



Policy F17-0520-11

Purchasing and Procurement

Department:	All Departments	Policy Number:	F17-0520-11
Section:	All Departments	Effective Date:	June 27, 2011
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1. Legislative Authority

- 1.1 The Municipal Act, 2001, Part VI, Section 271, as amended states that a municipality and a local board shall adopt policies with respect to its procurement of goods and services, including policies with respect to:
- The types of procurement processes that shall be used;
 - The goals to be achieved by using each type of procurement process;
 - The circumstances under which each type of procurement process shall be used;
 - The circumstances under which a tendering process is not required;
 - How the integrity of each procurement process will be maintained;
 - How the interests of the municipality or local board, as the case may be, the public and persons participating in a procurement process will be protected;
 - How and when the procurement process will be reviewed to evaluate their effectiveness;
 - Any other prescribed matter. 2001, c25, s.271 (1).

2. Purpose of Purchasing Policy

- 2.1 The purpose of this policy is to set out guidelines for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.
- 2.2 An open and honest process shall be maintained that is fair and impartial.
- 2.3 The purchasing policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

3. Definitions

- 3.1 For the purposes of this policy,

“Accessible Procurement”

The Municipality of Brockton is committed to including accessibility criteria and features, when procuring or acquiring goods, services or facilities. When it is not practicable to do so, an explanation will be provided, upon request.

The Municipality of Brockton considers accessibility criteria and features when designing, procuring or acquiring self-serve kiosks.

“Blanket Order” shall mean the agreement wherein a vendor will sell certain items to the Municipality for an agreed period of time with established terms and conditions.

“Bid” shall mean a submission from a prospective vendor in response to a request for the purchase of goods or services issued by the Municipality.

“Bid Deposit” shall mean a financial guarantee to ensure the successful bidder will enter into a purchasing arrangement or agreement.

“CAO” shall mean the Chief Administrative Officer for the Municipality of Brockton.

“CFO” shall mean the Chief Financial Officer for the Municipality of Brockton.

“Committee” shall mean a committee as designated by the Council of the Corporation of the Municipality of Brockton.

“Council” shall mean the Municipal Council of the Corporation of the Municipality of Brockton.

“Department Head” shall mean a head of a department operating within the Municipality of Brockton.

“Emergency Purchase” shall mean a purchase made in a crisis situation where immediate action is required to prevent the possible loss of life or property.

“Formal Quotation” shall mean a document that sets out particular requirements for goods and/or services.

“Generic” shall mean that no specific brand or name shall be included as part of the specifications unless such a brand or name is required to identify the intent of a purchase, order or proposal.

“Informal Quotation” shall mean a competitive bid process for goods or services that is conveyed and received from bidders in a written format by e-mail, mail or fax.

“Invoice Approval Stamp” shall mean a stamp prescribed by the Chief Financial Officer to ensure required approvals are applied to an invoice.

“Purchasing Designate” shall mean a person designated by a Department Head to exercise any or all responsibilities of the Department Head with respect to this policy.

“Purchase Order” means a written offer to procure goods and/or services or a written acceptance of an offer to acquire goods and services made on the Municipality’s form.

“Sealed Bids” are bids submitted in a sealed envelope clearly marked as to content, to a specified location, by a specified date and time.

“Services” shall mean items such as telephone, gas, water, hydro, consultant services, legal surveys, medical and related services, insurance, leases for grounds, buildings, office

or other space required by the Corporation and the rental, repair or maintenance or replacement of equipment, machinery, or other personal and real property.

“Supplies” shall mean goods, wares, merchandise, material and equipment.

“Tender” means a document which sets out particular specifications for the commodity or service required. This can also refer to an offer in writing to execute some specified work or to provide some specified articles at a specified rate.

“The Corporation of the Municipality of Brockton” herein is also referred to as the “Municipality” or the “Corporation”.

“Vendor” shall mean any person or enterprise supplying goods or services to the Corporation of the Municipality of Brockton.

4. Purchasing Responsibilities

4.1 Expenditure Authorization

4.1.1 Brockton Council has ultimate authority for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolutions. The Treasury Department cannot pay for any item that has not been authorized by Council through budget appropriation or specific resolution. This purchasing policy provides guidelines outlining how spending authority is to be used.

4.2 Department Head Authorization and Responsibilities

4.2.1 The Department Head shall be responsible for approval of accounts within the approved budget for such division or any amendment to same as approved by Council.

4.2.2 The Department Head shall be authorized to make Small Order Purchases of goods and services up to an amount of \$10,000.00, excluding applicable taxes, from such vendor and upon such terms and conditions as the Department Head deems appropriate.

