

STAFF REPORT: Finance & IT Services



REPORT TO: Council
MEETING DATE: April 11, 2012
REPORT NO.: FIT.12.08
SUBJECT: Purchasing Policy Proposed Amendments
PREPARED BY: Sherri Adams, Manager of Purchasing

A. Recommendations

THAT Council receive Staff Report FIT.12.08 “Purchasing Policy Proposed Amendments” and enact a By-law that amends Corporate Policy POL.COR.07.05, Purchasing of Goods and Services Policy; and

FURTHER THAT Council does receive the revised Administrative Procedures FS.08.08, “Purchasing Procedures” for information purposes.

B. Background

The *Municipal Act, 2001* requires a municipality to adopt a Policy with respect to the procurement of goods and services so as to provide accountability and transparency of the procurement process.

The Purchasing of Goods and Services Policy, POL.COR.07.05, was enacted by By-law in 2008, to address the requirements of the Act. Senior Management Team has recently completed a review of the policy and recommends the following amendments for Council consideration:

1. Definitions - Minor clarifications of definitions for Department Head, Designate, Signing Authority and Town’s Solicitor;
2. Clause 2 (d) Provisions for Purchasing removal of “CAO and/or Town Solicitor” and replacement with “CAO or Town Solicitor”;
3. Clause 4 (a) - Powers of the Treasurer replaced;
4. Clause 9 - Co-operative Purchasing amended to remove the requirement of Council approval for the Town’s participation; and, include the award approval requirements for such contracts be in accordance with the Town’s Purchasing Policy;
5. Following a review of current practises, Staff have amended Clause 10 – Environmentally Friendly Procurement to replace the word “shall” with “may” as it pertains to the request for Proposals and environmental stewardship;
6. Clause 13 (a) - Personal Purchasing of Goods and Services amended to include “spouse of an employee” and a “spouse of a member of Council”;

7. Clause 14 - Purchasing Procedures threshold amendments as follows:
 - a. Open Market range increased from \$0 - \$2,500 to \$0 - \$5,000;
 - b. Request for Proposal, Standardization, Negotiated Procurement and Emergency Purchases starting threshold increased from \$2,501 to \$5,001;
 - c. Informal Request for Quotation range increased from \$2,501-\$10,000 to \$5,001- \$15,000;
 - d. Formal Quotation starting threshold increased from \$10,001 to \$15,001;
8. Lower Tier Award Approval (less than \$100,000) amendments as follows:
 - a. Request for Proposal, Standardization, Negotiated Procurement award approvals in the range of \$5,001 to \$50,000 will be made jointly by the Department Head and Manager of Purchasing; \$50,001 to \$100,000 award approvals will be made jointly by the Tender/Proposal Award Committee;
 - b. Formal Request for Quotation award approvals will be made jointly by the Department Head and the Manager of Purchasing;
9. Clause 15 – total Expected Purchase Amount revised to reflect Harmonized Sales Tax (HST);
10. Inclusion of an amendment to clause 17, Refusal of Bid Responses as reviewed by legal counsel;
11. Clause 19 - Authority to Execute Contracts amended to appoint specific individuals authorized to sign contracts below \$100,000.
12. Review Cycle amended to require a review of the policy, at least once during every term of Council.

All awards made by the Tender/Proposal Award Committee between \$50,001 and \$100,000 will continue to be sent to Council for information. Awards that exceed \$100,000 will continue to require the approval of Council. This includes all Co-operative Purchasing awards.

Purchasing Procedures FS.08.08 have been revised to coincide with the proposed amendments as stated above for the Purchasing Policy.

Finance staff will continue to provide training on the Purchasing Policy and the Purchasing Procedures, to all Town staff to ensure compliance and efficiency.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government

D. Environmental Impacts

The Eco-Procurement Working Group completed the Eco Procurement Guide in 2011. All Staff and Council were introduced to the guide at workshops facilitated by the Environmental Initiatives Coordinator and Michele Rich from the Environment Network. These workshops provided training and instruction on procuring sustainable products and services with the objective of improving the environmental performance of the corporation.

E. Financial Impact

All Town purchases of goods and services, in accordance with the Council approved budget shall comply with the Town's Purchasing Policy and Procedures, with the exception of emergency purchases.

Compliance with the Town's purchasing policy ensures responsible spending of the Town's approved budgets.

F. In Consultation With

Senior Management Team

G. Attached

1. Purchasing of Goods and Services Policy, POL.COR.07.05
2. Purchasing of Goods and Services Procedures, FS.08.08
3. Draft By-law to amend a policy of the Town detailing the procurement of goods and services

Respectfully submitted,

Sherri Adams, CPPB
Manager of Purchasing

Robert Cummings, CMA
Director of Finance & IT Services

For more information, please contact:

Sherri Adams
sadams@thebluemountains.ca
519-599-3131 ext. 227

TOWN OF THE BLUE MOUNTAINS

POLICY

Subject Title: Purchasing of Goods and Services Policy

Corporate Policy (Approved by Council)	<input checked="" type="checkbox"/>	Policy Ref. No.:	POL.COR.07.05
Administrative Policy (Approved by CAO)	<input type="checkbox"/>	By-law No.:	2008 - 94
Department Policy: (Approved by Mgr.)	<input type="checkbox"/>	Name of Dept.:	Financial & Information Services
Date Approved:	October 15, 2008	Staff Report:	FS.08.48
Date Revised:		Staff Report:	

Policy Statement

The provision of a Purchasing Policy as required by Section 270 of the *Municipal Act, 2001*, requires that municipalities shall adopt and maintain policies with respect to the procurement of goods and services.

Purpose

The purpose of this Policy is to:

1. Ensure openness, accountability and transparency of Town purchasing while protecting the financial best interest of the Town of The Blue Mountains.
2. Set out guidelines for the Municipality to ensure that purchases of goods and services are made on a competitive basis at a best value consistent with the quality and service required and availability. Open Market, Standardization, Negotiation and Emergency purchases will be undertaken with the objective of best overall value.
3. Comply with Section 270 of the *Municipal Act, 2001*, as amended.

Application

This policy applies to the Town of The Blue Mountains with respect to the Town's procurement activities.

Definitions

In this policy:

- a) "CAO" means the Chief Administrative Officer of the Town or Designate.
- b) "Clerk" means the Clerk of the Town or Designate.
- c) "Contract" includes the purchase of goods and services by or on behalf of the Town and execution of purchase orders, written agreements and contracts as required.
- d) "Council" means the Municipal Council of the Town of The Blue Mountains.
- e) "Department Head" means the Head of a specific Department, or CAO, who is responsible for a department budget for the Town.
- f) "Designate" means the person(s) assigned the authority to act on behalf of the person charged with the principal authority to take the relevant action or decision.
- g) "Evaluation Committee" means Town staff that has been selected to review the submissions received from respondents in response to a call for request for proposals.
- h) "Formal Contract or Formal Agreement" means a contract or agreement that is to be signed by the Clerk and the Mayor following a recommendation from Council to do so.
- i) "Goods" include but are not limited to goods, supplies, wares, merchandise, materials, and equipment used or required by the Town.
- j) "Mayor" means the Mayor of the Town or Designate.
- k) "Manager of Purchasing" means the Manager of Purchasing for the Town or Designate under the authority of this Policy.
- l) "Purchasing Card" means the payment card used by Town staff to purchase a good or service.
- m) "Purchasing of Goods and Services Procedure" means the Administrative Policy for the purchasing procedures for goods and services as approved by the CAO and the Treasurer.
- n) "Purchase Order" means a written authorization for a vendor or supplier to ship products or provide a service at a specified price, which becomes a legally binding contract once the supplier accepts it.
- o) "Respondent" means a person who submits a response to a Town's solicitation for goods or services, and "Bidder" or "Offerer" or "Tenderer" shall have the same meaning.

- p) “Responsible Bidder” means a bidder or offerer who is deemed to be fully technically and financially capable of supplying the goods or services requested in the solicitation.
- q) “Responsive Bidder” means a bidder or offerer who correctly and completely meets all requirements of the bid documents.
- r) “Services” may include, but are not limited to, telephone, gas, water, hydro, janitorial and cleaning services, consultant services, legal surveys, medical services, insurance, and the rental, repair or maintenance of equipment, machinery or other personal property.
- s) “Signing Authority” means the specific individual signing authorities approved by the Director of Finance and IT Services based on the guidelines contained herein and apply to purchase order requisitions, cheque requisitions and petty cash, quotations, tenders, proposals, standardizations, negotiations and emergency purchases.
- t) “Standardization” means a process which provides for the need of a single source for goods and/or services and has been clearly identified and approved.
- u) “Tender/Proposal Award Committee” means the committee comprised of the CAO, Manager of Purchasing and the affected Department Head(s) of the Town.
- v) “Town” means the Town of The Blue Mountains.
- w) “Town’s Solicitor” means a solicitor on staff or contract solicitor retained to act on behalf of the Town.
- x) “Treasurer” means the Treasurer or the Director of Finance & IT Services of the Town or Designate.
- y) “Vendor” means a seller who exchanges goods or services for money.

Procedures

Subject to other provisions of the *Municipal Act, 2001* and following the procedures contained herein and other Town approved Administrative procedures.

INTEGRITY OF THE PURCHASING PROCESS AND PROTECTING THE INTERESTS OF THE TOWN

1. In order to maintain the integrity of the bid solicitation processes and to protect the interests of the Town, the public and persons participating in a procurement process, the following shall be adhered to for any purchasing which is subject to the requirements of this Policy:

- a) Open Process:
Departmental needs are clearly communicated to the Bidders. The method of evaluating the Bid and evaluation criteria is provided to the Bidders at the outset of the Bid Solicitation process. The terminology used in the competitive bidding documents is defined and interpreted within the document when issued. The method and format of submitting Bids is addressed in the Bid Selection document.

- b) Fairness:
Utilize standard documents for Instructions to Bidders, Terms and Conditions and Bidding Forms to ensure consistency of content and format within the documents issued by the Town. Specify clearly all details regarding the closing date, time and location of all Bid Solicitation processes and apply the rules of bid acceptance consistently. Treat all bidders and all submissions equally and without bias or favouritism at all times.

