

CORPORATION OF THE MUNICIPALITY OF STRATHROY-CARADOC

BYLAW NO. 25-10

**BEING A BYLAW TO ADOPT A PURCHASING POLICY FOR THE
PROCUREMENT OF GOODS AND SERVICES**

WHEREAS pursuant to Section 270 of the Municipal Act, 2001, S.O., c. 25, as amended, municipalities are required to adopt and maintain a policy with respect to its procurement of goods and services;

AND WHEREAS it is desirable to adopt such a policy for the procurement of goods and services by the Corporation of the Municipality of Strathroy-Caradoc;

NOW THEREFORE the Council of the Corporation of the Municipality of Strathroy-Caradoc **ENACTS AS FOLLOWS:**

1. **THAT** the Purchasing Policy attached to and forming part of this bylaw be approved.
2. **THAT** the Purchasing Policy adopted by resolution of Council on December 6th, 2004 by the Township of Strathroy-Caradoc and any other related policies approved by the Council of the former Town of Strathroy and the former Township of Caradoc are hereby repealed.
3. **THAT** this bylaw shall come into force and affect on the date of its final passage in Open Council.

Read a **FIRST, SECOND AND THIRD TIME** and **FINALLY PASSED IN OPEN COUNCIL** this 15th day of March, 2010.

Original signed by Mel Veale

MAYOR

Original signed by Angela Toth

CLERK

CORPORATION OF THE MUNICIPALITY OF STRATHROY-CARADOC

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Corporation of the Municipality of Strathroy-Caradoc Purchasing Policy

SECTION 1

INTRODUCTION

1.1 Scope and Title of Policy

The Council of the Corporation of the Municipality of Strathroy-Caradoc (hereinafter called the “Municipality”) enacts the following policy and procedures for the procurement of all goods and services for the Municipality, including Council and its local boards, commissions and committees, except Strathroy-Caradoc Police Services Board, in accordance with Section 270 of the Municipal Act, 2001 as amended.

This policy shall be called the “Purchasing Policy”.

1.2 Validity and Severability

Should any section, subsection, clause, paragraph or provision of the Policy be declared by a court of competent jurisdiction to be invalid or unenforceable, the decision shall not affect the validity or enforceability of any other provision of this Policy as a whole.

1.3 Interpretation

The word “can” and “may” are permissive.

The words “must” and “shall” are imperative.

Words used in the present term include the future.

Words in the singular form include the plural form, and vice versa.

Where an official of the Municipality is authorized to do any act pursuant to this Policy, such act may be done by such official’s authorized delegate.

Where in this Policy the context so requires, the masculine gender shall include the feminine gender and vice versa.

The headings in this Policy are for reference only.

SECTION 2

DEFINITIONS

In this Policy,

“Acquisition” means the process used for obtaining goods and services;

“Agreement” means a legal document that binds the Municipality and other parties, subject to the provisions of the contract;

“Approval” means authorization to proceed with the purchase of goods and/or services and the disposal of goods;

“Award” means the authorization to proceed with the written legal agreement or contract to a selected bidder, tenderer or proponent in accordance with the provisions of this Policy;

“Bid” means an offer or submission received in response to a request for a quotation, tender or proposal which is subject to acceptance or rejection;

“Bid Irregularity” means a deviation between the requirements of a bid and the information provided in a bid response;

“Bid Request” means a written request for bids or a solicitation, which may be in the form of a Request for Quotation, Request for Tender or a Request for Proposal or other similar requests. A verbal bid request is permissible for Informal Quotations/Small Purchases;

“Chief Administrative Officer (CAO)” means the Chief Administrative Officer of the Municipality of Strathroy-Caradoc or designate;

“Clerk” means the Director of Corporate Services/Clerk of the Municipality of Strathroy-Caradoc or designate;

“Consulting and Professional Services” includes the services of planners, engineers, architects, designers, surveyors, lawyers, management and financial consultants, brokers, soil consultants, real estate appraisers, Ontario land surveyors, and any other consulting and professional service provided to the Municipality;

“Construction” means construction, reconstruction, demolition, repair or renovation of a building or structure and includes site preparation, excavation, drilling, soil investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures to a building or structure;

“Contract” means a legally binding agreement between two or more parties. Such agreements shall consist of a:

- a) Purchase Order;
- b) Purchase Order incorporating a formal agreement; or
- c) Formal agreement between two or more parties that creates an obligation to provide defined goods and/or perform defined services.

“Conflict of Interest” refers to a situation that is known or ought to be known in which private interests or personal considerations may affect the judgement of an employee, councillor or committee member in acting in the best interest of the Municipality. It includes using an employee’s position, confidential information or corporate time, material or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the employee’s, councillor’s or committee member’s family, friends or business associates, and/or himself/herself;

“Corporation” means the Corporation of the Municipality of Strathroy-Caradoc;

“Council” means the Council of the Corporation of the Municipality of Strathroy-Caradoc;

“Credit Card” means a corporate credit card issued to a Director or other staff as approved by the Treasurer to be used for procuring goods and services from a vendor within established guidelines;

“Department” means any department, committee or local board of the Municipality, except Strathroy-Caradoc Police Service;

“Director” means the person responsible for direction and operational control of a department or his/her designate, and shall include the Chief Administrative Officer;

“Disposal” means the disposal of goods, furniture, vehicles, etc. owned by the Municipality by sale, trade-in, auction, alternative use, gift or destruction, which are deemed by the Municipality to be surplus;

“Emergency” means a situation where the purchase of goods and services requires immediate action to prevent or correct dangerous or potentially dangerous safety conditions, further damage, to restore minimum services or ensure the health and safety of the public and/or staff;

“Ethical” means conducted in a way that demonstrates honesty, integrity and professionalism, and describes a process that optimizes the use of resources so as to provide the maximum benefit to the taxpayer, rejects all forms of discrimination or favouritism and any improper business practice and that conforms with all Municipal bylaws, policies and

procedures. An ethical process is seen as open and fair and has provided competitive access in respect of awarding of contracts with no possibility of personal gain;

“Expression of Interest” means a situation where vendors are solicited by the Municipality to advise of their ability or desire to undertake the Municipality’s requirements;

“Formal Quotation” means a written offer to sell, or a “bid” obtained from suppliers, to supply stipulated goods or services at a particular price based on a document issued by the Municipality for goods or services over \$10,000 and less than \$25,000;

“Goods and Services” includes supplies, equipment, professional and consulting services and service and construction contracts, and construction not otherwise provided for;

“Informal Quotation” means an unwritten offer to sell, or a “bid” obtained from suppliers, to supply goods or services with an estimated cost of less than \$10,000; the requisitioning department or purchasing officer may receive pricing via telephone or in person, and shall retain written documentation of the conversation and document the information on the purchase requisition;

“Liaison Person” means the Administrative and Accounting Assistant of the Corporate Services Department of the Municipality of Strathroy-Caradoc or his/her alternate;

“Mayor” means the Mayor of the Municipality of Strathroy-Caradoc, or his/her alternate;

“Municipality” means the Corporation of the Municipality of Strathroy-Caradoc;

“Negotiation” means the action or process of conferring with one or more vendors with the goal of coming to an agreement on the acquisition of the required goods and services under the terms outlined in this policy;

“Personal Purchases” means the purchase of goods and services requested by an elected or appointed official or by any employee of the Municipality for the personal benefit and use of the person requesting the purchase or for another person, which is not a purchase required by the Municipality;

“Policy” means a governing principle or plan as set by Council which establishes the general parameters for the Municipality to follow in carrying out its responsibilities;

“Procure/Procurement/Purchase” means to acquire by purchase, rental or lease of goods and/or services, including construction works, but excluding municipal capital facilities which are covered under Section 22 of this Policy;

“Proposal (Request for Proposal/RFP)” means an offer to provide goods or services to the Municipality where it is not practical to prepare precise specifications, or where “alternatives” to detailed specifications will be considered. This process allows potential vendors to propose solutions to arrive at the end product and allows for evaluation of criteria other than price;

“Purchase Order” means a written contract with a supplier/contractor in a form authorized and duly signed by the Director, or the Purchasing Officer for purchases within his/her authority, referencing a specific purchase and is used to purchase goods and/or services. Purchase Orders are required at a minimum to contain a description of the item being ordered along with relevant specifications, the quantity, unit of measure, delivery date preferred, ship to addressee, name of department, contact person, GL account number and approval signatures;

“Purchaser” means the staff member authorized to buy goods and services in accordance with this Policy and shall include the Directors, and the Purchasing Officer.