4.2.3 Resolutions approving budget amendments, capital expenditures or special appropriations shall contain purpose of expenditure, cost estimates or expenditure limitation, and the fund in which an appropriation has been provided. The appropriate Department Head shall prepare a report to Council outlining the reason for and how the expenditure will be funded quoting the appropriate account number if applicable.

4.2.4 Each Department will be the purchaser of those items that it is knowledgeable about and the main user of the suppliers, materials and equipment purchased for that Department. A purchase locally (Municipality of Brockton) approach shall be adopted where price, quality and serviceability are comparable.

- a) **Municipal Administration Office** – shall purchase office supplies, paper products, equipment and supplies needed for its department.
- b) **Work's Department** – shall purchase all supplies and materials for roads, streets, lighting equipment, sanitary, parking supplies and materials used within the department.
- c) **Recreation Department** – shall purchase all parks, swimming pool, playground and Community Centre equipment, supplies and materials for its department.
- d) **Sewage Treatment Plant/Water Systems** – shall purchase all equipment, supplies and materials required for operation of these facilities outside of contracted items.
- e) **Fire Department** – shall purchase all Fire equipment, materials and supplies for their department (Walkerton & Elmwood).
- f) **Day Care Centre** – shall purchase all daycare equipment, materials and supplies for that department.
- g) **Library** – shall purchase all library equipment, materials and supplies for that department for the buildings and grounds.
- h) **Protection Inspection** – shall purchase all protection inspection equipment, materials and supplies for that department.

5. Purchasing Policies

- 5.1 **Ethics:** The Municipality shall acquire its goods, services and works through the application of the highest standards of business ethics
- 5.2 **Considerations other than Price:** Acceptance of any supplier of goods or services will be based on the following considerations: Service; Guarantee; Reputation; Availability; Quality; Expertise; Qualifications; Expedience; as well as Price.
- 5.3 **Local Consideration:** All things being equal, preference will be given, when appropriate, to local firms, Ontario firms and Canadian firms, in that order.
- 5.4 **Bulk Purchasing within Municipality:** Every effort shall be made wherever and whenever possible, to purchase centrally those goods and services that are of a common nature to departments concerned, so as to promote lower ultimate costs of goods and services.
- 5.5 **Bulk Purchasing with Others:** The municipality may participate with other units of government or agencies in co-operative purchasing ventures or joint contracts on the basis of the lowest acceptable overall tender when the best interest of the municipality would be served, and in keeping with the provisions of the purchasing policies.
- 5.6 **Approved Budget Expenditures:** The inclusion of any item in a department's operating or

capital budget shall confer to the Department Head the authority to incur such expenditures in accordance with this policy.

- 5.7 Prior to Budget Approval:** Prior to the Council adopting the operating and capital budget, no employee, Committee Member or other person is authorized to purchase any goods or services, other than those goods or services required on a recurring basis for the day to day operations of the Municipality, without the prior approval of Council, unless an emergency situation arises where procedures outlined in Section 8 of this policy will be followed.
- 5.8 In House Bids:** In house bids will not be considered during the purchasing process although there will be situations where Council may decide to complete work in-house if deemed appropriate.
- 5.9 Vendors of Record:** The municipality may seek bids or proposals from a select group of vendors with which it has already established a satisfactory business relationship, to be used without further competition for goods and/or services. An example would be the trade/contractor bids completed regularly to determine a call-list for municipal operations. The Vendor of Record process, when used, will be completed no less than once every three years.

6. Purchasing Mechanisms

6.1 Informal Quotation Purchases

6.1.1 The Department Head shall be accountable for all purchases of goods and services and be prepared to justify purchases up to \$10,000. For expenditures exceeding \$10,000.00 and less than \$25,000.00, Department Heads shall obtain at least two (2) written quotations whenever possible. Bid documents and specifications (as applicable) can be issued and received by e-mail and/or fax transmission.

6.2 Tender Purchases

6.2.1 The Department Head shall not order goods or services exceeding \$25,000.00 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by a resolution of Council for a particular transaction.

6.2.2 Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below, or to a transaction specifically authorized by resolution of Council to be exempt from this tendering policy.

- a) Purchases for consulting services for a program where services (i.e. bridge inspection/evaluation) have been awarded to a consulting firm on an on-going basis when clearly identified in the budget.
- b) Purchase of replacement parts where the original equipment manufacturer (OEM) is the sole provider of that equipment (i.e. transmission for Champion road grader).
- c) Single source supply.

