



Purchasing of Goods & Services Procedures

FS.08.08

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Department: Finance and IT Services

Policy Statement

Provision of procedures for the purchasing of goods, services and construction for 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 all Staff, Council and Boards of Town of The Blue Mountains with respect to the Town's procurement activities.

Definitions

In this policy:

- a) "Agreement to Bond" means a is a legal commitment issued by a bonding agency licensed to operate by the Government of Canada or the Province of Ontario, confirming to the project owner that should the contractor be awarded the job and execute the contract, the surety will provide the performance and/or payment bonds as per the terms outlined in the consent of surety;
- b) "Award" means the acknowledgement of the authority to proceed to commit to an external vendor(s) for acquisition of goods and services;
- c) "Best Value" means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. Best Value may include a time horizon that reflects the overall life cycle of a given asset;

- d) "Bid" means an offer or submission received from a vendor in response to a procurement process, which may be subject to acceptance or rejection;
- e) "Bid Deposit" means certified cheques, money orders, bond surety issued by a surety company or other form of negotiable instrument to ensure the successful bidder will enter into a contract;
- f) "Bidder" or "Respondent" means one who submits a response to an invitation to bid as issued by the Town;
- g) "CAO" means the Chief Administrative Officer of the Town or Designate.
- h) "Certificate of Insurance" means a certificate from a reputable insurance company licensed to do business in Ontario providing proof of insurance from the awarded bidder inclusive of the stipulated requirements within the RFX document.
- i) "Clearance Certificate" from the Workplace Safety and Insurance Board (WSIB) means a certificate issued by an authorized official of the WSIB certifying that the Board waives its rights under the Workers' Compensation Act, as amended.
- j) "Competitive Bidding Process" means a procurement method where three or more bidders are given an equal opportunity to submit bids in accordance with Town Policies and Procedures.
- k) "Conflict of Interest" in respect of any matter dealt with in this Procedure includes a situation where a personal or business interest of a councillor, officer or employee of the Town is in conflict, or is perceived to be in conflict, with the best interests of the taxpayers of Town of The Blue Mountains, and includes a direct or indirect pecuniary interest of any councillor, officer or employee of the Town, or their spouse, parent or child in any bid, or any corporation related to the bidder;
- l) "Contract" means a written agreement between the Town and another party for the purchase of goods, services, or construction pursuant to this Procedure.
- m) "Council" means the Municipal Council of The Corporation of the Town of The Blue Mountains.
- n) "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.
- o) "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.
- p) "Evaluation Committee" means Town staff that have been selected to review the submissions received from respondents in response to a call for Request for Proposals.

- q) “Execute” in relation to any document developed pursuant to this Procedure means to sign by the authorized officers of the parties, and “Executed” has a corresponding meaning
- r) “Goods” includes but is not limited to goods, supplies, wares, merchandise, materials, and equipment used or required by the Town.
- s) “Insurance Documents” means certified documents issued by an insurance company licensed to operate by the Government of Canada or the Province of Ontario certifying that the bidder is insured in accordance with the Town’s insurance requirements as specified in the bid documents;
- t) “Irregularities Contained in Bids” is defined in Schedule ‘C’ and includes the appropriate response to those irregularities;
- u) “Labour and Material Bond” means a bond issued by a surety company licensed to operate in the Province of Ontario to ensure that the contractor will pay his or her direct Subcontractors and/or Suppliers for labour and materials to protect the Corporation against liability to the contractor’s direct Subcontractor and Suppliers should the Contractor not make proper payments;
- v) “Maintenance Bond” means a bond issued by a surety company licensed to operate in the Province of Ontario to guarantee against any possible defects (on contractor work) after the completion of a contract for a specified period of time.
- w) “Mayor” means the Mayor or Designate.
- x) “Manager of Purchasing” means the Manager of Purchasing & Risk Management or Designate under the authority of this Policy.
- y) “Performance Bond” means a bond issued by a surety company licensed to operate in the Province of Ontario to guarantee that the contractor will carry out the work in accordance with the terms of the contract;
- z) “Prequalification” means a solicitation for details on vendors’ backgrounds, capabilities and resources, and the goods or services they are offering to pre-select vendors to be invited to submit bids on a subsequent competition
- aa) “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.
- bb) “Request for Expression of Interest (EOI)” is a focused market research tool used to determine vendor interest in a proposed procurement. It may be issued simultaneously with a Request for Qualifications when the proposed procurement is well defined and the purchaser has clear expectations for the procurement;

- cc) "Request for Information (RFI)" is used prior to issuing a call for bids as a general market research tool to determine what products and services are available, scope out business requirements, and/or estimate project costs;
- dd) "Request for Proposal (RFP)" means a process where a need is identified, but the method by which it will be achieved is unknown at the outset. This process allows vendors to propose solutions or methods to arrive at the desired result and each proposal is evaluated based on defined criteria;
- ee) "Request for Qualification" is a procurement process used to prequalify vendors for subsequent participation in an invitational bidding opportunity, rotational roster or other prescribed method as may be appropriate;
- ff) "Request for Quotation (RFQ)" means a competitive procurement process for obtaining bids based on precisely defined requirements for which a clear or single solution exists, and in accordance with Schedule "A";
- gg) "Request for Tender (RFT)" means a competitive procurement process for obtaining bids based on precisely defined requirements for which a clear or single solution exists, and in accordance with Schedule "A";
- hh) "Respondent" or "Bidder" means one who submits a response to an invitation to bid as issued by the Town;
- ii) "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.
- jj) "Responsive Bidder" means a bidder or offerer who correctly and completely meets all requirements of the bid documents.
- kk) "Rotational Roster" means a list of pre-qualified Professional Service Suppliers, categorized by field of expertise, which is utilized to select a vendor to provide services to the Town based on a pre-disclosed list of projects, each less than \$25,000, for a specified time period of no longer than three years, whereby the User Division proceeds with the first vendor on the list for the first available job, then the second vendor on the list for the second available job and progresses through the list until the pre-disclosed list of projects is complete or the specified time period has been reached, whichever is first realized;
- ll) "Sealed Bid" means a formal sealed response received in response to a request for bids;
- mm) "Single Source" means more than one source is available but for reasons of function or service, one supplier is recommended for consideration of the particular goods or services;
- nn) "Sole Source" means when there is only one available supplier of the required goods or services;

