

Schedule 3 to By-law No. 2007-235

THE CORPORATION OF THE TOWN OF NEW TECUMSETH

**CORPORATE POLICY / PROCEDURE**

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Subject Title: **PROCUREMENT OF GOODS AND SERVICES (PURCHASING) POLICY**

Date Approved: December 10, 2007

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**Purpose, Goals and Objectives:**

The purpose, goals and objectives of this policy and each method of acquisition authorized are:

- To encourage competition among suppliers
- To maximize savings for taxpayers
- To ensure service and product delivery, quality, efficiency and effectiveness
- To ensure fairness among bidders
- To ensure openness, accountability and transparency, while protecting the financial and operational best interest of the Town
- To have regard for the accessibility for persons with disabilities for Goods/Services purchased by the Town
- Comply with Section 270 of the Municipal Act, as amended

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**SECTION I            DEFINITIONS**

In this Policy,

- 1.        Accessibility**  
Means goods and services will be provided in a manner that is based upon the principles of dignity, independence, integration and equal opportunity to all of its customers and comply with Accessibility Standards under the Accessibility for Ontarians with Disabilities Act, 2005.
- 2.        Acquisition**  
Means the process used for obtaining goods and services.
- 3.        Advertising**  
Means:
  - a)        In the case of Tenders, Quotations or Proposals estimated to be or exceeding \$20,000.00, an advertisement shall be placed on the Town's website and Bidding and within other media outlets, as required.
  - b)        In the case of Quotations or Requests for Proposals in an amount less than \$20,000.00 an advertisement may be placed on the Town's Website or other media outlets, as required at the discretion of the Department Head.
- 4.        Agreement**  
Means a legal document that binds The Corporation of the Town of New Tecumseth and all other parties, subject to the provisions of the contract.
- 5.        Annual Aggregate Value**  
Means the total amount anticipated to be spent annually by all departments on a particular type of good or service.
- 6.        Approval**  
Means authorization to proceed with the purchase or disposal of goods and/or services
- 7.        Authority**  
Means the legal right to conduct the tasks outlined in this policy as directed by Council and delegated through the Chief Administrative Officer to the Treasurer and subsequently to Purchasing. Authorized purchases are those that have prior approval of Council whether through resolution or through the departmental budget. Schedule D sets out approval authorities.
- 8.        Bid**  
Means an offer or submission received in response to a request for quotation, tender or proposal, which is subject to acceptance or rejection.
- 9.        Bidder**  
Means a person responding to a bid request. (Also see the definition for "Responsive and Responsible Bidder").

**10. Bid Irregularity**

Means a deviation between the requirements (terms, conditions, specifications, special instructions) of a bid request and the information provided in a bid response. For the purposes of this policy, bid irregularities are further classified as "major irregularities" or "minor irregularities".

- a) "**major irregularity**" is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors.
- b) "**minor irregularity**" is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the award. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors.

**11. Bid Request**

Means a written request for bids or a solicitation, which may be in the form of a Request for Quotation, Request for Tender or Request for Proposal.

**12. Blanket Purchase Order (Supply Contract)**

Means a Purchase Order which establishes prices or a method for determining prices, terms and conditions and the period of time during which a vendor agrees to provide goods and services to the purchaser upon the purchaser's demand.

**13. Chief Administrative Officer (CAO)**

Means the Chief Administrative Officer for The Corporation of the Town of New Tecumseth or designate.

**14. Central Stores**

Means the location of inventoried goods stored for regular use of staff.

**15. Clerk**

Means the Municipal Clerk for The Corporation of the Town of New Tecumseth or designate.

**16. Consulting and Professional Services**

Means those services that are acquired on a "quality based selection" project, includes but not limited to architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, lawyers, law firms, real estate agents and brokers, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications consultants and any other consulting by professional services which may be required by the Town.

**17. Contract**

Means a legally binding agreement between two or more parties for the purchase of goods or services. Such agreements shall consist of the following forms:

- a) Purchase Order, or
- b) Purchase Order incorporating a formal agreement, or
- c) Formal agreement between two or more parties that creates an obligation to provide defined goods and/or perform defined services

**18. Conflict of Interest**

Means a situation in which private interests or personal considerations may affect the judgment of a decision maker in acting in the best interest of the Town of New Tecumseth. It includes using an employee's position, confidential information or corporate time, material, or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the employee's family, friends, or business associates

**19. Corporate Signing Officer**

Means the Mayor and Clerk or other individuals as authorized by Council pursuant to this policy.

**20. Corporation**

Means The Corporation of the Town of New Tecumseth.

**21. Cost Effective Bid**

Means a bid received in response to a request that offers the best value for the dollars expended taking into consideration a quantitative and qualitative selections procedure.

**22. Council**

Means the Council for The Corporation of the Town of New Tecumseth

**23. Co-op**

Means participation by two or more municipalities, levels of government or public agencies in a joint Bid Request

**24. Department**

Means a department within The Corporation of the Town of New Tecumseth.

**25. Department Head**

Means the employee responsible for direction and operational control of a Department or his/her designate.

