

# Procurement of Goods and Services Policy

The Corporation of the  
City of London



# PROCUREMENT OF GOODS AND SERVICES POLICY

## TABLE OF CONTENTS

1.0	Procurement Goals and Objectives .....	3
2.0	General Provisions.....	4
3.0	Definitions .....	5
4.0	Responsibilities .....	9
5.0	Conflict of Interest .....	11
6.0	Prohibitions .....	11
7.0	Procurement Documentation .....	13
8.0	Approval Authority and Reporting Requirements.....	14
9.0	Low Dollar Value Procurements (up to \$10,000) – as per Schedule ‘A’ .....	16
10.0	Informal Quotation (Greater than \$10,000 to \$50,000) – as per Schedule ‘A’ .....	16
11.0	Request For Quotation (RFQ) (\$50,000 to \$100,000) – as per Schedule ‘A’.....	17
12.0	Request for Proposal (RFP) – as per Schedule ‘A’ .....	18
13.0	Request for Tender (RFT) (Greater than \$100,000) – as per Schedule ‘A’ .....	19
14.0	Non-Competitive Purchases (Emergency, Sole Source, Single Source).....	20
15.0	Appointment of Professional Consulting Services .....	22
16.0	Blanket Purchase Contracts.....	24
17.0	Requirement for Approved Funds .....	24
18.0	Purchasing Cards.....	25
19.0	Bid Administration .....	28
20.0	Contract Administration.....	30
21.0	General .....	32
	SCHEDULE A – Levels of Contract Approval Authority.....	34
	SCHEDULE B – Goods and/or Services NOT Subject to this Policy.....	35
	SCHEDULE C – Irregularities Contained in Bids.....	36
	SCHEDULE D - Statement of Ethics for Public Purchasers .....	37
	SCHEDULE E – Materials Management Guidelines .....	38

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 1.0 Procurement Goals and Objectives

### MISSION

To obtain the right goods and/or services when needed while achieving best value through a transparent, fair and competitive process with a high focus on Customer Service.

- 1.1 This Policy outlines the processes to be followed in order to obtain the best value when purchasing goods, or contracting services for the Corporation of the City of London (herein after known as 'City').
- 1.2 The guiding principle is that procurement decisions will be made using a competitive process that is open, transparent and fair.
- 1.3 The City encourages innovation and the use of technology which meets City specifications and industry standards in order to ensure the utilization of the most efficient and effective procurement processes and practices.
- 1.4 To achieve best value, purchases should consider the full life cycle of products and their complete impact. Economic, Environmental and Social Costs and Benefits (Triple Bottom Line Approach) should be considered. The City is developing further details on implementing full life cycle value analysis.
- 1.5 In order to contribute to waste reduction, water conservation, energy conservation, pollution prevention and to increase the development and awareness of environmentally sound procurement, acquisitions of goods and/or services will ensure that, wherever possible, specifications are amended to provide for expanded use of efficient and durable products, reusable products and products that contain post-consumer, recyclable, non-toxic, and/or non-petroleum content, without significantly affecting the intended use of the product or service.

It is recognized that cost analysis is required in order to ensure that the products are available at competitive prices.

The City encourages its supply chain partners to have similar environmental considerations with their procurement of goods and services.

It is recognized that this is an evolving field with improved and updated information routinely becoming available. Bidders will be advised when expanded details and a schedule are available to further support this clause.

- 1.6 The City will consider the total costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs in evaluating competitive bids from responsive and responsible bidders. Where costs are submitted for more than one year, the net present value of the annual costs will be used to evaluate the costs at a discount value concurred by the City Treasurer.

The Purchasing and Supply function fully embraces the philosophy of continuous improvement and will continue to be a leader in advanced public procurement solutions that are quality focused and consider the 'Total Cost of Ownership' where possible.

The City encourages its supply chain partners to have similar quality considerations with their procurement of goods and services.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 2.0 General Provisions

- 2.1 Unless otherwise provided in accordance with this Policy, the Manager of Purchasing and Supply and the authorized employees of Purchasing and Supply shall act for the City, for the purchase and disposal of all goods and/or services and shall be responsible for providing necessary advice and services required for such purchases and/or disposals in accordance with the method of purchase authorized by this Policy.
- 2.2 No purchase of goods and/or services shall be authorized unless it is in compliance with this Policy. Goods and/or services that are obtained without following the provisions of this Policy will not be accepted, and any invoices received may not be processed for payment.
- 2.3 Unless otherwise provided in accordance with this Policy, the purchase of all goods and/or services shall be authorized in accordance with the provisions of Schedule A to this Policy.
- 2.4 Requisitions or purchase orders shall not be arbitrarily structured to alter the relationship of the price to the preauthorized expenditure limit.
- 2.5 The procedures prescribed in this Policy shall be followed to make an award or to make a recommendation of an award to Board of Control and City Council.
- 2.6 Wherever possible, it should be the intent of the client departments to procure goods and/or services of like nature as a combined effort in order to benefit from economies of scale.
- 2.7 During the public procurement process, internal City bids will not be considered as the analysis of in-house versus out-source (procurement) will be made prior to any such process.
- 2.8 Definitions specific to this Policy are documented in Section 3.
- 2.9 The City recognizes that mistakes and misunderstandings may occur; bidders may feel aggrieved and may seek to dispute the recommendation of an award of a contract. To maintain the integrity of the process, bidders who believe they have been treated unfairly can make this known by contacting the Manager of Purchasing and Supply prior to the award of the contract. Disputes shall be resolved as follows:
  - a. A meeting between the bidder and the Manager of Purchasing and Supply;
  - b. If (a) does not lead to a resolution between the bidder and the City, the bidder may appeal the decision to the City Treasurer;
  - c. If (b) does not lead to a resolution between the bidder and the City, the bidder may appeal the decision to the Board of Control. Board of Control's decision and City Council's approval is final.
- 2.10 This Policy will be reviewed and revised on a periodic basis. It is anticipated that reviews will be conducted every five (5) years or more frequently as required.
- 2.11 Goods and/or services NOT subject to this Policy are listed in Schedule B. The final determination of whether goods and/or services qualify for exemption under Schedule B shall be determined by the City Treasurer or delegate.
- 2.12 Additional information on the administration of the procurement process can be found in Schedule E entitled ***Materials Management Guidelines***.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 3.0 Definitions

In this Policy, unless a contrary intention appears,

**'Acting'** means the formal delegation of approval authority by the person in the position of authority to the person acting in that role on a temporary basis.

**'Agreement'** means a formal written legal agreement or contract for the supply of goods, services, equipment or construction.

**'Award'** means a bid is formally accepted by the City and has obtained the required approval as defined in Section 8.5 and Schedule A. An award may be executed by the issuance of a Purchase Order, Contract Record or formal Agreement.

**'Best Value'** means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. Best value may include a time horizon that reflects the overall life cycle of a given asset.

**'Bid'** means a response to a competitive bid issued by the City.

**'Bidder'** means a person, corporation or other entity that responds, or intends to respond to a competitive bid.

**'Bid Deposit'** means currencies, certified cheques, bid bond issued by a surety company licensed to operate by the Government of Canada or the Province of Ontario or another form of negotiable instrument acceptable to the City to compensate the City if the successful bidder does not enter into a contract.

**'Blanket Purchase Contract'** means any contract for the purchase of goods and/or services which will be required frequently or repetitively but where the exact quantity of goods and/or services required may not be precisely known or the time period during which the goods and/or services are to be delivered may not be precisely determined.

**'Board of Control'** (or its replacement as determined by City Council), means the authorizing body that provides initial approval prior to seeking Council approval.

**'City'** means The Corporation of the City of London.

**'City Treasurer'** means the person responsible for Corporate Finance at the City. When the term 'City Treasurer' appears, it does not include staff that has been delegated approval authority by the 'City Treasurer', unless otherwise noted.

**'Certificate of Clearance'** from the Workplace Safety and Insurance Board means a certificate issued by an authorized official of the Workplace Safety and Insurance Board certifying that the Board waives its rights under Subsection 141(10) of the Workplace Safety and Insurance Act, R.S.O. 1997.

**'Competitive Bid'** means EOI, RFI, RFP, RFQ or RFT as further defined in this section.

**'Contract'** means any formal or deliberate written agreement for the purchase of goods, services, equipment or construction including but not limited to Purchase Order and Agreement. Standard contracts are used for the acquisition of goods and/or services for a specific requirement. Corporate contracts are used for the acquisition of goods and/or services for a group of specific requirements.

**'Contracting'** means any formal or deliberate written agreement for the purchase of goods, services, equipment or construction including but not limited to Purchase Order and Agreement. Standard contracts are used for the acquisition of goods and/or services for a specific requirement. Corporate contracts are used for the acquisition of goods and/or services for a group of specific requirements.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 3.0 Definitions...cont'd

**'Conflict of Interest'** means a situation in which the personal interests of directors, officers and key staff member come into conflict, or appear to come into conflict, with the interests of the City.

**'Contract Record'** means a document which summarizes the goods and/or services to be purchased.

**'Declaration Respecting Workers' Compensation Act, R.S.O. 1990/Corporations Tax Act'** means a declaration that the bidder has paid all assessments or compensation payable and has otherwise complied with all requirements of the Workplace Safety and Insurance Board and that the bidder has paid all taxes and/or penalties imposed on it pursuant to the Corporations Tax Act, R.S.O. 1990, CHAPTER C.40

**'Delegate'** means a person who has been delegated approval authority by a position with authority under this Policy (Section 8.7).

**'Delegation of Approval Authority'** means the formal delegation of authority to perform a specific task or approval by a person in a position with authority under this Policy (Section 8.7), resulting in a 'delegate'.

**'Delegation of Approval Authority List'** means a list prepared by a General Manager granting the formal delegation of authority to perform a task or approval (Section 8.7).

**'Dispute Committee'** means a committee comprised of the Manager of Purchasing and Supply (or delegate), the City Treasurer (or delegate), the City Solicitor (or delegate), and the General Manager (or delegate) of the client department involved.

**'Elected Official'** means a member of (London) City Council.

**'Employee - Employer Relationship'** means a worker agrees to work for the City, on a full-time or part-time basis, for a specified or indeterminate period of time, in return for wages or a salary. The City has the right to decide where, when and how the work is to be done.

**'EOI' or 'Request for Expression of Interest'** means a focused market research tool used to determine supplier interest in a proposed procurement. It may be issued simultaneously with a Request for Qualifications when the proposed procurement is well defined and the purchaser has clear expectations for the procurement.

**'Executed Agreement'** means a formal agreement, either incorporated in the bid documents or prepared by the City or its agents, to be executed by the successful bidder and the City.

