

Procedure



Non-Competitive Procurement

This Procedure falls under the Procurement Administrative Policy.

Approved By:

Deputy City Manager
Financial and Corporate Services

Date of Approval:

04/16/2020

Program: Financial Management

The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.

Next Scheduled Review:

04/16/2023

Purpose

The purpose of this procedure is to prescribe non-competitive procurement processes available to business area purchasers in lieu of a competitive procurement process.

Definitions

All definitions contained in the Procurement Administrative Directive apply to this procedure. In addition:

- **“Advance Contract Award Notice” or “ACAN”** means a notice to potential suppliers of the City’s intention to non-competitively award a contract where it is believed that no other source exists in the market;
- **“single source”** means a non-competitive procurement process in which suppliers do not compete for the option to enter into a contract with the City due to a business decision to use a single source of supply when other sources exist within the market for the desired good, service, construction, or intellectual property right; and
- **“sole source”** means a non-competitive procurement process in which suppliers do not compete for the option to enter into a contract with the City because there is only one source of supply for the good, service, construction, or intellectual property right available to the City within the market.

Principles of Non-Competitive Procurement

Non-competitive procurement processes should not be used in lieu of a competitive procurement process unless a valid justification exists. Single source non-competitive procurement processes should be used only in situations where there are substantial business reasons that outweigh the use of a competitive procurement process. Sole source non-competitive procurement processes should be accompanied by sufficient documentation to establish that only one supplier can meet the requirements of the procurement.

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Employees may conduct market research, including viewing product demonstrations or supplier presentations, but may not conduct internal product or supplier evaluations or assessments that will result in a recommendation to use a non-competitive procurement process in lieu of a competitive procurement process. Employees should ensure that market research complies with any trade agreement requirements or restrictions regarding market research and consultation.

Processes

1. *Non-Competitive Procurements \$25,000 - \$500,000*

- 1.1. The business area purchaser must determine the contract scope for the procurement.
- 1.2. The business area purchaser must identify a proposed supplier, request a quotation and obtain any required contract documentation, such as insurance information, from the proposed supplier. In doing so, the business area purchaser must indicate to the proposed supplier that the City is not committing to any purchase without the proper approvals and an executed contract.
- 1.3. The business area purchaser must complete a contract request in SAP Ariba, including the completion of the Procurement and Contract Risk Assessment, which will determine whether the procurement is high-risk or low-risk.
- 1.4. The business area purchaser, in coordination with the CPSS Buyer, must determine if the procurement falls under a trade agreement exception for each applicable trade agreement. For procurements that do not fall under a trade agreement exception, the business area purchaser will consult with their CPSS Buyer for advice on a procurement strategy.
- 1.5. The business area purchaser must obtain the necessary concurrence for the procurement in the contract request from CPSS and, if required, OCT or HR.
- 1.6. Prior to providing concurrence, CPSS may issue an Advance Contract Award Notice (ACAN) and publically post the ACAN for a minimum of 10 business days according to the following standards:
 - 1.6.1. The ACAN must contain a brief description of the contract scope and provide pertinent information that will assist suppliers to determine their interest in fulfilling the requirement and their ability to successfully meet any key conditions and requirements of the City;
 - 1.6.2. If the ACAN results in a response from a potential supplier(s), CPSS and the business area purchaser will review the response(s) and determine if a competitive procurement process should be used for the procurement rather than a non-competitive procurement process; and
 - 1.6.3. CPSS will provide the City's decision as to the procurement process that will be used, including justification, to all suppliers that submitted a response.

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- 1.6.4. If no responses to the ACAN are received, the procurement may proceed as planned, using the ACAN process as evidence of a valid trade agreement exception that only one source in the market exists..
- 1.7. If the contract is high risk and non-City standard, the business area purchaser will arrange for legal review of all contract documents in accordance with the Review and Execution of Agreements Directive (A1459).
- 1.8. The CPSS Buyer will assist with preparing and arranging for execution of the resulting contract.
- 1.9. The business area purchaser must obtain the necessary approval(s) for the non-competitive procurement from the appropriate delegated authority as per the Delegation of Authority Order, and will ensure that all contract documents are signed and executed in accordance with the Signing Contracts Guideline.
- 1.10. The CPSS Buyer must issue any required purchase orders to the supplier, the value of which must not exceed the amount approved by the Expenditure Officer, and will complete any required CPSS internal documentation.

2. *Non-Competitive Procurements Over \$500,000*

- 2.1. The business area purchaser must determine the contract scope for the procurement.
- 2.2. The business area purchaser must identify a proposed supplier, request a quotation and obtain any required contract documentation, such as insurance information, from the proposed supplier. In doing so, the business area purchaser must indicate to the proposed supplier that the City is not committing to any purchase without the proper approvals and an executed contract.
- 2.3. The business area purchaser must complete a contract request, including the completion of the Procurement and Contract Risk Assessment, which will determine whether the procurement is high-risk or low-risk.
- 2.4. The business area purchaser, in coordination with the CPSS Buyer, must determine if the procurement falls under a trade agreement exception. For procurements that do not fall under a trade agreement exception, the business area purchaser will consult with their CPSS Buyer for advice on a procurement strategy.
- 2.5. The business area purchaser must obtain the necessary concurrence for the procurement in the contract request from CPSS (and, if required, OCT or HR).
- 2.6. Prior to providing concurrence, CPSS may issue an Advance Contract Award Notice (ACAN) and publically post the ACAN for a minimum of 10 business days according to the following standards:

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- 2.6.1. The ACAN must contain a brief description of the contract scope and provide pertinent information that will assist suppliers to determine their interest in fulfilling the requirement and their ability to successfully meet any key conditions and requirements of the City;
 - 2.6.2. If the ACAN results in a response from a potential supplier(s), CPSS and the business area purchaser will review the response(s) and determine if a competitive procurement process should be used for the procurement rather than a non-competitive procurement process; and
 - 2.6.3. CPSS will provide the City's decision as to the procurement process that will be used, including justification, to all suppliers that submitted a response.
 - 2.6.4. If no responses to the ACAN are received, the procurement may proceed as planned, using the ACAN process as evidence of a valid trade agreement exception that only one source in the market exists.
- 2.7. If the contract is high risk and non-City standard, the business area purchaser will arrange for legal review of all contract documents in accordance with the Review and Execution of Agreements Directive (A1459).
 - 2.8. Using the existing reporting processes for Committees of Council, the business area purchaser must submit a council report requesting contracting approval for the non-competitive procurement. The business area purchaser must consult with the Legal Services Branch and CPSS in preparing the report. The appropriate Committee of Council must approve the contract in order for the business area purchaser to proceed with the procurement.
 - 2.9. The CPSS Buyer will assist with preparing and arranging for execution of the resulting contract.
 - 2.10. The business area purchaser must obtain the necessary approval(s) for the non-competitive procurement as per the Delegation of Authority Order and will ensure that all contract documents are signed and executed in accordance with the Signing Contracts Guideline.
 - 2.11. The CPSS Buyer must issue any required purchase orders to the supplier, the value of which must not exceed the amount approved by the Committee of Council, and will complete any required CPSS internal documentation.

The Branch Manager, Corporate Procurement and Supply Services will monitor the use of non-competitive procurements and provide reports to the relevant Deputy City Manager of any procurements that do not comply with this procedure.

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Additional Resources

The Branch Manager, Corporate Procurement and Supply Services may, after review by the City Solicitor, approve standards to support or provide further detail to the above processes; however, any amendments to the processes contained in this procedure must be approved by the City Manager.