- c) Accessibility:
Develop specifications and terms of references that whenever possible, are not restrictive and allow for open competition from the marketplace. Advertise all formal public Tenders and Requests for Proposals on the internet in order that the competitive bidding opportunity be advertised and accessible to all interested firms. Advertise the competitive bidding opportunity in a specific trade newspaper or local newspaper where practicable to further promote competition.

- d) Accountability:
Ensure that all bids are kept secure prior to the closing date, during the evaluation period and following contract award. Handle all proprietary information and Bids submitted in confidence in accordance with the Municipal Freedom of Information and Protection of Privacy Act. Ensure that Requests for Proposals are evaluated by representatives from more than one Department, when feasible to do so, to allow for various perception and opinions when reviewing, evaluating proposals prior to contract award. Ensure that all Bids, rating results and related supporting documentation are kept on file in accordance with the Town's Retention By-law for future reference, audit or examinations. The expected behaviour of public officials shall adhere to accountability and transparency policies as they apply. Ensure that procurement procedures are reviewed on a regular basis to ensure the procedures are clear, logical, and current and in accordance with accepted industry standards. Include conflict of interest guidelines in all competitive bidding documents to minimize the risk of potential suppliers trying to influence Town Staff and elected officials during the bid evaluation process.

2. Provisions for Purchasing

The following provisions shall apply to the purchase of goods and/or services by individuals approved by the Treasurer, in writing, within their signing authority.

- a) Every purchase shall require the transaction of an electronic purchasing card, purchase order, or other form as prescribed by the Treasurer, to be approved and authorized by the Manager of Purchasing or Department Heads.
- b) The Manager of Purchasing and Department Heads must submit, no less than 10 days prior to the payment due date, the purchasing card statement complete with each signed transaction slip, packing slip, and/or vendor invoices as provided with the purchase for quotation / tender / proposal awards, as well as open market purchases.
- c) Sufficient budget approval by Council must exist for every purchase, with the exception of purchases required for emergency situations.
- d) Where, in the opinion of the CAO or Town's Solicitor, the vendor requires a different form of commitment from the above, a contract in a form satisfactory to the CAO or Town's Solicitor shall be the form of commitment.

3. Powers of the Manager of Purchasing

The Manager of Purchasing, within the parameters of this policy, is hereby authorized to make purchases, not exceeding the approved signing authority; and provide approvals as required by the Town in accordance with this policy, and to ensure staff follow the policy requirements, instruct staff on the use of the policy and manage procurement records.

4. Powers of the Treasurer

- a) The Treasurer is required as part of the organization's internal controls to check, review, and report to the Finance & Administration Committee irregularities in the purchasing process and the associated risk.
- b) The Treasurer is hereby authorized to pay for any goods and/or services purchased by the Manager of Purchasing and Department Head(s) in accordance with this policy, upon receipt of:
 - i) A request for payment endorsed by the Department Head(s) or Manager of Purchasing acknowledging receipt of the goods and/or services on behalf of the Town, together with an electronic purchasing card slip or purchase order as approved by the Department Head(s) or Manager of Purchasing or contract documents as approved by the Town's Solicitor.
 - ii) An invoice endorsed by the Department Head(s) or Manager of Purchasing, indicating the receipt of such, the price thereof and the appropriate account to be charged, within the budget allocations and not to exceed the approved signing authority.

5. Powers of Department Head(s)

Department Head(s), within the parameters of this policy, are hereby authorized to make purchases required by the Town, and within their respective budget allocations and not exceeding the approved signing authority, subject to the guidelines contained herein.

Department Head(s) are responsible for departmental spending, and as such may designate signing authority to their departmental staff by way of written authorization, in the form prescribed by the Treasurer and approved by the Treasurer, not to exceed the Department Head's approved signing authority, subject to the guidelines contained herein.

6. Powers of the CAO

The CAO, within the parameters of this policy, is hereby authorized to make purchases required by the Town, within the respective budget allocations, not exceeding the approved signing authority, subject to the guidelines contained herein.

7. Powers of the Tender / Proposal Award Committee

The Tender / Proposal Award Committee, within the parameters of this policy, are hereby authorized to make awards in the range of \$50,001 - \$100,000 for Tenders, Requests for Proposals, Standardizations and Negotiated purchases within the respective budget allocations. Awards exceeding \$100,000 shall be made by Council with a recommendation from the Tender / Proposal Award Committee.

8. Inspection of Goods and Services

- a) Department Head(s) shall be responsible to inspect all deliveries of goods and services to determine whether they meet the quantity and specifications set out in the Purchase Agreement, purchase order or formal contract with the vendor.
- b) The Manager of Purchasing or Department Head(s) shall be responsible for the return of all supplies and termination of all formal contracts in writing which do not meet specifications as set out in the purchase agreement, purchase order or formal contract documents. Legal assistance may be required in such matters.

9. Co-operative Purchasing

The Manager of Purchasing and Department Head(s) are hereby authorized to participate in co-operative purchasing arrangements with other municipalities, counties/regions, associations, local boards and public agencies within the Province. The procurement policies or procurement by-law of the host agency will apply upon the Manager of Purchasing and Department Head(s) satisfying themselves that the host agency will be proceeding to the open market to obtain competitive pricing.

Award approvals of all Co-operative Purchasing contracts shall be in accordance with the Purchasing Procedures contained herein.

10. Environmentally Friendly Procurement

The Town shall show environmental leadership through its procurement practices. It is anticipated that the Town will buy “green” when feasible.

While environmentally sound products may not represent lowest first cost, they do frequently represent “best value” to the Town. In making the “best value” decision, the Town will consider local and operational benefits related to life cycle costs, water efficiency, energy efficiency, both indoor and outdoor air quality, water and soil quality, worker health and safety, and the Town’s reputation as good environment stewards.

To this end, the Town has developed an “Eco Procurement Guide” which will be revised and updated from time to time. The Town will rely on the then current guide when making its purchasing decisions.

The Town prefers to have partnerships and business relationships with those who demonstrate a similar environmental ethic and commitment to that of the Town.

To this end, all Requests for Proposals may contain a section entitled “Environmental Stewardship”. This section will require any respondent to outline the environmental benefits of their product or service. The respondents will also be required to list any environmental actions implemented in their day to day internal operations.

Finally, the evaluation matrix for all Proposals may include points for “Environmental Stewardship”.

11. Life Cycle Costing

Life cycle costing requires long term and sustainable thinking. This will require those making purchasing decisions to consider both first cost and life cycle operating/maintenance costs.

Life cycle cost analysis is common in the business world but currently it is rarely utilized in the municipal sector. The Town of The Blue Mountains will move to lifecycle analysis then making purchasing decisions and asset management decisions. For example, initial costs represent only 15% of a building’s total cost according to the National Research Council. Lifecycle view will help the Town ensure that early purchasing decisions do not result in higher long term overall costs.

The Town will provide Staff training to complete the integration of life cycle cost analysis into the Town’s business as normal routine. Following training Purchasers will be expected to start using life cycle cost analysis as a regular

tool, remembering that cost is not the only factor to consider when making purchasing decisions.

12. Council Authorization Required

- a) Except as provided in this policy, no Committee established by Council, no member of Council and no employee of the Town shall enter into any contract on behalf of the Town without express authority from Council.
- b) No employee of the Town or member of Council shall support, approve, condone or pay for any contract entered into contrary to clause 12 (a) above.

13. Personal Purchasing of Goods and Services

- a) No good or service in excess of \$500 shall be purchased by the Town from any employee or spouse of the Town or member of Council or spouse of a member of Council without the express authority from Council.
- b) Any employee of the Town shall not make or authorize personal purchases for any member of Council or for any employee of the Town, subject to approved policies.
- c) Employees of the Town will not influence or accept preferential treatment in regard to acquiring personal goods and/or services from the vendor community, subject to approved policies.

14. Purchasing Procedures

Subject to the provisions of this Policy, procedures for purchasing are described in the Administrative Policy entitled "Purchasing for Goods and Services Procedures" FS.08.08, and will be used in purchasing goods and/or services for the Town. Total purchase amounts and approval levels are listed below for:

- a) Tendering procedures shall apply where the total purchase price per project or annually, is expected to be \$50,001 or more. The Tender/Proposal Award Committee shall have the authority to award contracts as described in clause 7, herein.
- b) Formal Quotation procedures shall apply where the total purchase price is expected to be \$15,001 to a total amount of \$50,000. Department Head(s) jointly with the Manager of Purchasing shall have the authority to award contracts in this level of purchase.
- c) Informal Quotation procedures shall apply where the total purchase price is expected to be \$5,001 to \$15,000. Department Head(s) and Staff designated with an approved signing authority shall be authorized to make this level of purchase.

- d) Open Market procedures shall apply where the total purchase price is expected to be \$0 to \$5,000. Department Head(s) and Staff designated with an approved signing authority shall be authorized to make this level of purchase.
- e) Requests for Proposals procedures shall apply when there are factors other than price that are critical and the ability to negotiate is desired or required. Request for Proposal procedures shall apply where the total purchase price is expected to be more than \$5,001. Department Head(s) jointly with the Manager of Purchasing have the approval to award from \$5,001 to \$50,000. The Tender/Proposal Award Committee shall have the authority to award \$50,001 to \$100,000 (with an information report to Council for the next meeting). Request for Proposals that exceed \$100,000 shall be approved by Council.
- f) Negotiations and Single Source procedures may be applied by the Manager of Purchasing or Department Head(s), with prior written approval, when any of the conditions as described in the Procedures for the Purchase of Goods and Services apply with respect to negotiations and single source items, and where the total expected purchase price is more than \$5,001. Department Head(s) jointly with the Manager of Purchasing have approval for negotiations from \$5,001 to \$50,000. The Tender/Proposal Award Committee has approval for negotiations from \$50,001 to \$100,000 (with an information report to Council at the next meeting). Negotiations that exceed \$100,000 shall be approved by the CAO and Council.
- g) Emergency Purchasing procedures shall apply where the total purchase price is expected to be more than \$5,001. Department Head(s) have authority for purchases from \$5,001 to \$25,000, with notification in writing to the CAO and the Manager of Purchasing. For emergency purchases that exceed \$25,001, Department Head(s) shall submit a written report to the next possible Council meeting, with copies to the CAO, Treasurer and Manager of Purchasing.
- h) Standardization Purchasing procedures shall apply where the total purchase price is expected to be more than \$5,001. Department Head(s) jointly with the Manager of Purchasing have award approval for purchases from \$5,001 to \$50,000. The Tender/Proposal Award Committee has award approval for purchases from \$50,001 to \$100,000 (with an information report to Council at the next meeting). Purchases exceeding \$100,000 require the approval of Council.