**'General Manager'** means a person, or person 'acting' in this capacity with chief responsibility for a department at the City. For the purposes of this Policy, the Chief Administrative Officer (CAO) also assumes the duties of General Manager with respect to their department. When the term 'General Manager' appears, it does not include staff that has been delegated approval authority by the General Manager, unless otherwise noted.

**'Goods and/or Services'** means supplies, services, materials and equipment of every kind required to be used to carry out the operations of a department.

**'Insurance Documents'** means official original documents issued by an insurance company licensed to operate by the Government of Canada or the Province of Ontario certifying that the bidder is insured in accordance with the City's insurance requirements and completed on the City standard insurance form (s); as contained in the bid document.

**'Irregular Result'** is defined in Section 8.10.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 3.0 Definitions...cont'd

**'Irregularities Contained in Bids'** is defined in Schedule C and includes the appropriate response to those irregularities.

**'Irrevocable Letter of Credit'** means an irrevocable letter on the financial institution's standard form containing a request that the party to whom it is addressed pay the bearer or a person named therein money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions and agreements contained in a contract.

**'Labour and Material Bond'** means a bond issued by a surety company on the City standard Form of Bond to ensure that the contractor will fulfill its obligations to its employees, subcontractors and suppliers and thereby protects the City.

**'Letter of Agreement to Bond'** means a letter or other form issued by a surety company licensed to operate by the Government of Canada or the Province of Ontario advising that, if the bidder is successful the bonding agency will issue the required bonds.

**'Manager of Purchasing and Supply'** means a person responsible for the Purchasing and Supply section at the City. For the purposes of this Policy, when 'Manager of Purchasing and Supply' appears it does not include staff that has been delegated approval authority by the 'Manager of Purchasing and Supply', unless otherwise noted.

**'Pecuniary Interest'** means the opportunity, directly or indirectly, to profit or share in any profit derived from a competitive bid or agreement.

**'Performance Bond'** means a bond issued by a surety company on the City standard Form of Bond executed in connection with a contract and which secures the performance and fulfillment of the undertakings, covenants, terms, conditions and agreements contained in the contracts. These may also be in the form of 'renewable performance bonds'.

**'Professional Consulting Services'** means a consulting firm, engineer or architect providing professional knowledge or construction design or technical expertise.

**'Program Administrator'** means a person who has been given the responsibility to maintain and monitor the purchasing card program at the City.

**'Proponent'** means the respondent to a Request for Proposal (RFP).

**'Purchase Order'** means the standard City procurement document issued by Purchasing and Supply to formalize a purchasing transaction with a supplier.

**'Purchasing Card'** means a credit card provided by the City's Finance area and its use is bound by the provisions of the Procurement of Goods and Services Policy.

**'Purchase Requisition'** means a duly authorized written or electronically produced request in an approved format to obtain goods or services.

**'Request for Expression of Interest' or 'EOI'** means a focused market research tool used to determine supplier interest in a proposed procurement. It may be issued simultaneously with a Request for Qualifications when the proposed procurement is well defined and the purchaser has clear expectations for the procurement.

**'Request for Information' or 'RFI'** means a general market research tool to determine which products and services are available, scope out business requirements, and/or estimate project costs which may be used prior to issuing another type of competitive bid.

**'Request for Proposal' or 'RFP'** means a process where a need is identified, but the method by which it will be achieved is not prescribed at the outset. This process allows prospective suppliers to propose solutions or methods to arrive at the desired result.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 3.0 Definitions...cont'd

**'Request for Qualifications'** means a request for list of qualified suppliers and firms who have an interest in providing services to the City, typically through a two-stage process.

**'Request for Quotation' or 'RFQ'** means a request for prices on specific goods and/or services from selected suppliers which are submitted in writing, or as specified in the Request for Quotation.

**'Request for Tender' or 'RFT'** means a request for sealed bids which contain an offer in writing to execute some specified services, or to supply certain specific goods, at a certain price, in response to a publicly advertised request for bids.

**'Sealed Bid'** means a formal sealed response received as a part of a competitive bid.

**'Single Source'** means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. Further qualifications appear in the definition in Section 14.5.

**'Sole Source'** means that the goods and/or services are available from only one supplier. Further qualifications appear in the definition in Section 14.4.

**'Substantive Objection'** means an unsuccessful bidder requests moving to the third stage of dispute resolution as prescribed in Section 2.9.

**'Supplier'** means any individual or organization providing goods or services to the City including but not limited to contractors, consultants, suppliers, service organizations etc.

**'Tender'** means a sealed bid which contains an offer in writing to execute some specified services, or to supply certain specified goods, at a certain price, in response to a publicly advertised request for bids.

**'Triggering Event'** means an occurrence resulting from an unforeseen action or consequence of an unforeseen event, which must be remedied on a time sensitive basis to avoid a material financial risk to the City or serious or prolonged risk to persons or property.

**'Value Analysis'** means a life cycle costing approach to valuing a given alternative, which calculates the long term expected impacts of implementing the particular option.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 4.0 Responsibilities

### 4.1 General Responsibilities

- a. All City staff delegated with approval authority (Section 8.7) shall follow the guidelines as set out in Schedule D 'A Statement of Ethics for Public Purchasers' established by the Ontario Public Buyers' Association, as well as the City's Conflict of Interest Policy, and Section 5 below.
- b. Procurement activities shall be subject to all applicable City policies and by-laws, any specific provisions of the Municipal Act, and all other applicable Federal and Provincial legislation.
- c. Failure to adhere to the requirements outlined in this Policy may lead to disciplinary action up to and including termination of employment.
- d. No provision of this Policy precludes a General Manager or the Manager of Purchasing and Supply from recommending an award to Board of Control and City Council where:
  - i in the opinion of a General Manager, it is in the best interest of the City to do so; or;
  - ii it is a matter of procurement procedure and, in the opinion of the Manager of Purchasing and Supply, it is in the best interest of the City to do so.

### 4.2 Chief Administrative Officer (CAO)

The CAO has the authority to instruct General Managers not to award contracts and to submit recommendations to Board of Control and City Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interest of the City.

### 4.3 General Managers and Chief Administrative Officer

- a. Have responsibility for all procurement activities within their departments and are accountable for achieving best value while following the Procurement of Goods and Services Policy;
- b. Have the authority to delegate approval authority to staff at the appropriate levels within their departments (Section 8.7);
- c. General Managers and the CAO have the authority to award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in Schedule A and the requirements of this Policy are met; and
- d. When a General Manager is of the opinion that a Triggering Event has occurred, the General Manager may authorize the purchase of such goods and/or services as is considered necessary to remedy the situation without regard to the requirement for a competitive bid and may approve the necessary contract amendment. The relevant details surrounding the Triggering Event shall be included in a report and submitted to Board of Control as soon as possible.

### 4.4 City Treasurer

The City Treasurer is responsible for:

- a. Overseeing the Purchasing and Supply function;
- b. Maintaining ownership over the Procurement of Goods and Services Policy; and
- c. Approval authority as outlined in Schedule A and 8.5.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 4.0 Responsibilities...cont'd

### 4.5 Manager of Purchasing and Supply

The Manager of Purchasing and Supply is responsible for:

- a. The integrity of the procurement process with the exception of those items listed in Schedule B;
- b. Providing professional procurement advice and service to City staff.
- c. Awards within the authority of the General Manager (or delegate), for which the Manager of Purchasing and Supply may award a contract on behalf of a General Manager provided that Purchasing and Supply is in receipt of a funded requisition and the requirements of this Policy are met;
- d. Monitoring compliance with this Policy;
- e. Notifying the Corporate Management Team, in advance if possible, of non-compliance with this Policy;
- f. Rejecting any Purchase Requisitions for services where the services could result in the establishment of an employee – employer relationship; and
- g. Creating and revising administrative procedures and directions respecting:
  - i the preparation and development of specifications;
  - ii the requirements and form of bid deposits;
  - iii other securities and documentation required or advisable for sealed bids;
  - iv procedures for the opening, evaluation and recommendation of bid documents; and
  - v such other matters of an ancillary or incidental nature to more fully carry out the intent and purpose of this Policy.

### 4.6 Board of Control and City Council Approval

Despite any other provision of this Policy, the following contracts are subject to Board of Control and City Council approval:

- a. Any contract requiring approval from the Ontario Municipal Board;
- b. Any contract prescribed by Statute to be made by City Council;
- c. Where the cost amount proposed for acceptance is greater than \$50,000 above the City Council approved budget for that expenditure or where the expenditure would result in insufficient funds in the project budget to complete the project as budgeted;
- d. Where the net revenue amount proposed for acceptance is lower than the City Council approved budget;
- e. Where a Substantive Objection (see definition in Section 3), emanating from the competitive bid has been filed with the City Treasurer prior to award of the contract;
- f. Where there is an irregular result (see Section 8.10); and
- g. Where authority to approve has not been expressly delegated.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **5.0 Conflict of Interest**

- 5.1 No elected official, appointed officer or employee of the City shall have any pecuniary or controlling interest either direct or indirect in any competitive bid or contract for the supply of goods or services to the City, unless such pecuniary interest is disclosed by the contractor, bidder or person submitting a quotation, as the case may be, or unless such pecuniary interest would be exempt under the Municipal Conflict of Interest Act.
- 5.2 Competitive bid documents shall include a section that requires and provides for the disclosure of any pecuniary interest prior to submission of the bid. Should a conflict of interest arise after the award of a contract, the conflict shall immediately be disclosed in writing to the Manager of Purchasing and Supply. Further, all competitive bid documents and agreements shall provide that in the event that a contract is awarded to a person who has not, during the bidding or contracting process, disclosed the pecuniary interest of an elected official, appointed officer or employee of the City in the contract, the contract may be cancelled at any time by the City in its entire discretion without damages or penalty.
- 5.3 In this section, 'controlling interest' means the interest that a person has in a corporation when the person beneficially owns, directly or indirectly, or exercises control or direction over, equity shares of the corporation carrying more than ten percent (10%) of the voting rights attached to all equity shares of the corporation for the time being outstanding;
- 5.4 For the purposes of this section, a person has an indirect pecuniary interest in any competitive bid or agreement entered into by a corporation, if:
- a. The person or his or her nominee is a shareholder in or a director or senior officer of a corporation that does not offer in securities to the public.
  - b. Has a controlling interest in or is a director or senior officer of a corporation that offers securities to the public.
- 5.5 For the purposes of this section, an elected official, appointed officer or employee of the City has an indirect pecuniary interest if the person is a partner of a person or is in the employment of a person or body that has entered into a tender, proposal, quotation or contract with the City.
- 5.6 For the purposes of this section, the pecuniary interest in a tender, proposal, quotation or contract of a parent or spouse or any child of an elected official, appointed officer or employee shall, if known to the person, be deemed to be also the pecuniary interest of the elected official, appointed officer or employee as the case may be.