**26. Direct Appointment**

Means the direct appointment of a consultant on the basis of defined selection criteria, including but not limited to qualifications and experience.

- 27. Disposal**  
Means the removal of materials owned by the Town by sale, trade-in, auction, alternative use, gift, or destruction, which are deemed surplus.
- 28. Emergency**  
Means a situation where the purchase of goods and services requires immediate action to prevent or correct dangerous or potentially dangerous safety conditions, further damage, to restore minimum service or ensure the safety of the public
- 29. Employee**  
Means any person in a permanent full-time, permanent part-time, temporary contract or volunteer fire fighter position.
- 30. Evaluation Committee**  
Means Town staff that has been selected to review the submissions received from respondents in response to a call for Request for Proposals.
- 31. Execute**  
Means to legally bind The Corporation of the Town of New Tecumseth to the terms and conditions defined within the Purchase Order and/or Agreement.
- 32. Expression of Interest**  
Means a situation where vendors are solicited by the Town to advise the Town of their ability or desire to undertake Town requirements.
- 33. Goods and/or Services**  
Means such goods and services as supplies, equipment, property insurance, maintenance, professional and consulting services and service contracts not otherwise provided for.
- 34. Invitation**  
Means bid solicitation is done primarily on an invitational basis from a pre-determined list of bidders sent to potential bidders to ensure the best possible response to the call but may be supplemented with public advertising (Request for Quotation (RFQ) and Requests for Proposals (RFP)).
- 35. Lease**  
Means a method of financing an acquisition, which binds the Town to future payments.
- 36. List of Bidders**  
Means a list, retained by Purchasing, of those vendors who are interested in submitting bids.
- 37. Lowest Responsive Bid**  
Means the lowest bid price submitted which meets the requirements and specifications as set out in the bid request, minor deviations excepted.
- 38. Management Team**  
Means the staff team comprised of the Chief Administrative Officer (CAO), Deputy CAO and Department Heads, or their designates.

- 39. Material Safety Data Sheets (MSDS )**  
Means Material Safety Data Sheets which must be submitted by the vendor for all hazardous materials, including an index of chemical compounds with details of properties, handling details, precautions and first-aid procedures
- 40. Mayor**  
Means the duly elected Mayor of The Corporation of the Town of New Tecumseth or the Deputy Mayor acting in the place of the Mayor.
- 41. Negotiation**  
Means the action or process of conferring with one or more vendors leading to an agreement on the acquisition of the required goods and services
- 42. Open Market Procedure**  
Means obtaining price quotations from vendors verbally or in writing.
- 43. Privilege Clause**  
Means the standard clauses used in bid documents and advertising that read “the lowest or any tender not necessarily accepted”.
- 44. Procure/Procurement/Purchase**  
Means to acquire goods and/or services by purchase, rental or lease.
- 45. Proponent**  
Means the person responding to a Request for Proposal.
- 46. Proposal (Request for Proposal /RFP)**  
Means an offer to provide goods or services to the Town, where it is not practical to prepare precise specifications, or where “alternatives” to detailed specifications will be considered, which may be subject to further negotiation. This process allows vendors to propose solutions to arrive at the end product, and allows for evaluation on criteria other than price.
- 47. Purchasing Card**  
Means a card that can be used by authorized employees of the Town to purchase goods as outlined in the Policy.
- 48. Purchase Order**  
Means the legal document that is the Town’s commitment to the supplier for the value of the goods or services ordered and is the supplier’s authority to ship and charge for the goods specified on the order.
- 49. Purchase Requisition**  
Means a request for goods and/or services initiated by the user, for which budget approval has been granted.
- 50. Purchasing**  
Means the Buyer or designate, who is responsible for the Town's centralized purchasing function and is hereby authorized to act as agent in all such matters pertaining thereto.

- 51. Quotation (Request for Quotation/RFQ)**  
Means an informal request, verbally or in writing, for price quotations with respect to the supply of goods and services to the Town, which may or may not be required to be submitted on prescribed forms.
- 52. Real Property**  
Means land or buildings and any interest, estate or right of easement affecting same.
- 53. Responsive and Responsible Bidder**  
Means a bidder who complies with the provisions of the bid solicitation, including specifications, contractual terms and conditions, and who can reasonably be expected to provide satisfactory performance on the proposed contract based on reputation, or references, or performance on previous contracts, adequate financial and other resources.
- 54. Single Source**  
Means the procurement of Goods/Services from a particular bidder rather than through the solicitation of bids from multiple bidders who can also provide the same/similar goods/services.
- 55. Sole Source**  
Means the procurement of Goods/Services that are unique to a particular bidder and cannot be obtained from another source.
- 56. Surety**  
Means a specified dollar amount in the form of cash, certified cheque, bid bond, performance bond, labor and materials bond, letter of credit or any other form as deemed necessary and stated in any Quotation, Tender or Proposal documents issued by the Town.
- 57. Tender**  
Means an offer received from a supplier of goods and/or services in response to advertising requesting tenders sealed in an envelope.
- 58. Town**  
Means The Corporation of the Town of New Tecumseth.
- 59. Treasurer**  
Means the Treasurer for The Corporation of the Town of New Tecumseth or designate.
- 60. Verbal Quotation**  
Means pricing received via telephone or in person, with written documentation of the conversation and documentation of the information on the purchase requisition maintained by the employee obtaining the quotes.