15. Total Expected Purchase Amount

Total Expected Purchase amount includes all expected costs associated with the purchase of the good or service with the **exception** of the Harmonized Sales Tax (H.S.T.). Multi-year contract amounts shall be the total costs expected for the duration of the contract with the **exception** of the H.S.T. Costs associated with the purchase will include but not be limited to the following:

- a) Freight
- b) Disbursements
- c) Set up charges

The total expected purchase amount will be consistent with the budgeted expenditure amount.

16. Specification Development

Vendors or potential vendors shall not be requested to expend time, money or effort on design or in developing specifications or otherwise to help define a requirement beyond the normal level of service expected from vendors.

Where such services are required beyond the normal level of vendor services,

- a) The Manager of Purchasing must be advised;
- b) The contracted vendor will be considered a consultant and will not be allowed to make an offer for the supply of the good and/or service.
- c) A fee shall be paid, the amount of which shall be determined and agreed upon by the vendor before the services commence; and
- d) The detailed specifications shall become the property of the Town and can be used in obtaining competitive bids.

17. Refusal of Bid Response

- A) The Town, within its sole discretion, will not accept a bid response from:
 - a. Any entity which has initiated a legal proceeding against the Town, or against which the Town has initiated a legal proceeding with respect to any previous contract, bid submission or business transaction, with the Town;
 - b. Any entity which is considering or proposing to initiate litigation against the Town, or against which the Town is considering or proposing to initiate litigation with respect to any previous contract, bid submission or business transaction, with the Town; and
 - c. Any entity which has either breached, or has failed to perform satisfactorily in, a previous Town contract in the last five (5) years, and which has been notified by the Town of (i) its failure to have performed satisfactorily and (ii) the fact that the Town will not accept a bid response. The Town will notify such entity of its breach or failure to perform as soon as is reasonably practicable in the circumstances.
- B) The Town will not accept a bid response involving an entity identified under Section 17 A), whether such entity is the main bidder, a proposed subcontractor or a supplier identified in a bid response.
- C) The Town may refuse to accept an entity's bid response for a term of up to five (5) years from the date the entity is notified in the case of Section 17 A), or until

the circumstances giving rise to the refusal of the Town to accept a bid response have ended in the case of Sections 17 A) a and b.

- D) Where the Town has notified an entity that it will not accept a bid response, such entity may, whether at the time of being notified or at any time during the term identified by the Town under Section 17 C), request that the Town reconsider its position and resume accepting any bid response submitted by the entity (a "Reinstatement"). In making its case for Reinstatement, an entity must, where applicable, provide credible evidence to the Town (i) that the circumstances that led to the Town's refusal to accept any bid response from the entity have ceased, and (ii) that the entity's Reinstatement will serve the best interest of the Town.
- E) Any decision by the Town to refuse to accept an entity's bid response, and any decision to re-instate an entity, will be determined by a Resolution of Council.
- F) Whether or not to refuse to accept an entity's bid response and any decision to re-instate (or not) an entity shall remain within the Town's sole discretion.
- G) In this Section, "entity" means an association, corporation, partnership, sole proprietorship, trust, or individual that has legal standing, and includes a related entity, and further includes any principal, director or officer of such entity submitting a response directly for the Town's contracts, or indirectly through another legal entity.

18. Division of Contracts Prohibited

No employees of the Town shall divide a purchase or a contract in order to avoid the requirements of any part of the Purchasing Policy or the Purchasing Procedures.

19. Authority to Execute Contracts

- a) Subject to statutory requirements and where all the requirements of this policy have been met, the Mayor and Clerk, with approval from Council, have the authority to bind the Town and are authorized to execute formal contracts and agreements plus any ancillary documents that have been prepared in a form satisfactory to the Town's Solicitor, except where otherwise accepted in the policy and the schedules thereto.
- b) Department Heads in conjunction with the Manager of Purchasing have the authority to execute contracts between \$5,001 and \$50,000, subject to approval guidelines contained herein.
- c) The Department Head in conjunction with one other individual from the Tender Proposal Award Committee, responsible for a respective award, have the authority to execute contracts between \$50,001 and \$100,000.
- d) Where the form of contract is a purchase order, the Manager of Purchasing may sign the purchase order, subject to approval guidelines contained herein.

- e) Without limiting the generality of anything else contained in this policy, or the seriousness of any other contravention of this policy, it shall be a serious contravention of this policy for any employee to execute a contract or other document in connection with a solicitation of goods or services if the execution of such contract or other document exceeds their authority.

Exclusions

Reference Schedule A – “Exceptions from Requirement of Purchasing Process”, within this Policy Document.

References and Related Policies

1. Section 270 of the *Municipal Act, 2001*, as amended
2. Under the financial controls and guidelines of PSAB
3. Accountability and Transparency Policy #POL.COR.07.01
4. Purchasing of Goods and Services Procedures, Policy # FS.08.08, as amended
5. Purchasing Card Policy # FS.08.10, as amended

Consequences of Non-Compliance

Non Compliance with the above References and Related Policies is subject to consequences of same.

Failure to adhere to the requirements outlined in this Policy may lead to progressive disciplinary action up to and including termination of employment.

Review Cycle

This policy will be reviewed at least once during every term of Council by the CAO / Council/ Senior Management Team.

SCHEDULE A
EXCEPTIONS FROM REQUIREMENTS OF PURCHASING PROCESS

Purchasing processes are not required for the following items unless specifically requested by the Treasurer:

1. Perishable Consumables and small items under \$100
2. Training and Education
 - a) Conferences
 - b) Courses
 - c) Conventions
 - d) Magazines
 - e) Memberships
 - f) Periodicals
 - g) Seminars
 - h) Professional development
 - i) Staff workshops
 - j) Subscriptions
3. Refundable Employee Expenses
 - a) Advances
 - b) Meal allowances
 - c) Miscellaneous – non-travel
 - d) Travel expenses
 - e) Entertainment expenses
 - f) Reimbursed employee expenses
4. Employer's General Expenses
 - a) Payroll deductions
 - b) Medicals
 - c) Licenses
 - d) Debenture payments
 - e) Insurance premium payments
 - f) Grants to agencies
 - g) Damage claims
 - h) Petty cash replenishment
 - i) Tax remittances
 - j) Property tax refunds
 - k) Workplace Safety and Insurance Board (WSIB) remittance
 - l) Building permit refunds
 - m) Employer and Employee compensation
 - n) Charges to or from other government agencies
 - o) Bank charges

SCHEDULE A
EXCEPTIONS FROM REQUIREMENTS OF PURCHASING PROCESS

5. Professional and Special Services
 - a) Committee fees
 - b) Counselling services
 - c) Legal fees
 - d) Appraisal charges
 - e) Performance/artist's fees
 - f) Honorarium
 - g) Arbitrators
 - h) Providers of artistic and recreational services, such as instructors, dance/yoga/gymnastic teachers, historical experts, and artistic designers.
 - i) Witness fees
 - j) Permit or application fees
 - k) Maintenance Agreements for Software and Equipment

6. Real Estate
 - a) Purchase of Land and or Building
 - b) Realty taxes
 - c) Payments to real property

7. Utilities
 - a) Postage
 - b) Water and Sewage
 - c) Hydro
 - d) Gas
 - e) Telephone (basic services)
 - f) Cable Television Charges

Any other exceptions as approved by the Treasurer

TOWN OF THE BLUE MOUNTAINS

PROCEDURES

Subject Title: Purchasing of Goods and Services Procedures

Corporate Policy (Approved by Council)

Policy Ref. No.: FS.08.08

Administrative Policy (Approved by CAO)

X

By-law No.: none

Department Policy: (Approved by Mgr.)

Name of Dept.: Financial Services

Date Approved: October 23, 2008

Staff Report: FS.08.48

Date Amended:

Staff Report:

Policy Statement

Provision of procedures for the purchasing of goods and services for the Town of The Blue Mountains

Purpose

The purpose of these procedures is to provide employees of the Town of The Blue Mountains with procedures for purchasing in order to comply with the Town's Policy for the Purchasing of Goods and Services, Policy # POL.COR.07.05.

Application

This policy applies to employees of the Town of The Blue Mountains with respect to corporate procurement activities.

Definitions

In this policy:

- a) "CAO" means the Chief Administrative Officer of the Town or Designate.
- b) "Clerk" means the Clerk of the Town or Designate.
- c) "Contract" includes the purchase of goods and services by or on behalf of the Town and execution of purchase orders, written agreements and formal contracts as required.
- d) "Council" means the Municipal Council of the Town of The Blue Mountains.
- e) "Department Head" means the Head of a specific Department, or CAO of the Town or Designate, who is responsible for a departmental budget for the Town.

- f) "Designate" means the person or persons assigned the duties and responsibilities on behalf of an in the absence or incapacity of the person charged with the principal authority to take the relevant action or decision.
- g) "Evaluation Committee" means Town staff that has been selected to review the submissions received from respondents in response to a call for request for proposals.
- h) "Formal Contract or Formal Agreement" means a contract or agreement that is to be signed by the Clerk and the Mayor following a recommendation from Council to do so.
- i) "Goods" includes but is not limited to goods, supplies, wares, merchandise, materials, and equipment used or required by the Town.
- j) "Mayor" means the Mayor or Designate.
- k) "Manager of Purchasing" means the Manager of Purchasing or Designate under the authority of this Policy.
- l) "Purchase Order" means a written authorization for a vendor or supplier to ship products or provide a service at a specified price, which becomes a legally binding contract once the supplier accepts it.
- m) "Respondent" means a person who submits a Response to a Town's solicitation for goods or services, and "Bidder" or "Offerer" or "Tenderer" shall have the same meaning.
- n) "Responsible Bidder" means a bidder or offerer who is deemed to be fully technically and financially capable of supplying the goods or services requested in the solicitation.
- o) "Responsive Bidder" means a bidder or offerer who correctly and completely meets all requirements of the bid documents.
- p) "Services" may include, but are not limited to, telephone, gas, water, hydro, janitorial and cleaning services, consultant services, legal surveys, medical services, insurance, and the rental, repair or maintenance of equipment, machinery or other personal property.
- q) "Signing Authority" means the specific individual signing authorities approved by the Director of Finance and IT Services based on the guidelines contained herein and apply to purchase order requisitions, cheque requisitions and petty cash, quotations, tenders, proposals, standardizations, negotiations and emergency purchases.
- r) "Standardization" means a process which provides for the need of a single source for goods and/or services and has been clearly identified and approved.
- s) "Tender/Proposal Award Committee" means the committee comprised of the Chief Administrative Officer, Manager of Purchasing and the Respective Department Head of the Town.
- t) "Town" means the Town of The Blue Mountains.
- u) "Town's Solicitor" means a solicitor on staff or contract solicitor who has been retained to act on behalf of the Town.
- v) "Treasurer" means the Treasurer or Director of Finance & IT Services of the Town or Designate.

w) "Vendor" means a seller who exchanges goods or services for money.

