

# THE CORPORATION OF THE TOWNSHIP OF TUDOR AND CASHEL

## BY-LAW NO. 2014-34

### Being a By-Law to adopt a policy for procurement of goods and services

**WHEREAS** The Municipal Act, 2001, Section 271(1) 3. as amended, requires that a municipality and a local board shall adopt policies with respect to its procurement of goods and services.

**NOW THEREFORE**, the Council of The Corporation of the Township of Tudor and Cashel enacts as follows:

This By-law does hereby create guidelines and conditions concerning the procurement and purchasing policies of municipal officials and staff.

#### **1. PURPOSE OF PURCHASING POLICY**

- 1.1 The purpose of this policy is to set out guidelines for the municipality to ensure that all purchasers of materials, supplies and services provide the lowest costs consistent with the required quality and service.
- 1.2 An open and honest process shall be maintained that is fair and impartial.
- 1.3 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.

#### **2. DEFINITIONS**

2.1 "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 an agreement.

"COMMITTEE" shall mean a committee as designated by the Council of The Corporation of the Township of Tudor and Cashel.

"COUNCIL" shall mean the Municipal Council for the Township of Tudor and Cashel.

"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 BID" shall mean a seal bid submission.

"FORMAL QUOTATION" shall mean a document that sets out particular requirements for goods and/or services.

"CHIEF ADMINISTRATIVE OFFICER" shall mean the head of all departments and/or committees operating with the Township of Tudor and Cashel as defined by the *Municipal Act*, R.S.O. 2001, Chapter 25.

"PURCHASING DESIGNATE" shall mean a person designated through written authority by the Chief Administrative Officer to exercise any or all responsibilities with respect to this policy.

"SEALED BIDS" are bids submitted in a seal envelope to a specified location, by a specified date.

"SERVICES" shall mean items such as telephone, hydro, janitorial and cleaning services, 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 of equipment, machinery or other personal and real property.

"SUPPLIES" shall mean goods, wares, merchandise, material and equipment,

"TENDER" shall mean 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 TOWNSHIP OF TUDOR AND CASHEL" herein is also referred to as the "Municipality" or the "Corporation".

"VENDOR" shall mean any person or enterprise supplying goods or services to the Township of Tudor and Cashel.

### **3. PURCHASING RESPONSIBILITIES**

- 3.1 Expenditure Authorization  
Council for the Township of Tudor and Cashel has ultimate authority for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolution. An item cannot be paid for 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. CHIEF ADMINISTRATIVE OFFICER AUTHORIZATION AND RESPONSIBILITIES**

- 4.1 The Chief Administrative Officer shall be responsible for approval of accounts within the approved budget for such division or any amendment to same as approved by Council. Unspecified capital expenditures in the annual estimates require prior Council approval by resolution.
- 4.2 The Chief Administrative Officer may appoint any committee or Department Head in writing to exercise any or all responsibilities assigned to that department by this policy.
- 4.3 The Chief Administrative Officer is authorized to make purchases of goods and services up to an amount of \$10,000.00 from such vendor and upon such terms and conditions as the Chief Administrative Officer deems appropriate.
- 4.4 The Chief Administrative Officer may appoint, in writing, a Purchasing Designate to exercise any or all responsibilities assigned to the Chief Administrative Officer by this policy.

### **5.0 PURCHASING MECHANISMS**

#### **5.1 Informal Quotation Purchases**

- 5.1.1 The Chief Administrative Officer shall be authorized to make purchases of goods

and services for estimated expenditures not exceeding \$10,000.00 for any one item or service.

## **5.2 Tender Purchases**

5.2.1 The Chief Administrative Officer shall not order goods or services exceeding \$10,000.00 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. At least three (3) bids must be obtained whenever possible.

5.2.2 Notwithstanding the above, adherence to this purchasing policy is not required to transaction specifically authorized by resolution of Council to be exempt from this tendering policy.

Purchasing procedures will establish appropriate bid closing and opening procedures. All bids exceeding \$25,000.00 will be opened at a public meeting.

## **6. CONDITIONS APPLICABLE TO ALL BID SUBMISSIONS**

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

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

6.1.2 Bids received by the designated Municipality 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.

6.1.3 A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time. The last bid received will supersede and invalidate all bids previously received from that bidder.

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

6.1.5 All Departments/Divisions must document the receipt of all submissions over \$5,000.00 including the bidder's name, date/time of receipt of bid and initials of the employee accepting that bid.

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

6.1.7 Bid received after the specified closing date and time as specified in the Bid document – no exceptions.

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

## **7. EMERGENCY PURCHASES**

7.1 The Chief Administrative Officer shall be authorized to make emergency purchases in excess of \$10,000.00 upon the approval of the Reeve. The Chief

Administrative Officer shall present a report to Council at its next meeting.

