the bidder in the usual manner.
- 3.27** Opening of Tenders, wherever possible, must be scheduled immediately after the time of closing in a chamber or meeting room open to all members of the public. Notice of the time and place of tender openings must be provided to Town Council and posted on the Town's website at least 48 hours beforehand. Tenders for budgeted items exceeding \$1,000,000 will be opened publicly at a regular or special meeting of Town Council wherever possible. If tenders were scheduled to be opened during a Town Council meeting and the meeting was cancelled, postponed, recessed, or adjourned, the tender may still be opened publicly at the scheduled time outside the meeting.
- 3.28** Tenders will be opened publicly by the requisitioning Director or designate and recorded by an employee of the requisitioning department.
- 3.29** If correspondence is found enclosed with a tender which, in the opinion of the Director or designate, could qualify the bid in any way, the tender shall initially be considered as an "Improper Bid" and shall be so noted in the record of tenders opened and the tender read out in the normal manner. This correspondence and the tender shall be referred to the appropriate Director for decision as to acceptance or rejection.
- 3.30** When tenders have been opened and sorted, the Director shall check the Listing of Tenders received, and the number of tenders opened to ensure that all tenders received, are accounted for. If a discrepancy occurs, the tender opening proceeding shall be delayed until all tenders have been accounted for.
- 3.31** Every tender received within the specified time shall be opened in full view of those attending and each bidder's names and the total tendered amount read aloud by the Director or designate and recorded by an employee of the requisitioning department.
- 3.32** Should the reading aloud of all prices be impractical due to a large number of individual prices or options or for reasons where a total price is not stated on the Form of Tender, only the company names of the bidders will be read out at the time of the tender opening.
- 3.33** During the reading out of tenders, staff shall check for more than one tender under the same name (without a notice of withdrawal). If this situation occurs, it shall be dealt with as detailed in Subsection 3.24. If two tenders for the same contract are received in the same tender envelope, the signed copy or, if both are properly executed and prices differ, the lower price shall be considered the intended bid.
- 3.34** The tenders will be checked by the Director or designate as soon as possible following the public tender opening in order to determine that:

- 3.34.1 All tender requirements have been met as stated in the tender documents and this policy; and
- 3.34.2 All unit prices have been correctly extended and totaled.
- 3.35 Tenders which do not conform to the tender requirements or which require mathematical corrections shall be deemed "Improper Bids" and shall be dealt with as set out in Schedule "A" attached hereto.
- 3.36 Following completion of the checking procedures any bids deemed "Improper bids" shall be so noted on the Record of Tenders Opened. This notation shall clearly state the reason the bid has been considered improper. The appropriate Director shall then decide on the acceptance or rejection of all tenders noted as improper pursuant to the provisions in Schedule "A" attached hereto. Evaluation of the bids will be made by the Director or designate. Any recommendation to award will be in favor of a bidder meeting specifications, terms and conditions, who's tender or offer or bid offers the lowest cost considering Total Acquisition Cost as defined herein, and who, in the Town's absolute discretion, best fulfils the Town's expectations and requirements having regard to those factors specified in Section 8 of the Procurement Policy. Approvals to award will be in accordance with Section 7 of the Procurement Policy. If Town Council approval is required (for items over \$200,000 not in current year budget), a written report will be forwarded through the Chief Administrative Officer for approval and then forwarded to Council for ratification. If the lowest bid is not accepted the report must clearly so state, with reasons or explanation.
- 3.37 When the necessary approvals have been received, the Director or designate may use the appropriate documents to contract for the supply of the tendered goods and/or services
- 3.38 Following the recommendation to award of the contract to a specific bidder, bid deposits of all bidders other than the successful bidder and the next lowest bidder shall be returned to the applicable bidders by registered mail to the last known place of business. The bid deposit cheque of the successful bidder and the next lowest bidder shall be held until the contract is executed.
- 3.39 If a contract has been awarded and the successful bidder fails to sign the contract or provide the necessary security within the time specified in the tender documents, the requisitioning department may grant additional time to fulfill the necessary requirement or may recommend one of the following:
  - 3.39.1 That the contract shall be awarded to the next qualified bidder as determined by the requisitioning Director or designate, and ratified by Council if applicable pursuant to the Procurement Policy; or
  - 3.39.2 That the contract shall be cancelled.
- 3.40 In either case, the Tender Bid Deposit of the successful bidder shall be forfeited.