- oo) "Supplier" means any individual or organization providing goods or services to the Town including but not limited to contractors, consultants, respondents, vendors, service organizations etc.;
- pp) "Two-envelope approach" means a process in which a bid is submitted in two sealed envelopes. The technical and qualitative information is submitted in the first envelope and the price information is provided in the second envelope. The second envelope is only opened if the first envelope shows the bidder to be qualified, compliant and meeting the minimum evaluation rating if so established;
- qq) "Unsolicited Proposal" means submission from any source whereby a User Division believes that the proposal may be of benefit to the Town and the information has not been submitted in response to a bid call.
- rr) "User Division" means the division within the Town that requires the goods, services or construction and for which the Manager or designate is the contact for the purpose of the procurement process;
- ss) "Vendor" means an individual, business, organization, corporation or director or owner thereof who may supply goods, services or construction to the Town.

Procedures

General

The Manager of Purchasing, or delegate, will administer this Procedure.

No contract or purchase shall be divided to avoid any requirements of this Procedure.

Notwithstanding the provisions of this Procedure, every bid document issued by the Town shall contain a provision that the Town shall have the right to reject the lowest or any bid at its absolute discretion, and that the Town also reserves the right to reissue the bid document in its original form.

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.). 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 of \$25,000 or greater shall be preceded with a consultation meeting with the Manager of Purchasing.

Authorization

1. Authority to Award

Schedule 'A', attached to and forming part of this procedure, outlines the approval authority for awarding contracts for the procurement of goods, services and construction on behalf of the Town.

2. Authority for Payment

Council has the ultimate authority for all expenditures. Council provides the authority to Staff for the initiation and completion of procurement processes for goods, services and construction through the authorization of annual budgets or resolutions.

Schedule 'A' attached to and forming part of this procedure, outlines the authorization limits for payment

3. Authority to Execute Contracts

All contracts are to be executed by the Director of Finance & IT Services and Director of the Department procuring the goods, services or construction, upon receipt of all required documentation and approval forms.

4. Calls for Bids or Quotations Before and After Approvals Received

- a) Following the adoption of the current annual operating and capital budgets, and when required, the receipt of any necessary approvals from other federal, provincial or municipal agencies, staff is authorized to use the appropriate procurement method for municipal goods and services.
- b) Notwithstanding section 4a), staff may use the appropriate procurement method for municipal construction projects and the acquisition of goods prior to the adoption of the capital budget by Council and before the receipt of necessary approvals from other federal, provincial or municipal agencies provided the procurement documents specifically state that the Award is subject to receipt of such approvals.

Procurement Methods

All purchase of goods and services, save and except those outlined in Schedule 'B' to this procedure shall be undertaken utilizing one of the following methods of procurement, including standardized documents.

5. Informal Processes

Informal processes may be completed by the user department or purchasing and shall include direct purchase or Formal Quotations.

5.1 Direct Purchase

- i. Direct Purchase, as described below may be used when the dollar value of the item is equal to or less than \$5,000.
- ii. Staff is authorized to use a direct purchase method for making small order purchases from such vendors and upon such terms and conditions as their Manager/Director deems appropriate.
- iii. Direct purchase should be made using one of the following methods and in accordance with the policies associated with each:
 - a pre-arranged method whereby the Supplier has agreed to invoice the Town
 - a corporate credit card

5.2 Request for Quotation (RFQ)

- i. RFQ procedures will be used when:
 - the cost of the item is between \$5,000 and \$24,999;
 - the ability exists to detail what is being purchased;
 - document title will be consecutively numbered based on Purchasing's numbering and naming convention. User division shall request such number;
 - best value for the Town can be achieved by an Award selection made on the basis of the lowest compliant bid that meets specifications;
 - it is the User department's responsibility to prepare the specification and Purchasing will create the Request for Quote. The User department will review the document prior to issuance;
- ii. The RFQ method allows potential bidders to be invited to participate in the quotation process. The User Division is required to invite a minimum of three (3) bidders.
- iii. A fair and competitive process is undertaken whereby a minimum of 3 quotes (fax, mail, or e-mail) are sought using fair and ethical purchasing practices, and the lowest compliant bid is awarded the Contract. These bids must be kept on file for a minimum of 7 years for auditing purposes. Although a minimum of 3 quotes is sought, an open process without a minimum number of bids will be more competitive, and is

encouraged.

- iv. In accordance with Authority to Award procedures, the User division in consultation with Purchasing or Consultant (as applicable) will submit a Bid Award Form to the appropriate Award Authority which will contain a recommendation for award, as well as a summary of the bids received. Such summary will be kept with the appropriate procurement file.
- v. A summary of bids will be prepared and awarded to the lowest acceptable bidder subject to signed approval, as per Schedule "A". This summary will be kept with Purchasing. Any irregularities resulting in rejection of a bid shall be documented and kept in the procurement file.

6. Formal Processes

Formal processes will be issued by Purchasing and shall include Request for Tender or request for Proposal.