“Purchase Requisition” means a written or electronically produced request in a format containing information to obtain goods and services that are duly authorized to be submitted to the Purchasing Officer as applicable. Purchase Requisitions are required to contain the same minimum information as Purchase Orders;

“Purchasing Officer” means the Purchasing Officer for the Municipality of Strathroy-Caradoc who is responsible for the general purchasing function and is hereby authorized to act as agent in all such matters within his/her authority;

“Real Property” means land or buildings and any interest, estate or right of easement affecting same;

“Security” means a written guarantee that the bidder will perform the work specified in the contract and shall be in a specific dollar amount in the form of cash, certified cheque, bid bond, performance bond, labour and materials bond, letter of credit, and shall include Workplace Safety and Insurance Board Clearance Certificates, Insurance or any other form of security as deemed necessary and stated in any quotation, tender, proposal, or other similar document issued by the Municipality to secure against loss, damage or default;

“Sole Source/Single Source” means there may be more than one source in the open market but only for reasons of function or service one vendor is recommended or chosen for consideration of the particular goods and/or services without using the competitive purchase process;

“Submission” includes any tender, informal quotation, formal quotation, proposal, expression of interest, etc., received;

“Tender/Request for Tender” means an offer received from a supplier of goods and/or services in response to a public advertisement requesting tenders sealed in an envelope where the estimated value is over \$25,000;

“Total Acquisition Cost” means the total cost which results in the lowest cost of ownership, operation (including service and past performance), purchase or lease over the life of the product or service to the Municipality. This cost is determined by considering the following

factors: firm stability and reputation, quality, courtesy, expertise, qualifications, interest, expedience, environmental impact, health and safety implications, ethical business practises, after sale service, terms and conditions, guarantees and warranties, all taxes and discounts, and unit price.

“Tender Opening Committee” means the Committee responsible for opening and recording the results of publicly advertised tenders, formal quotations or proposals, and said Committee shall be comprised of staff and include, at a minimum, the Treasurer, the department Director for which the tender is being called and the Liaison Person, and may include other staff persons as deemed necessary by the CAO;

“Treasurer” means the Director of Finance/Treasurer for the Municipality of Strathroy-Caradoc or his/her designate;

“Vendor/Supplier” means a potential vendor or a vendor that may be/is selected to provide certain goods or services to the Municipality. Payment for services or supplies shall be paid only to the vendor or supplier as approved.

SECTION 3

PRINCIPLES AND GOALS

The principles and goals of this Purchasing Policy are:

- 3.1 Facilitate a decentralized purchasing system;
- 3.2 Conduct of business in an ethical and fair way;
- 3.3 Procure by purchase, rental or lease the required quality and quantity of goods and/or services, including professional and consulting services by promoting a comprehensive, open, fair, equitable, consistent process in an efficient, professional and cost effective manner while maintaining budgetary control;
- 3.4 Encourage open competitive bidding for the acquisition of goods and services and the disposal of goods to obtain the best value, where feasible;
- 3.5 Consider all costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs, in evaluating bid submissions from qualified, responsive and responsible vendors;
- 3.6 The acquisition of goods and services shall be conducted in an unbiased way not influenced by personal preferences, prejudices or interpretations;
- 3.7 Efforts shall be made to achieve the best value for the Municipality;

- 3.8 The acquisition of goods and services shall be conducted in a manner that will promote, and incorporate where possible, the requirements of the *Ontarians with Disabilities Act* as amended;
- 3.9 Encourage the procurement of goods and services with due regard to the preservation of the environment. Vendors may be selected to supply goods that are made by methods resulting in the least damage to the environment and supply goods incorporating recycled materials where feasible;
- 3.10 There shall be no preference to local suppliers of goods and services to the Municipality; however, all else being equal preference shall be given to the purchase from local suppliers.
- 3.11 Satisfy the requirements of Section 270 of the *Municipal Act, 2001* as amended and any other applicable legislation;
- 3.12 Purchases shall be conducted in the spirit of the inter-provincial trade agreements, including the Agreement on the *Opening of Public Procurement for Ontario and Quebec* and the *Agreement on Internal Trade*;
- 3.13 All suppliers are expected to comply with Health and Safety legislation in providing goods or services to/for the Municipality;
- 3.14 Keep all pertinent records for legal and audit purposes and in accordance with Strathroy-Caradoc's records retention bylaw.
- 3.15 All suppliers of good and services to the Municipality shall comply with the Customer Service Standards under the *Accessibility for Ontarians with Disabilities Act*, as amended.
- 3.16 Confirming quality of work.

SECTION 4

EXEMPTIONS

Purchases exempt from the provisions of the Purchasing Policy are outlined in Schedule "B" to this Policy. Directors are responsible to ensure that exempt purchases are approved by him/her by signature on the invoice and a GL account is designated by him/her on the invoice.

SECTION 5

GENERAL CONDITIONS

- 5.1 The Municipality reserves the right to accept other than the lowest submission, accept or reject any submission. These conditions shall be noted on all advertisements and documents for bid requests. The Municipality may cancel a bid request at any time without penalty or cost to the Municipality, and any bid request shall not be considered a commitment by the Municipality to enter into any contract.
- 5.2 There shall be no personal purchases through the Municipality.
- 5.3 All purchases shall be made in accordance with the Purchasing Policy.
- 5.4 No purchase shall be made unless it has been authorized by Council through the budget process, or in the case of Formal Quotations, Tenders and Proposals by separate resolution of Council when the proposed purchase is any of the following:
 1. an unbudgeted item;
 2. greater than the budget provision;
 3. greater than \$100,000;
 4. a bid other than the lowest bid is recommended for acceptance;
 5. only one acceptable bid is received except when the request for one bid is pre-approved by the Chief Administrative Officer or Council.
- 5.5 Purchases can be made via telephone, provided there is written documentation of all purchases ordered.
- 5.6 Any prices shall be in Canadian Dollars only. For bid evaluation purposes, all bids submitted in other than Canadian Dollars shall be converted to Canadian Dollars, at the exchange rate established by the Treasurer at the date of the bid closing.
- 5.7 If the services of a consultant are used to assist in preparing any quotation, tender or proposal documents, the consultant is not permitted to submit a bid for the proposed purchase.
- 5.8 Any provisions of the Purchasing Policy may be waived by Council at its discretion. Any request to waive provisions shall be made in writing by Directors to Council.
- 5.9 All invoices shall be paid and approved by Directors, in the form of a signature on the invoice, in accordance with this policy and assigned a GL account number by the appropriate department Director and submitted to the Purchasing Officer so payment can be made to, and received by, the supplier by the due date to avoid interest and penalty charges.
- 5.10 All cheques issued by the Municipality in payment for goods and services for the Municipality shall be signed electronically or manually by the Mayor or Deputy