## **6.0 Prohibitions**

### **6.1 Division of Contracts**

No employee of the City shall divide a purchase or a contract to avoid the requirements of the Tender, Proposal, Quotation or Purchasing Card procedures. Nor shall purchases be split in order to circumvent prescribed spending authority dollar limits as outlined in this Policy.

### **6.2 Interference in the Procurement Process**

- a. Elected officials, appointed officers and employees shall not knowingly cause or permit anything to be done or communicated to anyone in a manner which is likely to cause any potential supplier to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to the City. This also includes a contract with any other municipality, local board or public body involved in the purchase of goods and/or services either jointly or in cooperation with the City.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 6.0 Prohibitions...cont'd

### 6.2 Interference in the Procurement Process...cont'd

- b. Elected officials shall separate themselves from the procurement process and have no involvement whatsoever in specific procurements. Elected officials should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. Elected officials who receive inquiries from suppliers related to any specific procurement shall immediately direct those inquiries to the Manager of Purchasing and Supply, or the City Treasurer.
- c. The only exception to the above relates to selection of external auditors whereby elected officials are specifically part of the evaluation team.

### 6.3 Official Point of Purchasing Contact and Lobbying Prohibition

- a. The City is committed to the highest standards of integrity with respect to the purchase of goods and/or services and managing the processes by which goods and/or services are acquired. The official point of purchasing contact shall be a member of the Purchasing and Supply Team. Should it be necessary or desirable to have a contact person to respond to technical issues that person shall be named in the competitive bid documents. All communications will be made by these individuals and during the procurement process, no bidder or person acting on behalf of the bidder or group of bidders shall contact any elected official, consultant or any employee of the City to attempt to seek information or to influence the award of the contract. Any activity designed to influence the decision process, including, but not limited to, contacting any elected official, consultant or employee of the City for such purposes as meetings of introduction, social events, meals or meetings related to the selection process, shall result in disqualification of the bidder for the project to which the influential activity is deemed to be directed. Notwithstanding the foregoing, this prohibition does not apply to meetings specifically scheduled by the City Purchasing and Supply group for presentations or negotiations. Any bidder found to be in breach of this Policy shall be subject to immediate disqualification from the procurement process and may be prohibited from future opportunities at the discretion of City Council.
- b. In addition, no bidder who has been awarded the contract shall engage in any contact or activities in an attempt to influence any elected official or any employee of the City with respect to the purchase of additional enhancements, options, or modules. However, a contractor may communicate with the appropriate member of the Purchasing and Supply Team, the Manager of Purchasing and Supply or the City Treasurer for purposes of administration of the contract during the term of the contract.
- c. The determination of what constitutes influential activity is in the sole discretion of the Manager of Purchasing and Supply, acting reasonably, and not subject to appeal.
- d. Contract award decisions shall be based on clear, transparent and objective criteria that is applied free from political considerations or political interference.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 7.0 Procurement Documentation

- 7.1 In order to maintain consistency, Purchasing and Supply shall provide guidelines to General Managers on procurement policies and procedures and on the structure, format and general content of procurement documentation.
- 7.2 Purchasing and Supply shall review proposed procurement documentation to ensure clarity, reasonableness and quality and shall advise the General Managers of suggested improvements.
- 7.3 Procurement documentation shall avoid use of specific products or brand names.
- 7.4 Notwithstanding Section 7.3, a General Manager (or delegate) may specify a specific product, brand name or approved equal for essential functionality purposes (with consideration for operating and maintenance costs) to avoid unacceptable risk or for some other valid purpose. In such instances, the General Manager (or delegate) and Purchasing and Supply shall manage the procurement to achieve a competitive situation whenever possible.
- 7.5 The use of standards in procurement documentation that have been certified, evaluated, qualified, registered or verified by independent nationally recognized and industry-supported organizations such as, but not limited to, the Standards Council of Canada, shall be preferred.
- 7.6 General Managers (or delegate) shall:
  - a. Give consideration to Value Analysis comparisons of options or choices;
  - b. Ensure that adequate Value Analysis comparisons are conducted to provide assurance that the specification(s) will provide best value;
  - c. Forward the Value Analysis to Purchasing and Supply for documentation in the procurement file; and
  - d. Ensure specification(s) are set to allow for an open competitive process.
- 7.7 All substantive changes to standard clauses in competitive bid documents and standard agreements shall be reviewed and approved by the City Solicitor or delegate.
- 7.8 Unless otherwise noted in this Policy, the Manager of Purchasing and Supply (or delegate) in conjunction with the General Manager (or delegate) shall issue bid documents for goods and/or services. Purchasing and Supply shall give notice of the issuance of a competitive bid electronically via the internet as well as any other means as appropriate.
- 7.9 Management Support & Audit Services shall review compliance with the Procurement or Goods and Services Policy, and report to the Audit Committee as set out in their audit plan.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 8.0 Approval Authority and Reporting Requirements

- 8.1 Any person delegated approval authority pursuant to this Policy shall ensure that an approved budget, as described in Section 17 of this Policy, exists for the proposed procurement and that such procurement does not violate any City policies or any applicable law. Any such procurement shall also satisfy any applicable audit and documentation requirements of the City.
- 8.2 All applicable taxes, duties and shipping shall be excluded in determining the procurement limit of authorized delegates and the type of procurement process to be followed.
- 8.3 The dollar values identified in this section represent the annual estimated procurement value for a good and/or service to be procured. The annual estimated procurement value is the cumulative value spent over a twelve (12) month period for a particular good and/or service.
- 8.4 In the case of multi-year supply and/or service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.
- 8.5 The following body and persons shall have the respective approval authority as set out below (see summary in Schedule A). All dollar values are based on annual amounts and must be within pre-approved budgeted limits.
- a. **Board of Control and City Council** must approve the following awards:
    - i RFQ, RFP and RFT greater than \$100,000;
    - ii RFQ, RFP and RFT with an irregular result (section 8.10);
    - iii Sole Source or Single Source greater than \$50,000;
    - iv Contract extensions greater than \$2,000,000 (section 20.2);and
    - v Appointment of Professional Consulting Services (Section 15) greater than \$100,000.
  - b. **General Manager (or Delegate) and Manager of Purchasing and Supply (jointly)** are authorized to approve the following awards:
    - i RFQ (formal quotations) greater than \$50,000 but not exceeding \$100,000;and
    - ii RFP and RFT up to \$100,000;
    - iii Sole Source or Single Source less than \$50,000;
    - iv Approve contract extensions up to \$2,000,000 for previously approved contracts by Council with clearly defined options to extend that are agreed to in contract. (Section 20.2).
  - c. **General Managers (or Delegate)** are authorized to approve the following awards;
    - i. Informal quotations up to \$50,000; and,
    - ii Appointment of Professional Consulting Services not exceeding \$100,000 (Section 15).
- 8.6 Section 8.5 approvals may be overridden in the case of an 'emergency' as defined in Section 14.2 of this Policy.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 8.0 Approval Authority and Reporting Requirements...cont'd

### 8.7 Delegation of Approval Authority

'Delegation of Approval Authority' means the formal delegation of authority to perform a task or approval by a person in a position with authority under this Policy, resulting in a 'delegate'.

- a. The method for General Managers delegating approval authority is as follows:
  - i. General Managers shall prepare a 'delegation of approval authority list' within their respective areas;
  - ii. The list will provide evidence that the staff listed have been delegated approval authority by the General Manager;
  - iii. The list at minimum, shall include the staff person's name, title and approval limit. The list will also include any acting roles;
  - iv. The list shall be updated immediately upon any change in staff or position;
  - v. A copy of the list shall be sent to the Manager of Purchasing and Supply each time there is a revision;
  - vi. The Manager of Purchasing and Supply will ensure the delegation of approval authority lists are available to all Purchasing and Supply Staff; and
  - vii. Purchasing and Supply staff will review the list prior to completing tasks that require approval.
- b. The City Treasurer, City Solicitor and Manager of Purchasing and Supply shall develop a 'delegation of approval authority list' for the approvals and tasks they are responsible for under this Policy.

8.8 **Only** the CAO and General Managers may further delegate approval authority to their staff at the procurement values deemed appropriate. Staff that has been delegated approval authority from their General Manager to approve procurements **shall have no authority to** delegate this approval authority to any other person.

8.9 City Council may explicitly delegate further approval authority as it considers necessary from time to time, including but not limited to, any extended time periods during which City Council does not meet.

### 8.10 Irregular Result

The client department, in conjunction with Purchasing and Supply, shall submit a report to Board of Control and City Council and receive their approval for the award of a competitive bid if **ANY** of the following conditions apply:

- a. The value of the lowest compliant bid is in excess of the City Council approved budget including any contingency allowance;
- b. The specifications of a competitive bid cannot be met by two (2) or more suppliers;
- c. The award is not being made to a compliant bidder(s) offering the Best Value to the City;
- d. Where a Substantive Objection has been filed with the City Treasurer prior to award of a competitive bid; or
- e. Where in the opinion of the Manager of Purchasing and Supply, the client department award recommendation is not in the best interest of the City.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **8.0 Approval Authority and Reporting Requirements...cont'd**

### **8.11 Reporting to Board of Control and City Council**

- a. General Managers shall submit an informational report on an annual basis, no later than March 1 to the Manager of Purchasing and Supply containing the details of the contract awards made under Section 8.5.c for their respective departments.
- b. The Manager of Purchasing and Supply shall coordinate data collection and prepare an annual report for submission to City Council including the awards made under section 8.5 b and 8.5 c, no later than April 30. Purchasing and Supply shall certify in the report that the awards are in compliance with this Policy.
- c. Where a supplier has invoiced the City a cumulative total value of \$100,000 or more in a calendar year, total payments relative to the supplier shall be included in an annual information report to Board of Control and City Council.

## **9.0 Low Dollar Value Procurements (up to \$10,000) – as per Schedule ‘A’**

- 9.1 Procurements up to \$10,000 shall be considered low dollar value procurements.
- 9.2 All low dollar value procurements shall utilize applicable City contracts and shall otherwise be in accordance with this Policy.
- 9.3 A corporate Purchasing Card may be used for low dollar value procurements provided the user complies with Section 18 of this Policy.
- 9.4 General Managers may delegate approval authority to their staff for low dollar value procurements. It is the responsibility of the respective General Manager to ensure that this Policy is adhered to.
- 9.5 All information on low dollar value procurements must be documented and maintained on file.
- 9.6 Low dollar value procurements do not require an RFQ, RFP or RFT. Obtaining competitive quotes is considered a good business practice and should be obtained. An authorized Purchase Requisition submitted to Purchasing and Supply is the preferred method.