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## **SECTION II            PROCUREMENT PRINCIPLES**

The purchasing principles of The Corporation of the Town of New Tecumseth are as follows:

- 1.** To procure by purchase, rental or lease the required quality and quantity of goods and/or services, including professional and consulting services in an efficient, timely and cost effective manner;
- 2.** To encourage open competitive bidding for the acquisition and disposal of goods and services in an unbiased way that that is not influenced by personal preferences, prejudices or interpretations;
- 3.** To consider all costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs, in evaluating bid submissions from qualified, responsive and responsible vendors;
- 4.** To give full consideration to the annual value or to consider the total project cost of specific goods and services that will be required by each department and by the Town as a whole prior to determining the appropriate acquisition method;
- 5.** To have regard for the accessibility of persons with disabilities in consideration of goods and services purchased by the Town;
- 6.** To operate a Centralized Purchasing Program by Purchasing and where the best interests of the Town will be served, participate with other levels of government or their agencies, other municipalities or public authorities in Co-operative Purchasing Ventures or Joint Contracts;
- 7.** To monitor and report on the economic climate and legislative changes which may have an impact on the Town and to determine the appropriate actions to be taken through purchasing policies and procedures;
- 8.** To encourage the procurement of goods and services with due regard to the preservation of the natural environment, vendors may be selected to supply goods made by methods resulting in the least damage to the environment and supply goods incorporating recycled materials where practicable;
- 9.** To review this policy every 5 years or earlier and to evaluate its effectiveness;
- 10.** To ensure sufficient budget approval of Council exists for every purchase (exception emergency situations);
- 11.** To be accountable to the general public. Council and vendors and applying fairness to all.

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## SECTION III      PROCUREMENT PROCESSES

The Town shall use the following types of procurement processes (excluding HST) subject to the exceptions listed in Schedule A.

### 1.      GENERAL

Where it is estimated that the value of the goods and services will cost:

**a)      \$0 to \$1,000.**

Direct acquisition is acceptable.

No purchase requisition is required.

**b)      \$1,000 to \$5,000**

The user department shall obtain 3 quotations, where possible and practicable.

No Purchase Order is required.

No report to Council is necessary.

The purchase requisition shall act as the Purchase Order.

**c)      \$5,000 to \$20,000**

Purchasing, in consultation with the initiating Department Head, shall obtain three (3) written quotations, where possible (using a Request for Quotation, Request for Proposal, or other method).

If only one quotation is received, the Town may exercise its right to cancel the call for quotations. Quotations are not formally opened in public nor is it necessary to disclose prices or terms at the time of submission

No report to CAO or Council is necessary unless a contract/agreement is to be executed by the Mayor and Clerk.

A purchase requisition is used to initiate the process and a purchase order must be issued.

The initiating Department Head and Purchasing shall execute all related agreements.

**d)      over \$20,000 and up to and including \$75,000 where goods/services are included within the approved current year budget, the cost is within the approved budgeted amount and the award is to the lowest bidder meeting specifications**

Purchasing, in consultation with the requisitioning Department Head shall issue a Tender for all approved projects based on defined requirements.

Tenders shall be advertised with a reply to be received by a designated date and time. Any requested bid deposits, security or bonds must be included with the submission. Replies are delivered directly to Purchasing and are opened at a public tender meeting.

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If only one tender is received, Purchasing and the Department Head have the option of not opening the bid and closing the call for tender.

Each sealed bid received in response to a formal bid request is reviewed to determine whether a bid irregularity exists, action is taken according to the nature of the irregularity.

A report to the CAO/delegate shall be initiated by the issuing Department Head, in consultation with Purchasing, for CAO/delegate consideration and approval.

Upon CAO/delegate approval, the Department Head shall ensure that a legally binding agreement is executed by the Mayor and Clerk, and Purchasing shall ensure that a Purchase Order is issued.

The Department Head is responsible for maintaining current insurance certificates and WSIB certificates, as called for in the bid documents.

**e) All other cases**

Purchasing, in consultation with the requisitioning Department Head, shall issue a Tender for all approved projects based on defined requirements.

Tenders shall be advertised with a reply to be received by a designated date and time. Any requested bid deposits, security or bonds must be included with the submission. Replies are delivered directly to Purchasing and are opened at a public tender meeting. If only one tender is received, Purchasing and the Department Head have the option of not opening the bid and closing the call for tender.

Each sealed bid received in response to a formal bid request is reviewed to determine whether a bid irregularity exists, action is taken according to the nature of the irregularity.

A report to Council shall be initiated by the issuing Department Head, in consultation with Purchasing, for Council consideration and approval.

Upon Council approval, the Department Head shall ensure that a legally binding agreement is executed by the Mayor and Clerk, and Purchasing shall ensure that a Purchase Order is issued.

