

# **CITY OF FORT SASKATCHEWAN**

## **Procurement Policy FIN-020-C**

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### **Motions:**

1. That Council adopt Procurement Policy FIN-020-C.
2. That Council repeal Local Purchasing Policy FIN-011-C.

### **Purpose:**

The purpose of this report is to present Procurement Policy FIN-020-C for adoption by Council.

### **Background:**

On February 14, 2017, Council directed Administration to bring forward recommendations for updating the City's Local Purchasing Policy FIN-011-C to expand its content to include overall procurement activities for goods, services, and construction activities, including the treatment of local suppliers.

Public procurement is a complex and challenging issue at all levels of government. Effective policies balance the often conflicting need for timely receipt of goods and services with the need for and efficient use of public money. The leading municipal procurement practices engage with local vendors to acquire goods, services, and construction activities in a consistent, fair, and open manner to achieve the best value.

The review of the procurement policies and practices of a number of similar sized or regionally comparable Alberta municipalities, industry publications, and research articles identified the following best practices in procurement policies:

- public procurement processes should be fair, open, and transparent;
- procurement decisions should be based on best value, evaluated on a number of financial, and non-financial factors, including effects on the local economy, vendor experience and expertise, availability, and timeliness;
- the highest ethical standards are required to mitigate the risks of fraud, misappropriation of municipal assets, and litigation;
- emphasize engagement with local vendors; and
- establish thresholds where competitive procurement processes are required through request for quotations, request for proposals or invitations to tender.

Four of the 15 Alberta municipalities Administration reviewed included a local preference within their policy. In most cases, the local preference stated that the municipality may give preference to local vendors when all other criteria were equal. Our review did not identify any municipalities that that included a percent benefit in their policy for local vendors.

Procurement Policy FIN-020-C incorporates input from a number of sources, including internal stakeholders, the City's Strategic Plan, the Fort Saskatchewan Chamber of Commerce, and municipal best practices.

**Plans/Standards/Legislation:**

External and internal trade agreements including, the New West Partnership Trade Agreement ("NWPTA"), the Agreement on Internal Trade ("AIT"), and the Comprehensive Economic Trade Agreement ("CETA") impose a number of obligations on the City with respect to the procurement of goods, services, and construction activities.

**Internal Implications:**

Adoption of Procurement Policy FIN-020-C will require an update of the City's procurement procedures and practices and staff training. The Policy largely reflects the City's existing procurement practices, which should mitigate any short-term impacts.

As the City's procurement policies, procedures and practices become more complex, future consideration should be given to establishing a dedicated procurement business unit.

Procurement business units provide guidance to other departments on procurement or are responsible for procuring goods and services on behalf of the municipality. All of the municipalities we reviewed with populations greater than 30,000 have a procurement business unit incorporated into their organizational structure.

**Recommendation:**

Administration recommends that Council adopt Procurement Policy FIN-020-C and upon adoption, repeal Local Purchasing Policy FIN-011-C.

**Attachment:**

Procurement Policy FIN-020-C

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File No.:

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Approved by:	Jeremy Emann Chief Financial Officer	Date: April 5, 2017
Approved by:	John Dance General Manager, Corporate Services	Date: April 5, 2017
Reviewed by:	Troy Fleming Acting City Manager	Date: April 5, 2017
Submitted to:	City Council	Date: April 11, 2017