6.2.3 Notwithstanding the provisions of this procedure, the Municipality shall have the right to reject the lowest or any bid at its absolute discretion. The Municipality also reserves the right to reissue the bid document in its original format or modified as best suits the requirements of the Municipality.

6.2.4 Where two or more identical bids are received a new tendering process shall be commenced.

6.3 Requests for Proposals (RFP)

6.3.1 The Department Head may use a Request for Proposal in place of a tender or quotation when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services.

6.3.2 For estimated expenditures **not exceeding** \$25,000.00, the evaluation criteria and process shall be approved by the CAO prior to the issuance of the Request for Proposal.

Request for Proposals (RFP's) shall be sent to at least three (3) ~~qualified~~ firms.

Where fewer than three (3) qualified firms can be identified, the Department Head shall confer with the CAO regarding proceeding with the distribution of RFP's.

Where a large number of qualified firms can be identified, the firms may be short listed by the Department Head based upon their qualifications and capabilities to a minimum of three (3) most qualified firms.

An RFP shall include:

- Notice that the successful Bidder will be required to show proof of
Registration with the Workplace Safety Insurance Board (WSIB) and compliance with the Retail Sales Tax requirements before the final awarding of the contract takes place.
- Description of service required
- A date and time by which proposals are to be submitted
- The location to which proposals are to be submitted
- address, phone number and fax number of the initiating Department,

Proposals shall be evaluated & ranked by initiating Department Head according to the following criteria. Specific variations or elaborations may be employed depending on the Department and the nature of the services requested. The criteria include, but are not limited to:

- Experience of the firm doing similar projects

- Experience of the firm in the Municipality of Brockton or Southwestern Ontario
- Demonstrated understanding of project objectives and scope of the assignment
- Project team structure, roles, expertise and availability for duration of the project
- Project approach, methodology and creativity
- Total fees, upset limits, per diem or hourly fees, and disbursements

If the lowest priced Proposal is not recommended, a report shall be prepared for the CAO providing a ranking of the qualified firms, and a recommendation. That report shall include:

- The names of the firms that submitted proposals
- The name of the recommended firm
- The total fee for the project
- The criteria used in the selection process and a summary of the scoring for each proponent
- The amount budgeted for the project, and
- The purpose of the project.

7. Bid Closing and Opening

- 7.1 All bids exceeding \$25,000.00 will be opened at a public forum by the Department Head as well as another full-time municipal staff and in the presence of others as deemed appropriate by the Department Head.

8. Conditions Applicable to All Bid Submissions

- 8.1 The following conditions apply to all bid submissions whether they are formal or informal:

8.1.1 Bid documents must be submitted and received in the manner as specified in the bid document. No exemptions will be permitted.

8.1.2 Bid received by the designated Municipal location later than the specified closing date and time will be returned to the bidder. In the case of sealed bids, the bid will be returned to the bidder unopened. No exemptions will be permitted.

8.1.3 A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time by letter bearing their signature.

8.1.4 A bidder may withdraw a submitted bid at any time up to the official closing time by letter bearing their signature.

8.1.5 The receipt of all bids shall include the date and time of receipt of bid and initials of the employee accepting the bid.

8.2 Bids may be rejected for any of the following reasons:

8.2.1 Bid received after the specified closing date and time as specified in the bid document. No exceptions.

8.2.2 Bid does not comply with the requirements at time of closing as specified in the bid document. No exceptions.

8.2.3 Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.

8.2.4 Does not meet specification requirements.

9. Blanket Orders

9.1 A Department Head may establish Blanket Orders using the applicable bid mechanism (Tenders or RFP) based upon the estimated annual expenditure. Blanket Orders may also be coordinated with other Municipal departments as applicable.

9.2 In the case of equipment repairs and equipment rentals for amounts **not exceeding \$25,000.00**, the Department Head shall be authorized to select vendors not solely on the basis of cost, but also on ability, quality or workmanship, service, availability, overall performance and experience and thereafter obtain quotations. The Department Head shall present a follow up report to the CAO detailing such blanket orders.

9.3 Blanket Orders shall be issued for a specific time period with all ordering departments responsible for maintaining purchases within budget allocations.

10. Purchase of Used Fleet Equipment

10.1 The Department Heads are authorized to purchase used fleet equipment that is sold by other municipalities, other municipal departments, by private sale or public auction; sold through a vendor licensed to sell used equipment; by sealed bid; or by negotiation providing that:

10.1.1 The equipment meets or exceeds the departmental equipment requirements.

10.1.2 It is documented by Department Head report that it is fiscally responsible to purchase a used piece of equipment rather than purchase new.

10.1.3 If the total expenditure per piece of equipment exceeds \$25,000.00 a report will be forwarded to Council detailing purchase information and expenses.