## **10.0 Informal Quotation (Greater than \$10,000 to \$50,000) – as per Schedule ‘A’**

- 10.1 Procurements greater than \$10,000 but not exceeding \$50,000 are eligible to be completed through an Informal Quotation process. The General Manager or any employee exercising authority delegated by a General Manager is authorized to award the contract.
- 10.2 All Informal Quotations shall utilize standard applicable departmental contracts and/or corporate contracts and shall otherwise be in accordance with the Procurement of Goods and Services Policy.
- 10.3 For procurements where there are no applicable departmental contracts or corporate contracts, informal quotations shall be obtained by the client department in the following manner:
  - a. Three (3) written bids obtained from three (3) separate potential suppliers;
  - b. A ‘No Bid’ response shall not be considered as a valid bid;
  - c. All suppliers shall receive the same informal quotation written information;
  - d. The informal quotation shall be awarded to the lowest compliant bid; and
  - e. Documentation on all bids, including but not limited to the prospective bidders list, bid document, bid responses and decision making rationale shall be retained in the client departmental files in accordance with City Council approved by-laws for records retention, or a minimum of two (2) years.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **10.0 Informal Quotation (Greater than \$10,000 to \$50,000) – as per Schedule ‘A’...cont’d**

- 10.4 Staff is encouraged to seek three (3) bids to ensure a more competitive process. If staff has exhausted all efforts to obtain three (3) bids and can support this with documented evidence under Section 10.3 e., a minimum of two (2) written bids is acceptable.
- 10.5 Purchasing and Supply shall assist as requested by the client department, or when deemed necessary, with the Informal Quotation process. Purchasing and Supply may also conduct reviews to ensure the requirements of this section and all other applicable sections of this Policy have been met.
- 10.6 When a client department requires an RFP in lieu of an Informal Quotation, the RFP shall be issued by Purchasing and Supply in the same manner as for RFP’s in Section 12 and subject to the approval authority in Section 8.5.b.
- 10.7 Since the informal quotation process does not necessarily go through Purchasing and Supply, the City’s standard insurance form must be completed and forwarded by the client department to Insurance and Risk Management for review and input into the Insurance Program. WSIB Certificates of Clearance must be submitted to Accounts Payable at the commencement of the project and periodically as the work is completed and before final payment is released.
- 10.8 An authorized Purchase Requisition is to be sent to Purchasing and Supply and include copies of the bids received. A Purchase Order, Contract Record or Agreement will be issued to formalize the contract with selected supplier.

## **11.0 Request For Quotation (RFQ) (\$50,000 to \$100,000) – As Per Schedule ‘A’**

- 11.1 RFQ procedures shall be used where:
- a. The item is greater than \$50,000 but not exceeding \$100,000;
  - b. The requirement can be fully defined; and
  - c. Best value for the City will be achieved by an award selection made on the basis of the total lifecycle cost that meets all terms, conditions and specifications.
- 11.2 The General Manager (or delegate) and the Manager of Purchasing and Supply must **jointly** approve this award.
- 11.3 The General Manager (or delegate) shall provide to Purchasing and Supply a purchase request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction.
- 11.4 The client department shall be responsible to review the competitive bid and verify that all terms, conditions and specifications of the bid are met.
- 11.5 Purchasing and Supply shall forward to the General Manager (or delegate) a summary of the bids and recommend the award of contract to the lowest compliant bid subject to review by the General Manager (or delegate) regarding specifications and contractor performance.
- 11.6 When a client department requires the issuance of an RFP in lieu of a RFQ, the RFP shall be issued by Purchasing and Supply as described in Section 12 of this Policy and subject to the approval authority in Section 8.5.b.
- 11.7 The City reserves the right in its absolute sole discretion to accept or reject any submission.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 12.0 Request for Proposal (RFP) – As Per Schedule ‘A’

- 12.1 The RFP procedure shall be used where:
- a. The requirement is best described in a general performance specification;
  - b. Innovative solutions are sought; and
  - c. To achieve best value, the award selection will be made on an evaluated point per item or other method involving a combination of mandatory and desirable requirements.
- 12.2 Awards under the RFP process require the following approval:
- a. General Managers (or delegate) and the Manager of Purchasing and Supply must **jointly** approve an RFP award for purchases up to \$100,000;
  - b. Board of Control and City Council must approve an RFP award for purchases greater than \$100,000;
  - c. Board of Control and City Council must approve an RFP award with an irregular result (see definition in Section 8.10).
- 12.3 The RFP process is a competitive method of procurement that may or may not include supplier pre-qualification.
- 12.4 An RFI, EOI or Request for Qualifications may be issued in advance of a RFP to assist in the development of a more definitive set of terms and conditions, scope of work/service and the selection of qualified suppliers.
- 12.5 An RFI, EOI and Request for Qualifications shall follow the same award approvals as an RFP, if applicable.
- 12.6 Purchasing and Supply shall maintain a list of suggested evaluation criteria for assistance in formulating an evaluation method for use in an RFP. This may include but not be limited to factors such as qualifications and experience, strategy, approach, methodology, scheduling and past performance, facilities, equipment, pricing, life cycle costing, standardization of product, and aspects that would support environmental procurement.
- 12.7 General Managers (or delegate) shall identify appropriate evaluation criteria from the list maintained by Purchasing and Supply for use in a RFP but are not limited to criteria from the list. Cost will always be included as a significant factor, as best value includes but is not limited to quality and cost.
- 12.8 The General Manager (or delegate) shall provide Purchasing and Supply with a written purchase request in a form acceptable to the Manager of Purchasing and Supply containing the budget authorization, approval authority, terms of reference and evaluation criteria to be applied in evaluating the proposals submitted.
- 12.9 A representative from Purchasing and Supply will be the lead in the RFP process. A selection committee will be formed with a minimum of three evaluators and be comprised of at least one representative from the client department and one representative from Purchasing and Supply. The evaluators shall review all compliant proposals against the established criteria, reach consensus on the final rating results, and ensure that the final rating results with supporting documents, are kept in the procurement file. The Purchasing and Supply representative may or may not participate in the scoring of the proposals.
- 12.10 During the proposal process all communication with proponents shall be through Purchasing and Supply.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **12.0 Request for Proposal (RFP) – As Per Schedule ‘A’...cont’d**

- 12.11 Purchasing and Supply shall forward to the General Manager (or delegate) an evaluation summary of the procurement, as well as the evaluation committee’s recommendation for award of contract to the proponent meeting all mandatory requirements and providing best value as stipulated in the RFP. The representative from Purchasing and Supply is responsible for documenting the determination of best value. The criteria and analysis to determine best value will be included (if applicable) in the report to Board of Control and City Council.
- 12.12 With respect to all reports initiated for RFP, a report on the sources of financing, allocation of revenues, and other financial commentary as considered appropriate, shall be prepared.
- 12.13 Reporting will not include financial summaries of bids as this information will remain confidential. Any disclosure of information shall be made by the appropriate officer in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, as amended.
- 12.14 Unsuccessful proponents may, upon their request, attend a debriefing session with a Purchasing and Supply representative to review their competitive bid. Any discussions relating to any submissions other than that of the proponent present will be strictly prohibited. This debriefing session is intended to provide general feedback regarding the proponent’s rating on various criteria in order to allow the proponent to understand where future improvements might be available.
- 12.15 Manager of Purchasing and Supply shall be responsible for arranging for a public announcement of proponents who submitted a proposal at a time and date outlined in the RFP document. There shall be in attendance at that time:
- a. Manager of Purchasing and Supply (or delegate); and
  - b. At least one other representative of Purchasing and Supply.
- 12.16 The City reserves the right in its absolute sole discretion to accept or reject any submission.

## **13.0 Request for Tender (RFT) (Greater than \$100,000) – As Per Schedule ‘A’**

- 13.1 RFT procedures shall be used where:
- a. The total cost is expected to be greater than \$100,000;
  - b. The requirement can be fully defined; and
  - c. Best value for the City can be achieved by an award selection made on the basis of the lowest bid that meets all terms, conditions and specifications.
- 13.2 Awards under the RFT process require the following approval:
- a. Board of Control and City Council must approve award of tenders greater than \$100,000;
  - b. Board of Control and City Council must approve award of contracts when a tender result is irregular as per Section 8.9 of this Policy.
- 13.3 The General Manager (or delegate) shall provide to Purchasing and Supply a purchase request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction. Specifications may include certain brands of product in order to facilitate standardization of the City’s inventory as per Section 7.4 of this Policy.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **13.0 Request for Tender (RFT) (Greater than \$100,000) – As Per Schedule ‘A’...cont’d**

13.4 The Manager of Purchasing and Supply shall be responsible for arranging for the public opening of tender submissions at the time and date specified by the tender call. There shall be in attendance at that time:

- a. Manager of Purchasing and Supply or delegate; and
- b. At least one other representative of Purchasing and Supply.

If the Manager of Purchasing and Supply or delegate is not available, the City Treasurer or delegate may act on their behalf.

13.5 Purchasing and Supply shall forward to the General Manager (or delegate) a summary of the bids and recommend award of the contract to the lowest compliant bidder.

13.6 With respect to all reports initiated for tenders, there shall be a recommendation report to Board of Control and City Council containing the sources of financing, allocation of revenues, and other financial commentary as considered appropriate.

The City reserves the right in its absolute sole discretion to accept or reject any submission.

## **14.0 Non-Competitive Purchases (Emergency, Sole Source, Single Source)**

14.1 The requirement for a competitive bid process for the selection of a supplier for goods, services and construction (except for Emergencies – see 14.2) may be waived under joint authority of the appropriate General Manager and City Treasurer and replaced with direct negotiations by the General Manager (or delegate) and Manager of Purchasing and Supply (or delegate) under the following circumstances.

- a. The procurement qualifies as ‘Sole Source’ as defined in Section 14.3;
- b. The procurement qualifies as a ‘Single Source’ as defined in Section 14.4.

### **14.2 Procurement in Emergencies**

For the purposes of this section, “Emergency” means an event or occurrence that the CAO, General Managers or their respective delegates, Fire Chief or a Deputy Fire Chief, Chief Building Official or Deputy Chief Building Official, or Community Emergency Management Coordinator (only when the Mayor declares an emergency under the Emergency Management and Civil Protection Act) deem as an immediate threat to:

- Public health;
- The maintenance of essential City services; or
- The welfare and protection of persons, property, or the environment; and

the event or occurrence necessitates the immediate need for goods or services to mitigate the emergency and time does not permit for a competitive procurement process.

