



## POLICY

No. 13 32 23/02/06

Department: Administration

Regular Minutes 23/02/06 Schedule "B"

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### **PURCHASING POLICY & SURPLUS EQUIPMENT DISPOSAL POLICY**

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#### **SCOPE:**

The Town of Nanton will procure all goods, services and construction of assets in accordance with this policy.

#### **PURPOSE:**

The purpose of this policy is to establish procedures and provide direction to Town staff as they engage in purchasing and asset disposal activities. The policy seeks to balance employee empowerment with appropriate internal controls and ensure that the municipality receives the best value for taxpayer dollars, while involving and informing Council with respect to significant or sensitive purchasing decisions.

The Town will seek to obtain goods and services of required quantity and quality from reliable suppliers at the proper time and place consistent with the needs of the municipality.

#### **RELATED POLICIES:**

Budgeting Policy

#### **DEFINITIONS:**

**Best value:** refers to the lowest cost with consideration provided for factors such as: cost of acquisition, quality, availability and delivery timelines, maintenance costs, performance, cost of training, warranty and impact on environment.

**Department heads:** refers to the Chief Administrative Officer, Manager of Corporate Services, Operations Manager, Legislative Coordinator, Planning and Development Officer, Fire Chief

**Local Supplier:** Vendor or service provider based within the Town of Nanton.

**Public Procurement Process:** refers to Tenders, Calls for Proposals or similar processes whereby the public is given notice and opportunity to respond without obstacles, impediments or geographic discrimination.

#### **POLICY OBJECTIVES:**

1. Establish purchasing authority levels
2. Identify thresholds for the different purchasing processes
3. Provide guidance to staff for all situations that require the procurement of goods or services

## GENERAL

1. Council may waive, though resolution, any or all of the processes and restrictions of this policy, unless such an action would contravene any applicable legislation or trade agreement such as the New West Partnership Trade Agreement (NWTPA).
2. Department heads are to ensure sufficient funds are available as per the current Council adopted operational and capital budget prior to the acquisition of any goods and/or services.
3. Employees having any personal interest that may encroach or may be reasonably deemed by others to encroach or affect the impartiality of a purchasing decision, shall declare any such interests to a department head.
4. Any employee who willfully acquires goods or services in contravention of this policy may be subject to disciplinary action.
5. It is prohibited to divide or separate purchases or contracts in order to avoid or circumvent the procedures outlined in this policy.
6. The Manager of Corporate Services is responsible for the oversight of the purchasing function.

## APPROVAL AUTHORIZATION

Table 1: Approval Authorization	
Staff	Purchasing Authority*
All Other Staff	\$300
Public Works Staff	\$500
Department Heads	\$25,000
Chief Administrative Officer**	\$150,000
Council	Budgeted purchases in excess of \$150,000 Unbudgeted purchases of \$50,000 or greater

\*Purchasing authority requires that purchases are included in the Council-adopted operational and capital budget, excluding land purchases, which must be authorized by Council in each and every instance.

\*\* Council can choose to delegate purchasing authority to the Chief Administrative Officer for specific purchases in excess of \$150,000 by resolution, requesting a purchase briefing report at the conclusion of the procurement process. The Chief Administrative Officer can choose to bring a Request for Decision (RFD) to Council for any purchase within staff purchasing authority deemed to be politically significant or sensitive at any time.

## PURCHASING PROCESS

Table 2: General Purchasing Process Thresholds		
\$ -	\$2,499	No quotes, but 'Shopping Around' encouraged
\$ 2,500	\$10,000	Multiple verbal quotes; three (3) preferred
\$10,001	\$75,000	Multiple written quotes; three (3) preferred*
\$75,000 or greater		Public procurement process
CAO and Signing Officer joint approval:		For purchases of \$25,000 or greater
NWPTA Thresholds for placement on Alberta Purchasing Connection		
Goods	Services	Construction
\$75,000 or greater	\$75,000 or greater	\$200,000 or greater

\*CAO or Department Heads may require that a public procurement process is run for purchasing in this range if deemed appropriate for NWPTA, niche vendor selection or public transparency.



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### **Verbal Quotes**

No documentation or record will be maintained. The employee, acting within their authority as specified in this policy, will make all reasonable efforts to obtain the quotes and other applicable information to determine best value for the municipality.

### **Written Quotes**

The employee will obtain quotes and retain the records for the Manager of Corporate Services. A written quote may be in paper format (typed/printed letter, fax, etc.) or an electronic record (email) from the potential vendor.

### **Public Procurement Process**

Common and/or best practices should be followed when a purchase is to proceed through a public procurement process. The common and/or best practice refers to:

- (1) the planning and design of the procurement document;
- (2) advertisement and notice of the planned purchase;
- (3) the receipt of responses;
- (4) the opening of responses; and
- (5) the assessment and award of the goods or services
- (6) inclusion of a discretionary clause such as "lowest or any bid not necessarily accepted".