The Department Head is responsible for maintaining current insurance certificates and WSIB certificates, as called for in the bid documents.

## **2. REQUESTS FOR PROPOSALS**

- a)** This method of acquisition can be used for any dollar value and involves the solicitation of proposals when the requirements for goods and/or services cannot be definitely specified, the requirements of the Town are best described in a general performance specification, and innovative solutions are sought. Depending on its' terms, the process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms, and prices.

- b) Purchasing shall maintain a list of suggested evaluation criteria for assistance in formulating an evaluation scoring scheme using a standard Request for Proposal that includes factors such as qualification and experience, strategy, approach, methodology, scheduling, the need and ability to address local concerns and factors and past performance, facilities, and equipment. Department Heads shall identify appropriate criteria from the list but are not limited to the standard criteria from the list. Requests for Proposals are not formally opened in public nor is it necessary to disclose prices or terms at the time of submission. If only one proposal is received, Purchasing, in consultation with the Department Head, has the option of not opening the bid and closing the call for proposal.
- c) Where appropriate, the Town may follow a “two-envelope” procurement process as set out in Schedule “C”.
- d) **Where the required goods or service cannot be specified and it is estimated that the value of the goods and services cost (excluding HST):**
- i) **\$20,000 or less**
- A written quotation must be acquired by the initiating Department.
- No report to Council is required and the initiating Department Head and Purchasing shall execute all related agreements. A report to the CAO/delegate is required, if a contract/agreement is to be executed by the Mayor and Clerk.
- A purchase requisition is required. A purchase order must be issued.
- ii) **over \$20,000 and up to and including \$75,000 where goods/services are included within the approved current year budget, the cost is within the approved budgeted amount and the award is to the proponent best meeting the purpose and objectives of the project.**
- Written quotations shall be acquired through the Request for Proposal (RFP) process and evaluated on the basis of quantitative and qualitative criteria.
- RFP’s are required to be advertised, and a reply is required by a designated date and time.
- A report to the CAO/delegate shall be initiated by the issuing Department Head, in consultation with Purchasing, for CAO/delegate consideration and approval.
- Upon approval, the Department Head shall ensure that a legally binding agreement, if required is executed by the Mayor and Clerk, and Purchasing shall ensure that a Purchase Order is issued.

**e) all other cases**

Written quotations shall be acquired through the Request for Proposal (RFP) process and evaluated on the basis of quantitative and qualitative criteria.

RFP's are required to be advertised, and a reply is required by a designated date and time.

A report to Council shall be initiated by the issuing Department Head, in consultation with Purchasing, for Council consideration and approval.

Upon Council's approval, the Department Head shall ensure that a legally binding agreement is executed by the Mayor and Clerk, and Purchasing shall ensure that a Purchase Order is issued.

**3. EXPRESSION OF INTEREST and/or REQUEST FOR PRE-QUALIFICATION**

- a)** Used where bidders offer their interest in submitting a bid on a product or service.
- b)** Advertised and information is requested to determine reference checks, past performance, and financial liability. A reply to the Request for Expression of Interest and/or Pre-Qualification is required by a designated date and time signed by an Officer authorized to legally bind the Corporation.
- c)** Submissions are reviewed and subsequently a Request for Quotation or Tender is prepared for a short list of invited pre-qualified bidders.

## **SECTION IV           CIRCUMSTANCES WHEN COMPETITIVE BIDDING PROCESSES NOT REQUIRED**

**A report shall be submitted to CAO explaining actions taken and reasons if limits are over \$20,000. and up to \$75,000 (excluding HST). A report shall be submitted to Council if over \$75,000. (excluding HST).**

**Emergency procurement reporting is outlined in Section 4d) and Co-operative or Joint Ventures reporting is outline in Section 5.**

Tenders/Proposals will not be required in the following circumstances:

### **1.       VOLATILE MARKET CONDITIONS**

Notwithstanding the provisions of this policy, where market conditions are such that long term price protection cannot be obtained for goods and services, Purchasing shall obtain competitive prices for short term commitments until such time that a reasonable price protection and firm market pricing is restored.

### **2.       SINGLE SOURCE PROCUREMENT**

Purchase by negotiation may be adopted, if in the judgment of Purchasing and in consultation with the requisitioning Department Head any of the following conditions apply:

- a)** goods and services are in short supply due to market conditions.
- b)** when non emergency circumstances would require a vendor to perform an assessment on machinery or equipment to enable the determination of the extent of the required repair,
- c)** a pre-qualified vendor may be selected to perform the necessary repairs when the quoted repair price is considered reasonable and in the best interests of the Town as determined by the Department Head.
- d)** there is documented evidence that the extension or reinstatement of an existing contract would prove most cost effective or beneficial
- e)** work is required at a location where a contractor has already been secured through a tender process, with established unit prices by another party and it is considered to be beneficial and cost effective to extend the unit prices for the work to be completed for the Town.
- f)** if timing constraints or past experiences with a proponent would make it beneficial for the Town, the Department Head may obtain the service of a consultant or professional service if the expenditure can be accommodated in the departments approved budget or if a specific project has received Council direction.