6.1 Request for Tender (RFT)

- i. RFT procedures shall be used when:
 - the cost of the item is greater than \$25,000
 - the ability exists to detail what is being purchased
 - Best Value for the Town can be achieved by an Award selection made on the basis of the lowest compliant bid that meets minimum specifications.
- ii. The User Division is responsible to provide detailed specifications to Purchasing. The Manager of Purchasing shall incorporate the specification section and administer the Request for Tender. Purchasing will coordinate the tendering process.
- iii. All RFTs shall be advertised in accordance with Section 20 of this Procedure.
- iv. All bids will be received by the Finance Department, in the form of a Sealed Bid and placed in a secure location until the time of opening.
- v. Tenders will be opened by the Manager of Purchasing or designate and at least one employee of the user division.
- vi. Prior to Award, the User Division or Consultant (as applicable) shall be responsible for reviewing the Bids to verify that all specifications of the tender are met. Purchasing will review extended totals, ensure that there are no irregularities contained within the Bid and that all terms and conditions as outlined in the Bid document have been satisfied at the time of opening.

- vii. In accordance with Authority to Award procedures, the User division in consultation with Purchasing or Consultant (as applicable) will submit a Bid Award Form to the appropriate Award Authority which will contain a recommendation for award, as well as a summary of the bids received. Such summary will be kept with the appropriate procurement file.

6.2 Request for Proposal (RFP)

- i. RFP procedures shall be used when:
 - the solution to the requirement cannot be accurately specified
 - innovative solutions are required
 - to achieve Best Value, the Award selection will be made based on a fully disclosed evaluation method involving a combination of mandatory and desirable requirements.
- ii. The RFP method of purchase is a competitive method of purchase that may result in further negotiation with the short-listed and/or successful proponent prior to a purchase order or contract being finalized
- iii. The User Division shall provide the Scope of Work / Terms of Reference section of the RFP and Purchasing will incorporate it into the approved Request for Proposal process.
- iv. All RFPs shall disclose the evaluation criteria that will be used to make an Award. Weighted value of the criteria is often disclosed in the Bid documents. In all situations, the weighted value shall be determined by the User Division with input from Purchasing prior to the RFP being issued.
- v. The Manager of Purchasing will maintain a list of suggested evaluation criteria for assistance in formulating an evaluation scheme using an RFP. This may include, but is not limited to, factors such as qualifications and experience, strategy, approach, methodology, scheduling, past performance, facilities, equipment, and pricing. Weighting of the criteria will be the responsibility of the User Division, with input from the Manager of Purchasing, where required.
- vi. The User Division may identify appropriate criteria from the list maintained by the Manager of Purchasing for use in an RFP, but are not limited to criteria from the list. Cost will always be included as a factor, as Best Value includes both quality and cost.
- vii. The weighting of the Cost section of the evaluative criteria should not exceed 30%, but there may be cases where it will be recommended to be higher than 30%.
- viii. All RFPs shall be advertised in accordance with Section 20 of this Procedure.
- ix. A Two-Envelope Approach will be used for all RFPs.

- x. All RFPs will be received by the Finance Department, in a Sealed Bid format and placed in a secure location until the time of opening.
- xi. Public openings are not required with RFP process. When a public opening is deemed necessary, only the name of the bidders submitting responses to the RFP will be read. Details of the proposals or any financial information will not be publicly disclosed at the opening.
- xii. An Evaluation Committee, composed of at minimum three Town staff members, and where applicable one consultant who is overseeing the project, shall review all proposals against the established criteria, reach consensus on the final rating results. The Manager of Purchasing will facilitate the scoring process of the submissions. Supporting documents will be forwarded to Purchasing and kept in the respective procurement file.
- xiii. In accordance with Authority to Award procedures, the User division in consultation with Purchasing or Consultant (as applicable) will submit a Bid Award Form to the appropriate Award Authority which will contain a recommendation for award, as well as, a summary of the bids received. Such summary will be kept with the appropriate procurement file.
- xiv. Public reporting will not include summaries of bids, as this information will remain confidential. Any public disclosure of information shall be made by the Clerk in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, as amended.
- xv. Unsuccessful proponents may, upon their request to the Manager of Purchasing, meet with the User Division's Manager or Director, with the Manager of Purchasing in attendance to review their bid submission. Discussions relating to any bid submissions other than that of the proponent present will be strictly prohibited.

7. Other Processes

7.1 Rotational Rosters

- i. A Rotational Roster is the result of a competitive bidding process, which prequalifies vendors to be placed on a list where they will be provided an equal opportunity to perform work for the Town as it becomes available.
- ii. Rotational rosters can only be utilized where budget is predetermined for either maintenance or capital projects
- iii. Once vendors have been selected through the prequalification and evaluation processes, they are placed on a roster based on an undisclosed score. The number of vendors placed on a rotational roster should reasonably reflect the requirement over a period of three years.

- iv. Only those vendors placed on the roster will have the opportunity to perform work.
- v. Rotational Rosters may only be used to obtain Service Suppliers.
- vi. When services are required the appropriate roster is utilized to select the service provider.
- vii. Subsequent service requirements will follow the same process allowing the next vendor on the list the opportunity to perform work for the Town. If a vendor declines a specific project, that vendor moves to the bottom of the roster as if the vendor had accepted the project.
- viii. A Rotational Roster will be valid for a period no longer than three years from the date it was established, at which time the competitive bidding process will be conducted to re-establish the roster.
- ix. Purchases awarded to a vendor on a rotational roster shall not exceed \$25,000 per project.

7.2 Unsolicited Proposals

- i. Unsolicited bids received by the Corporation shall be reviewed by the respective Director and Purchasing. Approval authority shall be in compliance with Schedule "A".
- ii. Unsolicited proposals must be in writing, detailing information on a product or service that may provide the Town with significant value and/or savings. Unsolicited proposals may be accepted and a contract entered into for a maximum of one year, without a competitive bid process, providing the total annual expenditure is less than \$25,000.