- Mayor and the Treasurer or CAO, or in their absence, appropriate designates. All cheques shall be made payable to the approved supplier only.
- 5.11 Material Safety Data Sheets shall be obtained from suppliers and maintained on file by the department Director for all relevant products whether acquired through tendering, quotation, proposal or other processes.
 - 5.12 No person shall accept directly or indirectly from any person or organization, to which any purchase is or might be awarded, anything of any value including, but not limited to, rebates, gifts, meals and money, or special privileges.
 - 5.13 There shall be no conflict of interest, direct or indirect, in any purchasing process done by the Municipality.
 - 5.14 No employee other than a Director may enter into an Agreement or contract with any supplier or contractor for any services or products required by the Municipality within the provisions of this policy.
 - 5.15 Between the start of the current fiscal year and the adoption of the budget for the current year, the Treasurer is authorized to pay the accounts of any ordinary business transactions of the Municipality that are required to maintain services. All invoices are required to be authorized by signature of the department Director on the invoice, pursuant to this policy.
 - 5.16 Bid requests shall avoid use of specific products or brand names where feasible.
 - 5.17 All Bid responses shall be prepared at the expense of the bidder, including when the bid request is cancelled.

SECTION 6

PURCHASING METHODS

Summary of Purchasing Methods – see Schedule “A” attached to this Policy. **This Summary is a quick reference guide only and reference shall be made to the Policy for details.**

6.1 Informal Quotations/Small Purchases

Informal Quotation refers to a quote for goods or services, and small purchases, which have a total acquisition cost of less than \$10,000, and:

1. These purchases can be made by the Purchasing Officer, Directors, including using his/her corporate credit card within the assigned credit

limit, and an employee of a department with the approval of the Director (the Purchaser).

2. Lines of credit can be established with retailers by the Purchasing Officer or Directors for frequently purchased small purchases, such as fuel, to be made by them or department employees. Lines of credit and purchases on lines of credit shall be authorized by the department Director.
3. The Purchaser shall determine such terms and conditions as he/she deems appropriate for the purchase; however, attempts shall be made to get at least three (3) quotations if possible.
4. The Purchaser shall retain written documentation of any verbal quotation and document the information on the purchase requisition to place the order.
5. Informal quotations can be withdrawn at any time prior to purchase by phone, in person or in writing. A withdrawal of informal quotation shall be documented.
6. No public advertising is required.
7. Informal quotations received are not required to be opened in public nor are they required to be opened by the Tender Opening Committee.
8. All purchases made through this process shall be within budget. If a purchase will exceed the budget provision Council shall be made aware through a report to the Finance Committee by the Treasurer and department Director.
9. Purchasing requirements cannot be split in order to qualify for this process.
10. The Purchasing Officer shall be provided with and retain informal quotations received for a period of three (3) years.

6.2 **Formal Quotations**

Formal Quotation is a document issued by the Municipality that sets out particular requirements for goods or services where the total acquisition cost is estimated over \$10,000 and less than \$25,000 and a supplier shall provide a quotation in writing, and:

1. Formal quotations shall be prepared and called by the Director wanting to acquire goods and/or services upon such terms and conditions as he/she deems appropriate subject to obtaining at least three (3) formal quotations whenever possible.
2. The Director will review formal quotation documents with the Liaison Person, before they are circulated, for compliance with this Policy.
3. If it is specialized goods or services that are required, and there is only one (1) known supplier, on approval of the Chief Administrative Officer, the Director can proceed with obtaining a formal quotation from the supplier.
4. If it is specialized goods or services that are required, or there are a minimal number of known suppliers, the Director shall send an Invitation for Formal Quotations, to a minimum of three (3) specific suppliers if

possible; otherwise the formal quotation shall be advertised on the municipal website, and advertised in the local newspaper, and other publications as deemed appropriate by the Director.

5. If it is an Invitation for Formal Quotations, it can be issued by the Director by fax, mail, email or hand delivered, at his/her discretion.
6. Any bid deposits, security or bonds, insurance and Workplace Safety and Insurance Board (WSIB) Clearance Certificates requested shall be at the discretion of the department Director, and shall be specified in the quotation document and shall be included with the submission as required. The amount of any bid deposits, security or bonds or insurance requirements will be determined by the Director, and specified in each bid request.
7. The department Director, or designate, shall address any questions or concerns about a bid request, in writing, from any potential bidder.
8. All Formal Quotations shall be signed by a signing officer authorized to bind the bidder.
9. All formal quotations shall be received by the Director or the Liaison Person, at the Director's discretion, in a sealed envelope addressed to the designated recipient and clearly marked as to the quotation enclosed.
10. A list of potential bidders, and their contact information, including name, mailing address, fax number and email, that have picked up/received quotation documents shall be maintained by the department Director in case they need to be notified of any changes or a cancellation. This process is not required if the quotation is advertised on the municipal website or some other process where the potential bidders are not required to come to a municipal facility to collect tender documents.
11. Any addenda including, but not limited to, due date extensions, changes, etc., to a formal quotation shall be provided in writing to potential bidders, if possible, and shall be posted on the website in the case of a public Request for Formal Quotations. No addenda will be issued within forty-eight (48) hours of the tender closing.
12. The department Director shall be responsible to review the quotations received and verify that all specifications are met.
13. The department Director can proceed with the purchase in writing, with the assistance of the Purchasing Officer if desired, provided the acceptable quotation satisfies all of the following: (1) is within budget; (2) all of the specifications are met, and (3) is the lowest acceptable quotation, unless it is from one requested supplier due to the goods or services being specialized, as approved by the Chief Administrative Officer; otherwise a report shall be prepared by the Director to Council indicating the proposed action for consideration and approval.
14. Any irregularities in formal quotations shall be dealt with in accordance with Section 11 and Schedule "C" of this policy.
15. Formal quotations are not required to be opened in public, at the discretion of the Director, but shall be opened by the Tender Opening Committee as soon as possible following the closing as decided by the Director.

16. Purchasing requirements cannot be split in order to qualify for this process.
17. The Purchasing Officer shall be provided with and retain formal quotations received for a period of three (3) years.

6.3 **Tenders**

“Tender” means an offer for goods and/or services from a supplier in response to a public advertisement requesting tenders sealed in an envelope where the total acquisition cost is estimated at a value over \$25,000, and:

1. Tenders shall be prepared and called by the department Director wanting to acquire goods and/or services.
2. The Director will review tender documents with the Liaison Person for compliance with this Policy before they are circulated.
3. Notices of Tender Requests shall provide: (1) a description of the procurement contemplated; (2) the place where a person may obtain the necessary information and documents to submit a tender; (3) the conditions for obtaining the tender documents; and (4) a reply deadline that includes a date and time.
4. All Tenders shall be signed by a signing officer authorized to bind the bidder. The Corporate Seal shall also be used on a bid if the bidder has one.
5. A fee may be charged for the Tender Documents at the discretion of the department Director.
6. The Tender Form as supplied by the Municipality, if applicable, shall be used.
7. The tender must be legible, written in ink or by typewriter or computer.
8. All items must be bid, where stipulated, with the unit price for every item and other entries clearly shown.
9. The tender must not be restricted by a statement added to the form or a covering letter or alterations to the tender forms provided by the Municipality.
10. All blank tender spaces on the forms must be filled in.
11. A bidder's adjustments by telephone, fax or letter to a tender already submitted will not be considered, unless the bidder withdraws the tender and replaces it with a later bid submission by the deadline.
12. Any bid deposits, security or bonds, insurance and Workplace Safety and Insurance Board (WSIB) Clearance Certificates required shall be at the discretion of the department Director, and shall be specified in the tender document and shall be included with the submission as required. The amount of any bid deposits, security, bonds or insurance requirements will be determined by the Director, and specified in each bid request. These requirements are mandatory for bids for construction projects valued over \$25,000.
13. The tender documents shall clearly identify the requirements as well as the criteria that will be used for evaluating the bids. The methods of

weighting and evaluating the criteria shall also be divulged in the tender documents.

