



PROCUREMENT POLICY

Introduction

The following is the procurement policy for The Corporation of the City of St. Catharines. The policy outlines the types of procurement processes that shall be used by the Corporation and explains the goals to be achieved by these processes. The policy goes on to describe circumstances under which each type of procurement process shall be used.

Further, the policy outlines the goal and purpose which describe and serve to protect the interest of the municipality and the public and those persons participating in the procurement process in order to ensure its application is fair. Each department within The Corporation of the City of St. Catharines shall be responsible for continuously reviewing the implementation of the said procurement policy and to bring to the attention of the Purchasing Division of Financial Management Services any matters that need to be reviewed and revised to ensure that the procurement policy continues to be up-to-date and effective. In addition, should anyone become aware that the procedures contained herein are not being implemented properly or are disregarded, this should be brought to the attention of the Director of Financial Management Services.

The policy is to be read as a comprehensive document including all sections and appendices thereto.

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SECTION I – POLICY STATEMENT

To establish purchasing policies to ensure the most cost-effective methods are used to purchase goods and services for all City departments. To ensure the prices paid for goods and services make optimum use of City resources. To establish the authority of the City departments as it relates to the procurement policy.

Role of the Purchasing Division of Financial Management Services

To provide purchasing services and advice to all City departments. To coordinate and/or standardize the purchase of similar items by departments in order to optimize discounts available to the City. To ensure that the procurement policies are adhered to by departments who have authorized spending limits defined or delegated through this policy.

SECTION II – PURCHASING PRINCIPLES

1. To promote the most cost effective and efficient use of City funds and resources by acquiring the specified goods and services at the optimum quality, quantity, price, delivery and performance.
2. To encourage open competitive bidding on all acquisition and disposal of goods and services where practical. The open bidding processes shall be both objective and fair. Objectivity will be maintained through processes that will be developed and implemented in an unbiased manner, not influenced by personal preferences, prejudices or interpretation. Fairness will be maintained by applying the policies equally to all bidders.
3. Unless otherwise approved by Council to purchase goods and services only as approved in the annual budgets.
4. To obtain the most competitive offers from the most responsible and responsive vendors. To use vendors who comply with the provisions of the bid solicitation, including specifications and contractual terms and conditions. To use vendors who can be expected to provide satisfactory performance based on reputation, references, past experience, and sufficiency of financial and other resources.
5. To structure specifications that do not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.
6. To always consider the “total acquisition cost” rather than the lowest bid. This includes, but is not limited to, such factors as repairs, staff training, suitability, compatibility, warranty, trade-in values, recycling and disposal concerns.
7. To acquire goods and services with regard to preservation of the natural environment. This gives reference to the method of manufacture and the method of disposal.
8. To delegate the appropriate level of authority to enable City departments to meet service requirements. To ensure that employees who are responsible for requisitioning and purchasing goods and services are accountable for their actions and decisions.
9. To participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interest of the City.
10. To abide by the City of St. Catharines “Employee Code of Conduct.” (Attached as Appendix K)

SECTION III – APPROVAL LEVELS

Unless otherwise approved by Council, all purchases of goods and services must be approved in the annual budgets. Formal approval of the budget constitutes financial approval to proceed with the procurement process. The ability to incur the actual expenditures is delegated to City staff based on the following approval levels:

Up to \$25,000	Department Director and/or designate as determined by the individual Directors
Up to \$75,000	Chief Administrative Officer
Over \$75,000	City Council

The dollar limits above refer to invoice cost inclusive of taxes for which the City does not receive a refund. As an example, presently the City receives a refund of 100% of GST paid. In this case, the GST, which must initially be paid to the vendor and is subsequently refunded by the Federal Government, will not be considered part of the dollar limits above.

No requisition, purchase, or contract shall be divided in order to avoid the requirements of the spending limits of this section.