### **Discretionary Clauses**

Depending on the type of procurement process used, a discretionary clause does not give the Town an automatic right to do as it pleases, treat suppliers unfairly, have hidden preferences, nor does it necessarily give it the right to award to a bidder other than the low bidder if the low bidder is fully qualified and meets all specifications or criteria. Great care must be applied in its use and interpretation.

### **Public-Private Partnership Procurement Processes**

The process for "3Ps" is the same as for all other procurements and the NWPTA still applies. Unsolicited proposals that exceed NWPTA thresholds on municipal procurement must result in a competitive and fair public procurement process even if they are well received.

### **Other Municipalities as Contractor/ Service Provider**

Caution and due diligence should be exercised before any 'direct award' process is considered for contracting another local government to provide services. Depending on the context and circumstances, particularly if another municipality is offering a service readily provided by the private sector, NWPTA exceptions for purchasing between public sector entities may not apply.

### **MULTI-YEAR CONTRACTS**

1. Multi-year contracts should be treated in accordance with this policy as if all payments over the duration of the contract were made at one time. For example, a 36-month contract for services that has a monthly cost of \$100.00 (including taxes not recovered by the municipality) should be treated the same as a one-time purchase of \$3,600.00.
2. The Chief Administrative Officer is authorized to contract 'Vendors of Record' under a Master Services Agreement (MSA) for three to five years provided that an appropriate public procurement process (Request for Proposals; Request for Expressions of Interest; Request for Qualifications) has first taken place. This allows a small plurality of pre-qualified vendors (for



example, engineers) to be available to provide services on an as-needed basis in required consulting or other disciplines under predictable terms. It does not bar the Town from procuring outside of a MSA should it need to.

### **EXCEPTIONS**

1. For certain types of purchases, due to their nature or those that regularly reoccur that when considered in total for a given year would normally require the approval procedures described in this policy, it would be impractical to follow the default procedures and so the following will only require the approval of the Manager of Corporate Services or Chief Administrative Officer:
  - Bank fees;
  - Communications, such as telephone, internet and cell phones
  - Cooperative purchasing done in conjunction with other governments;
  - Debt services payments;
  - Grants and donations;
  - Legal fees;
  - Payroll, related remittances and payments related to employee benefits;
  - Payment of taxes collected on behalf of other governments and agencies;
  - Postage charges;
  - Utility charges.
2. Applicable public procurement processes may be waived in the following situations with a detailed staff report:
  - in an emergency or time sensitive situation related to a grant aid expenditure deadline;
  - in the case of specialized items or services where a limited number of suppliers is known (defensible sole supplier procurement);
  - where Council, by special resolution, makes a direct award that is below NWPTA public procurement process thresholds.
3. Priority consideration will be given to quotes from local suppliers (with a Town of Nanton business license in good standing) for purchases up to a threshold of \$5,000 if their quotes or bids are within 10 per cent of the lowest price, bid or proposal.

### **NANTON FIRE DEPARTMENT PURCHASING**

To better manage the purchasing relationship between the Town and the M.D. of Willow Creek, a mandatory Purchase Order system (Schedule 'A'), if deemed necessary by the Chief Administrative Officer, may be imposed for any purchasing shared under the *Willow Creek Emergency Services Agreement*. This imposition may be lifted if the Chief Administrative Officer no longer assesses the situation to require a more formal authorization process.

### **NANTON MEDICAL CLINIC BUILDING – MANAGING PARTNER AUTHORITY**

The Town has certain delegated authorities with respect to purchasing for the building under the tripartite agreement with the M.D.s of Willow Creek and Ranchland. It does not exclusively own or operate the facility – it is the managing partner. This policy shall be generally used to guide the approach to purchasing within the thresholds and delegated authorities provided under that agreement. Staff should review authorities and process under the agreement before engaging in purchasing or procurement with respect to the property, building or its maintenance.





## **PETTY CASH**

Purchases of up to \$100.00 may be purchased through the use of petty cash.

Each department may maintain a Petty Cash amount not exceeding \$400.00, upon approval of the CAO. The Corporate Services Manager, or appropriate department head will be responsible for the administration of each department's petty cash, under the provisions of the petty cash procedures.

A signed record (such as a signed receipt) must accompany the petty cash withdrawal. A brief description of the expense should be included with the record where practical.

## **EMERGENCY PURCHASES**

Situations may arise where delays in purchasing actions result in imminent danger to persons or property. In these situations, employees should attempt to contact their department head for verbal authorization, however in instances where a department head cannot be contacted or the situation necessitates immediate response then the employee is permitted to deviate from the procedures outlined in this policy.