7.3 Cooperative Purchasing

- i. The Town supports cooperative initiatives that the Manager of Purchasing deems beneficial to the Town. The Manager of Purchasing has the authority to participate with other units of government (such as Vendors of Record provided by the Ministry of Government Services or legislated cooperatives) in their initiatives for cooperative purchasing and bulk buying of goods. The policies of the public authorities calling the cooperative Bid solicitation are to be the accepted Procedure for that particular purchase unless additional terms specific to the Town are negotiated with the successful bidder. Approval authority shall be in compliance with Schedule "A". Notice of Participation in cooperative purchases will be posted annually to the Town's website in accordance with the requirements of CETA and CFTA.

7.4 Sole and Single Sourcing

- i. Sole Sourcing is a method of procurement whereby a purchase order is issued or contract awarded without a competitive bidding process due to the fact that the supplier is the only source of supply for the required goods or services. Sole Sourcing

will be permitted if one or more of the following circumstances apply:

- One supplier/contractor possessing the unique ability or capability to meet the requirements of the Town due to a patent, sales/distributor agreement or copyright
 - Service is obtained from a public utility
 - The supply relates to necessary unique replacement parts from an exclusive source of supply
 - The supply relates to the purchase of parts that must be compatible with goods previously supplied, and there are no reasonable alternatives to the products.
 - To maintain warranty or service agreement compliance for purchased products.
 - When the required item is covered by an exclusive right such as a patent, copyright or exclusive license
- ii. Single Sourcing is a method of procurement whereby there is more than one vendor able to supply and a purchase order is issued or contract awarded without a competitive bidding process. Single Sourcing will be permitted if one or more of the following circumstances apply:
- disclosure of information in an open contract competition would breach some duty of confidentiality or compromise security
 - the compatibility of a purchase with existing equipment, product standards, facilities or service is a paramount consideration
 - there is an absence of competition for technical reasons and the Goods and/or Services can only be supplied by a particular Supplier
 - an unforeseeable situation of urgency exists and the Goods and/or Services cannot be obtained in time by means of open procurement procedures
 - there are no bids in response to a Bid Solicitation
 - a Roster for Professional Services has been developed
 - when competitive procurement may be found to be impractical
 - where a good is purchased for testing or trial use and there is a clearly established deadline for the testing or trial period that does not exceed 12 months
 - when an urgent procurement is necessary for fulfilling a statutory order issued by a federal or provincial authority (i.e. compliance order)

- iii. The use of Sole and Single Sourcing with a particular vendor exceeding \$25,000 must be reported to Council. Any single or sole sourcing with an amount between \$5,001 and \$24,999 must be reported by the applicable Department Head and approved by the Manager of Purchasing and Director of Finance. In order for a division to sole or single source for goods or services exceeding \$25,000, an operating strategy must be presented with Purchasing input and approved by Council, outlining the rationale. Input must be sought from the Manager of Purchasing to ensure the purchasing principles in this Procedure are taken into consideration and risk to the Town is minimized.

7.5 Negotiation

- i. Negotiation may only be used under the following circumstances:
 - those outlined in sole and single sourcing
 - as a result of an RFP process, if required
 - With respect to RFTs, and RFQs, the Town may enter into negotiations with the lowest compliant bidder if the price bid is over the budgeted amount for the project. Should the owner be unable to reach an agreement with the lowest compliant bidder, the Owner reserves the right to enter into negotiations with the next lowest compliant bidder, to cancel the bid opportunity or to present a report to Council as per Schedule "A", whichever is deemed to be in the best interest of the Town.
 - there is only one source of supply
 - all bids received failed to meet the specifications and/or tender terms and conditions and it is impractical to recall tenders or formal quotes
- ii. It is the responsibility of Purchasing to ensure that all competitive bidding options have been considered prior to the negotiation method being utilized.

7.6 Procurement in Emergencies

Failure to plan and allow sufficient time for a competitive procurement process does not constitute an unforeseeable or emergency situation.

- i. Emergency includes:
 - an imminent or actual danger to the life, health or safety of the public;
 - an imminent or actual danger to the life, health or safety of an official or an employee while acting on the Town's behalf;
 - an imminent or actual danger of damage to or destruction of real or personal property belonging to the Town or public if the damage or destruction is a result of a Town function or responsibility;

- an unexpected interruption of an essential public service, including an emergency as defined by the Emergency Management and Civil Protection Act as amended or The Blue Mountains Emergency Response Plan;
 - a spill of a pollutant as contemplated by the Environmental Protection Act as amended
 - when an urgent procurement is necessary for fulfilling a statutory order issued by a federal, provincial or regulatory authority and timing of the order does not allow for competitive bidding (i.e., compliance order)
- ii. Where, in the opinion of the Mayor, C.A.O. and/or Department Head, an emergency has occurred, non-competitive procurement or negotiation methods may be utilized
- a Purchase Order or contract in excess of the preauthorized expenditure limit may be issued; and
 - the User Division shall submit a memorandum to Council outlining the purchase and the conditions that constituted an emergency, together with a source of funding, prior to the end of the quarter in which the emergency procurement took place. If Council approval for the funding source is required, the User Division shall submit the above information in the form of a Staff Report to the next available Council meeting.

7.7 Non-Competitive Purchases

- i. Under the direction and control of Purchasing, the requirement for competitive bid solicitation for goods and services may be waived under the authority of this Procedure and replaced with negotiations as it relates to the circumstances within Single and Sole Sourcing.

7.8 Request for Expression of Interest

- i. Requests for Expression of Interest may be issued to obtain information on the availability and interest of suppliers of any goods or services. Requests for Expression of Interest may or may not result in the development of a list of available suppliers.
- ii. Requests for Expression of Interest are used to assess Supplier capabilities, or to conduct market research, without the intention of evaluating the responses or awarding a contract. An RFEI may not be used to pre-qualify a potential Supplier and must not influence their chances of being a Successful Bidder on any subsequent purchasing opportunity. The information received may be used for the purposes of developing future documents for a subsequent competitive process.