Procedures

Total Expected Purchase Amount

Total Expected Purchase amount includes all expected costs associated with the purchase of the good or service with the **exception** of the Harmonized Sales Tax (H.S.T.). Multi-year contract amounts shall be the total costs expected for the duration of the contract with the **exception** of the H.S.T. Costs associated with the purchase will include but not be limited to the following:

- a) Freight
- b) Disbursements
- c) Set up charges

The total expected purchase amount will be consistent with the budgeted expenditure amount.

Purchasing Consultation

Every purchase in excess of \$15,000 shall be preceded with a consultation meeting with the Manager of Purchasing.

Authority to Execute Contracts

- a) Subject to statutory requirements and where all the requirements of this policy have been met, the Mayor and Clerk, with approval from Council, have the authority to bind the Town and are authorized to execute contracts and agreements plus any ancillary documents that have been prepared in a form satisfactory to the Town's Solicitor, except where otherwise accepted in the policy and the schedules thereto.
- b) Department Heads in conjunction with the Manager of Purchasing have the authority to execute contracts between \$5,001 and \$50,000, subject to approval guidelines contained herein.
- c) The Department Head in conjunction with one other individual from the Tender Proposal Award Committee, responsible for a respective award, have the authority to execute contracts between \$50,000 and \$100,000.
- d) Where the form of contract is a purchase order, the Manager of Purchasing or Department Head may sign the purchase order, subject to approval guidelines contained herein.
- e) Without limiting the generality of anything else contained in this policy, or the seriousness of any other contravention of this policy, it shall be a serious contravention of this policy for any employee to execute a contract or other document in connection with a solicitation of goods or services if the execution of such contract or other document exceeds their authority.

This Procedure document includes Schedules A to I (inclusive) for purchasing procedures of goods and services:

- Schedule A Exceptions from Requirement of Purchasing Process
- Schedule B Tendering Purchasing Procedures
- Schedule C Formal Quotation Purchasing Procedures

Schedule D	Request for Proposals Purchasing Procedures
Schedule E	Procedure for Standardization of a Particular Product, Service or Support Activity
Schedule F	Negotiated Purchases Procedures
Schedule G	Emergency Purchasing Procedures
Schedule H	Open Market and Informal Bid Purchasing Procedures
Schedule I	Refusal of Bid Responses

Exclusions

The purchasing procedures contained in Schedules B through I do not apply to the items contained in Schedule A – Exceptions from Requirement of Purchasing Process.

References and Related Policies

1. Section 270 of the *Municipal Act, 2001, as amended*
2. The financial controls and guidelines of *PSAB*
3. *Accountability and Transparency Policy # POL.COR.07.01, as amended*
4. *Purchasing of Goods and Services Policy # POL.COR.07.05, as amended*
5. *Purchasing Card Policy FS.08.10, as amended*

Consequences of Non-Compliance

Non Compliance with the above References and Related Policies is subject to consequences of same.

Failure to adhere to the requirements outlined in this Policy may lead to progressive disciplinary action up to and including termination of employment.

Review Cycle

This policy will be reviewed annually by the CAO and Senior Management Team.

Troy Speck, CAO

SCHEDULE A
EXCEPTIONS FROM REQUIREMENT OF PURCHASING PROCESS

Purchasing processes are not required for the following items unless specifically requested by the Treasurer:

1. Perishable Consumables and small items under \$100
2. Training and Education
 - a) Conferences
 - b) Courses
 - c) Conventions
 - d) Magazines
 - e) Memberships
 - f) Periodicals
 - g) Seminars
 - h) Professional development
 - i) Staff workshops
 - j) Subscriptions
3. Refundable Employee Expenses
 - a) Advances
 - b) Meal allowances
 - c) Miscellaneous – non-travel
 - d) Travel expenses
 - e) Entertainment expenses
 - f) Reimbursed employee expenses
4. Employer's General Expenses
 - a) Payroll deductions
 - b) Medicals
 - c) Licenses
 - d) Debenture payments
 - e) Insurance premium payments
 - f) Grants to agencies
 - g) Damage claims
 - h) Petty cash replenishment
 - i) Tax remittances
 - j) Property tax refunds
 - k) Workplace Safety and Insurance Board (WSIB) remittance
 - l) Building permit refunds
 - m) Employer and Employee compensation
 - n) Charges to or from other government agencies
 - o) Bank charges

SCHEDULE A
EXCEPTIONS FROM REQUIREMENT OF PURCHASING PROCESS

5. Professional and Special Services

- a) Committee fees
- b) Counselling services
- c) Legal fees
- d) Appraisal charges
- e) Performance/artist's fees
- f) Honorarium
- g) Arbitrators
- h) Providers of artistic and recreational services, such as instructors, dance/yoga/gymnastic teachers, historical experts, and artistic designers.
- i) Witness fees
- j) Permit or application fees
- k) Maintenance Agreements for Software and Equipment

6. Real Estate

- a) Purchase of Land and or Building
- b) Realty taxes
- c) Payments to real property

7. Utilities

- a) Postage
- b) Water and Sewage
- c) Hydro
- d) Gas
- e) Telephone (basic services)
- f) Cable Television Charges

Any other exceptions as approved by the Treasurer

SCHEDULE B TENDERING PROCEDURES

1. The call for Tenders for goods and services in excess of \$50,001, prepared on the corporate template, shall be advertised at least once in a local newspaper, and on an electronic tendering advertising system as available at least ten (10) calendar days preceding the closing date for tenders, unless otherwise directed by Council. The advertisement may, in addition, be placed in a major construction trade publication.

Note 1: Tenders exceeding \$100,000 must be advertised in an electronic tendering advertising system at least fifteen (15) calendar days preceding the closing date of tenders. Addendums must be posted no later than seven (7) calendar days prior to the tender closing date.

Note 2: Every Tender document must be reviewed and approved by the affected Department Head(s) prior to the release of the Tender.

Note 3: Tender calls will be created and managed by the Manager of Purchasing or Department Head in consultation with each other.

2. The advertisement shall contain all of the following:
 - a) The full name "Town of The Blue Mountains",
 - b) The tender number,
 - c) A general description of the tender,
 - d) The official designated to receive responses,
 - e) The time and date of closing, and any mandatory bidder's meetings or site visits,
 - f) The location of the performance of the contract,
 - g) The location where plans and specifications may be obtained,
 - h) The administrative fee, if any, for tender documents,
 - i) A statement that the lowest or any tender will not necessarily be accepted,
 - j) Fax number for vendor inquiries,
 - k) The Town's website address and the Ontario Public Buyers Association (O.P.B.A) website address.
3.
 - a) The Manager of Purchasing or Department Head in consultation with each other, shall prepare the tender documents. These documents shall provide clear instructions, specifications, terms and conditions of the contract.
 - b) Every Department shall provide technical input in the preparation of the tender documents.
 - c) The Town may charge an administrative fee to Bidders for issuance of tender documents.

4. The tender documents shall include all of the following:

SCHEDULE B
TENDERING PROCEDURES

- a) The Town approved tender submission label or technological equivalent,
 - b) The Form of Tender,
 - c) Terms and conditions of the specific tender as well as the Town's standard terms and conditions document,
 - d) Special provisions where applicable,
 - e) Specifications.
5. Tender documents for construction contracts **may** require, in addition to the above:
- a) Drawings and plans,
 - b) Agreement documents,
 - c) Contract securities,
 - d) Evidence of good standing with the Workplace Safety and Insurance Board,
 - e) Liability insurance and certificates,
 - f) Occupational Health and Safety Policies
 - g) Vendor safety policies
 - h) Accessibility Requirements (AODA) Policies
6. A tender submission label or Town approved technological equivalent shall be provided to all bidders and shall provide the following:
- a) Name and address of the Town of The Blue Mountains,
 - b) The official designated to receive the tenders,
 - c) The closing date and time,
 - d) The tender number, and
 - e) The name or general description of the tender.
7. a) A tender form shall be provided to all Bidders and shall require the following:
- i) a statement by the Bidder that the Bidder reviewed and understands the tender documents and that the Bidder is capable of and willing to perform the requirements of the contract and enter into a legal agreement with the Town in regard thereto, and
 - ii) an execution by the Bidder – it shall be signed by the duly authorized officer or officers of the Bidder's organization, or in the case of partnership, by all signing partners.
 - iii) Irrevocable period of the tender response.
- b) The time limit for signing the contract shall be clearly stated.
8. The following statements shall be included on every tender form:
- a) "Town of The Blue Mountains reserves the right, in its sole discretion, to reject any or all bids, and the lowest or highest bid, as the case may be, will not necessarily be accepted."