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- g)** after the RFP process has closed, it may be necessary for discussion to clarify and/or make significant revision(s) to the initially defined requirements of the call for quotations/proposals.
  - h)** when only one bid/proposal is received through the procurement process and it is impractical to recall the requirements of the call for quotations/proposals.
  - i)** In an emergency
  - j)** A fluctuating market prevents from obtaining price
  - k)** Goods are required for resale (i.e. Promotional items, museum)
  - l)** The nature of the requirement would not be in the public interest to solicit competitive bids as in the case of security or confidentiality.

### **3. SOLE SOURCE PROCUREMENT**

Competition is precluded because of the existence patent rights, copyrights, secret processes, control of basic raw material

The supply is restricted to the extent that there is not effective price competition or consideration of substitutes is precluded due to:

- a)** A component or replacement part is involved for which there is no substitute
- b)** Compatibility with an existing product is the consideration
- c)** Specific Standards are adopted by Council

The purchase involves goods or services for which there is no reasonable substitute or competitive product.

Supply of which is controlled by a vendor with a monopoly or control of service (utility, CPR etc)

For a contract to be awarded to the winner of a design contest

Original works of Art

Purchase of real property

### **4. EMERGENCY PROCUREMENT**

Notwithstanding the provisions of this policy, the following shall only apply in case of an emergency, when an event occurs that is determined by a Department Head or the CAO to be:

- a threat to public health

- the maintenance of essential Town services
- the welfare of persons and/or of public property or
- the security of the Town's interests and the occurrence requires the immediate delivery of goods or services and time does not permit for competitive bids.

The above criteria are to be applied on the basis of:

**a) Emergency Procurement up to \$20,000:**

Wherever feasible, Purchasing, upon the recommendation of the Department Head, shall secure by the most open market procedure at the lowest obtainable price, any goods and services required.

A purchase order shall be issued.

**b) Emergency Procurement over \$20,000 and up to and including \$75,000:**

The Department Head shall obtain the prior approval of the Chief Administrative Officer.

A purchase order shall be issued.

**c) Emergency Procurement over \$75,000:**

The Department Head shall obtain the prior approval of the Chief Administrative Officer.

An information report shall be submitted to Council explaining the actions taken and the reason(s) therefore.

A purchase order shall be issued.

## **5. CO-OPERATIVE OR JOINT VENTURES**

### **Co-operative or Joint Ventures over \$20,000**

The Town may participate with other Government agencies or public authorities in co-operative procurement/acquisition ventures or utilize a 'piggy back clause' within public sector contracts, whenever it is determined to be in the best interest of the Town to do so. The procurement policy or by-law of the host agency will govern.

A report to the CAO/delegate shall be initiated by the issuing Department Head, in consultation with Purchasing, for CAO/delegate consideration and approval of tenders/proposals in excess of \$20,000.

A purchase order shall be issued.



## **6. ACQUISITION OF GOODS AND SERVICES FROM GOVERNMENT BODIES**

Purchasing may acquire any goods or services from a federal, provincial or municipal body, ministry, agency, board, corporation or authority when similar goods or services are not otherwise available or in the case of provincial or federal Standing Agreements, Purchasing may take advantage of these opportunities if deemed to be in the best interests of the Town.

## **SECTION V CIRCUMSTANCES IN WHICH IN-HOUSE BIDS WILL BE ENCOURAGED**

In-House bids are not intended to be sought pursuant to the provisions of this policy. In the event that it is deemed to be in the best interests of the Town that in-house bids be sought, Council approval to do so will be required prior to commencement of the procurement process.

## **SECTION VI MAINTENANCE OF INTEGRITY OF PROCUREMENT PROCESSES**

1. Evaluation criteria shall be established early in the procurement process and be made known to all prospective bidders.
2. Wherever possible, where a selection committee is formed in respect of the procurement of goods and services it shall be comprised of employees from more than one department and may include members of council.
3. shall be maintained in a secure location and confidentiality of bids and proprietary information shall be maintained in accordance with the *Municipal Freedom of Information and Protection of Privacy Act*.
4. Suppliers shall be required to provide evidence of satisfactory insurance coverage.
5. Suppliers shall provide a Certificate of Clearance in respect of the Workplace Safety and Insurance Board.
6. Goods and services shall be promptly inspected upon receipt and all discrepancies shall be immediately followed up by the Department Head.
7. Suppliers shall be required to file appropriate financial security to guarantee completion of the contract and satisfaction of all related obligations.
8. All consulting and professional services (e.g.: architects, engineers, etc.) retained by the Town shall disclose to the Town prior to accepting an assignment, any potential conflict of interest. If such a conflict of interest does exist, the Town as directed by the Department Head may, at its discretion, withhold the assignment from the consultant until the matter is resolved.

Furthermore, if during the assignment, a consultant is retained by another client giving rise to a potential conflict of interest, the consultant shall inform the Town and the Town shall take appropriate steps to work with the consultant to resolve the issues of conflict of interest.