14. The Department Director only shall address any questions or concerns, in writing, from any potential bidder.
15. A list of potential bidders, and their contact information, that have picked up/received tender documents shall be maintained by the Department Director in case they need to be notified of any changes or a cancellation. This process is not required if the quotation is advertised on the municipal website or some other process where the potential bidders are not required to come to a municipal facility to collect tender documents.
16. Suppliers shall be provided with a minimum of fifteen (15) calendar days from the date that the bid is called to submit a bid.
17. If it is specialized goods or services that are required, and there is only one (1) known supplier, on approval of the Chief Administrative Officer, the Director can proceed with obtaining a Tender from the supplier.
18. If it is specialized goods or services that are required, or there are a minimal number of known suppliers, the Director can send an Invitation to Tender, to a minimum of three (3) specific suppliers, if possible; otherwise the formal Tender shall be posted on the municipal website, and notice of the Tender shall be posted on the municipal website and advertised in the local newspaper and other methods as deemed appropriate by the Director.
19. All tenders shall be addressed to and received by the Liaison Person.
20. Any addendums, due date extensions, changes, etc., to a tender shall be provided in writing to potential bidders by the department Director by making potential bidders aware that any changes shall be posted on the municipal website in the case of public Requests for Tenders. Changes to tenders can be issued up to forty-eight (48) hours prior to the tender closing.
21. The department Director shall be responsible to review the submitted tenders and verify that all specifications are met.
22. A department Director can proceed with the purchase in writing if the acceptable tender satisfies all of the following: (1) is within budget; (2) is less than \$100,000; (3) all tender specifications are met; and (4) is the lowest acceptable tender, unless it is from one requested supplier due to the goods or services being specialized, as approved by the Chief Administrative Officer; otherwise, a report shall be prepared by the department Director to Council indicating the proposed action for Council's consideration and approval.
23. All bids received shall be clearly identified on the sealed envelope including the name and address of the bidder, and if an envelope is provided by the Municipality it shall be used.
24. Any irregularities in tenders shall be dealt with in accordance with Section 11 and Schedule "C" of this Policy.
25. The Purchasing Officer shall be provided with and retain tenders received for a period of seven (7) years.

6.4 **Proposals**

“Proposal/Request for Proposal” (RFP) means an offer to provide goods or services to the Municipality where it is not practical to prepare precise specifications, or where “alternatives” to detailed specifications will be considered, which may be subject to further negotiation, and:

1. This process allows potential vendors to propose solutions to arrive at the end product and allows for evaluation of criteria other than price.
2. The procedures that apply to Formal Quotations and Tenders shall apply to Proposals as applicable.

6.5 **Requests for Information**

Request for Information (RFI) is used to gather information, alternatives and options, and for budgeting purposes when a firm price is not necessarily available. This method may be used at the discretion of the department Director.

6.6 **Expressions of Interest and/or Requests for Pre-qualification (EOI/RFPQ)**

Expressions of Interest and/or Requests for Pre-qualification may be used to determine bidders interested in fulfilling a contract and to evaluate such bidders based on such criteria as reference checks, past performance, and financial liability in order to produce a short list of acceptable pre-qualified potential vendors. A reply to a Request for Expression of Interest and/or Pre-Qualification shall be required to be submitted by a designated date and time to the Liaison Person and shall be signed by the bidders signing authority to legally bind the bidder.

1. The procedures that apply to Formal Quotations or Tenders as applicable shall apply to Expressions of Interest and/or Requests for Pre-qualification.

Any submissions shall be reviewed and subsequently a Request for Quotation or Tender shall be prepared for a short list to invited pre-qualified bidders.

6.7 **Two Envelope Approach**

This method of procurement may be used to procure goods and services where certain criteria is required and where such criteria is more important than cost (e.g. specifications). All documentation other than cost pertaining to the RFQ/RFT/RFP/EOI/RFPQ shall be submitted in Envelope One (1) or as outlined in the Request documents. The cost estimate of the good or service shall be submitted in Envelope Two (2). Envelope One shall be opened and considered by the Municipality prior to the opening of Envelope Two to allow for unbiased review of information prior to knowing the cost.

1. The procedures that apply to Formal Quotations or Tenders as applicable shall apply to the Two Envelope Approach.

SECTION 7

WITHDRAWAL OF BID BY BIDDER

The following procedures apply to the withdrawal of all bids except informal quotations:

1. Requests for withdrawal of a bid shall be allowed if the request is made before the closing time for the bid to which the request for withdrawal applies.
2. Requests for withdrawal shall be in writing, signed by a senior official of the company/bidder and directed to the person who is the designated recipient for the bid to which the request for withdrawal applies.
3. Telephone or in-person requests for withdrawal will not be accepted.
4. Bids confirmed as withdrawn shall be returned unopened to the bidder.
5. The withdrawal of a tender does not disqualify a bidder from submitting another bid on the same bid request by the specified deadline.
6. Once the request for bid deadline is past; there will be no withdrawal requests approved and the bids will be opened in accordance with this Policy.

SECTION 8

BID RECEIPT AND OPENING PROCEDURES

The following procedures apply to the receipt and opening of all bid requests except informal quotations, with exceptions as noted below:

1. Bids shall be received by the Director or Purchasing Officer in case of Informal Quotations; by the Director or Liaison Person, at the discretion of the Director in case of Formal Quotations; and by the Director or Liaison Person for all other requests. The name and job title of the recipient are to be specified on Tender Documents, Envelopes received and advertisements, in addition to the mailing address.
2. Bids shall be opened in the order in which they were received; if two or more are received at the same time, those bids shall be opened in alphabetical order by bidder name.
3. Once the bid is opened, the envelope for each bid received will be affixed to the applicable tender document received.
4. Bids received will have the date and time received written or stamped along with the recipient's initials in a conspicuous place on the envelope.
5. Bids not received by the date and time specified will be returned to the bidder unopened with a letter explaining the reason for it being returned, unless the tender has to be opened to obtain the bidder's return address.
6. Bids will be provided to the Director or Liaison Person, as applicable, to record bidder information, and to store in a secure location until the date and time the tenders are opened.