**SCHEDULE B
TENDERING PROCEDURES**

- b) Notwithstanding and without restricting the generality of the statement immediately above, Town of The Blue Mountains shall not be required to award or accept a tender, or recall the tenders at a later date:
 - i) When only one bid has been received as the result of a tender call;
 - ii) Where the lowest responsive and responsible bidder substantially exceeds the estimated cost of the goods or service;
 - iii) When all bids received fail to comply with the specifications of tender terms and conditions;
 - iv) Where a change in the scope of work or specifications is required.
 - c) "The Town will refuse to accept a bid from any bidder who has been placed on the Town's "Refusal to Accept Bids" list.
 - d) "The Town's Purchasing of Goods and Services Policy POL.COR.07.05 and Purchasing of Goods and Services Procedures FS.08.08 form an integral part of this Tender document. The Policy and Procedures apply to this Tender process. The Policy and Procedures can be downloaded from the Town's website at [The Blue Mountains, Ontario, Canada - Quotation & Bid Opportunities \(www.thebluemountains.ca/bid-opportunities.cfm\)](http://www.thebluemountains.ca/bid-opportunities.cfm)."
9. Bidder inquiries should be received in writing from the Bidder to the user Department Head or as specified. These questions and their respective answers will be written and issued to all potential bidders prior to closing. Any questions and answers occurring during Bidders' meetings, site visits or information sessions will be treated in the same fashion, and only confirmed by addendum.
10. The Manager of Purchasing or Department Head shall provide the tender documents or Town approved technological equivalent upon every bidders request accompanied by payment of any required fee thereto. A bidders list shall be maintained by the Manager of Purchasing or Department Head.
11. Tenders shall comply with the following minimum conditions. A Bidder's failure to comply with any of these conditions shall result in disqualification of the tender.
- a) The tender form or format supplied by the Town shall be used.
 - b) A tender must be received by the official designated to receive tenders at the appropriate location on or before the closing date and time.
 - c) All tenders must be legible and written in ink or typewritten.
 - d) Tenders and Adjustments to tenders submitted by telephone, facsimile

SCHEDULE B TENDERING PROCEDURES

transmission or e-mail, shall not be considered. A Bidder wishing to make adjustments to a submitted tender must supersede it with a subsequent tender or letter enclosed in a tender envelope or Town approved equivalent received on or before the closing date and time.

- e) All tender forms must be duly executed as required.
 - f) All required documents, such as agreements to bond, bid bonds, security letters, or tender deposits, shall be enclosed in the same tender envelope as the tender.
 - g) Standard tender envelopes as supplied by the Town shall be sealed or secured.
 - h) The tender deposit shall be in the form specified in the tender documents. Where a deposit cheque is required, it must be in the form of a certified cheque, or a bank/trust company draft, or bid bond.
 - i) All mandatory requirements stipulated in the Town's Request for Tender document must be met.
12. The CAO, Manager of Purchasing and Department Head(s) collectively may reject a tender if:
- a) All items have not been bid, where stipulated, with the unit price for every item clearly shown;
 - b) Alternate tenders have been submitted where not requested in the tender documents;
 - c) The tender has been qualified by additions or alterations to the tender form, where not requested in the tender documents;
 - d) The standard tender envelope supplied by the Town has not been used;
 - e) Erasures, strikeouts, or over-writing have not been initialled by the signing party;
 - f) Insufficient bid/contract security has been submitted.

TENDER DEPOSITS

13. Where tender deposits are required, the Manager of Purchasing or Department Head shall determine the form of deposit.
- a) The Manager of Purchasing shall retain, in safe-keeping, the deposits of the two lowest tenders until an award has been determined, accepted, and a

SCHEDULE B TENDERING PROCEDURES

contract executed. All other tender deposits will be returned forthwith.

- b) Should a tender not be awarded, the Manager of Purchasing shall forthwith arrange the return of tender deposits to the Bidders.
- c) The tender deposit may be used to mitigate costs or damages to the Town where a successful bidder fails to execute the contract, or furnish any required documents within ten (10) calendar days or as specified within the tender documents after notice to them to do so, or where a bidder withdraws their tender after tenders have been opened.

ADDENDA, EXTENSION OF TIME AND CANCELLATION

- 14. Where it is deemed necessary by the Town to revise the tender documents an addendum shall be forwarded to every person who obtained tender documents for the contract. The addendum shall be attached to all tender forms not yet distributed. Where an addendum is prepared within 4 days of the closing date, every person who obtained tender documents for the contract shall be notified of the addendum by telephone or Town approved technological equivalent and receive the addendum by facsimile.
- 15. Where a closing date has been extended, all Bidders shall be advised that any tenders submitted prior to the giving of the extension will be returned upon request.
- 16. Where it is deemed necessary by the Town to cancel a tender call, an advertisement will be placed in the electronic medium or publication in which the original advertisement appeared stating that the tender call has been cancelled and every person who obtained tender documents shall be notified by telephone, facsimile or Town approved technological equivalent of the cancellation. The administrative fee charged for the tender documents shall be returned to the bidders who paid to receive the documents.
- 17. Where a tender call is cancelled prior to closing, no tenders shall be accepted. All tenders received shall be returned unopened by registered mail or courier with a covering letter.

18. RECEIVING TENDERS

The Administration Department shall provide a locked secure container for the safekeeping of tenders.

- a) Every tender envelope received shall be noted with the date and time received and initialled by the Administration Department Staff and forthwith deposited unopened in the secured tender container by the Administration Department.
- b) Tenders received after the closing time shall be returned unopened to the Bidder by the Administration Department Staff together with a covering letter.

**SCHEDULE B
TENDERING PROCEDURES**

Where no return address is indicated on a late tender envelope, the envelope shall be opened by the Administration Department Staff only, the address obtained and the tender returned together with a covering letter setting out why the envelope was opened.

- c) The Administration Department shall maintain a list of all bids received. This list shall be used for recording the tender prices at the tender opening.
- d) Should a technological process, as approved by the Town, be available, which would satisfy procedures 18 (a) through (c) above, it may be implemented.

19. WITHDRAWAL OF TENDERS

- a) A Bidder may withdraw their tender prior to the closing time. Withdrawal requests shall be directed to the Clerk in the Administration Department by letter, facsimile, or in person. A withdrawal request made by telephone or email shall not be considered. All withdrawal requests made in person shall require a written withdrawal request.
- b) Tender withdrawal requests on behalf of a vendor must be submitted by an officer of the vendor's organization.
- c) Tenders withdrawn prior to closing shall be returned unopened to the Bidder.
- d) The withdrawal of a tender does not disqualify a Bidder from submitting another tender on the same tender call prior to the closing time.
- e) Withdrawal requests received after the closing time shall not be considered.

20. TENDER OPENING

- a) Tenders shall be opened at a public meeting at a time and location specified in the tender documents.
- b) These persons shall constitute the Tender Opening Committee. These persons or their designates shall be present at every tender opening:
 - i) The Manager of Purchasing,
 - ii) The Department Head of the user department,
 - iii) The CAO.
- c) The list of Bidders prepared by the Manager of Purchasing or Department Head shall be available to all attending the opening.
- d) The Manager of Purchasing shall ensure that all tenders have been accounted for prior to reading out the tenders. Tender envelopes which do not indicate the contract number or the Bidder's name shall be opened and

**SCHEDULE B
TENDERING PROCEDURES**

placed with other tenders for that contract.

- e) The Manager of Purchasing shall ensure that the Refusal of Bids List is referenced at the opening to ensure bids from any entity on the list are not opened.
- f) The Manager of Purchasing shall announce for each contract the contract number, the contract description, the name of the Bidder, the total amount of the tender, and shall prepare a list thereof.
- g) Where two or more tenders are submitted in the same tender envelope, the one bearing the lower price shall be considered as the tender.
- h) Where two or more tenders are submitted by the same Bidder, and no withdrawal request has been received, and where both tenders are identical, only the tender received at the latest time shall be considered.
- i) Should a technological process, as approved by the Town, be available which satisfies procedures (a) through (g) above, it may be implemented.
- j) Immediately following the opening of tenders, every tender shall be checked to ensure compliance with the requirements of this schedule. Notification of the results of the Public Opening shall be placed on the Town's website.

AWARD OF CONTRACT

- 21. A report respecting: the tender process, amounts of tenders received and award of the contract will be required. The report shall remain confidential until it is distributed to a Committee of Council or Council or the Tender/Proposal Award Committee as appropriate.
- 22. In considering a contract award, the Tender/Proposal Award Committee shall recommend that the award of the contract be made to the lowest responsive and responsible Bidder, meeting all the requirements of the Tender and the Contract Documents. In determining "responsive and responsible Bidder", the Tender/Proposal Award Committee may consider the following, assuming the bid contains no major irregularities:
 - a) The Bidder's ability, capacity and skill to perform the contract.
 - b) Whether the Bidder can perform the contract promptly or within the time specified without delay or interference;
 - c) The quality of performance of previous contracts or services;
 - d) The sufficiency of the financial resources and ability of the Bidder to perform the contract;

**SCHEDULE B
TENDERING PROCEDURES**

- e) The quality, availability and adaptability of the supplies or services to the particular use required;
 - f) The number and scope of conditions attached to the tender;
 - g) Any other evaluation criteria as indicated in the Request for Tenders document.
23. The Manager of Purchasing and Department Head shall note in the written analysis every improper tender, and shall state the reason the tender is considered improper.
24. If two or more low tenders are submitted in the same amount, the Manager of Purchasing and Department Head shall include in the written analysis the method by which the award of the contract is recommended.
25. The Manager of Purchasing or Department Head, following the approval of Council or the Tender/Proposal Award Committee as required of the award of the contract, shall notify the successful Bidder in writing.
26. Where a standard contract is required, and approved by the Department Head and the Manager of Purchasing, it shall be submitted to the successful Bidder for execution. Where non-standard contracts are being used, approval by the Department Head or the Town's solicitor shall be submitted to the successful Bidder for execution.
27. Where a contract has been awarded and the successful Bidder fails to execute the contract or any other required documents within the specified time, the Manager of Purchasing and/or Department Head may:
- a) Grant the successful Bidder additional time to fulfill the requirements; or,
 - b) Award the contract to the second lowest Bidder.
28. As soon as the executed contract and any other required documents are returned to and found acceptable by the Department Head or the Manager of Purchasing, the tender deposits of the successful Bidder and the second low Bidder shall be returned to them. Performance bonds from the successful Bidder shall be retained.
29. APPROVALS
- a) The Tender/Proposal Award Committee will award contracts from \$50,001-\$100,000, in a report of recommendation to the project file, based on an award to the low "responsive and responsible" bidder within approved budget allocations. An information report will be provided to Council at the next available Council meeting outlining awards made by the Tender Award

SCHEDULE B
TENDERING PROCEDURES

Committee. The Manager of Purchasing or Department Head shall prepare the report as a representative of the Tender/Proposal Award Committee. The Department Head in conjunction with one other member of the Tender Proposal Award Committee will have signing authority on contracts that arise from this award level.