In the event of an Emergency the CAO, General Managers and their respective delegates, Fire Chief or a Deputy Fire Chief, or Chief Building Official or Deputy Chief Building Official, are authorized to enter into a purchase agreement without the requirement for a formal competitive process.

A list of pre-qualified suppliers will be used to select the suppliers, whenever possible.

Where the procurement cost to mitigate the Emergency is anticipated to exceed \$50,000, there must be a notification sent (e-mail contact is acceptable) to the Manager of Purchasing and Supply or delegate. The steps taken to mitigate the Emergency must always be clearly documented regardless of amount and where the aggregate costs for a single supplier are in excess of \$50,000, the emergency procurement shall be reported by responsible the General Manager to Board of Control and City Council (including the source of financing) at the next scheduled meeting following the event. The General Manager responsible for the area leading the emergency procurement must forward the appropriate purchase requisition(s) to the Manager

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 14.0 **Non-Competitive Purchases (Emergency, Sole Source, Single Source)...cont'd**

### 14.2 Procurement in Emergencies...cont'd

of Purchasing and Supply within five (5) business days after the mitigation activities associated with the emergency event have been terminated.

### 14.3 Sole Source

The procurement may be conducted using a Sole Source process if the goods and/or services are available from only one supplier by reason of:

- a. Statutory or market based monopoly;
- b. Competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, licence, technical secrets or controls of raw material; or
- c. The complete item, service, or system is unique to one supplier and no alternative or substitute exists.

### 14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications.

The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

- a. An attempt to acquire the required goods and/or services by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and compliant supplier;
- b. The confidential nature of the requirement is such that it would not be in the public interest to solicit competitive bids;
- c. Construction, renovations, repairs, maintenance etc. in respect of a building leased by the City may only be done by the lessor of the building, in accordance with a lease agreement;
- d. There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (i.e. contract extension or renewal);
- e. The required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience;
- f. The goods are purchased under circumstances which are exceptionally advantageous to the City, such as in the case of a bankruptcy or receivership;
- g. It is advantageous to the City to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body;
- h. It is advantageous to the City to acquire the goods or services directly from another public body or public service body;
- i. Another organization is funding or substantially funding the acquisition and has determined the supplier, and the terms and conditions of the commitment into which the City will enter are acceptable to the City;
- j. The acquisition is for a particular brand of goods or services that are intended solely for resale to the public and no other brand is desirable and the brand is not available from any other source; or
- k. Where due to abnormal market conditions, the goods, services or construction required are in short supply.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 14.0 Non-Competitive Purchases (Emergency, Sole Source, Single Source...cont'd

### 14.5 Sole Source and Single Source – Approval and Reporting

- a. Awards which qualify to be considered as a Single Source or Sole Source process require the following approval:
  - i the General Manager and Manager of Purchasing and Supply, must **jointly** approve an award not exceeding \$50,000;
  - ii Board of Control and City Council must approve an award greater than \$50,000, unless otherwise permitted by this Policy.
- b. For awards under Section 14.5.a.ii, the General Manager is responsible for submitting a report to Board of Control and City Council detailing the rationale supporting their decision.

## 15.0 Appointment of Professional Consulting Services

### 15.1 General

- a. Senior management staff will be involved in the selection process for Professional Consulting Services. Specifically, Division Managers are to be involved with all projects, and Directors and the General Manager as appropriate for high-profile projects of increasing complexity or expense.
- b. Under no circumstances shall an extension or expansion of a consulting engagement preclude the required approvals. This includes splitting the project or scope of work into multiple phases or sections. City Council has sole authority to approve and award contracts greater than \$100,000.
- c. If a consulting engagement that has been awarded administratively then exceeds the approval threshold of \$100,000, the General Manager shall immediately prepare a report to City Council providing a status update and requesting approval to proceed (if applicable).
- d. The General Manager (or delegate) shall be responsible for ensuring that any substantive clause changes to the standard consulting services agreement are reviewed by the City Solicitor (or delegate) and the agreement is executed by the Mayor and Clerk.
- e. The General Manager (or delegate) shall be responsible for obtaining and submitting the appropriate insurance and WSIB documents to Risk Management.
- f. The General Manager (or delegate) shall be responsible for ensuring that all proposal responses and decision making rationale are retained in the client departmental files in accordance with City Council approved by-laws for records retention, or a minimum of two (2) years.
- g. General Managers shall provide the Manager of Purchasing and Supply, on an annual basis, no later than March 1, administrative awards made in their area to any Professional Consulting Service firms (Sections 15.2 and 15.3) with an aggregate total greater than \$100,000. The Manager of Purchasing and Supply shall coordinate data collection and prepare an annual Appointment of Professional Consulting Services report for submission to City Council, no later than April 30. The first report will be issued in 2011.

### 15.2 Consulting Engineers, Architects, Landscape Architects and Environmental Consultants

The selection of Professional Consulting Services will follow the requirements of Section 15.1 and;

- a. The City's appointment of Consulting Engineers, Architects, Landscape Architects and Environmental Consultants Policy is adapted from the National Best Practice for Consultant Selection as described in more detail in the Consultant Appointment Procedure (latest version).

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 15.0 Appointment of Professional Consulting Services...cont'd

### 15.2 Consulting Engineers, Architects, Landscape Architects & Environmental Consultants...cont'd

- b. A list of pre-approved firms (Consulting Engineers, Architects, Landscape Architects and Environmental Consultants) that provide professional consulting services shall be established by the General Manager for their respective areas. This candidate firm list shall be supplied to the Manager of Purchasing and Supply on an annual basis, no later than March 1.
- c. Assignments for projects which have estimated fees of less than \$100,000 shall be awarded by the General Manager (or delegate) to listed candidate firms based on an evaluation of the firm's competency, expertise, costs, past performance on City projects, available capacity, the size of their operation and the particulars of the work to be done.
- d. Assignments for projects which are more complex in nature but which are within the capability of firms included on the above-mentioned pre-approved list and have estimated fees between \$100,000 and \$500,000, shall be assigned on the basis of a proposal submitted by a minimum of three (3) qualified firms from the list stating their approach to the proposed project and their experience and knowledge of projects of a similar nature.
- e. Assignments for complex projects, or projects with estimated consulting fees greater than \$500,000 shall be awarded based on a two (2) stage process with the first stage being an open, publicly advertised expression of interest/pre-qualification stage, and the second being a RFP of the short-listed firms, of which there shall be a minimum of three (3) qualified firms stating their approach to the proposed project and their experience and knowledge of projects similar in nature.
- f. The assignments outlined in parts d) and e) above and their related budget shall be subject to the approval of City Council. Prior to award by City Council, City staff will negotiate with the recommended consultant to establish estimated personnel costs and other charges required for these assignments. It is anticipated that an upset fee will be established for the first phase of the project as directed by the General Manager. City Council approval will be for the entire project noting that the consultant shall obtain the approval of the appropriate General Manager to proceed with subsequent phases to upset limits as appropriate to the work within the limit of the budget.
- g. A consulting firm which has satisfactorily partially completed a project may be recommended for award of the balance of a project without competition subject to satisfying all financial, reporting and other conditions contained within this Policy. This should be to the financial advantage of the City due to the fact that such a consultant has specific knowledge of the project and has undertaken work for which duplication would be required if another firm were to be selected.

### 15.3 Other Professional Consulting Services

The selection of Professional Consulting Services which are not included under Section 15.2 will follow the requirements of Section 15.1 and;

- a. Projects which have estimated fees of less than \$100,000 may be awarded by the General Manager (or delegate) in consultation with the Manager of Purchasing and Supply under the following circumstances:
  - i. the project requires special knowledge, skills, expertise or experience; or
  - ii. another organization is funding or substantially funding the project and has already selected a preferred firm and/or strict timelines have been placed on the funding; or
  - iii. the confidential nature of the project is such that it would not be in the public interest to solicit competitive bids; or
  - iv. the preferred firm has already been selected through a formal procurement process by another public body to provide same or similar services; or
  - v. the project requirement meets the definition of Sole Source, Section 14.3.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **15.0 Appointment of Professional Consulting Services...cont'd**

### **15.3 Other Professional Consulting Services...cont'd**

- b. The General Manager (or delegate) is responsible for detailing the rationale supporting their decision to award the recommended firm.
- c. Under this section, all professional consultant proposals must include, at minimum:
  - i. Schedule of fees;
  - ii. Methodology and timeline to complete project;
  - iii. Demonstrated experience and qualifications required to perform project; and
  - iv. List of personnel who will be directly involved in the completion of the project.
- d. All requirements for Other Professional Consulting Services (section 15.3) not meeting the selection requirements of section 15.3 a. shall follow the RFP process outlined in section 12.0.

## **16.0 Blanket Purchase Contracts**

### **16.1 A Request for a Blanket Purchase Contract may be used where:**

- a. One (1) or more clients repetitively order the same goods or services and the actual demand is not known in advance; and
- b. A need is anticipated for a range of goods and/or services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.

### **16.2 Purchasing and Supply shall establish and maintain Blanket Purchase Contracts that define source and price with selected suppliers for all frequently used goods or services.**

### **16.3 To establish prices and select sources, Purchasing and Supply shall employ the provisions contained in this Policy for the acquisition of goods and/or services and construction labour and materials.**

### **16.4 More than one (1) supplier may be selected for the supply of goods or services where it is in the best interests of the City.**

### **16.5 Where procurement action is initiated by a department for frequently used goods or services, it is to be made with the supplier or suppliers listed in the Blanket Purchase Contract.**

### **16.6 In a Request for Blanket Purchase Contract, the expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.**

## **17.0 Requirement for Approved Funds**

### **17.1 The exercise of authority to award a contract is subject to the identification and availability of sufficient funds in appropriate accounts within City Council approved budget.**

### **17.2 Where goods and/or services are routinely purchased or leased on a multi-year basis, the exercise of authority to award a contract is subject to:**

- a. The identification and availability of sufficient funds in appropriate accounts for the current year within City Council approved budget;
- b. The requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the City Treasurer, the required funding can reasonably be expected to be made available; and

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 17.0 Requirement for Approved Funds...cont'd

- c. The contract containing a provision that the supply of goods or services in subsequent years is subject to the approval by Board of Control and City Council of the department estimates to meet the proposed expenditures.

## 17.3 Construction Tender Call Before and After Approvals

- a. Following the adoption of the capital budget by City Council, the Manager of Purchasing and Supply is authorized to call tenders for municipal construction projects and the acquisition of equipment.
- b. Notwithstanding Section 17.3.a, the Manager of Purchasing and Supply is authorized to obtain, prior to the adoption of the capital budget by City Council, Sealed Bids for material construction projects and equipment, provided that the documents include a clause specifically stating that the acceptance of a bid and placing of the order is subject to budget approval by Board of Control and City Council and the items specified are subject to change in quantity and/or deletion.