9. There shall be “no in-formal contact” between those Town employees and Council who are involved in the procurement process with potential suppliers during the evaluation period.

In the event of tie bids factors to consider:

- Prompt payment discount
  - When delivery is an important factor the bidder offering the best delivery date will be give preference
  - A bidder is in a position to better after sales service
  - A bidder with an overall satisfactory performance record be given preference over a bidder know to have an unsatisfactory performance record
  - A local bidder be given preference over a non-local bidder
  - If no factors are applicable, toss of a coin
10. Late bids and unsealed bids shall be automatically disqualified.
11. Purchasing must reject any bid, which contains a major irregularity (refer to Schedule B).
12. Purchasing may permit the bidder to correct a minor irregularity(refer to Schedule B).

## **SECTION VII LOCAL PREFERENCE**

The following two legislative documents prohibit may restrict municipalities from adopting a Local Preference Policy:

1. The discriminatory Business Practices Act (R.S.O. 1990, Chapter D12), as amended; and
2. The Canadian Government’s implementation of the Agreement of Internal Trade.

If a competitive market exists and two or more compliant bids are received and are identical in price, quality, service and delivery, then location of a business will be given consideration.

## **SECTION VIII      STANDARDIZATION**

It will be the policy of the Town, wherever possible, to standardize the procurement of goods and services to allow for:

1. reduced number of goods and services required
2. increased volume on common items or services
3. maximizing volume buying opportunities
4. providing economies of scale
5. reduced handling, training and storage costs
6. minimizing maintenance costs
7. co-operative purchasing activities
8. competitive bid results
9. reduced overall cost

## **SECTION IX      DISPOSAL OF SURPLUS AND OBSOLETE GOODS**

The Department Head shall notify Purchasing once any item has been deemed as surplus or obsolete so that the item may be disposed of or sold. If the estimated value is greater than \$20,000, (excluding HST) the Department Head shall obtain the approval of the Chief Administrative Officer prior to sale.

Purchasing shall circulate a list of surplus assets available to all departments prior to the sale or disposal of such items, they will be offered to departments free of charge.

Surplus or obsolete items not required by any other department shall be sold or disposed of by Purchasing via formal auction, internet auction, tender, quotation or trade-in. Any remaining surplus items shall be awarded to a non-profit entity at the discretion of Purchasing. The disposition shall be documented and revenue generated from the sale of surplus items shall be credited to the appropriate sundry revenue account.

## **SECTION X      CONFIDENTIALITY AND ACCESS TO INFORMATION**

Contents of quotation, tenders, request for proposal documents, with the exception of the Information read publicly at an opening or report to Council, shall be treated as confidential and protected as set out under The Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), RSO, 1990, Section 11 ( c ), as amended.

Subject to The Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), RSO 1990, no employee, or any appointed or elected official, shall divulge the unit prices paid by or quoted to the Town for goods or services. The total price in the case of public tenders or quotations, the name of the

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successful bidder, as well as any prices included in public report to Committee or Council may be revealed.

**SECTION XI            GENERAL CONDITIONS**

1. In the absence of Purchasing or designate, the Treasurer shall act as the authorized designate.
2. Purchasing in consultation with the Department Head of the requisitioning department may remove a vendor's name from the list of bidders for a period of up to two years on the basis of documented poor performance, non-performance, or conflict of interest. A written notice of the decision will be provided to the vendor by Purchasing.
3. Council can waive any part of this Policy, or the Policy in its entirety, by resolution for a specific purchase or project.
4. For the purpose of determining whether a purchase falls within the prescribed value limits, the amount shall be the sum of all costs to be paid to the supplier under the contract, excluding all taxes and less any early payment discount.
5. The Chief Administrative Officer has the authority to instruct the Department Head not to award a contract and may direct staff to submit recommendations to Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interests of the Town.

**SECTION XII            RESPONSIBILITIES AND PROHIBITIONS**

1. Employees are accountable for the decisions and actions outlined in this policy. Breaches of this Policy may be subject to disciplinary action. (Progressive Discipline Policy HR-AD-06-01).
2. Employees shall not knowingly cause or permit any potential vendor to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and service to the Town.
3. Employees shall not extend, in the discharge of their official duties, preferential treatment to relatives, friends, organizations or groups in which they or their relatives or friends have a pecuniary interest. (Code of Conduct Policy CAO-CO-05-06).
4. Employees shall not purchase or offer to purchase on behalf of the Town, any goods and/or services, except in accordance with this Policy.
5. Employees are not authorized to expend funds that cannot be accommodated within the departments approved budget, unless the specific project has received Council direction.
6. Employees requiring goods and services may not divide into two or more parts to avoid the provisions of this policy.
7. Employees cannot obtain goods and or services for personal use.

8. Employees shall not solicit, accept or condone the solicitation or acceptance of any gift, favor or form of entertainment and/or hospitality from any person or corporation having dealings with the Town of New Tecumseth.(Code of Conduct Policy CAO-CO-05-06).
9. All local boards of the Town of New Tecumseth shall adhere to this policy.