- b) All tenders exceeding \$100,000 shall be awarded by Council based on the recommendation of the Tender/Proposal Award Committee. The Manager of Purchasing or Department Head shall prepare the report as a representative of the Tender/Proposal Award Committee. The Mayor and the Clerk will have signing authority on contracts that arise from this award level upon approval by Council.

SCHEDULE C FORMAL QUOTATION ACTIVITY

1. Formal Quotations, prepared on the corporate quotation template, are to be obtained by the Manager of Purchasing or Department Heads for goods and services between \$15,001 and \$50,000. Quotation documents must direct bidders to submit their quotation submissions to be returned to the Clerk in the Administration office for time stamping.

Note 1: The Department Head and the Manager of Purchasing shall have a pre-bid consultation meeting for all Formal Quotation calls.

Advertising

- a. All Formal Quotations in Tier 1 must be advertised on the Town's website and the Ontario Public Buyer's Association website. Details of the formal quotation ad should be included in accordance with clause 2 of Schedule B – Tendering Procedures hereto as appropriate for the quotation call.
 - b. Formal Quotations in Tier 2 must be advertised locally, by the Manager of Purchasing or Department Head, in at least one newspaper and on the Town's website and the Ontario Public Buyer's Association website. Details of the formal quotation ad should be included in accordance with clause 2 of Schedule B – Tendering Procedures hereto as appropriate for the quotation call.
 - c. The formal quotation procedures shall follow the requirements laid out in clauses 3 to 19 (inclusive) of Schedule B – Tendering Procedures hereto.
 - d. In soliciting prices, the Manager of Purchasing or Department Heads shall indicate the specifications, terms and conditions equally to all bidders, all of which are to form the basis of the awarded contract.
 - e. Quotation submissions are to be opened by the Manager of Purchasing at a meeting with two other Town Staff to witness opening.
 - f. Notification of the results of the Staff Opening (ie. Prices submitted) shall be placed on the Town's website.
 - g. The Manager of Purchasing or Department Heads are required to acquire quotes using fair and ethical purchasing practices as established by the Town. Staff are to involve best efforts in acquiring three quotation responses. It should be noted that in some cases, it may not be possible to achieve these bid responses for some goods, supplies or services.
2. Where a contract is awarded, it shall be to the lowest “responsive and responsible” bidder, who meets all requirements of the bid documents.
 - a. In determining the “responsive and responsible” bidder, the Manager of Purchasing or Department Heads shall consider the factors set out in Section 22 of Schedule B hereto.
 - b. Notification of the award results of the opening shall be placed on the Town's website.
 3. The Manager of Purchasing or Department Head is to issue a purchase order requisition to acquire goods and services.
 4. The following outlines the approval process:

**SCHEDULE C
FORMAL QUOTATION ACTIVITY**

	Purchase Amount	Approval
Tier 1	\$15,001 to \$25,000	Department Heads and Manager of Purchasing
Tier 2	\$25,001 to \$50,000	Department Heads and Manager of Purchasing

**Authority to Execute Contracts for Formal Quotations shall be in accordance with Clause 19 of the Purchasing Policy POL.COR.07.05.

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

1. The call for proposals shall be prepared on a corporate template. Proposals over \$50,001 shall be advertised at least once in an electronic tendering advertising system as available at least ten (10) calendar days preceding the closing date for proposals, unless otherwise directed by Council. Proposals \$5,001 to \$25,000 may be distributed to a minimum of 3 potential respondents. Proposals \$25,001 and over may be advertised as appropriate. Proposal advertisement may, in addition, be placed in a local newspaper, trade publications or a major newspaper that relates to the proposal content.

Note 1: Proposal calls will be created and managed by the Manager of Purchasing or Department Head in consultation with each other.

Note 2: Proposals exceeding one hundred thousand dollars (\$100,000) must be advertised in an electronic tendering advertising system at minimum and, least (15) calendar days preceding the closing date of Proposals.

- a) Every proposal document must be reviewed by the affected Department Head prior to release.
 - b) Requests for Proposals will clearly establish required project outcome or requirements and contain existing conditions as applicable.
 - c) Requests for Proposals will clearly outline vendor response requirements at time of proposal receipt.
 - d) Specific contract documents may be required such as architectural, engineering or construction related documents.
 - e) A two envelope system is to be used to isolate proposal cost from material content
2. The advertisement shall contain the following:
 - a) The Town's name "Town of The Blue Mountains",
 - b) The Proposal number,
 - c) A general description of the Proposal complete with securities required,
 - d) The official designated to receive Proposal responses,
 - e) The time and date of closing, and any mandatory bidder's meetings or site visits,
 - f) The location of the performance of the contract,
 - g) The location where the Proposal bid document may be obtained,
 - h) The administrative fee, if any, for proposal documents,
 - i) A statement that the lowest or any proposal will not necessarily be accepted,
 - j) Fax number for vendor inquiries,
 - k) Ontario Public Buyers Association (O.P.B.A) website address.
 3.
 - a) The Manager of Purchasing or Department Head, in consultation with each other shall prepare the proposal documents. These documents shall provide clear instructions and requirements, general specifications as appropriate, any terms and conditions of the contract specific to the Town of The Blue Mountains.
 - b) Every Department shall provide technical input in the preparation of the proposal documents.

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

- c) The Town may charge an administrative fee to Bidders for issuance of proposal documents.
- 4. a) The proposal documents shall include the following:
 - (i) The proposal submission labels,
 - (ii) The proposal form,
 - (iii) Terms and conditions of the specific proposal as well as the Town's standard terms and conditions document,
 - (iv) Special provisions where applicable,
 - (v) Specifications as appropriate,
 - (vi) Evaluation criteria complete with criteria score values.
- b) Proposal documents for construction related projects may, in addition to the above also include:
 - (i) Reference drawings and plans,
 - (ii) Agreement documents,
 - (iii) Contract securities,
 - (iv) Evidence of good standing with the Workplace Safety and Insurance Board,
 - (v) Liability insurance and certificates,
 - (vi) Occupational Health and Safety Policies,
 - (vii) Vendor safety policies
 - (viii) Accessibility Requirements (AODA).
- 5. Proposal submission labels shall be provided to all bidders by the Town and shall provide the following:
 - a) Name and address of the Town of The Blue Mountains,
 - b) The official designated to receive the proposals,
 - c) The closing date and time,
 - d) The proposal number, and
 - e) The name or general description of the proposal.
- 6. a) A proposal form shall be provided to all Bidders and shall require the following:
 - (i) a statement by the Bidder that the Bidder reviewed and understand the proposal documents and that the Bidder is capable of and willing to perform the requirements of the contract and enter into a legal agreement with the Town in regard thereto, and
 - (ii) an execution by the Bidder - it shall be signed by the duly authorized officer or officers of the Bidders organization, or in the case of partnership, by all signing partners.
 - (iii) Irrevocable period of the proposal response.
- b) The time limit for signing the contract shall be clearly stated.
- 7. The following term shall be included on every proposal form:

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

- a) "Town of The Blue Mountains reserves the right, in its sole discretion, to reject any or all bids, and the lowest or highest bid, as the case may be, will not necessarily be accepted."
 - b) Notwithstanding and without restricting the generality of the statement immediately above, the Town of The Blue Mountains shall not be required to award or accept a proposal, or recall the proposals at a later date:
 - (i) When only one proposal response has been received as the result of a proposal call;
 - (ii) Where the recommended responsive and responsible bidder substantially exceeds the towns budgeted cost component of the goods or service;
 - (iii) When all proposal responses received fail to comply with reference specifications or the proposal's intended result;
 - (iv) Where a change in the scope of work or specifications is required.
 - c) "The Town will refuse to accept a bid from any bidder who has been placed on the Town's "Refusal to Accept Bids" list.
 - d) "The Town's Purchasing of Goods and Services Policy POL.COR.07.05 and Purchasing of Goods and Services Procedures FS.08.08 form an integral part of this Proposal document. The Policy and Procedures apply to this Proposal process. The Policy and Procedures can be downloaded from the Town's website at [The Blue Mountains, Ontario, Canada - Quotation & Bid Opportunities \(www.thebluemountains.ca/bid-opportunities.cfm\)](http://www.thebluemountains.ca/bid-opportunities.cfm)."
8. Bidder inquiries should be received in writing from the Bidder to the Department Head or as specified. These questions and their respective answers will be written and issued to all potential bidders prior to closing. Any questions and answers occurring during Bidders' meetings, site visits or information sessions will be communicated to all bidders present.
9. The Manager of Purchasing or Department Head shall provide the proposal documents or Town approved technological equivalent upon every bidders request accompanied by payment of any required fee thereto. A bidders list shall be maintained by the Manager of Purchasing or Department Head.
10. Proposals shall comply with the following minimum conditions. A Bidder's failure to comply with any of these conditions shall result in disqualification of the proposal.
- a) The proposal form or format supplied by the Town shall be used.
 - b) A proposal must be received by the official designated to receive proposals at the appropriate location on or before the closing date and time.
 - c) All proposals must be legible and written in ink or typewritten.
 - d) Proposals and adjustments to proposals submitted by telephone, facsimile transmission or e-mail, shall not be considered. A Bidder wishing to make

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

adjustments to a submitted proposal must supersede it with a subsequent proposal or letter enclosed in a proposal envelope or equivalent received on or before the closing date and time.

- e) All proposal forms must be duly executed as required.
- f) All required documents, such as agreements to bond, bid bonds, security letters, or proposal deposits, shall be enclosed in the same proposal envelope as the proposal.
- g) Proposal envelopes shall be sealed or secured.
- h) The proposal deposit shall be in the form specified in the proposal documents. Where a deposit cheque is required, it must be certified cheque, or a bank/trust company draft or a bid bond.
- i) All mandatory requirements stipulated in the Towns Request for Proposal document must be met.

11. The CAO, Manager of Purchasing and Department Head **may** reject a Proposal immediately if:

- a) The proposal envelope supplied by the Town has not been used;
- b) Insufficient bid/contract security has been submitted.

PROPOSAL DEPOSITS

12. Where proposal deposits are required, the Manager of Purchasing or Department head shall determine if a deposit is required and the form of the deposit.