## **8. PURCHASE BY NEGOTIATION**

8.1 The Chief Administrative Officer may purchase by negotiation with one or more vendors under which a formal bid process may be waived under the following conditions:

8.1.1 When market conditions and in the judgment of the Chief Administrative Officer the goods are in short supply or there is only one source of supply.

8.1.2 When two or more identical bids have been received, the Chief Administrative Officer may negotiate with the two lowest bidders, keeping all negotiations fair and ethical.

8.1.3 When the lowest bid meeting specifications exceeds the estimated costs by at least 10% and it is not viable or in the best interest of the Municipality.

8.1.4 Any expenditure exceeding \$10,000.00 for a one-time purchase or over an annual basis must be reported to Council.

## **9. EXCEPTIONS**

9.1 The Chief Administrative Officer 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.

## **10. EXCLUSIONS**

10.1 Competitive bids shall not be required for goods or services provided by any of the following, when such goods or services are used in the regular course of business, including, but not limited to:

10.1.1 Utilities, government agencies, Crown corporations, travelling expenses, meals, conferences, seminars, memberships, subscriptions, medical exams, licenses, in-house services and any other goods or services as approved by Council.

10.1.2 As identified elsewhere in this policy.

## **11. BID DEPOSITS**

11.1 Bid deposits shall be required to accompany bid submissions for the following circumstances:

11.1.1 All bids for municipal construction projects in excess of \$50,000.00

11.1.2 Special contracts or scope of work as deemed appropriate by the Chief Administrative Officer.

11.2 For estimated expenditures less than \$100,000.00, the Chief Administrative Officer shall determine the amount of the bid deposit.

11.3 Bid deposits 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%.

11.4 A bid deposit shall be provided in one of the following formats:

11.4.1 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 Township of Tudor and Cashel as the obligee.

11.4.2 A certified cheque made payable to The Corporation of the Township of Tudor and Cashel

11.4.3 An irrevocable letter of credit naming The Corporation of The Township of Tudor and Cashel as the beneficiary

11.4.4 Money orders made payable to The Corporation of the Township of Tudor and Cashel

11.4.5 Canadian currency

11.5 The Municipality does not pay interest on any bid deposits.

11.6 All bid deposits must be original documentation, signed and sealed as appropriate. No faxed or photocopies will be accepted.

11.7 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.

## **12. BONDING REQUIREMENTS**

12.1 Performance, labour and material and/or maintenance bonds are required for all construction projects exceeding \$100,000.00 for a minimum of 10% of the bid amount.

12.2 All bonds must be originals, signed and sealed. No faxed or photocopies will be accepted.

## **13. INSURANCE**

13.1 The standard insurance minimums are as follows:

\$2 million – general liability policy

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

13.2 The successful bidder must furnish the Municipality as 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 16.1 to the satisfaction of the Municipality and in force for the entire contract period. The policy must contain:

13.2.1 a "Cross Liability" clause or endorsement

13.2.2 an endorsement certifying that The Corporation of the Township of Tudor

and Cashel and the successful bidder are included as an additional named insured

- 13.2.3 an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty (30) days prior written notice to The Corporation of the Township of Tudor and Cashel.

#### **14. ADMINISTRATION**

- 14.1 The Corporation of the Township of Tudor and Cashel may participate with other units of government, their agencies or public authorities in co-operative purchase ventures when the best interest of The Corporation will be served. Where such participation is at variance with the Municipality's purchasing policy, Council shall first authorize any participation.
- 14.2 Performance evaluations may be undertaken on suppliers and providers of service.
- 14.3 Between the last regular meeting of Council in any year and the adoption of estimates for the next year, the Chief Administrative Officer 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.
- 14.4 Notwithstanding the provisions of this procedure, the Municipality shall have the right to reject the lowest or any bid at its sole 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.

#### **15. PURCHASING PROCESS REVIEW**

- 15.1 The Chief Administrative Officer may randomly review departmental purchasing related files on an on-going basis to review the effectiveness and integrity of the processes and policy adherence.

#### **16. ACCESSIBILITY**

- 16.1 In acquiring goods and services for the Municipality, municipal staff shall consider and have regard to disability accessibility issues as they may reasonably pertain to such acquisitions or goods and services,
- 16.2 If it is not possible and practical to do so, the Township of Tudor and Cashel will provide an explanation on request. Explanations shall be forwarded by the appropriate Department Head in an accessible manner and shall be copied to the Clerk's office for further review so that such issues shall be incorporated into the multi-year accessibility plan to prevent and remove such barriers.

PASSED THIS 02<sup>ND</sup> DAY OF DECEMBER, 2014.

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**REEVE: WANDA DONALDSON**

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**CLERK: BERNICE CROCKER**