### **SECTION XIII**

### **REFERENCES & RELATED DOCUMENTS**

1. Section 270 of the Municipal Act, 2001, as amended
2. Public Sector Accounting Board (PSAB) - financial controls and guidelines
3. Accountability and Transparency By-law 2007-235
4. Code of Conduct, Policy CAO-CO-05-06
5. Delegation of Powers and Duties By-law 2007-235
6. Integrated Accessibility Standard Policy – Policy HR-CO-13-01

**SCHEDULE A  
EXEMPTIONS TO PROVISIONS OF THE PROCUREMENT POLICIES**

- 1. Petty Cash Items**
  
- 2. Items \$1000.00 and under (excluding HST)**
  
- 3. Training and Education**
  - a) Conferences
  - b) Courses
  - c) Conventions
  - d) Memberships
  - e) Seminars
  - f) Periodicals
  - g) Magazines
  - h) Staff training
  - i) Staff development
  - j) Staff workshops
  - k) Subscriptions
  
- 4. General Expenses**
  - a) Advances
  - b) Meal allowances
  - c) Travel & Hotel accommodation
  - d) Miscellaneous – Non-Travel
  - e) Mileage
  - f) Reimbursed employee expenses

**5. Employer's General Expenses**

- a) Payroll and deduction remittances
- b) Licences (vehicles, elevators, radios, etc.)
- c) Debenture/loan payments
- d) Grants/donations
- e) Damages claims
- f) Tax remittances
- g) Payments to other Government, Crown Corporations or Local Boards
- h) Medical Benefits/Coverage

**6. Special Services**

- a) Committee fees
- b) Witness fees
- c) Legal Services/Settlements
- d) Honoraria
- e) Arbitrators
- f) Refunds to ratepayers
- g) Insurance Premiums
- h) Temporary Help
- i) Banking and underwriting services
- j) Recreation Instructor Fees

**7. Utilities**

- a) Postage
- b) Water and wastewater charges
- c) Hydro
- d) Cable television charges
- e) Gas
- f) Telephone
- g) Property taxes
- h) Freight /Courier Charges

**8. Real Estate**

- a) Purchase of Land or Buildings and Related Fees



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## **SCHEDULE B BID IRREGULARITIES**

Bid Irregularity – a deviation between the requirements (terms, conditions, specifications) of a bid request and the information provided in a bid response.

Major Irregularity – automatic rejection

Major – deviation from the bid request where bidder could gain an unfair advantage over competitors

- Late bid
- Failure to attend mandatory site meeting
- Part bid (all items not bid) – unless document permits part bids
- Qualified bid – alteration, condition, statement, scope alternative included in bid or added to any page of the bid
- Failure to include signatures
- Failure to acknowledge and provide all addenda issued to the bidder
- Bids received on documents other than those original bid documents as issued and provided by Town
- Bid Security not provided, not original, not amount specified, not in form acceptable by Town (if applicable)
- Agreement to Bond not provided, not original, not amount specified, not in form acceptable by Town (if applicable)

Minor Irregularity – 2 business days to correct irregularity

Minor – deviation which affects form rather than substance and if permitted does not allow bidder to gain an unfair advantage.

- Failure of bidder to provide all names of sub contractors on project
- Strikeouts not initialed
- Signatures are not original, signed in ink
- Failure of bidder to provide the specified number of copies of documentation
- Failure of bidder to provide evidence of qualifications and/or past experience
- Arithmetic errors – Town will make corrections using unit prices, all bidders will be bound by such corrections
- Bids containing minor clerical errors (missing decimal)

Irregularities that go “beyond the examples provided” shall be reviewed by the CAO.

- CAO has the authority to waive irregularities deemed to be minor.

## **SCHEDULE C**

### **THE “TWO – ENVELOPE” PROCUREMENT PROCESS**

The two-envelope approach is used when the Town wants to evaluate the technical and qualitative information of a given proposal without being influenced by prior knowledge of the corresponding pricing information. Proposal evaluation is done usually by a team of staff from possibly more than one department who have relevant expertise for making the evaluation.

In the two-envelope approach, each proponent must submit qualitative and technical information in a sealed envelope (envelope one) and pricing information in a second sealed envelope (envelope two). The contents of envelope one are evaluated and scored according to pre-determined criteria such as relevant firm experience, project team’s qualifications/experience, personnel time allocation, understanding of scope of work, methodology/thoroughness of approach, quality and completeness of proposal submission, etc.

When the scoring of envelope one is completed, then the pre-determined process for moving to envelope two is followed. In some procurement strategies, a minimum score threshold is in place at envelope one, and only proposals which meet or exceed that threshold are eligible to proceed to the opening of envelope two and subsequent price evaluation. If a proposal is not eligible to proceed to price evaluation, the proponent is disqualified from further consideration and the second envelope is returned to the proponent unopened.