## 18.0 Purchasing Cards

### 18.1 General

- a. Departmentally approved employees will be issued Purchasing Cards to use for low-dollar goods and/or services in support of sound business practices. Purchasing Card provision is based on the need to purchase goods and services for the City and the card may be revoked based on change of assignment or location. The provision of a Purchasing Card is not an entitlement nor reflective of title or position.
- b. Benefits of the Corporate Purchasing Card program accrue at the Corporate Finance level by reducing the number of invoices and cheques processed and at the supplier level by reducing their invoicing to the City and the turn around time for payment.
- c. No employee shall use a Purchasing Card to purchase goods and/or services unless appointed and authorized by the employee's General Manager (or delegate). Any use of a Purchasing Card shall be in accordance with the Procurement of Goods and Services Policy and all other applicable City by-laws and policies. The requirements for low dollar purchases are specifically covered under Section 9 of the Procurement of Goods and Services Policy. General Managers are ultimately responsible for ensuring that purchases within their department are made in accordance with the applicable by-laws and policies.
- d. A Purchasing Card will be issued once the employee has read, signed and submitted the Cardholder Agreement Form to the Program Administrator, which sets out in writing the employee's responsibilities and restrictions regarding the use of the Purchasing Card.
- e. All Purchasing Cards issued will have a predetermined 'single transaction limit', a 'monthly credit limit' and 'blocked commodities' as determined and authorized by the applicable General Manager (or delegate) and City Treasurer. All Purchasing Cards will be blocked from obtaining cash advances.
- f. The dollar limit for individual purchases and monthly spending limit for each employee will be determined by the General Manager (or delegate) of their department based on their expected level of procurement and type of procurement. Cardholder limits for single or monthly transactions exceeding \$10,000 must be approved in writing by the Manager of Purchasing and Supply.
- g. Suppliers will not be rejected for refusing to accept the Purchasing Card.
- h. The City assumes liability for all authorized charges on the Purchasing Cards, not the individual cardholder.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 18.0 Purchasing Cards...cont'd

### 18.2 Program Administration, Audit and Monthly Reconciliation

- a. Oversight and administration of the Purchasing Card program is the responsibility of Financial Services and a Program Administrator has been identified in this area. The Program Administrator will maintain a master list of all Purchasing Cards and their limits. In addition, the Program Administrator will establish reporting mechanisms for monthly reconciliation of accounts.
- b. All transactions are subject to review by internal and/or external audit groups. Quarterly reviews to ensure compliance with the Procurement of Goods and Services Policy will be performed by the Manager of Purchasing and Supply. Periodic reviews to ensure compliance with other approved Council by-laws and policies will be performed by Financial Services. All serious compliance issues will be reported to the City Treasurer and Management Support & Audit Services. Less significant compliance issues will be directed to the cardholder's supervisor/manager. A record of all compliance issues will be maintained by the Program Administrator.
- c. All requests for Purchasing Cards, maintenance forms and other documents are to be submitted to the Program Administrator for review and processing. With the exception of Cardholder Dispute Forms, no cardholder or cardholder representatives are permitted to submit forms directly to the bank. All original cardholder agreements and other cardholder maintenance forms are to be maintained by the Program Administrator.
- d. Cardholder Dispute Forms are to be submitted to the bank by the cardholder or cardholder representative and a copy of the dispute form sent to the Program Administrator.
- e. Payment will automatically be withdrawn from the General Operating Bank Account following the monthly statement date. If individual cards have not been reconciled and approved for payment by the deadline each month, expenditures will be charged directly to the default cost center attached to the card. Departmental representatives are responsible to ensure that the statement is submitted and the expenditures are allocated to the correct general ledger accounts.
- f. Reconciled and authorized monthly statements are to be submitted to Corporate Finance no later than the last working day of the month. Each transaction must include an explanation or purpose of the expenditure.
- g. Cardholders shall provide detailed and itemized receipts for each transaction with the monthly cardholder statement. If circumstances arise where a detailed receipt cannot be obtained, a Declaration Form may be submitted in place of a detailed receipt. Declaration Form limits and procedures shall be determined by the City Treasurer or delegate.

### 18.3 Responsibilities and Restrictions

- a. The Purchasing Card shall not be used:
  - i for any purchase of goods and/or services that are prohibited under the Procurement of Goods and Services Policy any other City by-law or policy;
  - ii for personal use other than incidental personal use as part of a business expense, which must be reimbursed at the time of the monthly reconciliation;
  - iii when the total purchase price exceeds the single purchase limit on the card;
  - iv when an exclusive contract with another vendor is in effect for the goods and/or service (unless pre-authorized in writing by the Manager of Purchasing and Supply);
  - v for items which are stocked at City Stores except under extenuating circumstances; and,
  - vi for computer software or hardware or telecommunications equipment such as telephones, cellular phones and mobile radios except by designated staff in the Technology Services Division.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 18.0 Purchasing Cards...cont'd

### 18.3 Responsibilities and Restrictions...cont'd

- b. The following items require pre-authorized written approval by the cardholder's General Manager or CAO:
- i The purchase of prepaid gift cards, prepaid gift certificates, prepaid grocery cards, or any other prepaid merchant cards; or,
  - ii The purchase of alcohol while on City business, team building, employee appreciation, or otherwise. Note: alcohol purchased for resale to the public at City facilities (e.g. Golf Courses) is exempted from this specific restriction.

A copy of the written approval must be included with the monthly statement when submitted to Financial Services.

- c. Individual transactions are not to be subject to splitting or stringing, which is the practice of committing multiple purchasing card transactions to circumvent delegated authority levels and thus bypassing the City's competitive bidding process, nor are Purchasing Cards to be used on a repetitive basis to circumvent prescribed approval authority limits. With the appropriate approvals, cardholder limits may be increased either temporarily or permanently based on need by contacting the Program Administrator or submitting an authorized Cardholder Maintenance Form.
- d. All refunds and credits must be applied to the original Purchasing Card. Where vendor return policies allow, cardholders are not to return products for refunds in the form of gift cards or other prepaid cards.
- e. Permanent full-time employment status is required to obtain a Purchasing Card. Students, contractors, consultants or seasonal employees will not be granted a card except under special circumstances and approved in writing by the General Manager or CAO.
- f. The Purchasing Card is user-specific and therefore no employee shall attempt to purchase an item using a card issued to another employee. Delegation of authority is not permitted in making transactions.
- g. The cardholder's supervisor/manager is responsible for notifying the Program Administrator immediately upon any change in the cardholder's employment status. This includes, but is not limited to termination, layoff, leave of absence and long term disability. If applicable, the plastic card should also be returned to the Program Administrator.
- h. Employees will adhere to the Corporation's Code of Ethics, Section (a), which states 'an employee will use his/her position with the Corporation solely for the gain and service of the Corporation and not to secure advantage, benefit, favour, or service for self, relatives, friends or associates. This includes the selection of a vendor based upon 'air miles' or 'reward points' that reward customers for purchases.
- i. When a Purchasing Card is used to procure goods and/or services (including meals or items that would be considered personal in nature) and two (2) or more City employees are present, the most senior person in organizational authority must pay for the expenditure and prepare the respective monthly cardholder statement. If this is not feasible, the cardholder statement listing the expenditure shall be approved by the manager or Expense Review Officer, as outlined in the Corporate Travel Policy, of the most senior person in authority present.

### 18.4 Misuse and/or Failure to Meet Cardholder's Responsibilities

Misuse of the Purchasing Card and/or failure to meet any of the Cardholder's responsibilities may result in cancellation of the employee's authority to use a Purchasing Card and/or further disciplinary action up to and including termination of employment.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 19.0 Bid Administration

### 19.1 Submission of Bids

- a. Unless otherwise specified in the competitive bid document, bids shall be accepted in paper form to Purchasing and Supply at the time and date specified by the competitive bid.
- b. The closing time shall be clearly stated in the competitive bid documents.
- c. The opening of bids shall commence shortly after the bid closing time, unless the Manager of Purchasing and Supply acting reasonably postpones the start to some later time, but the opening shall continue, once started, until the last bid is opened.
- d. Bids received by Purchasing and Supply later than the specified closing time shall be returned unopened to the bidder. The official time is the time/date stamp located in Purchasing and Supply.
- e. A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time and date specified by the competitive bid document. The last bid received shall supersede and invalidate all bids previously submitted by the same bidder.
- f. A bid may be withdrawn at any time up to the official closing time by letter bearing the same signature as in the bid submitted to Purchasing and Supply.
- g. A competitive bid document requiring an appropriate bid deposit shall be void if such security is not received, and if no other bid is valid, the Manager of Purchasing and Supply shall direct the action to be taken with respect to the reissuing of bids.
- h. All bidders shall supply a list of all subcontractors to be employed on a project. Any changes to the list of subcontractors or addition thereto after the closing time must be approved by the Manager of Purchasing and Supply.

### 19.2 Bid Irregularities

Where a bid is received that includes irregularities, the City will follow the protocol as appropriate for the particular irregularity. The protocol for bid irregularities and their associated responses are detailed in Schedule C.

### 19.3 No Acceptable or Equal Bids

- a. Where bids are received that exceed budget, are not responsive to the requirement, or do not represent fair market value, a revised competitive bid shall be issued in an effort to obtain an acceptable bid unless Section 19.3.b applies.
- b. The General Manager and the Manager of Purchasing and Supply jointly may waive the need for a revised competitive bid and enter into negotiations with the lowest responsive bidder, or the highest responsive bidder for a revenue-generating bid selection emanating from a competitive bid, under the following circumstances:
  - i. the total cost of the lowest responsive bid is in excess of the funds appropriated by City Council for the project or the highest responsive bid revenue is less than that made in appropriate accounts in City Council approved divisional estimates; and,
  - ii. the General Manager and the Manager of Purchasing and Supply agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the competitive bid.
- c. The method of negotiation shall be those accepted as standard negotiating procedures that employ ethical public procurement practices in consultation with the Manager of Purchasing and Supply.
- d. In the case of building construction contracts, where the total cost of the lowest responsive bid is in excess of the appropriation made by City Council, negotiations shall be made in accordance with the guidelines established by the Canadian Construction Documents Committee and in consultation with the Manager of Purchasing and Supply.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 19.0 Bid Administration...cont'd

### 19.3 No Acceptable or Equal Bids...cont'd

- e. The City reserves the right in its absolute and sole discretion to cease negotiations and reject any offer.
- f. In the unlikely event that two (2) or more compliant equal bids are submitted during a competitive bid process, Purchasing and Supply will offer an opportunity for bidders to re-bid. Should a tie persist, the following factors will be considered:
  - i. payment discount;
  - ii. when delivery is an important factor, the bidder offering the best delivery date is given preference;
  - iii. a bidder in a position to offer better after sales service, with a good record in this regard shall be given preference;
  - iv. a bidder with an overall satisfactory performance record shall be given preference over a bidder known to have an unsatisfactory performance record or no previous experience with the City; and,
  - v. if the considerations above do not break the tie, equal bidders shall draw straws in no preferential order held by the Manager of Purchasing and Supply or delegate and witnessed by a member of the Purchasing and Supply Team. The bidder who draws the longest straw will be the winner, and thus breaking the tie.