7.9 Request for Pre-Qualification (RFPQ)

- i. An RFPQ may be issued to prequalify vendors for various projects or purchases. The

purpose of a RFPQ is to determine whether the qualifications of a bidder, as required by the Town, are at a level that will allow participation in a subsequent bidding opportunity that takes place as a direct result of the Request for Pre-Qualification.

- ii. A Vendor may be pre-qualified by providing an acceptable response to a Request for Pre-Qualification or a Request for Roster Candidates (RFRC). Selection of pre-qualified vendors will be based on fully disclosed evaluation criteria, which may include: experience from similar work; verification of applicable licenses and certificates; financial capability and others.
- iii. As a result of pre-qualification, the Town will only allow those pre-qualified Vendors to participate in the bidding process for the scope of work and/or services as specified in the RFPQ or RFRC document.
- iv. Pre-qualification may be done: on a project specific basis; for a group of projects that are similar in scope for which the same category of Supplier would be utilized; or for Roster development.

7.10 Request for Information (RFI)

- i. RFI may be issued by staff in conjunction with Purchasing to provide staff with an understanding of potential solutions/needs.
- ii. An RFI may be issued in advance of a formal bid process to assist in the development of a more definitive set of terms and conditions, scope of work/service and the selection of qualified Vendors.
- iii. RFI may or may not lead to a formal bid process.

Risk Management

8. Bid Deposits

- i. The Manager of Purchasing, in consultation with the User Division, will determine whether a Bid Deposit will be part of the bid submission requirements.
- ii. The amount of the Bid Deposit, if required, will be reflective of the project budget, while offering adequate protection to the Town in case of default by the bidder, and will not be less than 5% of the estimated budget for the Goods, Services or Construction being purchased.
- iii. Bid deposits will be provided in one of the following methods and will be clearly specified in the bid document:
 - Certified Cheque made payable to The Corporation of the Town of The Blue Mountains;

- Bank Draft made payable to The Corporation of the Town of The Blue Mountains;
 - Money order made payable to The Corporation of the Town of The Blue Mountains;
 - A Bid Bond, issued by a bonding agency currently licensed to operate in the Province of Ontario, naming The Corporation of the Town of The Blue Mountains as the Obligee.
- iv. Bid Bonds must be irrevocable for a minimum of sixty (60) days but can be requested to remain irrevocable for a longer period at the discretion of the User Division.
- v. The Town will not pay interest on any Bid Deposits, and all Bid documents issued by the Town shall include a statement to this effect.
- vi. All Bid Deposits must be original, signed documentation. Photocopies and facsimiles are not acceptable. Only when the request allows for electronic bid submissions, will a scanned copy of the bid deposit be acceptable.
- vii. The Town is authorized to cash and deposit any Bid Deposit in the Town's possession that is:
- a. Forfeited as a result of non-compliance with any of the terms, conditions; or
 - b. Being held as financial security on a project.
- viii. Bid documentation issued by the Town shall include the information contained in 8 (iii) through (vii).

9. Other Financial Guarantees

- i. The appropriate financial means to guarantee execution and performance of the Contract shall be selected. Means may include one or more of, but are not limited to: financial bonds or other forms of security deposits; provisions for liquidated damages; progress payments; and holdbacks.
- ii. Purchasing will request a Performance, Labour & Material or Maintenance Bond for no less than 50% of the bid amount for any procurement anticipated to be over \$100,000
- Performance Bond – to guarantee the faithful performance of the contract;
 - Labour & Material Payment Bond to guarantee the payment for labour and materials that are supplied from the contractor's direct suppliers and subcontractors in connection with the contract;
 - Maintenance Bond to guarantee the fulfillment of the contractor's obligation under the warranty clause of the contract.

iii. The financial guarantee method selected will:

- not be excessive but sufficient to cover financial risks to the Town,
- provide flexibility in applying leverage on a Supplier so that the penalty is proportional to the deficiencies, and
- comply with provincial statutes and regulations.

iv. Holdbacks

- As stipulated by the Construction Act as amended, the Town shall retain a holdback equal to ten (10) percent of the price of the goods or services as they are supplied under the awarded contract.
- Additional holdbacks may be permitted in consultation with the Treasurer or in compliance with any other Town policy as applicable.

v. Release of holdbacks is subject to applicable lien checks and review of other outstanding financial obligations of the Supplier. Prior to providing notice to release the holdback, the User Division Manager must ensure:

- Work has been completed in compliance with the Awarded Bid;
- Receipt of clearance from the WSIB for any arrears and assessment;
- Receipt of a Statutory Declaration of progress payment distribution by the contractor; and
- All requirements of the Construction Lien Act as amended have been satisfied.

vi. Liquidated Damages

- Standardized industry acceptable language related to Liquidated Damages shall be incorporated into the Bid Document where applicable.
- The User Division Manager shall ensure that Liquidated Damages, as outlined in the Bid Document, adequately covers costs that may be imposed on the Town for associated work.

10. Insurance

i. Prior to execution of the contract, or where deemed appropriate by the Town's Insurer, Purchasing or User Division, evidence of satisfactory insurance coverage must be obtained from the bidder's insurance agent or broker, ensuring indemnification of Town of The Blue Mountains from any and all claims, demands, losses, costs or damages resulting from the performance of a Supplier's obligations under the Contract.

- ii. Insurance limits shall be based on the recommendations of the Town's Insurer.
- iii. The type of insurance required will be relevant to the goods, services or construction being purchased. Requests for insurance may include but are not limited to:
 - Commercial General liability
 - Automobile liability
 - Contractor's Pollution or Environmental Liability
 - Professional Errors and Omissions liability
 - Builder's Risk
- iv. All standard bid documents must indicate the insurance requirements to be provided by the successful bidder.
- v. The appropriate insurance coverage shall be determined by Purchasing in consultation with the User Division, maintaining an adequate amount of protection to the Town. In the event of an unusually large project budget, the Manager of Purchasing may recommend a higher insurance limit to cover the risks adequately.
- vi. All hired Contractors/Service Providers must supply a Certificate of Insurance (COI) confirming the required coverage to Purchasing. The certificate must include, as a minimum, naming Town of The Blue Mountains as an additional insured inclusive of a cross liability clause.
- vii. The successful bidder is required to keep in force the required insurance requirements throughout the course of the project and will not allow the COI to lapse, or change, without giving thirty days written notice to Purchasing.