SECTION IV – GENERAL PROCUREMENT PROCEDURES

The following are authorized procedures for the procurement of goods and services:

Procedure	Project Cost
Petty Cash	\$ 500 or less
Purchasing Card Direct Purchase Process	\$ 5,000 or less
Informal Quotation Process	\$ 25,000 or less
Request for Quotation Process	\$ 75,000 or less
Request for Tender	Greater than \$ 75,000
Request for Proposal	Greater than \$ 75,000

The dollar limits above refer to invoice cost inclusive of taxes for which the City does not receive a refund. (See Section III)

No requisition, purchase, or contract shall be divided in order to avoid the requirements of the dollar value limits of this section.

Where goods and services of a similar type are to be supplied on a repetitive basis from one or more suppliers either over a period of time in a calendar year or over the course of a season, those goods and services shall be purchased in accordance with the provisions of this by-law applicable to goods and services having a price or value equal to the total estimated cost of all such similar goods and services to be supplied in the whole calendar year or during the course of the entire season as the case may be. The appropriate procedure above will be utilized according to the total dollar value. A Standing Order will be issued in place of the regular Purchase Order. See Appendix J – Standing Order Purchases.

For procedures related to engaging consulting Engineers and Architectural services for City projects, see Appendix I.

A brief description of each procedure follows. Where more detail is required, separate schedules are contained in the Appendices. In addition, refer to Appendix B – Methods of Purchasing Permitted under Policy.

Note: In-house bids will be considered if the Corporation intends to contract out any service which will result in the reduction of the number of regular employees of the Corporation. The applicable procedures for submission and consideration of such bids are contained within the various Collective Agreements which the Corporation has entered into with its employee groups.

PURCHASES OF \$ 500 OR LESS
PETTY CASH

1. A petty cash fund will be maintained in each department to meet the requirements of acquisition of goods and services having a value of \$ 500 or less.
2. Petty cash should only be used when it is not feasible to use a purchasing card.
3. Petty cash purchases shall be made from the competitive marketplace where practical.
4. The dollar limit shall not apply to registration or search fees.
5. All petty cash disbursements shall be evidenced by Petty Cash Summary slips. The slips will accompany the Voucher payable request form used to replenish the fund.

PURCHASES NOT EXCEEDING \$ 5,000
DIRECT PURCHASE PROCESS, PURCHASING CARD

1. Purchases not exceeding \$ 5,000 may be made using a purchasing card or a properly authorized Purchase Order.
2. The Purchasing Card Process, as defined in that specific policy, has been established as a method of making small dollar purchases. The process still adheres to the Purchasing Principles as outlined in Section II and should expedite the acquisition of goods and/or services and workload for users and Accounting.
3. The acquisition of goods and/or services having a value of up to \$ 5000.00 per transaction, or a lesser amount as determined by the Department Director, shall be carried out by the requesting Department Director, in accordance with the Policy and the approved "Purchasing Card Policy." Excluded are items such as equipment or assets, or those covered by tenders, standing orders, Stores inventory, and items available from the Print Shop.
4. Where it is in the interest of the City to obtain one or two informal quotes by phone or in writing and issue a Purchase Order for the goods and/or services that process should be followed.
5. Notwithstanding the procedure chosen, it shall demonstrate that fair market value was achieved.

PURCHASES GREATER THAN \$ 5,000 AND NOT EXCEEDING \$ 25,000
INFORMAL QUOTATION PROCESS

1. Purchases with an estimated value greater than \$ 5,000 and less than \$ 25,000 shall be obtained using a competitive process. The requirements of the competitive process may be waived under joint authority of the Director of the requisitioning department and the Director of Financial Management Services. In this case, the competitive process will be replaced by the negotiated method. The circumstances in which the negotiated method would be appropriate and the associated procedures are detailed in Appendix C – "Purchase by Negotiation". The reasons for using the negotiated method will be documented by the requisitioning department using the Form provided in Appendix C. This form will be signed by the appropriate Department Director and will accompany the purchase requisition submitted to the Purchasing Division.
2. The requisitioning department shall submit a purchase requisition to the Purchasing Division containing the relevant specifications, terms and conditions for the purchase.
3. The Purchasing Division obtains written quotes from suppliers without formal advertising or receipt of sealed bids. The requisitioning department may assist in the process of obtaining quotes where practical. At least three (3) written quotes, where practical, shall be obtained from those vendors able to supply the goods or services in a responsible and responsive manner.