- a) The Manager of Purchasing shall retain, in safe-keeping, the deposits of the proponents until an award has been determined, accepted, and a contract executed.
- b) Should a proposal not be awarded, the Manager of Purchasing shall forthwith arrange the return of proposal deposits to the Bidders.
- c) The proposal deposit may be used to mitigate costs or damages to the Town where a successful bidder fails to execute the contract, or furnish any required documents within ten (10) calendar days or as specified within the proposal documents after notice to them to do so, or where a bidder withdraws there proposal after proposals have been opened.

ADDENDA, EXTENSION OF TIME AND CANCELLATION

13. Where it is deemed necessary by the Town to revise the proposal documents an addendum shall be forwarded to every person who obtained proposal documents for the contract. The addendum shall be attached to all proposal forms not yet distributed. Where an addendum is prepared within 4 days of the closing date, every person who obtained tender documents for the contract shall be notified of the addendum by telephone or Town approved technological equivalent and receive the addendum by facsimile.

14. Where a closing date has been extended, all Bidders shall be advised that any

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

tenders submitted prior to the giving of the extension will be returned upon request.

15. Where it is deemed necessary by the Town to cancel a proposal call, an advertisement will be placed in the electronic medium or publication in which the original advertisement appeared stating that the proposal call has been cancelled and every person who obtained proposal documents shall be notified by telephone, facsimile or technological equivalent of the cancellation.
16. Where a proposal call is cancelled prior to closing, no proposals shall be accepted. All proposals received shall be returned unopened by registered mail or courier with a covering letter.

RECEIVING PROPOSALS

17. The Administration Department shall provide a locked secure container for the safekeeping of submitted proposals.

- a) Every proposal envelope received shall be noted with the date and time received and initialled by the Administration Department Staff and forthwith deposited unopened in the secured container by the Administration Department.
- b) Proposals received after the closing time shall be returned unopened to the Bidder by the Administration Department Staff together with a covering letter. Where no return address is indicated on a late proposal envelope, the envelope shall be opened by the Administration Department Staff only, the address obtained and the proposal returned together with a covering letter setting out why the envelope was opened.
- c) The Administration Department shall maintain a list of all bids received. This list shall be used for recording the proposal names at the opening.
- d) Should a technological process, as approved by the Town, be available, which would satisfy procedures 17 (a) through (c) above, it may be implemented.

WITHDRAWAL OF PROPOSALS

18.
 - a) Bidder may withdraw their proposal prior to the closing time. Withdrawal requests shall be directed to the Clerk of the Administration Department by letter, facsimile, or in person. A withdrawal request made by telephone shall not be considered. All withdrawal requests made in person shall require a written withdrawal request.
 - b) Proposal withdrawal requests on behalf of a vendor must be submitted by an officer of the vendor's organization.
 - c) Proposals withdrawn prior to closing shall be returned unopened to the Bidder.
 - d) The withdrawal of a proposal does not disqualify a Bidder from submitting another proposal on the same proposal call prior to the closing time.

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

e) Withdrawal requests received after the closing time shall not be considered.

PROPOSAL OPENING

19. Proposals in Tier 2 and Tier 3 (see below) shall be opened at a public meeting at a time and location specified in the proposal documents.

The following persons shall constitute the Tender/Proposal Opening Committee and they or their designates shall be present at every proposal opening:

- i. the Manager of Purchasing,
- ii. the Department Head of the user department,
- iii. the CAO or a representative,

The list of bids received prepared by the Manager of Purchasing or Department Head shall be available to all attending the opening

The Manager of Purchasing or Department Head shall ensure that all proposals have been accounted for prior to reading out the proposals. Proposal envelopes which do not indicate the contract number or the bidders name shall be opened and placed with other proposals for that contract.

The Manager of Purchasing shall announce for each contract the contract number, the contract description, the name of the Bidder, open acknowledge receipt of the proposal, and shall prepare a list thereof. Prices for Proposals will not be disclosed. Any decision as to acceptance or rejection of proposals due to irregularities will not be made until a review has been conducted, and bidders will be instructed not to conclude any particular award results from the Opening itself.

Where two or more proposals are submitted by the same Bidder, and no withdrawal request has been received, only the proposal received at the latest time shall be considered.

Should a technological process be available which satisfies procedures (a) through (f) above and approved by the Town, it may be implemented.

Following the opening of proposals, every proposal as part of its review shall be checked to ensure compliance with the requirements of this schedule.

Notification of the results of the Public Opening shall be placed on the Town's website.

AWARD OF PROPOSAL

20. In considering a contract award, an Evaluation Committee will be identified by the Department Head and will be responsible for weighing vendor responses using established scores identified in the proposal call. The scoring process and activities will be fully documented by the Manager of Purchasing and/or

SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS

Department Head using a grid or spreadsheet. Each member of the evaluation committee will sign off on the evaluation grids or spreadsheets.

21. A report respecting the award of the proposal will be provided by the Manager of Purchasing or Department Head in consultation with each other. The report shall remain confidential until it is distributed to Committee of Council, Council or the Tender/Proposal Award Committee as appropriate.

The following may be considered as criteria for award:

- a) The sufficiency of the financial resources and ability of the Bidder to perform the contract;
 - b) The quality, availability and adaptability of the supplies or services to the particular end use required;
 - c) Ability to meet the number and scope of conditions attached to the proposal;
 - d) Any other evaluation criteria as indicated in the Request for Proposal document.
22. The Manager of Purchasing or Department Head, following the approval of Council or the Tender/Proposal Award Committee as required for award of the contract, shall notify the successful Bidder.
23. Where a formal contract is required, and approved by the CAO or Town's solicitor it shall be submitted to the successful Bidder for execution.
24. As soon as the executed contract and any other required documents are returned to and found acceptable by the Manager of Purchasing and/or Department Head, the proposal deposits of all bidders shall be returned to them. Performance bonds from the successful Bidder shall be retained.
25. Where a contract has been awarded and the successful Bidder fails to execute the contract or any other required documents within the specified time, the Manager of Purchasing or Department Head may:
- a) grant the successful Bidder additional time to fulfill the requirements; or,
 - b) award the contract to the next highest scoring bidder, subject to the bidders ability to meet proposal requirements;
 - c) cancel the award and consider remedies available to the Town resulting from the successful bidder's inability to fulfill their responsibilities.

**SCHEDULE D
PROCEDURE FOR REQUESTS FOR PROPOSALS**

26. The following outlines the approval process:

	Purchase Amount	Approval
Tier 1 Minimum 3 invited potential Respondents	\$5,001 to \$25,000	Department Heads and Manager of Purchasing
Tier 2 Available to all potential Respondents	\$25,001 to \$100,000	\$25,001 to \$50,000 – Department Head and Manager of Purchasing \$50,001 to \$100,000 Tender/Proposal Award Committee <i>***Information Report to Council for the next Council meeting</i>
Tier 3 Available to all potential Respondents	More than \$100,000	Council based on recommendation of the Tender/Proposal Award Committee

Tier 2

\$25,001-\$50,000 - Department Head and the Manger of Purchasing have the authority to award proposals within approved budget allocations and sign contracts that arise from this award level.

\$50,001 to \$100,000 – The Tender/Proposal Award Committee has the authority to award proposals based on an award recommendation of the Proposal Evaluation Committee within approved budget allocations. The Department Head and one other member of the Tender Proposal Award Committee will have signing authority on contracts that arise from this award level. An information report will be provided to Council at the next available Council meeting outlining awards made by the Tender/Proposal Award Committee.

Tier 3

All Proposals exceeding \$100,000 shall be awarded by Council based on the recommendations of the Tender/Proposal Award Committee. Council will authorize the Mayor and Clerk to execute contracts that arise from this award level.

**SCHEDULE E
STANDARDIZATION PROCUREMENT PROCEDURES
OF A PARTICULAR PRODUCT, SERVICE OR SUPPORT ACTIVITY**

1. A staff report and approval noted in clause 2 below will be required to support the need to follow a “standardization” method of “single” sourcing a particular product, service or support activity, whereby a particular source of supply may be identified based on technical specifications or significant previous knowledge and experience about the project or assignment.

This process will allow for a reduction in the number of goods and services required, maximized volume buying opportunities via economies of scale, reduced handling, training and storage costs, and increased co-operative purchasing opportunities. Services may be grouped and standardized in order to provide an ease of implementation of day to day operations and management. This will result in a reduction in an overall cost of the services in operating costs.

2. The Town shall not enter into a contract for standardization with any bidder or vendor who has been placed on the “Refusal of Bids” list. (see Schedule I)
3. The Purchase Amount shall be the total expected purchase price associated with the length of time recommended for the purchase.
4. The following outlines the approval process:

	Purchase Amount	Approval
Tier 1	\$5,001 to \$25,000	Department Heads and Manager of Purchasing
Tier 2	\$25,001 to \$100,000	\$25,001 to \$50,000 – Department Head and Manager of Purchasing \$50,001 to \$100,000 Tender/Proposal Award Committee ***Information Report to Council for the next Council meeting
Tier 3	More than \$100,000	Council based on recommendation of the Tender/Proposal Award Committee

Tier 2

\$25,001-\$50,000 - Department Head and the Manger of Purchasing have the authority to award Standardizations within approved budget allocations and sign contracts that arise from this award level.

\$50,001 to \$100,000 – The Tender/Proposal Award Committee have the authority to award Standardizations based on a business case report from the affected department within approved budget allocations. The Department Head and one other member of the Tender Proposal Award Committee will have signing authority

**SCHEDULE E
STANDARDIZATION PROCUREMENT PROCEDURES
OF A PARTICULAR PRODUCT, SERVICE OR SUPPORT ACTIVITY**

on contracts that arise from this award level. An information report will be provided to Council at the next available Council meeting outlining awards made by the Tender/Proposal Award Committee.

Tier 3

All Standardizations exceeding \$100,000 shall be awarded by Council based on the recommendations of the Tender/Proposal Award Committee. Council will authorize the Mayor and Clerk to execute contracts that arise from this award level.