7. All bids, except Informal and Formal Quotations, shall be opened at a meeting open to the public on the same day that the request for bids closes and within two (2) hours after the request for bids closes.
8. Bids shall be opened by the Tender Opening Committee, solely for the purpose of recording the bids received and the amounts of the bids. Bid amounts so recorded shall not be determinative of any Award.
9. The Director or Liaison Person shall record the results of the Bid Opening and provide the record to the Corporate Services Department for retention.
10. The Department Director, the Treasurer and the Liaison Person or designates shall attend and participate in the Public Bid Openings. Any member of Council or its Committees and the public may attend but shall not participate.
11. The names of bidders and amounts only will be provided to anyone upon request.
12. Bid Deposits, with the exception of the two (2) lowest bidders will be returned within one (1) week, unless otherwise determined by the Director, after the tender opening. The deposits from the two (2) lowest bidders will be returned after award of the bid. Where terms and conditions of a bid required the execution of an agreement, the deposits of the two (2) low bidders will be returned upon execution of the agreement.

SECTION 9

BID REVIEW PROCEDURES

The following procedures apply to the review of all types of bids received except informal quotations:

1. The Department Director shall be responsible for establishing a Tender Evaluation Committee that shall consist of a minimum of two (2) appropriate municipal staff, including the department Director, to review and evaluate the bids submitted and take the appropriate action in accordance with this Policy.
2. The Department Director may use the assistance of a consultant in reviewing bids as approved in accordance with this policy.
3. The Committee shall evaluate all bids received against specifications, terms and conditions, etc. The Director shall maintain a record of the evaluation process and results including any irregularities and a copy of the record shall be provided to the Corporate Services Department for retention and to Council if required.
4. No member of Council, or any of its Committees, or anyone with a direct or indirect conflict of interest, may participate in the review, recommendation or approval of tenders received.
5. Any Bid Irregularities will be handled in accordance with Section 11 and Schedule "C" of this Policy.
6. In the event that two (2) or more tied or identical bids are received, the Bids shall be evaluated against the Principles and Goals in Section 3 of this Policy. In the event that two (2) are still tied or identical following such evaluation, the Director shall in the presence of the Treasurer toss a coin. The Award shall then be made to the winner of the coin toss and shall be recorded by the Director.

- In the event three (3) or more tied or identical bids remain following evaluation, the Director shall, in the presence of the Treasurer, conduct a lottery draw. The Award shall then be made to the winner of the lottery and shall be recorded by the Director.
7. Details of results of bids shall be made available to the public on request in accordance with the *Municipal Freedom of Information and Protection of Privacy Act* as amended.

SECTION 10

BID CANCELLATION AND REISSUING

This process applies to all bid requests.

10.1 BID CANCELLATION

1. A Director, with the concurrence of the Chief Administrative Officer, may cancel a bid request, in whole or in part, at any time up to contract award when in their opinion:
 1. The Bid Request document contains errors or omissions that would result in an unfair process if an award was made; or
 2. The goods or services are no longer needed; or
 3. All acceptable bids received exceed the budget for the acquisition or the market value and negotiating with the Lowest Acceptable Bidder is unlikely to yield an acceptable offer; or
 4. An opportunity arises and it is advantageous for the Municipality to buy from or tie onto another government contract; or
 5. A determination has been made that the bidding process has been compromised.
2. The Director will provide any notices of cancellation in the same publication or service originally used stating that the contract has been cancelled. Advertisements giving notice of cancellation shall include information on whether the bid will or will not be recalled at a later date.
3. Any supplier who received bid documents of which the municipality is aware shall be notified by fax or email of the cancellation of the bid request. In addition, prior notice of the mailing shall be given by telephone if practicable.
4. Any bids received will be documented and returned to the bidder either by regular or registered mail, or by collection in person by the bidder once the person has signed for the bid.
5. A Director shall ensure that the confidentiality of any bid submitted is maintained in accordance with the provisions of the *Municipal Freedom of Information and Protection of Privacy Act* as amended.

6. Bidders are solely responsible for any expenses they incur in preparing any bid and for subsequent negotiations with the Municipality, if any. If the Municipality elects to reject any or all bids or cancel the request for a bid at any time the Municipality will not be liable to any Bidder for any claims, whether for costs or damages incurred by the Bidder in preparing the proposal, loss of anticipated profit in connection with any final Contract, or any other matter whatsoever.

10.2 **REISSUING BID REQUESTS**

If a Bid Request has been cancelled, the Director, with the concurrence of Council, may authorize the issuance of a new Bid Request in respect of the acquisition by invitation to the original bidders or by public advertisement.

SECTION 11

BID IRREGULARITIES

Any Bid Irregularities shall be dealt with in accordance with this Section and the ‘Bid Irregularities Summary’ attached as Schedule “C” to this Policy.

A **bid irregularity** is a deviation between the requirements (terms, conditions, specifications, special instructions and any addenda) of a bid request and the information provided in a bid response.

A “**minor irregularity**” is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the award. Errors in mathematical extensions are considered a minor irregularity. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. Staff may permit the bidder to correct a minor irregularity.

A “**major irregularity**” is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. Staff must reject any bid that contains a major irregularity.

Directors, in consultation with the Chief Administrative Officer, shall be responsible for all action taken in dealing with bid irregularities and actions in accordance with the nature of the irregularity as follows:

- Minor irregularity (bidder may rectify)
- Major irregularity (automatic rejection)

SECTION 12

IN-HOUSE BIDS

Unless specifically directed by Council, the Municipality does not do in-house bids in the purchasing procurement process. Any analysis of in-house bidding versus outsourcing will be made prior to any procurement.

SECTION 13

DIRECT NEGOTIATION

This section applies to purchasing processes, as follows:

1. The Purchasing Officer, Directors and his/her designate, are authorized to negotiate directly with suppliers for Informal Quotations and Small Purchases.
2. Provided all other conditions of this Policy are met, Directors, in consultation with the Chief Administrative Officer, are authorized to enter into Direct Negotiation when:
 - The required goods and services are reasonably available from only one source by reason of the scarcity of the supply in the market or the existence of exclusive rights held by any supplier or the need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes.
 - The required goods and services with a value of \$25,000 or less are supplied by a particular supplier having special knowledge, skills, expertise or experience.
 - The goods and services are required as a result of an emergency that would not reasonably permit the use of a method other than Direct Negotiation.

Directors, on approval by Council, are authorized to negotiate with one or more bidders when:

3. The required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e. contract extension or renewal).
4. An attempt to purchase the required goods and services has been made in good faith using a method other than Direct Negotiation under this Policy that has failed to identify a successful supplier and it is not reasonable or desirable that a further attempt to purchase the goods and services be made using a method other than Direct Negotiation.
5. The required goods and services with a value of more than \$25,000 are supplied by a particular supplier having special knowledge, skills, expertise or experience.
6. Only one (1) bidder has replied to a Request for a Bid.

In all cases of negotiation, there shall be no sharing of information about one bidder's information with another bidder.

SECTION 14

EXCLUSION OF BIDDERS IN LITIGATION

1. Council may, in its discretion, reject a bid submitted by a bidder if the bidder, or any officer or director of the bidder is or has been engaged, either directly, or indirectly through another corporation, in a legal action against the Municipality, its elected or appointed officers and employees in relation to:
 - Any contracts or services; or
 - Any matter arising from the Municipality's exercise of its powers, duties or functions.
2. In determining whether or not to reject a bid under this clause, the Municipality shall consider whether the litigation is likely to affect the bidder's ability to work with the Municipality, its consultants and representatives, and whether the Municipality's experience with the bidder indicates that the Municipality is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder.

SECTION 15

EXCLUSION OF BIDDERS DUE TO POOR PERFORMANCE

1. Directors, or the Purchasing Officer as applicable, shall document evidence, and advise Council, in writing where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions, or for Health and Safety violations or poor performance.
2. Council may, in consultation with the solicitor to the Municipality if deemed necessary, prohibit an unsatisfactory supplier from bidding for up to three (3) years.