**4.0 Request for Proposals (RFP)**

- 4.1** A RFP is issued in cases where the exact specifications are not predetermined. See Section 5 of the Procurement Policy for the criteria to choose between the issuance of a RFT or the issuance of a RFP.
- 4.2** RFPs will follow the general procedures found in Procedure 3.0 RFT. This includes the overseeing of the process by the requisitioning department.
- 4.3** The procedures will differ from the RFT procedure as set out in paragraphs 4.3.1-4.3.7 below:

  - 4.3.1** Exact specifications are not predetermined but the outcomes expected are reasonably stated. By issuance of a RFP, the Town is soliciting creative input and inviting suppliers to propose a solution to a problem, requirement or objective.
  - 4.3.2** Since the exact specifications are not predetermined, the form of proposal will also be less specific. However, the form of proposal should clearly indicate those needs which have been determined and which will have to be fulfilled by the successful proponent.
  - 4.3.3** The opening follows the general procedures for the opening of tenders, except that no prices will be read out. The receipt of the submissions and by whom they were submitted will be read aloud and recorded. Potential suppliers wishing to attend shall be advised of the time and location of the meeting.
  - 4.3.4** The selection of the successful proponent is based on the effectiveness of the proposed solution rather than on the price alone. As the evaluation process will be more complex, the process should be clearly outlined in the RFP documents. All criteria used to evaluate proposals should be listed.
  - 4.3.5** A selection committee shall be established by the requisitioning department and shall comprise regular staff with the relevant expertise. The committee will always include a Director or their designate. The committee will review proposals against the established criteria and reach consensus on the final rating results and ensure that the final rating results with supporting documents are kept in the procurement file.
  - 4.3.6** In some instances, where the workload to evaluate proposals may be excessive due to their complexity, length, number or any combination thereof, a multi-step procedure may be used that would include a reducing of the proposals to a 'short list'. It is this 'short list' of proposals which would receive the in depth evaluation and rating by the selection committee. The process could then include requests for further clarification or presentations from the short listed proponents. The initial RFP should indicate the possibility of this multi-step process. It is usual that the evaluation process will encompass a longer time frame than the evaluation process for a tender. For this reason, the RFP

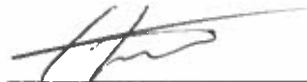
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documents should indicate the expected time frame for completion of the process.

- 4.3.7 It is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirements. This differs significantly from RFTs where the Form of Tender of the successful bidder becomes the basis of the eventual contract for goods and/or services.

### 5.0 Purchase Order Requirements

- 5.1 A RFT, RFP, and RFQ for the purchase of goods shall be confirmed by the issuing of a Purchase Order. All other RFT/RFP/RFQs shall be confirmed by executed contract and/or letter of award.



Christopher Leggett, CAO

**SCHEDULE "A"**

**Acceptance or Rejection of Improper Bid**

1. Extreme care shall be exercised to ensure that Improper Bids are handled in a manner which is fair to other bidders as well as the public.
2. The decision as to whether an improper bid shall be accepted or rejected shall be based upon the following general considerations:
  - (a) Is the intention of the bidder clear; and
  - (b) Has the bidder made a conscientious attempt to comply with the submission requirements?
3. The following are guidelines only, intended to illustrate some of the discretion allowed. The requisitioning department will review each case.

	<b>Irregularity</b>	<b>Response</b>
1	Late bids	Automatic rejection
2	Unsealed Envelopes	Automatic rejection
3	Not completed in non-erasable medium	Automatic rejection
4	Incomplete/partial bids or item not bid	Automatic rejection except where the tender form clearly states that an award may be made for individual items or in the opinion of the Director, the incomplete nature is insignificant
5	Qualified bids / qualified or restricted by an attached statement	Automatic rejection except where the change is requested by the Town and where in the opinion of the Director, the change is insignificant
6	Financial Security, if required, not submitted or insufficient	Automatic rejection
7	Bid not properly signed	Automatic rejection
8	Mathematical errors	May be accepted if corrected in the checking procedure. Unit prices shall ordinarily be used to correct estimates.

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9	Agreement to bond, if required, not submitted or insignificant	Automatic rejection
10	Bids received on documents other than those provided by the Town of Vegreville	Automatic rejection unless, in the opinion of the Director, the breach is trivial or insignificant
11	<p>Erasures, Overwriting or Strikeout not initialled:</p> <p>a) Changes which are minor, i.e., clerical error in address:</p> <p>b) Unit prices have been changed but not initialled and the contract totals are consistent with the price as amended</p> <p>c) Unit prices have been changed but not initialled and the contract totals are not consistent with the price as amended</p>	<p>a) May be accepted, with time limit to initial specified by the Director</p> <p>b) May be accepted, with time limit to initial specified by the Director</p> <p>c) Automatic rejection</p>
12	Minor clerical errors	May be accepted, with time limit to initial specified by the Director
13	Documents which have financial implications, and in which all necessary addenda have not been acknowledged	May be accepted only if omission of the acknowledgement is significant, as determined by the Director
14	Other minor irregularities	May be accepted. The Director shall have the authority to waive.
15	Correspondence related to an adjustment, correction, or restriction to a tender outside of a tender envelope or received after a tender is submitted	Rejection. However may be accepted if specifically allowed in the tender documents or addenda and received prior to tender deadline.