For each proposal where envelope two is opened, the bid price(s) are scored according to the pre-determined process. The particular procurement and evaluation strategy will dictate the process for scoring the price and subsequently taking the scores from the envelope one and envelope two processes into account, resulting in a total evaluated score for the proposal. The total evaluated scores are ranked, and the proposal with the highest ranked score is considered the successful proposal, unless council or the local board, as applicable, decides otherwise. In the event of a tie, the pre-determined process for handling a tie is followed.

## SCHEDULE D

### APPROVAL AUTHORITIES

1. All purchases require Council approval either by an approved Budget or separate resolution
2. Authorized departmental staff may acquire goods and services in accordance with this policy with a value of between \$0 - \$5,000. (excluding HST)
3. A Department Head may acquire goods or services in accordance with this policy with a value between \$5,000 - \$20,000 (excluding HST)
4. The CAO/delegate may acquire goods and services in accordance with this policy with a value over \$20,000 and up to and including \$75,000 (excluding HST) provided that the goods/services are included within the approved current year budget, the cost is within the approved budgeted amount and in the case of a tender it is being awarded to the lowest bidder meeting the specifications or in the case of an RFP the award is to the proponent best meeting the purpose and objectives of the project.
5. Subject to the provisions of this policy, Council approval is required for goods or services in accordance with this policy in all other cases.
6. The Chief Administrative Officer is authorized to acquire or approve for acquisition, goods and services in the event of an emergency. A report shall be prepared for Council in accordance with the provisions of this policy.

**7. Award of Tenders/Requests for Proposals for Co-operative and Joint Ventures**

Council has delegated to the CAO/designate the authority to award tenders and requests for proposals for goods and services of co-operative or joint ventures in the amount of \$20,000 or more, provided the goods/services are included within or can be accommodated in the approved current or future year budget and/or the cost is considered reasonable.

Also the tender or RFP is being awarded to the bidder meeting specifications or best meeting the criteria outlined in the proposal, as selected by the majority of participating agencies.

**SCHEDULE E**  
**PROCESS AND APPROVALS – SUMMARY**

<b>BIDS</b>					
<b>Procurement Value</b>	<b>Method of Procurement</b>	<b>Source of bids /Advertising</b>	<b>Report to</b>	<b>Approved by Signing Authority</b>	<b>Contract/ Agreement Executed by</b>
<b>up to 1,000</b>	low value purchase by department or purchasing	purchases made from competitive market where possible/practical	not applicable	No Requisition	not applicable
<b>1,000 to 5,000</b>	Informal	3 Verbal Quotes	not applicable	Requisition	not applicable
<b>5,000 - 20,000</b>	Formal	3 Written Quotes	not applicable	Requisition / Purchase Order	Department Head /Purchasing Mayor/Clerk, if required
<b>20,000 - 75,000</b>	Request for Tender or Proposal	Sealed bid Advertising required	CAO	Requisition / Purchase Order	Mayor/Clerk, if required
<b>75,000 &amp; over</b>	Request for Tender or Proposal	Sealed bid Advertising required	Council	Requisition / Purchase Order	Mayor/Clerk, if required

<b>SOLE OR SINGLE SOURCE</b>					
<b>Procurement Value</b>	<b>Method of Procurement</b>	<b>Source of bids /Advertising</b>	<b>Report to</b>	<b>Approved by Signing Authority</b>	<b>Contract Executed by</b>
<b>up to 20,000</b>	not applicable	Advertising not required	not applicable	Requisition / Purchase Order	Department Head/Purchasing Mayor/Clerk, if

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					required
<b>20,000 to 75,000</b>	not applicable	Advertising not required	CAO	Requisition / Purchase Order	Mayor/Clerk, if required
<b>75,000 &amp; over</b>	not applicable	Advertising not required	Council	Requisition / Purchase Order	Mayor/Clerk, if required

<b>EMERGENCY</b>					
<b>Procurement Value</b>	<b>Method of Procurement</b>	<b>Source of bids /Advertising</b>	<b>Report to</b>	<b>Approved by Signing Authority</b>	<b>Contract Executed by</b>
<b>up to 20,000</b>	Lowest obtainable price	not applicable	not applicable	Requisition / Purchase Order	Department Head /Purchasing Mayor/Clerk, if required
<b>20,000 to 75,000</b>	Lowest obtainable price	not applicable	Approval by CAO	Requisition / Purchase Order	Mayor/Clerk, if required
<b>75,000 &amp; over</b>	Lowest obtainable price	not applicable	Approval by CAO and Information report to Council	Requisition / Purchase Order	Mayor/Clerk, if required

<b>CO-OPERATIVE OR JOINT VENTURES</b>					
<b>Procurement Value</b>	<b>Method of Procurement</b>	<b>Source of bids /Advertising</b>	<b>Report to</b>	<b>Approved by Signing Authority</b>	<b>Contract Executed by</b>
<b>up to 20,000</b>	Lowest obtainable price	not applicable	not applicable	Requisition / Purchase Order	Department Head /Purchasing Mayor/Clerk, if required
<b>20,000 &amp; over</b>	Lowest obtainable price	not applicable	CAO	Requisition / Purchase Order	Mayor/Clerk, if required