11. Workplace Safety Insurance Board (WSIB)

The Successful Bidder is required to supply the Town with appropriate documentation, prior to any work commencing and throughout the Contract.

12. Exclusion of Bidders in Litigation

- i. The Town may, in its absolute discretion, reject a bid or proposal submitted by a Bidder prior to or after a bid opening, if the Bidder:
 - is a party to litigation with the Town; or
 - directly or indirectly, including by common ownership or control or otherwise, is related to a party to litigation with the Town; or

- intends to use a sub-contractor in respect of the specific project who is a party to litigation with the Town, or, who, directly or indirectly, including by common ownership or control or otherwise, is related to a party to litigation with the Town.
- ii. For the purposes of this section, the phrase “party to litigation with the Town” includes cases in which the Bidder or prospective Bidder or any of the parties named above, have advised the Town in writing of their intention to commence litigation, or have commenced or have advised the Town of their intention to commence an arbitral proceeding against the Town.
- iii. Bids from any Bidder in any of the above circumstances shall be rejected as informal, irregular and non-compliant.
- iv. In determining whether or not to reject a bid under this section, the Town will consider whether the litigation is likely to affect the Bidder’s ability to work with the Town, its consultants and representatives, and whether the Town’s experience with the Bidder in the matter giving rise to the litigation indicates that the Town is likely to incur increased staff or legal costs in the administration of the Contract if it is awarded to the Bidder.
- v. All bid documents issued by the Town pursuant to this policy shall contain a statement to the effect described in 12 (i), (ii) and (iii) above.

13. Contract Management

- i. It is the responsibility of the applicable User Division to manage the Contract. Contract management shall include monitoring, documentation and communication.

14. Conflict of Interest

- i. It is the responsibility of all staff, Council or Board members, involved in bid solicitation or evaluation, to disclose any inherent or potential Conflict of Interest to their Manager or Department Head, or in the case of a Member of Council, to the C.A.O.
- ii. Any staff or Council member disclosing a Conflict of Interest shall remove himself from the associated procurement process.

15. No Local Preference

- i. The Town of The Blue Mountains imparts fair and impartial award recommendations for all contracts and tenders. This means that we do not extend preferential treatment to any vendor, including local companies. Not only is it against the law, it is not good business practice, since it limits fair and open competition for all vendors and is therefore a detriment to obtaining the best possible value for each tax dollar.
- ii. In accordance with the Discriminatory Business Practices Act, as amended, there shall be no local preference given to any Bidder when awarding a Bid for purchase of Goods and Services for the Town

16. Trade Agreements

- i. Procurement by the Town may be subject to the provisions of trade agreements.
- ii. Where an applicable trade agreement is in conflict with this By-law, the trade agreement shall take precedence.
- iii. Purchasing shall advise Directors where a procurement action may not conform to an applicable trade agreement as early as possible in the procurement process.

17. Lobbying Prohibited

- i. The Town will be entitled to reject a bid submission if any representative of a Bidder, including any other parties that may be involved in a joint venture, consortium, subcontractor or Supplier relationship, makes any representation or solicitation to any elected official, employee or agent of the Town during the blackout period. This requirement does not extend to any public deputations that may be made to Council in accordance with the Procedural By-law.

18. Tie Bids

- i. In the case of tie bids between two responsive and responsible bidders and, where multiple awards are not an alternative for award, the Town shall determine the successful bidder by coin toss. The Manager of Purchasing and at least two members of the User Division must be present.
- ii. In the case of tied bids between three or more responsive and responsible bidders and where multiple awards are not an alternative for award, the Town shall determine the successful bidder by a draw of the bidder names from a hat. The Manager of Purchasing and at least two members of the User Division must be present.

Standardization

19. Documents

- i. In order to assist in cross-training, enable multiple bidders to understand the process requirements, ensure accessibility requirements are met and ensure that legal and insurance risks are controlled, standard formats and language, with the exception of specifications, for the following documents shall be used by all staff involved in procurement:
 - a. Request for Quotation
 - b. Request for Tender
 - c. Request for Proposal

- d. Request for Expression of Interest
 - e. Request for Information
 - f. Request for Pre-Qualification
 - g. Rotational Roster
 - h. Purchase Order
 - i. Advertising, print and electronic
 - j. Other Contracts which pertain to this Procedure
- ii. The standard formats and language for the above documents will be developed by Purchasing, with the exception of specifications, and will be updated or amended as appropriate.
 - iii. Preparation of specifications for RFQs or RFTs and Scope of Work / Terms of Reference for RFP's shall be the responsibility of the User Division.
 - iv. Corporate standard formats and language for all documents related to this Procedure shall be developed and used where appropriate and shall be supplied by Purchasing. Where the Town's standard documents are not being used, the document shall be provided to Purchasing for review prior to issuance or execution. Purchasing will recommend review by an outside legal entity if deemed to be in the best interest of the Town.
 - v. Town of The Blue Mountains supports standardization among Goods and Services that are used on a regular basis and encourages corporate standards to be adopted where it is deemed beneficial.

Public Notice

20. Advertising

- i. The minimum form of advertising for opportunities of \$25,000 or more will be the Town's website.
- ii. No advertising is required for informal procurement methods.
- iii. All bidding opportunities of \$100,000 or greater are required to be advertised for a minimum of fifteen (15) calendar days on the Town's website.
- iv. Following a Pre-qualification process to short-list potential suppliers, advertising is not required for the subsequent bidding opportunity, although it is encouraged for the benefit of subcontractors.