### 19.4 Only One Bid Received

- a. In the event only one bid is received in response to a competitive bid, the Manager of Purchasing and Supply may return the unopened bid to the bidder when, in the opinion of the General Manager (or delegate) and the Manager of Purchasing and Supply, using criteria, based on the number of bids which might reasonably be expected on a given type of bid, additional bids could be secured. In returning the unopened bid, the Manager of Purchasing and Supply shall inform the bidder that the City may be re-issuing the competitive bid at a later date.
- b. In the event that only one bid is received in response to a request for competitive bid, the bid may be opened and evaluated in accordance with the City's usual procedures when, in the opinion of the General Manager (or delegate) and the Manager of Purchasing and Supply, the bid should be considered by the City. If, after evaluation by the General Manager (or delegate) and the Manager of Purchasing and Supply, the bid is found not to be acceptable, they may follow the procedures set out in Section 19.4.a., with necessary modifications.
- c. In the event that the bid received is found acceptable, it will be awarded as an Irregular Result under Schedule A of this Policy.

### 19.5 Exclusion of Bidders Due to Poor Performance

- a. The City Treasurer may, in consultation with the City Solicitor, prohibit unsatisfactory suppliers and contractors from bidding on **ANY** future competitive bids for a time period appropriate with the results of the performance evaluation process as outlined in Section 20.5.
- b. Suppliers may also be prohibited from bidding on **ANY** future contract if they maintain officers, directors, or employees who are also officers, directors, or employees of suppliers who have already been prohibited from bidding based on the results of the performance evaluation process as outlined in Section 20.5 of this Policy.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 19.0 Bid Administration...cont'd

### 19.6 Exclusion of Bidders in Litigation

- a. The City may, in its absolute sole discretion, reject a bid submitted if the bidder, or any officer or director of the bidder is or has been engaged, either directly or indirectly through another Corporation or personally, in a legal action against the City, its elected or appointed officers and employees in relation to:
  - i any other contract or services; or,
  - ii any matter arising from the City's exercise of its powers, duties, or functions.
- b. In determining whether or not to reject a bid under this clause, the City will consider whether the litigation is likely to affect the bidder's ability to work with the City, its consultants and representatives, and whether the City's experience with the bidder indicates that the City is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder.

## 20.0 Contract Administration

### 20.1 Contractual Agreement

- a. The award of a contract may be made by way of an Agreement, Contract Record or Purchase Order.
- b. A Purchase Order or Contract Record is to be used when the resulting contract is straightforward and will contain the City's standard terms and conditions.
- c. Agreement is to be used when the resulting contract is complex and will contain terms and conditions other than the City's standard terms and conditions.
- d. It shall be the responsibility of the General Manager (or delegate) with the Manager of Purchasing and Supply and/or the City Solicitor to determine if it is in the best interest of the City to establish an agreement with the supplier.
- e. Where it is determined that Section 20.1.d is to apply, the agreement shall be reviewed for execution by the City Solicitor.
- f. Where an agreement is required, as a result of the award of a contract by delegated authority, the Mayor and City Clerk shall execute the agreement in the name of the City.
- g. Where an agreement is issued, Purchasing and Supply may issue a Purchase Order or Contract Record incorporating the formal agreement.
- h. Where an agreement is not required, Purchasing and Supply shall issue an authorized Purchase Order or Contract Record incorporating the terms and conditions relevant to the award of contract.

### 20.2 Exercise of Contract Renewal Options

- a. Where a contract contains an option for renewal, the General Manager may authorize Purchasing and Supply to exercise such option provided that all of the following apply:
  - i the supplier's performance in supplying the goods and/or services or construction is considered to have met the requirements of the contract;
  - ii any price increases are consistent with the prevailing market conditions for the goods or services being purchased;
  - iii the facts justifying the decision to award this supplier previously are still relevant at the time of contract renewal;
  - iv funds are available or will be available in appropriate accounts within City Council approved budget, including authorized revisions, to meet the proposed expenditure;
  - v the General Manager and the Manager of Purchasing and Supply agree that the exercise of the option is in the best interest of the City; and,

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 20.0 Contract Administration...cont'd

### 20.2. Exercise of Contract Renewal Options...cont'd

- vi compliance with Sections i) through v) is documented, authorized by the General Manager and forwarded to Purchasing and Supply.
- b. Approval for contract renewals and extensions shall be governed by Section 8.5 and Schedule A.

### 20.3 Contract Amendments

- a. No amendment to a contract shall be made unless the amendment is in the best interest of the City.
- b. No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work.
- c. Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within City Council approved budgets including authorized amendments.
- d. General Managers may authorize amendments to contracts provided that the total amended value of the contract is within the approval limit as noted in Schedule A.
- e. Where expenditures for the proposed amendment combined with the price of the original contract exceeds City Council approved budget for the project, a report shall be submitted in accordance within the approval limit as noted in Schedule A to the Board of Control and City Council recommending the amendment, and proposed source of financing.

### 20.4 Execution and Custody of Documents

- a. The Mayor and City Clerk are authorized as per By-law A-1 or resolution by Council to execute formal agreements in the name of the City for which the award was made by delegated authority.
- b. Purchasing and Supply shall have the authority to execute Purchase Orders and/or Contract Records issued in accordance with this Policy.
- c. Purchasing and Supply shall be responsible for the safeguarding of all original procurement and contract documents/records for the contracting of goods, services or construction for which the award is made by delegated authority.
- d. General Managers are responsible for executing and retaining all documents in accordance with Section 10.3.e of this Policy.

### 20.5 Performance Evaluation

- a. At the outset of a project, the client department manager shall institute a performance evaluation process in contracts where the Manager and/or Purchasing and Supply determine that a performance evaluation would be appropriate.
- b. The performance evaluation shall rate the performance of the supplier, contractor or consultant on standard criteria adopted from time to time (i.e. failure to meet contract specifications, terms and conditions, health and safety violations, etc.). A copy of the introductory letter and performance evaluations shall be provided to the supplier, contractor or consultant in advance of the contract, and shall remain constant for the duration of the contract. Performance issues must be noted in writing with a copy to the supplier, Purchasing and Supply and a copy to the departmental project file. Performance issues must also be noted in any project meeting minutes.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## **20.0 Contract Administration...cont'd**

### 20.5 Performance Evaluation...cont'd

- c. On completion of the project, the client department manager will meet with Purchasing and Supply to review the evaluation. All supporting documents pertaining to any substandard performance and comments must be attached to the evaluation document. Purchasing and Supply will forward a copy of the completed evaluation to the supplier, contractor or consultant for their records. The supplier, contractor or consultant may request a meeting with the client department manager and a representative from Purchasing and Supply to discuss the evaluation and shall have twenty (20) calendar days following delivery of the evaluation to request an appeal. This appeal shall be forwarded to Purchasing and Supply.
- d. The appeal shall be conducted by a dispute committee which will hear from both City staff or its consultants and the supplier at a time and place appointed in writing by the Committee. The decision of the Dispute Committee shall be in writing and it shall be final.
- e. The performance evaluation shall determine whether a supplier, contractor or consultant will:
  - i be allowed to renew a contract with the City;
  - ii be placed on a probationary list for a minimum of two (2) years during which time they shall be permitted to bid or propose work for the City with the understanding that the work will be closely monitored; or
  - iii be prohibited from bidding on any contracts with the City during a three (3) year period, followed by a one (1) year probationary period after re-instatement as provided for in Section 19.5.
- f. In reaching a decision, the Dispute Committee shall rely upon the evaluation criteria determined in advance of the project and the results of prior performance evaluations relating to other contracts performed by the same supplier.
- g. No tender, proposal or quotation will be accepted from any supplier during the term of the suspension.

## **21.0 General**

### 21.1 Cooperative Purchasing

- a. The City may participate with other government agencies or public authorities in cooperative purchasing where it is in the best interests of the City to do so.
- b. The decision to participate in cooperative purchasing agreements will be made by the Manager of Purchasing and Supply.
- c. The individual policies of the government agencies or public authorities participating in the cooperative competitive bid are to be the accepted by-law for that particular competitive bid.

### 21.2 Direct Solicitation

- a. Unsolicited proposals received by the City shall be referred to the Manager of Purchasing and Supply for review.
- b. Any procurement activity resulting from the receipt of an unsolicited proposal shall comply with the provisions of this Policy.
- c. A contract resulting from an unsolicited proposal shall be awarded on a non-competitive basis only when the procurement complies with the requirements of a non-competitive procurement, as detailed in Section 14.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## 21.0 General...cont'd

### 21.3 Resolution of Questions

Any question involving the meaning or application of this Policy is to be submitted to the City Treasurer who will resolve the question.

### 21.4 Access to Information

- a. The disclosure of information received relevant to the issue of competitive bids or the award of contracts emanating from competitive bids shall be made by the appropriate officers in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, as amended.
- b. All records and information pertaining to competitive bids, which reveal a trade secret or scientific, technical, commercial, financial or other labour relations information, supplied in confidence implicitly or explicitly, shall remain confidential if the disclosure could reasonably be expected to:
  - i significantly prejudice the competitive position or significantly interfere with the contractual or other negotiations of a person, corporation or other entity that responds, or intends to respond to a request for bids;
  - ii result in similar information no longer being supplied to the City where it is in the public interest that similar information continue to be so supplied;
  - iii result in undue loss or gain to any person, group, committee or financial institution or agency; or,
  - iv result in information whose disclosure could reasonably be expected to be injurious to the financial interests of the City.

### 21.5 Local or Geographical Preference

The City shall not give any local or geographical preference during the competitive bid process. The City may mandate certain bona fide on-site response time requirements for specific situations.

### 21.6 Terms and Conditions

**All standard** City Terms and Conditions for **ALL** procurement activities will govern **UNLESS** there is written approval for the proposed changes from the Client Department General Manager and the City Solicitor.