4. The supporting documentation will be reviewed by the Purchasing Division for completeness and compliance with the prescribed Policy and Procedures.
5. The purchase shall be made through the issue of a Purchase Order by the Purchasing Division, as per Section III, Approval Levels. If the purchase is for construction and payment will be made based on 'progress draws', a letter of award will be issued and payments made by Voucher Payable Request.

PURCHASES GREATER THAN \$ 25,000 AND NOT EXCEEDING \$ 75,000 **REQUEST FOR QUOTATION PROCESS**

1. Purchases with an estimated value greater than \$ 25,000 and less than \$ 75,000 shall be obtained using a competitive process. The requirements of the competitive process may be waived under joint authority of the Director of the requisitioning department and the Director of Financial Management Services. In this case, the competitive process will be replaced by the negotiated method. The circumstances in which the negotiated method would be appropriate and the associated procedures are detailed in Appendix C – "Purchase by negotiation". The reasons for using the negotiated method will be documented by the requisitioning department using the form provided in Appendix C. As this expenditure is in excess of Department Director approval authority, this form will be presented to the CAO for approval before proceeding with negotiations.
2. The requisitioning department shall submit a purchase requisition to the Purchasing Division containing the relevant specifications, terms and conditions for the purchase.
3. The Purchasing Division shall prepare a Quotation document which provides prospective bidders with clear instructions, specifications, terms and conditions. The Quotation document shall provide a Quotation Form on which a bidder can make his/her quotation and a Quotation envelope in which he can submit the Form.
4. The Purchasing Division will forward the Request for Quotation documents on an invitational basis from a predetermined bidders list. The Purchasing Division may supplement this with public advertising of the procurement opportunity if they deem it beneficial.
5. The Quotation document shall clearly indicate the final time and place for the receipt of quotations. The quotations will be received in the Purchasing Division of Financial Management Services. There will be no formal opening of the quotations.
6. All quotations received will be evaluated in consultation between the Purchasing Division and the requisitioning department. At least three quotations should be presented, if possible. The quotation will be awarded consistent with the Purchasing principles stated in Section II.
7. A summary or report indicating the selected vendor will be prepared. This report will require the approval of the CAO before the Purchase Order can be issued. If the purchase is for construction it shall be confirmed by executed contract or letter of award. The City Solicitor will determine which is appropriate. In this case, all payments will be made by Voucher Payable request.

PURCHASES EXCEEDING \$ 75,000 **REQUEST FOR TENDER/REQUEST FOR PROPOSAL PROCESS**

1. The acquisition of all goods and/or services having an estimated value greater than \$ 75,000 shall be obtained using a Request for Tender or Request for Proposal process and may require vendor pre-qualification. The requirements of the competitive process may be waived

under the joint authority of the Director of the requisitioning department and the Director of Financial Management Services. In this case, the competitive process will be replaced by the negotiated method. The circumstances in which the negotiated method would be appropriate and the associated procedures are detailed in Appendix C – “Purchase by negotiation”.

2. The process for issuing Tenders/RFP's will be governed by the procedures detailed in Appendix E (Tenders) and Appendix G (RFP's). Should vendor pre-qualification be deemed beneficial, a Request for Pre-qualification shall be issued. The process for issuing this request will be governed by the procedures detailed in Appendix M – Request for Pre-qualification.
3. The Tender/Proposal documents will be received, opened, and summarized as outlined in the aforementioned Appendices.
4. A written report with recommendation will be forwarded to the Director of Financial Management Services. If the approved budget funds are sufficient and the recommendation is for the low bid which meets specifications, the director is authorized to award the contract and the solicitor is authorized to prepare and present the necessary by-law for passage by Council. In all other cases, a written report must be prepared for presentation to the Council. Should the negotiated method purchase have been employed, the report to Council must clearly state that this was the case and give the justification for the decision.