**SCHEDULE F
NEGOTIATED PROCUREMENT PROCEDURES**

1. The Manager of Purchasing or Department Heads may apply negotiation procedures with prior written approval: (see the process noted in number 2 below)
 - a) When there is only one source of supply for the goods or services; or when only one source of supply is uniquely qualified to perform the work;
 - b) When due to market conditions, required goods or services are in short supply, or when urgent acquisition of required goods or services is necessary due to unexpected circumstances;
 - c) When there is merit in purchasing at a public auction;
 - d) When there is a strong business case to extend a contract beyond its initial term, such as when additional work is required that pertains to a current or recently completed project;
 - e) When the project is a pilot project with the understanding that, if the project is successful, any further requirements or work will be subject to an applicable bid process;
 - f) When required goods/equipment must be compatible with goods/equipment presently being used;
 - g) During negotiation of annual renewals within an existing contract period;
 - h) When the nature of the assignment is confidential and disclosure to several bidders is inappropriate;
 - i) When all tenders or bids received fail to meet specifications or terms and conditions, and it is impractical to recall tenders or formal quotations;
 - j) When significant previous knowledge and experience about a particular project or assignment exists;
 - k) When local technical support is critical;
 - l) When otherwise authorized by Council for reasons not set out herein.

2. The Town shall not negotiate or enter into a contract with any bidder or vendor who has been placed on the “Refusal of Bids” list. (See Schedule I)

3. The Purchase Amount shall be the total expected purchase price associated with the length of time recommended for the purchase.

4. The following outlines the approval process:

	Purchase Amount	Approval
Tier 1	\$5,001 to \$25,000	Department Heads and Manager of Purchasing
Tier 2	\$25,001 to \$100,000	\$25,001 to \$50,000 – Department Head and Manager of Purchasing \$50,001 to \$100,000 Tender/Proposal Award Committee ***Information Report to Council for the next Council meeting

**SCHEDULE F
NEGOTIATED PROCUREMENT PROCEDURES**

Tier 3	More than \$100,000	Council based on recommendation of the Tender/Proposal Award Committee
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Tier 2

\$25,001-\$50,000 - Department Head and the Manger of Purchasing have the authority to award negotiated procurement within approved budget allocations and sign contracts that arise from this award level.

\$50,001 to \$100,000 – The Tender/Proposal Award Committee have the authority to award negotiated procurement based on business case report from the affected department within approved budget allocations. The Department Head and one other member of the Tender Proposal Award Committee will have signing authority on contracts that arise from this award level. An information report will be provided to Council at the next available Council meeting outlining awards made by the Tender/Proposal Award Committee.

Tier 3

All Negotiated Procurement exceeding \$100,000 shall be awarded by Council based on the recommendations of the Tender/Proposal Award Committee. Council will authorize the Mayor and Clerk to execute contracts that arise from this award level.

SCHEDULE G
EMERGENCY PURCHASING PROCEDURES

1. When an event occurs that is determined by the Department Head to be a threat to public health, the maintenance of essential Town services, the welfare of persons or of public property, the protection of the Town's physical assets, or the security of the Town's interests or financial liabilities arising from unexpected conditions, and the occurrence requires the immediate delivery of goods or services and time does not permit the Department Head to follow normal Purchasing activities to acquire such goods and services, the Manager of Purchasing or Department Head may make such purchases without the bidding or tendering process, and is authorized to do so in the most expedient and economical means possible.

2. The Department Head shall provide written notice for the emergency event in accordance with Tier 1 and Tier 2 as outlined below. The written notice shall contain the particulars of the emergency situation, including costs.

Tier 1 \$5,001 to \$25,000 (Aggregate cost)

The Department Head shall provide written notice within 2 days of emergency incident to the CAO with a copy to the Manager of Purchasing and the Treasurer.

Tier 2 More than \$25,000 (Aggregate cost)

The Department Head shall provide written report to the next possible Council meeting with a copy to the CAO, Treasurer and the Manager of Purchasing.

SCHEDULE H
OPEN MARKET AND INFORMAL QUOTATION PROCEDURES

1. a) Goods and services may be obtained by the Manager of Purchasing or Department Heads on values between \$0 and \$5,000 using an open market process not requiring any formalized bidding. The open market process allows the searching of price comparisons through the use of vendor catalogues or known price advantages.
- b) Goods and services may be obtained by the Manager of Purchasing or Department Head on values between \$5,001 and \$15,000. Such purchases will require Informal Bidding activity from three (3) sources supported with fax or e-mail responses. Bid responses received are to be provided with the payment card slip, purchase order or other form of contract used as approved prior to the expense.
- c) In all cases the Manager of Purchasing or Department Heads are required to acquire goods and services using fair and ethical purchasing practices as established by the Town.
- d) In soliciting prices, for either the open market process or informal bidding the Department Head shall indicate the specifications and terms equally to all suppliers contacted.

The Town shall not solicit for informal quotations or open market purchases with any bidder or vendor who has been placed on the "Refusal of Bids" list. (see Schedule I).

2. Purchases in the case of multiple bid responses will be awarded to the lowest "responsive and responsible" bidder.

In determining the "responsive and responsible" bidder, the Manager of Purchasing and/or Department Heads shall consider the factors as set out in Award of Contract Section of Schedule "B" hereto.

3. The Corporate Purchasing Card Program, should one be implemented, may be used by the Department Head to acquire goods and services as set out in the Corporate Purchasing Card Program Policy, should one be implemented, and meeting above requirements.
4. Should the Corporate Purchasing Card, should one be implemented, not be appropriate, Department Heads may use a purchase order or acquire written approval of the Manager of Purchasing regarding an alternate activity.
5. Town Staff who have been designated with an approved Signing Authority by the Director of Finance and IT Services shall be required to follow the above.

SCHEDULE I

REFUSAL OF BID RESPONSES PROCEDURES

The Town prides itself on building good working relationships with all vendors by encouraging cooperation.

Town Policy POL.COR.07.05 "Purchasing of Goods and Services Policy", Clause 17 – Refusal of Bid Responses states that the Town will not accept a bid response from an entity whereby a resolution of Council has been passed to that effect. Any such resolution will be as a result of:

- Active litigation between the Town and the entity
- Pending litigation between the Town and the entity
- Non performance of a Town contract by the entity
- Breach of a Town contract by the entity
- Any other material concern which, in the Town's sole discretion, could compromise the Town's accountability, integrity, reputation or financial best interest

General Procedures for Litigation

Litigation

Upon receipt of a notice of intent to file a statement of claim, or the receipt of a statement of claim, the Town will refuse to accept a bid response from the entity initiating the proceeding.

Should the Town file a notice of intent to file a statement of claim, or issue a statement of claim, the Town will refuse to accept a bid response from the entity named in the proceeding.

Pending Litigation

The Town will refuse to accept a bid response from an entity where the Town reasonably believes that an entity may launch a claim against the Town.

The Town will not accept a bid response from an entity in a situation where the Town, acting in good faith, is considering litigation against that entity.

A legal opinion must be obtained by the Town to support the recommendation to refuse to accept a bid response from an entity when making the determination of pending litigation in either case as described above. Such legal opinion need only confirm that litigation is a possibility.

General Procedures for Breach of Contract, Non-Performance of a Contract and Other Concerns

1. All agreements, tenders, proposals and quotations must contain wording which informs bidders that material breaches of the contract may preclude them from working for the Town for a period of time up to 5 years, and of the Town's refusal to accept bid responses from any entity that has been the subject of resolution of Council for this purpose.
2. Where appropriate, any refusal to accept bid responses will only occur after a reasonable means of dispute resolution has been conducted such as negotiation, mediation or arbitration, whichever is deemed most appropriate by the Town in

SCHEDULE I

REFUSAL OF BID RESPONSES PROCEDURES

the circumstances. The intent of Clause 17 is that it is only to be used as a last resort where the Town considers it to be in the Town's best interest.

3. If the Town's position regarding breach of contract is proven incorrect during litigation, the Town's refusal to accept bid responses due to breach of contract will be revoked, although the Town may still refuse to accept bid responses for non-performance of the contract or other concerns, if appropriate.
4. The Department Head must inform an entity in writing when there is reason to believe that an entity is not performing the terms of a contract or where the entity is proceeding towards a breach of contract, for possible resolution.
5. The Department Head must satisfy itself that a clear breach of contract or failure to perform has occurred.
6. The CAO, Department Head and Manager of Purchasing will prepare a report to Council articulating the concerns with a particular entity, outlining options and recommend a time period to refuse bid responses from an entity, which is appropriate in the circumstances and the loss of value to the Town.
7. The Manager of Purchasing will inform all entities whose bid responses will not be accepted of their status, in writing, detailing reasons for the decision and the length of time the Town will not accept bid responses from the entity. The Manager of Purchasing will maintain a detailed list of those entities restricted from bidding.
8. All bid responses received by the Town from any entity whose bid responses will not be accepted will be rejected, unless a reinstatement by way of resolution of Council has been approved. The Department Head will prepare a staff report to Council requesting reinstatement if in the Department Head's sole discretion, (i) credible evidence that circumstances that led to the refusal to accept bid responses from the entity have ceased, and (ii) that the entity's reinstatement will serve the best interest of the Town.
9. During both the bid taking and the bid opening process, the Manager of Purchasing will check the list containing the names of every entity whose bid response will be refused prior to the opening of bids to ensure that bids are not inadvertently opened.

**THE CORPORATION OF THE TOWN OF
THE BLUE MOUNTAINS**

By-law No. 2012 -

Being a By-law to amend a policy of the Town detailing the procurement of goods and services

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, chapter 25, S.O. 2001 (the Act), as amended, states that a municipal power, including a municipality's capacities, rights, powers and privileges under section 9, shall be exercised by by-law;

AND WHEREAS section 270 of the *Municipal Act, 2001* states that a municipality shall adopt and maintain policies with respect to certain matters including the procurement of goods and services;

AND WHEREAS Council did enact By-law No. 2008-94 to adopt a Purchasing of Goods and Services Policy, being policy POL.COR.07.05 on October 15, 2008;

AND WHEREAS it is deemed expedient by Council to amend the previously approved Purchasing of Goods and Services Policy;

NOW THEREFORE Council of the Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. THAT Town Policy POL.COR.07.05, "Purchasing of Goods and Services Policy", is hereby amended with the revisions detailed in Staff Report FIT.12.08.

AND FURTHER that this By-law shall come into force and take effect upon the enactment thereof.

Enacted and passed this day of , 2012

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Ellen Anderson, Mayor

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Corrina Giles, Clerk