### 21.7 Receipt of Goods

- a. General Managers (or delegate) shall:
  - i arrange for the prompt inspection of goods on receipt to confirm conformance with the terms of the contract; and
  - ii inform Purchasing and Supply of discrepancies immediately.
- b. Purchasing and Supply shall coordinate an appropriate course of action with the General Manager for any non-performance or discrepancies.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE A – Levels of Contract Approval Authority

Sales taxes, excise taxes, goods and service taxes and duties shall be excluded in determining the price of a contract for the supply of goods or services for the purpose of the relationship of the price to the preauthorized expenditure limit. In the case of multi-year supply and/or service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract. Emergencies as defined in Section 14.2 are exempt from this Approval Authority.

<b>Dollar Value (excluding taxes, duty or shipping)</b>	<b>Tool / Procurement Process</b>	<b>Approval Authority</b>	<b>Policy Section</b>
Under \$10,000	Purchasing Card or Purchase Order	Any employee authorized by a General Manager *	9
Greater than \$10,000 to \$50,000***	Informal Quotation – three written quotes**	General Manager * or any employee exercising delegated authority approval by a General Manager	10
Greater than \$50,000 to \$100,000***	RFQ	General Manager * and Manager of Purchasing and Supply (jointly)	11
Up to \$100,000***	RFP and RFT	General Manager * and Manager of Purchasing and Supply (jointly)	12
Greater than \$100,000***	RFQ, RFP or RFT	Board of Control and City Council	12
Greater than \$100,000***	RFQ, RFP or RFT with Irregular Result	Board of Control and City Council	8.9
Up to \$50,000	Single Source or Sole Source	General Manager * and Manager of Purchasing and Supply (jointly) – requires documented rationale	14.3
Greater than \$50,000	Single Source or Sole Source	Board of Control and City Council	14.3
Less than \$2,000,000	Contract Extensions – previously approved by City Council	General Manager * and Manager of Purchasing and Supply (jointly) – requires documented rationale	20.2
Greater than \$2,000,000	Contract Extensions – previously approved by City Council	Board of Control and City Council	20.2
<b>For the Appointment of Professional Consulting Services</b>			
Less than \$100,000	Appointment from Pre-approved List	General Manager *	15
\$100,000 to \$500,000	Proposals invited from 3 Firms on Pre-approved List	City Council	15
Greater than \$500,000	Two stages: EOI and RFP	City Council	15

\* The Chief Administrative Officer may also exercise the approval authority of a General Manager.

\*\* A copy of the quotes must be provided to Purchasing and Supply for their records.

\*\*\* The criteria and analysis to determine best value must be clearly documented if not the lowest bid.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE B – Goods and/or Services NOT Subject to this Policy

1. Training and Education including:
  - i Conferences, Seminars, Courses and Conventions
  - ii Magazines, Subscriptions, Periodicals
  - iii Memberships
  - iv Staff Development
  - v Staff Workshops
  - vi Staff Relations
2. Refundable Employee Expenses in accordance with the Travel and Business Entertainment Policies.
3. Corporate General Expenses including:
  - i Payroll and Payroll Deductions
  - ii Medicals
  - iii Insurance Premiums, Claim Settlements and Adjuster Services
  - iv Tax Remittances, WSIB Remittances
  - v Charges to and from Other Government Agencies
  - vi Development Charges
  - vii Postage
4. Licenses, certificates and other approvals required.
5. Election materials - The City Clerk has the authority to purchase goods, services and equipment considered necessary or advisable to carry out the requirements of the Municipal Elections Act, R.S.O. 1996. The City Clerk shall wherever possible be guided by the provisions of this Policy.
6. Ongoing maintenance for existing computer hardware and software. All requests for purchases of computer systems (hardware and software that will be connected to the corporate network) must be developed in co-operation with TSD.
7. Professional and skilled services provided to individuals as part of approved programs within Corporate or Community Services including but not limited to medical services, home care services, counseling services and child care.
8. Professional and special services up to \$100,000, or defined more specifically in another City by-law or Council Policy, including, but not limited to:
  - i Additional Non-recurring Accounting and Auditing Services
  - ii Legal Services (if made in accordance with authority delegated by Council)
  - iii Banking Services (where covered by agreements)
  - iv Public Debenture Sales
  - v Employee Group Benefits
  - vi Realty Services for Lease, Acquisition, Demolition, Sale and Appraisal of Land and Property, including Appraisal and Consulting Services relating to matters of Expropriation
  - vii Performance / Artist's Fees
  - viii Property Tax Bill Printing and Mailing Services

Professional and special services exceeding \$100,000 must follow the approval process outlined on Schedule A.
9. Utilities - Water and Waste Water, Electricity, Phone and Natural Gas.
10. Construction work completed by Railways (CN and CP) and billed to the City.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE C – Irregularities Contained in Bids

IRREGULARITY	RESPONSE
1. Late bids.	Automatic rejection, not read publicly and returned unopened to the bidder.
2. Unsealed envelopes.	Automatic rejection
3. Insufficient financial security (no bid deposit or insufficient bid deposit).	Automatic rejection
4. Failure to insert the name of the bonding company in the space provided for in the bid documents.	Automatic rejection
5. Failure to provide a letter of agreement to bond where required.	Automatic rejection
6. Incomplete, illegible or obscure bids or bids which contain additions not called for, erasures, alterations, errors or irregularities of any kind.	May be rejected as informal
7. Documents, in which all necessary addenda have not been acknowledged.	Automatic rejection
8. Failure to attend <b>mandatory</b> site visit.	Automatic rejection
9. Bids received on documents other than those provided by the City.	Automatic rejection
10. Failure to insert the bidder's business name in one of the two spaces provided in the bid documents.	Automatic rejection
11. Failure to include an original signature of the person authorized to bind the bidder in the space provided in the bid documents.	Automatic rejection
12. Conditions placed by the bidder on the total contract price.	Automatic rejection
13. Bids containing minor mathematical errors	<p>a) If the amount bid for a unit price item does not agree with the extension of the estimated quantity and the bid unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly.</p> <p>b) If both the unit price and the total price are left blank, then both shall be considered as zero.</p> <p>c) If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity.</p> <p>d) If the total price is left blank for a lump sum item, it shall be considered as zero.</p> <p>e) If the bid documents contain an error in addition and/or subtraction and/or transcription <u>in the approved competitive bid documentation format requested (i.e. not the additional supporting documentation supplied)</u>, the error shall be corrected and the corrected total contract price shall govern.</p> <p>f) Bid documents containing prices which appear to be so unbalanced as to likely affect the interests of the City adversely may be rejected.</p>

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE D - Statement of Ethics for Public Purchasers

The Ontario Public Buyers Association's Code of Ethics is based upon the following tenets and all employees who are authorized to purchase goods and/or services on behalf of the City are to adhere to the following.

1. **Open and Honest Dealings with Everyone who is Involved in the Purchasing Process.** This includes all businesses with which this City contracts or from which it purchases goods and/or services, as well as all members of our staff and of the public who utilize the services of the Purchasing and Supply Team.
2. **Fair and Impartial Award Recommendations for All Contracts and Tenders.** This means that we do not extend preferential treatment to any supplier, including local companies. Not only is it **against the law**, it is not good business practice, since it limits fair and open competition for all potential suppliers and is therefore a detriment to obtaining the best possible value for each tax dollar.
3. **An Irreproachable Standard of Personal Integrity on the Part of All Those Delegated as Purchasing Representatives for This City.** Absolutely no gifts or favours are accepted by the purchasing representatives of this City in return for business or the consideration of business. Also, the purchasing representatives of this City do not publicly endorse one company in order to give that company an advantage over others.
4. **Cooperation with Other Public Agencies in Order to Obtain the Best Possible Value for Every Tax Dollar.** The City is a member of a cooperative purchasing group. Made up of several public agencies, this group pools its expertise and resources in order to practice good Value Analysis and to purchase goods and/or services in volume and save tax dollars.
5. **Continuous Development of Purchasing Skills and Knowledge.** All members of the Purchasing and Supply Team take advantage of the many opportunities provided by the Ontario Public Buyers Association to further their knowledge of good public purchasing principles and to maintain excellent skills.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE E – Materials Management Guidelines

### 1. **Materials Management and Inventory Control**

The Manager of Purchasing and Supply or delegate shall be solely responsible for the operation of all inventory and warehouse operations at A.J. Tyler and Exeter Road Operations centers. A system of materials management and inventory control methods shall be used to maintain an adequate level of commodities to support and supply all departments.

### 2. **Inventory Control System**

- a. A physical inventory of stock items shall be taken on a periodic basis.
- b. An adequate allowance for inventory obsolescence shall be maintained.

### 3. **Control of Goods in Use**

The Manager of Purchasing and Supply or delegate may periodically perform a physical count and inventory of all goods that are not in inventory but are used and stored by various departments. The General Manager shall provide any necessary assistance required. As a result of such a review, goods may be placed into inventory, transferred, declared surplus or otherwise disposed.

### 4. **No Separate Procurement of Commodities in Inventory**

Commodities which are available from Purchasing Stores inventory and which are suitable for the intended end use shall not be requisitioned or purchased on a direct charge basis.

### 5. **Disposal of Surplus/Scrap Materials and Equipment Considered Obsolete/Surplus**

- a. All departments shall notify the Manager of Purchasing and Supply or delegate when items become obsolete or surplus to their requirements. Options to allow for trade-in allowance will be considered when purchasing new equipment.
- b. The Manager of Purchasing and Supply shall be responsible for ascertaining if the items can be of use to another civic department rather than disposed of.
- c. Items that are not claimed for use by another department may be offered for sealed bids, public auction or other public sale, depending in the opinion of the Manager of Purchasing and Supply on which method is most suitable for the equipment or material involved.
- d. Auctions are held as required dependant upon individual circumstances such as delivery of replacement items and storage capacity.
- e. The revenue from the sale of obsolete material shall be credited to the appropriate account(s).

### 6. **Periodic Bids for Auctioneer Services**

The Manager of Purchasing and Supply is authorized to obtain sealed bids for auctioneer services on a periodic basis from qualified auctioneers.

### 7. **Disposal of Scrap Material**

- a. Where scrap material is available for disposal, the relevant area Manager shall inform the Manager of Purchasing and Supply who shall be responsible for the disposal of all scrap material belonging to the City.
- b. The Manager of Purchasing and Supply, after determining the value and possible alternate uses of the scrap material, may dispose of the material by:
  - i. general advertising to secure sealed bids;
  - ii. direct contact with the appropriate dealers to view the scrap and submit offers to purchase;
  - iii. public auction; or
  - iv. other methods as deemed appropriate.

# PROCUREMENT OF GOODS AND SERVICES POLICY

## SCHEDULE E – Materials Management Guidelines...cont'd

### 7. Disposal of Scrap Material...cont'd

- c. The revenue from the sale of scrap material shall be credited to the appropriate account(s).