REQUEST FOR TENDER VS REQUEST FOR PROPOSAL

A Request for Tender shall be issued for purchases exceeding \$ 75,000 where all of the following criteria apply:

1. two or more sources are considered capable of supplying the requirements,
2. the requirements are precisely defined due to the fact that a clear or single solution exists and this permits the evaluation of tenders against clearly stated criteria
3. the market conditions are such that tenders can be submitted on a common pricing basis,
4. it is intended to accept the lowest priced compliant bid without negotiations

A Request for Proposal should be issued where one or more of the criteria for issuing a Request for Tender cannot be met, such as:

1. owing to the nature of the requirements, proponents are invited to propose a solutions to a problem, requirement or objective for which there is no clear or single solution
2. it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.

The selection of the successful proponent is based on the effectiveness of the proposed solution rather than on price alone.

In general, the Request for Proposals process encourages different solutions from vendors and actively searches for better and more creative ideas for supply of goods and services. It provides a process whereby the negotiation and award is based on demonstrated competence, qualifications and the technical merits of the Proposal at a fair price.

SECTION V – EMERGENCY PURCHASES

Where a situation arises requiring the immediate procurement of goods or services essential to prevent serious delays in the work of any Department or which might involve danger to life, health or safety of employees, or the public, or to prevent damage to property, a Department Director may purchase the required goods or services notwithstanding any other provision of this policy.

To facilitate the emergency purchase, a number of blank pre-numbered Purchase Orders will be issued to each requisitioning department. Emergency purchases not exceeding \$ 75,000 shall be covered by the issuance of one of these “Reserved” Purchase Orders. It shall be the responsibility of the Purchasing Agent to ensure that the Reserved Order system is monitored and controlled to avoid its use to circumvent normal purchasing procedures.

For purchases under this section exceeding \$ 75,000, as soon after the purchase as reasonably possible, the requisitioner shall notify the Purchasing Agent with a written report detailing the circumstances. A report to Council will be required. If a Purchase Order would normally have been required, a Purchase Order shall be issued after the fact by the Purchasing agent with a notation that this was an emergency purchase.

SECTION VI – DISPOSAL OF SURPLUS OR OBSOLETE ASSETS

Disposal of surplus assets is the responsibility of the Purchasing Division. The Purchasing Division may delegate responsibility for disposal of certain assets, if it is beneficial to the City to do so.

Where any goods, equipment or inventory stock are surplus, obsolete or not repairable, they shall be declared surplus by the disposing department to the Purchasing Agent. The Purchasing Agent shall have the authority to transfer surplus assets to other using departments. When no other use can be found, they will be added to the surplus list for disposal. The using department will be credited with the net proceeds from the sale of their surplus assets. If, in the opinion of the Purchasing Agent, a higher return can be achieved by trade-in or in the case of inventory items by sale to the original vendor or similar vendor, he shall have the authority to sell such goods at the highest price. If it is determined that the goods have no residual value, the Purchasing Agent may dispose of them in an accredited landfill site.

Sale of surplus assets shall be made to the highest responsive bidder. This may be by sealed bid or by offering the goods at public auction. Various public auctions are available at the present time. It is the responsibility of the Purchasing Agent to maintain a list of the various auctions and to determine which auction provides the most cost effective and efficient means of disposal of the assets. The sale shall be made in accordance with the provisions of this policy where applicable. No surplus asset will be sold directly to a City employee. This does not prohibit any City employee from purchasing surplus assets being sold through public auction.

SECTION VII – CONFLICT OF INTEREST

1. No requisition, Purchase Orders, vouchers, petty cash funds or any other order, written or verbal, shall be issued for personal goods and/or services for employees of the City, any member of Council, or the public.
2. No purchase of goods or services shall be made from any employee of the City, or from any company in which an employee of the City has an interest. A contract for goods or services placed with a relative of an employee of the City shall be declared and that employee shall not be placed in a position to supervise or approve the execution of that contract.
3. No employee or elected official shall purchase surplus assets except by bidding on the same at public auction or by sealed bid.