In such instances, employees are required to follow up with a report to their direct supervisor and attempt to obtain the purchasing documentation in a reasonable timeframe following the conclusion of the emergency.

## **ENVIRONMENTAL CONSIDERATIONS**

In an effort to reduce Greenhouse Gas (GHG) emissions priority consideration will be provided to products and services that have recognized energy efficiency certifications, are made from recycled materials, minimize the use of energy and/or material in the manufacturing process, or in the case of vehicles and equipment have better fuel efficiency.

## **SURPLUS EQUIPMENT DISPOSAL**

1. Each year, each department head will forward to the Manager of Corporate Services a list of surplus equipment, complete with a description of each item and a minimum bid if applicable;
2. In the case of vehicles and equipment, Operations staff must remove all corporate logos and decals. Keys and registration must be provided to the Manager of Corporate Services prior to Disposal;
3. For IT equipment and telecommunications:
  - All IT equipment must be sent to the IT contractor prior to disposal.
  - All telecommunications equipment (i.e. cell phones, personal data devices) must be void of confidential and personal information prior to disposal. It is the employee's responsibility to erase such information.
4. Surplus vehicles, equipment, and furniture may be advertised online and/or local papers for sale on an "as is where is" basis without warranty.
5. Public sale process, if selected, is by sealed bid or auction process as deemed appropriate by the Manager of Corporate Services.
6. Payment must be rendered prior to the purchaser taking possession. Failure to render payment within 10 business days will result in sale termination and other bidders being contacted/ the asset being re-advertised or withdrawn from sale.




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7. Surplus vehicles or equipment may be used for trade-in value with respect to the purchase of new vehicles and equipment.
8. Items considered to be potential 'heritage' or antique assets must first be referred to Council for direction on both appraisal and retention.
9. Private approaches to purchase surplus vehicles or equipment can be approved by either the Manager of Corporate Services or CAO if the agreed value and sale price is \$25,000 or less. Proposals of a greater value must be considered and approved by Council.
10. Sale proceeds revenue is automatically transferred to an applicable reserve as identified by the Chief Administrative Officer unless the revenue will be applied to a replacement purchase in the same financial year.

  
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CHIEF ELECTED OFFICIAL

Feb 6, 2023  
Date

  
\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Feb 6, 2023  
Date

**Schedule 'A'**

**Purchase Order form for purchasing under the Willow Creek Emergency Service Agreement  
(can be provided in fillable excel format and modified with management concurrence)**



Reference Number # 13 32 23/02/06  
Replaces Policy # 13 159 21/06/07

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A handwritten signature in blue ink, appearing to be "J. J. J.", located in the bottom right corner of the page.



**NANTON FIRE DEPARTMENT**

Box 609, 1907 - 21 Avenue  
Nanton, AB T0L 1R0  
Phone: (403)-646-2029

Website: [www.nanton.ca](http://www.nanton.ca)  
E-mail: [payables@nanton.ca](mailto:payables@nanton.ca)

**PURCHASE ORDER**

DATE \_\_\_\_\_  
PO # \_\_\_\_\_

**VENDOR**

**SHIP TO**

**TOWN OF NANTON**

Box 609, 1907 - 21 Avenue  
Nanton, AB T0L 1R0  
Phone: (403)-646-2029

**HOW TO SEND A PURCHASE ORDER**

- 1) Save or Print the worksheet as a PDF, apply an electronic signature if necessary  
**MDWC Cost Share: Obtain Town administration and MDWC concurrence by electronic signature**
- 2) Email the PDF to the vendor and payables@nanton.ca  
- or -
- 1) Print this worksheet - you must obtain management signatures where applicable
- 2) Mail or Fax the printed document
- 3) Photocopy provided to Payables



REQUISITIONER	DEPARTMENT*	SHIP VIA	SHIPPING TERMS
NANTON	EDC 2-61-02-220-02		

ITEM #	DESCRIPTION	QTY	UNIT PRICE	TOTAL

Comments, Conditions or Special Instructions <i>Electronic Invoicing must be sent to <a href="mailto:payables@nanton.ca">payables@nanton.ca</a></i>	SUBTOTAL TAX SHIPPING TOTAL
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Vendor is bound by all conditions on this Purchase Order.  
If conditions apply, sign here and return \_\_\_\_\_  
\* Municipal staff to enter expenditure GL number if known

Fire Dept. \_\_\_\_\_  
Approval of this expenditure, pursuant to municipal purchasing policy:  
CAO/CS \_\_\_\_\_  
MDWC 50% \_\_\_\_\_  
MDWC Manager concurrence

*JS*  
*Jun*