- 10.2 The Department Head is exempt from the Municipality's quotation/tender/RFP process when purchasing used fleet equipment by any of the methods detailed in 10.1 subject to compliance with budgetary limitations.

11. Emergency / Unbudgeted Purchases

- 11.1 The Department Head shall be authorized to make Emergency purchases in the event the Emergency Control Group (ECG) is called into action. Such purchases shall be authorized under the ECG authority.
- 11.2 The Department Head shall be authorized to make unbudgeted purchases in excess of \$25,000 upon the approval of the CAO and/or Clerk. The Department Head shall present a follow up report to Council at the next meeting following the requirement of the unbudgeted purchase.

12. Purchase by Negotiation

Under the Following Conditions:

- 12.1 A Department Head may purchase by negotiation with one or more vendors under which a sealed tender process may be waived under the following conditions:
- 12.1.1 When market conditions and in the judgment of the CAO and the Department Head, the goods are in short supply.
- 12.1.2 When there is only one source of supply.

13. Exceptions

- 13.1 A Department Head may request exemption from any or all the purchasing methods outlined in this policy by submission of a report requesting the same to Council. Such exemption may be granted by resolution.

14. Exclusions

- 14.1 Competitive bids shall not be required for goods or services provided by any of the following when such goods or services are not available elsewhere, including, but not limited to:
- 14.1.1 Utilities, government agencies, Crown corporations, traveling expenses, meals, conferences, seminars, memberships, subscriptions, medical exams, licenses, in-house services and any other goods or services as approved by Council.
- 14.1.2 as identified elsewhere in this policy.

15. Advertising

- 15.1 Information regarding the tender shall be advertised in a local newspaper or newspapers with general circulation covering the majority of the Municipality and/or applicable

publications necessary to comply with any existing statutory regulations. Any requirement exceeding \$25,000.00 must be advertised, unless by invitational tender.

16. Bid Deposits

- 16.1 Bid deposits shall be required to accompany bid submissions for the following circumstances:
- 16.1.1 All bids for municipal construction projects in excess of \$50,000.00.
 - 16.1.2 Special contracts or scope of work as deemed appropriate by the Department Head.
- 16.2 A bid deposit shall be no less than 5% of the estimated value of the work prior to bidding or an amount equal to a minimum of 5% of the bid submitted. For estimated expenditures greater than \$100,000.00, the minimum bid deposit required shall be 10%.
- 16.3 A bid deposit shall be provided in one of the following formats:
- 16.3.1 A bid bond or an agreement to bond issued by a bonding agency currently licensed to operate in the Province of Ontario naming The Corporation of the Municipality of Brockton as the obligee.
 - 16.3.2 A certified cheque made payable to The Corporation of the Municipality of Brockton.
 - 16.3.3 An irrevocable letter of credit naming The Corporation of the Municipality of Brockton as the beneficiary.
 - 16.3.4 Money orders made payable to The Corporation of the Municipality of Brockton.
 - 16.3.5 Canadian currency.
- 16.4 The Municipality does not pay interest on any bid deposits.
- 16.5 All bid deposits must be original documentation, signed and sealed as appropriate. No faxed or photocopies will be accepted.
- 16.6 The Municipality is authorized to cash and deposit any bid deposit in the Municipality's possession that is forfeited as a result of non-compliance with any of the terms, conditions and/or specifications of a sealed bid.

17. Bonding / Letters of Credit Requirements

- 17.1 Performance, Labour and Material and/or Maintenance Bonds are required for all construction projects exceeding \$100,000.00 for 100% of the bid amount.
- 17.2 All bonds/letters of credit must be originals, signed and sealed. No faxed or photocopies will be accepted.

18. Insurance

- 18.1 The standard insurance minimums are as follows:
- \$2 million – general liability policy
 - \$2 million – automobile liability policy
 - \$2 million – homeowners (e.g. for rental of facilities)
 - \$5 million – general liability and automotive liability policies – for contract work done for most Public Works and Environmental Service Department projects
 - \$2 million – professional errors and omissions liability
 - Builder’s Risk – the amount of the project cost

Bid documents must clearly indicate insurance requirements to be provided by the successful bidder.

- 18.2 The successful bidder must furnish the Municipality at his/her cost a “certified copy” of a liability insurance policy covering public liability and property damage for no less than the minimum amounts stated in 17.1 to the satisfaction of the Municipality and in force for the entire contract period. The policy must contain:

18.2.1 A “Cross Liability” clause or endorsement;

18.2.2 An endorsement certifying that The Corporation of the Municipality of Brockton and the successful bidder are included as an additional named insured;

18.2.3 An endorsement to the effect that the policy or policies will not be altered cancelled or allowed to lapse without thirty days prior written notice to the Municipality of Brockton.