SECTION 16

CO-OPERATIVE PURCHASING

1. The Municipality may participate with other government agencies or public authorities in co-operative purchasing when it is in the best interest of the Municipality.
2. The decision to participate in co-operative purchasing will be made by the Purchasing Officer or Director in concurrence with the Treasurer.

3. The policies of the government agency or public authority calling the co-operative bid are to be the accepted policies for the bid. The Municipality will not be held responsible for any policies regarding cooperative purchasing unless the policies used are its own.

SECTION 17

UNSOLICITED QUOTATIONS, TENDERS OR PROPOSALS

1. Unsolicited quotations, tenders or proposals shall not be considered.
2. If it is determined that there is a legitimate need for the goods or services offered by way of an unsolicited offer, then the purchasing process shall be conducted in accordance with this Policy.

SECTION 18

BID SECURITY REQUIREMENTS

The following requirements are minimum security requirements, to be provided by bidders, at the bidder's expense, that are (1) minimum mandatory requirements for construction project bids over \$25,000 and can be increased at the discretion of the Director; and (2) minimum mandatory requirements for bids, other than construction project bids, that may be required at the discretion of the Director.

18.1 Insurance Requirements

1. Comprehensive General Liability Insurance on an occurrence basis for an amount not less than one million (\$1,000,000) dollars and shall include the Municipality as additional insured with respect to the bidders operations, acts, and omissions relating to its obligations under the contract, and such policy shall include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractors' protective, products and completed operations, contingent employers liability, cross liability and severability of interest clauses. These sub-coverages may be waived at the discretion of the Director.
2. Automobile liability insurance for an amount of not less than one million (\$1,000,000) dollars on forms meeting statutory requirements covering all vehicles used in any manner in connection with the performance of the contract.
3. The policies shown above shall not be cancelled or permitted to lapse unless the insurer notifies the Municipality in writing at least thirty (30) days prior to the effective date of cancellation of the policy.
4. The Municipality reserves the right to request such higher limits of insurance or other types of policies appropriate to the work as the Municipality may reasonably require.

5. The successful bidder shall not commence work until such time as the required evidence of insurance has been filed with and approved by the Municipality. The successful bidder shall further provide that evidence of the continuance of said insurance if filed at each policy renewal date for the duration of the contract.
6. The successful bidder shall indemnify and hold the Municipality harmless from and against any liability, loss, claims, demands, costs and expenses, including legal fees occasioned wholly or in part by any acts or omissions either in negligence or nuisance whether wilful or otherwise by the successful bidder, its agents, officers, employees or other persons for whom the successful bidder is legally responsible.

18.2 **Workplace Safety and Insurance Board (WSIB) Requirements**

1. The successful bidder shall furnish a WSIB Clearance Certificate indicating their WSIB firm number, account number and that their account is in good standing. This form shall be furnished prior to commencement of work. The bidder further agrees to maintain their WSIB account in good standing through the contract period.
2. The Municipality may require the successful bidder to produce a WSIB Clearance Certificate from time to time during the contract on request and/or prior to final payment as deemed necessary by the Municipality.
3. If the successful bidder is a self-employed individual, partner or executive officer who does not pay WSIB premiums and is recognized by WSIB as an 'independent operator' a letter from WSIB acknowledging independent contractor status and confirming that WSIB cover is not required shall be provided to the Municipality prior to commencement of work.

18.3 **Bid Deposit**

A minimum 10% of the value of the bid price shall be submitted with a bid in the form of a Bid Bond, Irrevocable Letter of Credit, Certified Cheque, Bank Draft and in Canadian Currency. No interest will be paid by the Municipality on bid deposits.

18.4 **Letter of Agreement to Bond/Letter of Guarantee**

An original Letter of Agreement from a bonding agency or Letter of Guarantee from a financial institution licensed to operate in the Province of Ontario shall be included with the bid confirming that if the bidder is successful the necessary guarantee will be issued as required in Section 18.5 below. Letters of Agreement or Guarantee submitted must bear an original signature of the issuer and the bidder.

18.5 **Executed Bond**

1. The successful bidder will be required to submit to the Municipality a Performance Bond guaranteeing the full and faithful performance of the work, in a minimum amount of 50% of the bidder's price for projects over \$25,000.
2. The successful bidder shall further be required to submit to the Municipality a Labour and Material Payment Bond in a minimum amount of 50% of the bidder's price for projects over \$25,000.

3. The bonds noted in Sections 18.5.1 and 18.5.2 of this Policy shall be those issued by a Bonding Agency licensed to operate in the Province of Ontario - **OR** – an Irrevocable Letter of Credit from a recognized financial institution in a minimum amount of 50% of the bidder's price in a form acceptable to the Treasurer.
4. The successful bidder shall not commence work until such time as the requested Bond/Letter of Credit has been received and approved by the Treasurer.
5. The Irrevocable Letter of Credit or Bond shall act as guarantee that the successful bidder will perform the work as specified in the bid. If the successful bidder expressly or by implication refuses to recognize the contract in any way, the Municipality may terminate the contract immediately upon written notice and immediately draw upon the Irrevocable Letter of Credit or Bond as liquidated damages. Notwithstanding the above, the Municipality shall retain any other right it may have in law to claim for any and all damages which it may suffer as a result of a bidder's breach of the provisions set forth in the contract.

18.6 **Ministry of Labour-Notice of Project Requirements**

The contractor must provide a Notice of Project (NOP) to the Ministry of Labour (MOL) prior to starting certain projects that meet the standards set out in Section 6(1) of the *Regulation for Construction Projects O. Reg. 213/91*, and post and do additional notification requirements as required by MOL. Proof of this action taken shall be provided to the Municipality of Strathroy-Caradoc prior to commencement of the project.

SECTION 19

CREDIT CARD PROGRAM

The purpose of the Credit Card Program is to establish a more efficient and cost effective method of procuring and paying for small value goods and services purchased in accordance with this policy, as well as travel expenses, registration and other corporate-related expenses up to the monthly credit limit assigned to each card by the Treasurer.

Credit Cards shall be obtained for the Mayor, Chief Administrative Officer, Directors and other staff ("Cardholders") by the Treasurer as he/she deems appropriate. Cardholders shall use the Credit Card for purchases in accordance with the provisions of this policy.

The Treasurer shall determine and have assigned to each card allocated to a Cardholder the credit limits as follows:

1. the maximum authorization limit for a purchase; and
2. the maximum amount of purchases that can be charged to the card during a one-month cycle.

The credit card shall not be used to purchase or pay for personal purchases or for cash advances.

When using credit cards, staff shall retain all receipts to confirm the entries on the credit card statement and to claim any tax rebates available. Any receipts shall be promptly given to the Purchasing Officer and are to be attached to the credit card statement when payment is made. Receipts include charge slips or cash receipts. For subscriptions, a copy of the renewal notice or initial subscription request is a receipt. If a receipt is lost, cardholders shall attempt to get a copy from the supplier. If it is impossible to get a copy, then the Cardholder is required to create one detailing the information required on a receipt that will be considered the authorized proof of purchase and have it signed by his/her supervisor.

All receipts shall include the following information:

- itemized description of goods or services purchased
- Supplier name
- Transaction date
- Transaction total
- GST/HST amount
- GST/HST Registration Number

The above information is required on the receipts to obtain any GST/HST credits and for audit purposes.

Any issues regarding the credit, such as lost card or inaccurate charge to card, shall be settled by the cardholder or Treasurer with the Credit Card Company or supplier as applicable.