- v. In addition to the Town's website, the Ontario Public Buyer's Association website and the Biddingo website are available to advertise bidding opportunities.
- vi. These advertising provisions do not apply to sole and single sourcing, negotiation, procurement in emergencies, non-competitive purchases and other procurement processes initiated by the Town in which bid documents are supplied to selected prospective Bidders.

Contracts

21. Contractual Agreement

- i. A Purchase Order or Contract is the result of an Award of a Bid to a Successful Bidder.
- ii. A Purchase Order is to be used when the resulting Contract is straightforward and generally a one-time purchase for the delivery of goods is required.
- iii. A Contract is to be used when: the issues are complex; or the goods or services are provided over a period of time, or over multiple orders.
- iv. The term of a Contract will be determined by the User Division, in consultation with the Manager of Purchasing. A Contract will not extend past ten years without the bid solicitation process being conducted. The overall length of the contract can consist of multiple contract terms and renewals but must not exceed a total of ten (10) years.

22. Requirements Prior to Commencement of Work

- i. Town of The Blue Mountains will not execute a Contract until all required documentation identified in the bid document, has been received in satisfactory form.

23. Exercise of Contract Extension

Where a Contract for Goods, Services or Construction contains an option for renewal, the Director may authorize such option provided that all of the following apply:

- i. the Supplier's performance in supplying the Goods, Services or Construction is considered to have met the requirements of the contract,
- ii. exercising the renewal option is in the best interests of the Town;
- iii. Multi-year contracts contain a clause stating that the renewal is pending annual budget approval;
- iv. The contract falls within the authority to award limitations outlined in Schedule 'A'.

24. Execution & Custody of Documents

- i. The designated signing officer(s) of the Town may execute contracts in the name of The Corporation of the Town of The Blue Mountains, in accordance with Schedule 'A'.
- ii. All contracts shall be executed under the corporate seal of the Town.
- iii. The original executed contract document shall be provided to and retained by the Clerk's Office.
- iv. All original purchasing and contract documentation shall be retained in accordance with the Record Retention By-law.

25. Access to Information

The disclosure of information received relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations shall be made by the appropriate officers in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act as amended, or as may otherwise be required by law.

Reporting

26. Award of Bid

- i. All awards of \$25,000 or greater, made through delegated authority, require completion of a Bid Award Form.
- ii. Despite any other provisions of this Procedure, the following procurements, over \$25,000, excluding taxes, are subject to prior Council approval:
 - a. Any contract requiring approval from the Ontario Municipal Board
 - b. Any acquisition of goods or services that is not already approved in the current year's budget, such as items requiring pre-budget approval or post-budget amendments, must be reported to Council in order to have the expenditure authorized via resolution
 - c. Where the net revenue amount proposed for acceptance is lower than the Council approved budget
 - d. Any contract where the award is not being recommended to the lowest compliant bidder, with the exception of Request for Proposals.
 - e. Any contract anticipated to be financed by debentures.
- iii. An award may not be communicated to the Vendor until the Bid Award Form has been properly executed in accordance with Schedule 'A', or until a Council resolution to

award has been ratified.

Purchasing will provide a report to Council on a monthly basis outlining all awards that fall within Staff Authorized Awards in excess of \$25,000.

Referenced and Related Policies

[Comprehensive Economic Trade Agreement](#)

[Canadian Free Trade Agreement](#)

[Municipal Act 2001](#)

[Municipal Conflict of Interest Act](#)

[Agreement on the Opening of Public Procurement](#)

[Discriminatory Business Practices Act](#)

[Municipal Freedom of Information and Protection of Privacy Act](#)

Consequences of Non-Compliance

Non-Compliance with the above Referenced 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 every term of Council.

SCHEDULE 'A'
AUTHORITY TO AWARD

This section outlines the Authority to Award a Bid in accordance with the intent of the purchasing methods outlined in this policy.

The full amount, excluding applicable net taxes, for the supply of Goods, Services or Construction shall be considered when determining the Authority to Award.

Subsequent service agreements and contracts resulting from awards are delegated to the Director of Finance and the appropriate department Director for signature.

Authority to Award	Dollar Value	Method of Procurement if Formal or Informal	Method of Award
Council	Unlimited	n/a	Council Resolution
CAO, Director and Manager of Purchasing	\$250,000 or greater	Tender or RFP	Bid Award Form
Director and Manager of Purchasing	\$25,000 up to but not including \$250,000	Tender or RFP	Bid Award Form
Manager or designate	Less than \$25,000	Request for Quotation	Bid Award Form

Authority for payments in this schedule relate to payments of amounts contained in approved budgets or by Resolution only. During scheduled absences, Directors are able to delegate signing authority to selected individual(s) with a written notice to the Director of Finance.

Regulatory payments (payroll deductions etc.) are excluded from this schedule.

The numbers in this table are maximums. Directors have the right to lower these numbers at their discretion.

Authority limits for payment are as follows:

POSITION	DETAIL	LIMIT
Chief Administrative Officer	All expenditures	As per Council approved budget

SCHEDULE 'A'
AUTHORITY TO AWARD

POSITION	DETAIL	LIMIT
Director / Fire Chief / Chief Librarian	All expenditures	As per Council approved budget
Supervisory Staff as designated by Director	General Purposes – day-to-day departmental requirements	\$100,000
Senior Staff as designated by Director	General Purposes – day-to-day departmental requirements	\$25,000
General Staff as designated by Director	General Purposes – day-to-day departmental requirements	\$5,000

SCHEDULE 'B'
EXCEPTIONS FROM REQUIREMENT OF PURCHASING PROCESS

The purchasing methods described in this Procedure do not apply to the following Goods and Services:

- a) Training and Education
- b) Registration, accommodation and tuition fees for conferences, conventions, courses and seminars
- c) Magazines, books and periodicals
- d) Memberships
- e) Staff development or staff workshops
- f) Refundable Employee/Councillor Expenses
- g) Advances
- h) Meal allowances
- i) Travel (fuel, accommodation etc.)
- j) Ongoing maintenance for existing computer hardware and software
- k) Employer's General Expenses
- l) Payroll Deduction Remittances
- m) Medicals
- n) Licenses
- o) Debenture Payments
- p) Grants to Agencies
- q) Damage Claims
- r) Tax Remittances
- s) Insurance Premium payments
- t) Refunds to property owners (property tax, building permit, entrance permit, etc.)
- u) Professional and Special Services up to \$100,000 including:
 - i. Committee fees, witness fees
 - ii. Realty services regarding lease, acquisition, demolition, sale, disposal or appraisal of land
 - iii. Advertising services required in radio, television, newspaper or magazines
 - iv. Bailiff or collection agencies
 - v. Freight charges
 - vi. Utilities
- v) Performance / Artist's Fees
- w) Employee Group Benefits
- x) All legal services and fees
- y) Professional and Special Services exceeding \$100,000 must be procured formally.

**SCHEDULE C
IRREGULARITIES CONTAINED WITHIN BIDS**

The following list of irregularities should not be considered all inclusive. The Manager of Purchasing and, as may be warranted, in consultation with any or a selection of the following, respective departmental staff, C.A.O. and/or the Town’s Solicitor, shall review irregularities not specifically listed and, acting in the best interests of the Town, have authority to waive such irregularities, permit correction to the irregularity or reject the submission.

Number	Irregularity	Response
1.	Late Submissions.	Rejection; not opened or read publicly. Submission to be returned to submitter.
2.	Insufficient Financial Security (No bid bond/deposit or agreement to bond or insufficient bid bond/deposit).	Automatic Rejection for no bid deposit. Automatic Rejection for no agreement to bond. 48 hours to correct shortfall in bid deposit if less than required by no more than 10%.
3.	Conditional Bids (Bids qualified or restricted by an attached statement).	Automatic rejection unless, in the opinion of Department Head and Purchasing, the qualification or restriction is insignificant.
4.	Illegible or obscure Bids, non-initialed erasures, non-initialed alterations.	Automatic rejection.
5.	Documents, in which all necessary Addenda which have significant financial or scope implications in the opinion of the Purchasing Manager and user group, have not been acknowledged.	Automatic rejection.
6.	Documents in which all necessary Addenda which do not have significant financial or scope implications in the opinion of the Purchasing Manager and user group, and have not been acknowledged.	48 hours to submit.
7.	Bids received from bidders who did not attend mandatory site visit(s).	Automatic rejection.

**SCHEDULE C
IRREGULARITIES CONTAINED WITHIN BIDS**

Number	Irregularity	Response
8.	Bids received on documents other than those provided by the Town, when specified to do so.	Automatic rejection.
9.	Failure to insert the bidder's business name in the space(s) provided on Mandatory Submission Pages.	48 hours to submit.
10.	Failure to include signature of the person authorized to bind the bidder in the space provided on the Tender / Proposal Form.	48 hours to submit.
11.	More than one submission from the same submitter and not identified as an alternative or optional submission and no written withdrawal notice has been received.	The submission package bearing the most recent date/time stamp will be considered the intended submission and the previously date/time stamped submissions will be considered withdrawn and will be returned to sender, unopened.
12.	Bids Containing Mathematical Errors	<p>If the amount tendered for a unit price item does not agree with the extension of the estimated quantity and the tendered unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly.</p> <p>If both the unit price and the total price are left blank, the Bid will be rejected as incomplete.</p> <p>If the unit price is left blank but a total price is shown for the item, the unit price shall be corrected according to the total provided.</p> <p>If the Tender contains an error in addition and/or subtraction in the approved tender documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected</p>

**SCHEDULE C
IRREGULARITIES CONTAINED WITHIN BIDS**

Number	Irregularity	Response
		total Contract price shall govern. Tenders containing prices which appear to be so unbalanced as to likely affect the interests of the Town adversely will be clarified and may be rejected.
13.	Other minor irregularities	Purchasing, in conjunction with the Director of Finance shall have authority to waive irregularities, which they jointly consider to be minor.
14.	Any irregularity	Despite all provisions herein contained, Purchasing in conjunction with the members of the Senior Management Team may waive any irregularity where it considers it to be in the best interest of the Town.

SCHEDULE D
AUTHORITY TO REALLOCATE APPROVED BUDGET FUNDS

To ensure proper expenditure management and budget accountability, each Director is responsible for ensuring that all purchases remain within the Department's approved operating budget or approved capital project budget, unless otherwise provided for in this policy.

Reallocation of funds between Operating Budgets and Capital Budgets is not permitted under any circumstances.

In order to allow purchases to proceed which exceed the approved budget, a Director shall have the authority to reallocate funds, without exceeding the aggregate budget within their control, under the following conditions:

Operating Budget

- 1.1. The shortfall for the purchase of the goods or service is less than \$10,000;
- 1.2. All changes must be one-time and shall not affect the base budget;
- 1.3. Reallocations may only occur within or between supplies and services accounts;
- 1.4. General scope of work or service delivery method cannot be changed;
- 1.5. The funding source must be the same for all accounts affected by the reallocation.

Capital Budget

- 1.6. The shortfall cannot exceed 20% of the project budget to a maximum of \$75,000;
- 1.7. General scope of work or service delivery method cannot be changed;
- 1.8. If reallocating funds from a capital project/component, the capital project/component in which funds are being transferred from must already be an Awarded project/component;
- 1.9. Revised Bid Award Form must be completed when funds are reallocated;
- 1.10. The funding source must be the same for all accounts affected by the reallocation.

All other budget over-runs must be approved by Council before Award is made.