- 18.3 Contractor’s Liability Insurance Policy shall not contain any exclusions of liability for damage, etc. to property, building or land arising from:

18.3.1 The removal or weakening of support of any property, building or land whether such support is natural or otherwise.

- 18.4 Occupational Health and Safety Act

In order to avoid any misunderstanding as to the nature of the work to be performed herein, the Contractor, by executing this Contract unequivocally acknowledges that he is the Constructor within the meaning of the Occupational Health and Safety Act and amendments thereto.

Contractors and subcontractors may be required to:

1. Demonstrate establishment and maintenance of health and safety program with objectives and standards consistent with applicable legislation and with the Municipality’s health and safety policy and requirements.
2. Ensure that workers in their employ are aware of hazardous substances that may be in use at place of work and wear appropriate personal protective equipment requirements.

Before Awarding a Contract:

The Contractor must show proof of current registration and proof of good standing with the Workplace Safety Insurance Board by providing a W.S.I.B. Independent Operator Status to the department contracting the service. Project contractors are to provide proof of good standing with the W.S.I.B.

Compliance to the Municipality of Brockton Accessibility Policies and Procedures

In accordance with Regulation 429/07 Accessibility Standards for Customer Service Sect 6, every provider of goods and services shall ensure that every person who deals with members of the public or participates in the developing of the service providers policies practices and procedures governing the provision of goods and services to member of the public shall be trained. Website or other preapproved training would be considered an acceptable form of training. A waiver form will be required form the successful tender.

In accordance with the Integrated Accessibility Standards Regulation 191/11, the Municipality of Brockton is committed to including accessibility criteria and features, when procuring or acquiring goods, services or facilities. When it is not practicable to do so, an explanation will be provided, upon request.

The Municipality of Brockton considers accessibility criteria and features when designing, procuring or acquiring self-serve kiosks.

19. Administration

- 19.1 No contract or purchase shall be divided to avoid any requirements of this policy.
- 19.2 Providing that all specification requirements are met in all purchases, price shall be the prime selection criteria prior to any special provisions or add/delete calculated into the bid price. Such specifications are to be generic or "as equivalent". All factors influencing the purchasing decision are to be included in the specifications.
- 19.3 The Municipality of Brockton may participate with other units of government, their agencies or public authorities in co-operative purchase ventures when the best interest of the Municipality of Brockton will be served. Where such participation is at variance with the Municipality's Purchasing policy, Council shall first authorize any participation.
- 19.4 Performance evaluations may be undertaken on suppliers and providers of service.
- 19.5 All invoices and accounts from vendors shall be authorized prior to payment. Authorization in the form of signatures (initials) of the Department Head and staff denoting clerical accuracy, budgetary or specific resolution approval and indication that goods and services were received in good order must be in place. These required signatures will be deemed to authorize payment.
- 19.6 Between the last regular meeting of Council in any year and the adoption of estimates for the next year, the CFO is authorized to pay the accounts of any ordinary business transactions of the Municipal Corporation that are required to maintain services. This shall

include the payment of accounts or previously approved capital items and projects.

- 19.7 After the adoption of estimates, the CFO is authorized to pay the accounts approved by the appropriate Department Head and to pay contract accounts upon receipt of evidence of value received and which are approved by the appropriate Department Head.
- 19.8 No expenditure of municipal funds shall be made and no account paid except as provided for by by-law or otherwise approved by Council.
- 19.9 The Municipality shall not purchase goods or services for the personal use of elected or appointed officials or employees of the Municipality.
- 19.10 The purchase of goods or services from an officer or employee is prohibited unless the extent of such person has been fully disclosed and the purchase has been approved by a designated Municipal Official.
- 19.11 No person receiving remuneration from the municipality should submit invoices/expenditures from their personal company for their respective departments.

20. Purchase Orders

- 20.1 Purchase orders shall be issued at the Department Heads or Vendors request. Purchase orders shall also be issued for the procurement of goods and/or services where requests for proposals or tenders have been obtained.

21. Retention of Documentation

- 21.1 All background information, information submitted by vendors, purchase orders and other relevant information involved in obtaining prices for goods and services exceeding \$25,000.00 shall be retained as per the retention schedules in place at that time

22. Purchasing Process Review

- 22.1 The CAO and/or the CFO may randomly review departmental purchasing related files on an on-going basis to review the effectiveness and integrity of the processes and policy adherence.