All credit card statements must be approved and submitted to the Purchasing Officer for payment in sufficient time that the payment can be processed and received by the supplier by the due date.

SECTION 20

DISPOSAL OF SURPLUS GOODS

The following procedures apply to the disposal of surplus goods, furniture, vehicles, etc. owned by the Municipality by sale, trade-in, auction, alternative use, gift or destruction. Department Directors shall review their department's assets at least annually to determine their surplus assets, and:

1. An itemized list of assets no longer needed by his/her department shall be provided to the Purchasing Officer.
2. The Purchasing Officer will circulate the list and offer the items to the other departments for their use.
3. In the event that any such goods are no longer needed for municipal purposes arrangements for disposal shall be made by the Purchasing Officer.
4. If any item has an estimated value less than \$250 it shall be offered to staff first by way of internal bid and the highest bidder shall be allowed to purchase it.
5. Any vehicles deemed surplus shall be used as trade-ins for replacements or shall be sold by auction or other public method at the discretion of the Manager in charge of

- fleet services or Director as applicable and the disposal shall be arranged by the Manager or Director.
6. Any items that have an estimated value greater than \$250, except vehicles as noted above, shall be offered to the public by sealed bid and advertised in the local newspaper and on the municipal website, in accordance with the Formal Quotation provisions of this Policy. The goods may also be disposed of by way of auction at the discretion of the Treasurer. The highest bidder shall be offered the surplus good(s) and shall pay the bid amount to the Treasurer.
 7. Any monies received from the sale of a surplus good shall be allocated to the appropriate general ledger account by the Treasurer.
 8. When a public offering process is unsuccessful in disposing of surplus goods, disposal of the goods shall be offered to a recognized local charitable organization registered with Canada Revenue Agency.
 9. If a public sale or offer to a recognized charitable organization is unsuccessful then disposal shall occur by transportation to the appropriate disposal facility to be arranged by the Director as applicable.

SECTION 21

DEALING WITH COMPLAINTS AND PROTESTS

The following procedure shall apply when dealing with complaints and protests about purchasing matters:

1. A verbal or written complaint or protest shall first be handled by the Purchasing Officer or Director as applicable and he/she shall attempt to resolve the complaint.
2. If the complaint is not resolved to the satisfaction of the complainant, a written complaint or protest shall be received by the CAO. The CAO shall meet with the applicable Director to review the concerns addressed by the complainant. The CAO and the applicable Director shall then meet with the complainant to discuss their findings. If the complaint is determined to be valid the CAO will prepare a report to Council for its consideration explaining the details of the complaint, including a recommendation to resolve the issue, and Council's decision is final.
3. Attempts will be made to resolve all complaints with within thirty (30) days of receipt of the complaint.

SECTION 22

EMERGENCY PURCHASES

As the result of an emergency the following actions are authorized:

1. During the emergency: (1) the CAO or requesting Department Director or designate shall approve the purchase of goods and/or services deemed necessary to remedy the emergency; (2) the purchase shall take place by the most expedient and economical means given the relevant circumstances; (3) the Treasurer shall be responsible for tracking purchases during emergencies; and (4) the Purchasing Officer will provide assistance when requested to expedite any purchasing necessary to deal with the emergency.
2. As soon as possible after the emergency, where the purchases would normally be subject to a competitive process a report shall be prepared by the Treasurer explaining the action taken and reasons therefore and an itemized list of purchases and a total of the costs incurred and the Report shall be submitted to Council.

SECTION 23

CAPITAL FACILITIES FINANCE LEASING POLICY AND PROCEDURE

23.1 DEFINITIONS:

“Lease” is an Agreement allowing one party, the Lessee (the Municipality of Strathroy-Caradoc) to use the assets of another party, the lessor, for a stated period of time.

“Financing Lease” is a lease allowing for the provision of municipal capital facilities if the lease may or will require payment by the municipality beyond the term for which the Council was elected.

“Municipal Capital Facilities” include land, as defined in the Assessment Act, works, equipment, machinery, buildings and related systems and infrastructures.

“Material Impact” means costs or risks that significantly affect, or would reasonably be expected to have significant effect, on the debt and financial obligation limit prescribed by legislation and regulation.

23.2 POLICY AND PROCEDURE:

It is not the practice of the Municipality to enter into a Financing Lease Agreement for capital infrastructure, works or expenditures; however, the Council of the Municipality of Strathroy-Caradoc may wish to enter into an Agreement under Section 110 (1) of the Municipal Act, 2001, and applicable regulations, for the provision of municipal capital facilities.

- 23.2.1 Where leasing is required to acquire municipal capital facilities any or all of the following conditions shall apply as applicable:

- a) the municipal capital facility cannot be purchased;
- b) the lease arrangement does not require down payments, provides financially attractive interest rates, and/or financially attractive annual payments;
- c) the risk of obsolescence on the leased asset rests with the lessor;
- d) the leased asset is required for an emergency;
- e) the leased asset has a high purchase value and is not required on an ongoing basis; and
- f) where leasing arrangements have been approved in accordance with this Policy.

23.2.2 Finance Leasing to acquire municipal facilities which may or will require payment by the Municipality beyond the term for which Council is elected and will result in a material impact requires the following:

- a) The Treasurer will prepare a report, in conjunction with the applicable Department Director, in accordance with any regulations, assessing the costs and risks associated with lease including the following if applicable:
 - i) comparison of costs and risks with other forms of financing;
 - ii) statement of effective rates, and possible rate variances and calculations;
 - iii) statement and recommendations regarding contingent payments that might be material;
 - iv) summary of assumptions regarding rate variances or contingent payments;
- b) obtain legal and financial advice, independent of the Treasurer;
- c) a bylaw authorizing the financing lease; and
- d) the lease has a schedule of all fixed amounts of payments, if any, required under the lease and that may be required under any possible extensions or renewals of the lease.

23.3 **LEASING TO ACQUIRE MUNICIPAL CAPITAL FACILITIES:**

- a) That may or will require payment by the Municipality beyond the term for which Council was elected, but will not result in a material impact, or
- b) that will not require payment by the Municipality beyond the term for which Council was elected, but will result in a material impact, or
- c) that will not require payment by the Municipality beyond the term for which Council was elected, and will not result in a material impact,

are authorized by this policy.

Any lease with annual payments of \$50,000 or more regardless of the term of the lease require approval of Council unless Council has delegated otherwise.

Department Directors shall apply the principle, limits and approval process as contained in the Municipality's purchasing and procurement policy, as practicably as possible.

23.4 ANNUAL REPORT OF THE TREASURER

Once each fiscal year the Treasurer shall provide a report to Council listing all Financing Leases whether they have a material impact or not. Such report will include:

- a) value of leases as a proportion of long term debt;
- b) an opinion of the Treasurer on adherence to the Municipality's policy.

SECTION 24

POLICY REVIEW

The Purchasing Policy shall be reviewed by the staff member(s) designated by CAO at least once every two (2) years or more frequently, if deemed necessary by the CAO.

SECTION 25

POLICY EFFECTIVE DATE

This Purchasing Policy is effective on the date it is approved by bylaw of Council.

SECTION 26

REPEAL

This Purchasing Policy repeals the Purchasing and Procurement Policy approved by the Council of the Township of Strathroy-Caradoc on December 6th, 2004 and any other related Policies approved previously by the former Town of Strathroy and the former Township of Caradoc.

Schedule “A” to Purchasing Policy

SUMMARY OF PURCHASING METHODS

This Summary is a quick reference guide only and reference shall be made to the applicable section of the Policy for details.

DOLLAR VALUE	PURCHASE METHOD	APPROVAL REQUIRED	PURCHASE EXECUTED BY
< \$10,000	Cheque requisition; Line of credit; Corporate credit card by director or other assigned cardholder to limit; Petty cash; 3 informal quotations, if possible.	Director	Purchasing Officer, Director, or department employee with approval of Director.
\$10,000 to \$25,000	Formal quotation. Invitation for Quotation to at least 3 suppliers, if possible, or one supplier if goods or services are specialized.	Director, subject to certain conditions (see Section 6.2.13)	Director
> \$25,000 to \$100,000	Tenders.	Director, subject to certain conditions (see Section 6.3.22)	Director
> \$100,000	Tenders.	Council	Director

Other:

Requests for Proposals can be used when it is not practical to prepare precise specifications, or where “alternatives” to detailed specifications will be considered, which may be subject to further negotiation. See Section 6.4 of this Policy.

Expressions of Interest Requests and/or Requests for Pre-qualification may be used to determine bidders interested in fulfilling a contract and to evaluate such bidders based on such criteria as reference checks and past performance in order to produce a short list of acceptable pre-qualified potential vendors. See Section 6.6 of this Policy.

Schedule “B” to Purchasing Policy

GOODS AND SERVICES EXEMPT FROM PROVISIONS OF THE PURCHASING POLICY

1. **Petty Cash Items**

2. **Training and Education – Staff and Council**
 - a) Conferences
 - b) Courses
 - c) Conventions
 - d) Memberships
 - e) Seminars
 - f) Periodicals
 - g) Magazines
 - h) Training
 - i) Development
 - j) Workshops
 - k) Subscriptions

3. **Reimbursable Expenses** - receipts must be submitted.
 - a) Meal allowances
 - b) Travel and hotel accommodation
 - c) Mileage
 - d) Parking expenses
 - e) Reimbursable wages
 - f) Other related expenses

4. **General Expenses**
 - a) Payroll deduction remittances
 - b) Licenses (vehicles, elevators, radios, etc.)
 - c) Debenture payments
 - d) Grants to agencies
 - e) Legal and insurance settlements
 - f) Legal fees and other professional services related to a legal matter
 - g) Tax remittances
 - h) Charges to/from other Government or Crown Corporations
 - i) Freight charges
 - j) Other related expenses

5. **Utilities**
 - a) Postage
 - b) Water and sewer charges
 - c) Hydro charges
 - d) Internet connectivity charges
 - e) Cable television charges

- f) Telephone charges
 - g) Natural gas/propane charges
6. **Advertising**
- a) Classified advertising (such as help wanted, sales, etc.)
 - b) Display advertising (such as events notices)
 - c) Public tender advertising
7. **Purchase of Real Estate** – including any related costs
8. **Sole Source Procurement** defined as follows:
- a) Purchases to ensure compatibility with existing products, security, to protect exclusive rights such as copyrights, patents or exclusive licenses, or for the maintenance and repair of specialized equipment that must be carried out by the manufacturer or its representative.
 - b) Where the carrying out of work by a contractor other than the contractor who did the original work will nullify the guarantees held.
 - c) Work that involves the construction or renovation of rental buildings or parts of rental buildings when the work is being carried out by the lessor of the building.
 - d) Purchases of goods already the subject of a lease-purchase agreement where payments are partially or totally credited to the purchase.
 - e) In the absence of tenders in response to a call for tenders made in accordance with the Purchasing Policy.
 - f) Requests for Formal Quotations, Tenders or Proposals when there is only one (1) known provider of specialized goods or services as approved by the CAO.
9. Any payments required to be made by the Municipality under statutory authority.
10. **Any purchase of goods or services specifically authorized by resolution of Council to be exempt from this purchasing policy.**

Schedule “C” to Purchasing Policy

BID IRREGULARITIES SUMMARY

ITEM	IRREGULARITY	RESPONSE
1	Late Bids	Automatic rejection; not read publicly and returned unopened to bidder with covering letter explaining why it was returned; if no return address is on envelope it shall be opened, return address obtained and returned with covering letter stating why it was returned and why it was not returned unopened
2	Unsealed envelopes, if bid is required to be sealed	Automatic rejection; not read publicly and returned to bidder
3	No bid security or agreement to bond when requested	Automatic rejection
4	Deposit cheque not submitted when requested	Automatic rejection
5	Cheque submitted but not certified	2 business days following bid opening to rectify
6	Amount on deposit cheque incorrect	2 business days following bid opening to rectify
7	All required sections of bid documents not completed	Automatic rejection unless in the opinion of the Director in conjunction with the Chief Administrative Officer the incomplete nature is minor and does not effect the total price
8	Failure to execute Agreement to Bond or Bonding Company corporate seal or signature missing from Agreement to Bond	Automatic rejection
9	Failure to execute Bid Bond by bidder and Bonding Company	Automatic rejection
10	Failure to provide a letter of agreement to bond where required	Automatic rejection
11	Bids not completed in black or blue ink, typewritten or automated printers	Automatic rejection
12	Incomplete, illegible or obscure bids	Automatic rejection
13	Bids that contain additions not called for	Automatic rejection
14	Failure to attend mandatory site visit when requested	Automatic rejection
15	Bids received on documents	Automatic rejection

	other than those provided, or requested, in the Tender, if applicable	
16	Pricing or signature pages missing	Automatic rejection
17	Part bids (all items not bid)	Acceptable unless a complete bid has been specified in the request.
18	Documents in which all necessary addenda have not been acknowledged	Automatic rejection
19	Bids received in envelopes other than the tender envelopes supplied or improper label used	Acceptable if officially received on time and the project for the bid can be properly identified without opening it
20	Failure to insert the bidder's business name in the spaces provided in the form of tender	Automatic rejection
21	Conditions placed by bidder on the Total Contract Price	Automatic rejection
22	Qualified bids (bids qualified or restricted by an attached statement)	Automatic rejection, unless in the opinion of the Director and the Chief Administrative Officer the qualification or restriction is not significant and does not effect the total price.
23	Corporate Seal <u>or</u> signature missing in the bid.	2 business days to rectify
24	Corporate Seal <u>and</u> signature missing in the bid.	Automatic rejection
25	Bids containing minor obvious clerical errors	2 business days to correct and initial errors
26	Bids containing minor mathematical errors	2 business days to correct and initial errors. The Municipality reserves the right to waive initialling and accept bid.
27	Un-initialled changes to the request documents that are minor (e.g. the bidder's address is amended by overwriting but not initialled)	2 business days to correct and initial errors. The Municipality reserves the right to waive initialling and accept bid
28	Unit prices in the schedule of prices have been changed but not initialled	2 business days to correct and initial errors. The Municipality reserves the right to waive initialling and accept bid
29	Other mathematical errors which are not consistent with the unit prices	2 business days to initial corrections. Unit prices will govern.
30	Pages requiring completion of information by bidder is missing	Automatic rejection

31	Any other irregularity	The above list of irregularities should not be considered all-inclusive. The Director in conjunction with the Chief Administrative Officer shall review any irregularity not listed above and, acting in consensus, shall have authority to: (1) determine whether the irregularity is minor or major; (2) waive a minor irregularity or grant two business days for such irregularity to be initialled; (3) reject the bid if they agree the irregularity is major; or (4) refer the irregularity to Council for decision.
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