SECTION VIII – LOCAL PREFERENCE

In accordance with the Discriminatory Business Practices Act, Revised Statutes of Ontario, 1990, Chapter D.12 there will be no local preferences for purchases. All else being equal, preference will be given to purchase goods and/or services firstly from St. Catharines based businesses, secondly from businesses located in the Region of Niagara and thirdly from Canadian owned businesses.

SECTION IX – SPECIFICATIONS

Specifications are the responsibility of the using Department and should be maintained in a file or database. The Purchasing Division shall co-ordinate the standardization of specifications of similar items ordered by different departments. The policies pertaining to this coordination are detailed in Appendix D – Standardization of Specifications and Co-ordination of Purchases.

SECTION X – AWARD CONSIDERATIONS

In addition to price, consideration may be given to the following in determining the lowest responsible bidder:

1. the ability of, capacity, and skill of the bidder to provide the goods or services requested,
2. the ability of the bidder to perform the contract or provide the services promptly or at the time specified without delay or interference,
3. the character, integrity, reputation, judgement, experience and efficiency of the bidder,
4. the quality and performance of previous contracts, good or services,
5. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the goods or services,
6. the quality, availability and adaptability of the goods or contractual services to the particular use required,
7. the ability of the bidder to provide future maintenance and services for the items acquired, and
8. the number and scope of conditions attached to the bid.

SECTION XI – EXEMPTIONS

Exemptions from Procurement Policies

This Procurement Policy establishes the purchasing policies and practices applying to the purchase of all types of goods and services with the exception of the following:

1. the borrowing and investing of money
2. the rental, lease, purchase and sale of property, land or accommodation
3. the admission or registration for conferences, conventions, courses, workshops and seminars
4. memberships in professional and vocational associations and their publications
5. utilities including hydro, gas, basic telephone
6. employee benefits
7. insurance
8. the hiring of contract employees
9. licences, certificates and other approvals required

As the above are exempted from the procurement policy, those purchases do not require the issuance of a Purchase Order. The chart below indicates the method of payment of these types of expenditure. The voucher payable request form is appropriate if no specific form/procedure has been developed by Financial Management Services.

Item	Form Required
Training education and staff development - conferences, courses, seminars, including related travel expenses etc	Education refund application form or Travel Expense Form
Memberships, subscriptions, publications	Voucher payable request
Licences and Regulatory Fees	Voucher payable request
Advertising services - newspaper, radio	Voucher payable request
Bailiff or Collections agencies	Voucher payable request
Employee deduction remittances	Voucher payable request
Utility payments - gas, hydro, phone	Authorization and review recorded directly on original invoice

SECTION XII – LEASE FINANCING

In certain circumstances, it may be economically advisable for the City to enter into a financing lease to acquire the rights to use capital property and equipment rather than an outright purchase. See Appendix L – “Statement of Lease Financing Policies and Goals” which details the procedures to be followed when evaluating potential financing lease agreements and the corresponding reporting requirements to City Council.

SECTION XIII - GENERAL

This policy shall be read with all necessary changes of genders and changes of singular to plural which may be required in its context.

Notwithstanding the provision of this policy, the City shall have the right to reject the lowest or any bid in it's absolute discretion.



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY APPENDIX A - DEFINITIONS

In this policy:

Acquisition means the process for obtaining goods and services.

Authority means the legal right to conduct the tasks as outlined in this policy

Bid means an offer or submission received from a vendor, contractor or consultant in response to a request, tender or proposal which may be subject to acceptance or rejection.

C. A. O. means the Chief Administrative Officer

Competitive means vendors are given an equal opportunity to compete for City business.

Contract means a legally binding agreement between two or more parties.

Council means the Municipal Council of the City of St. Catharines.

City means The Corporation of the City of St. Catharines

Clerk means the Director of Corporate Support Services who serves as City Clerk and includes his/her designate.

Director means the individual accountable for the department and services assigned to each section thereof.

Disposal means the selling, trading, assigning and/or scrapping of surplus assets.

Designate means a person authorized by the Director to act on his/her behalf, for purposes of this policy.

Goods means all materials, equipment, fixtures and structures to be delivered, installed, or constructed.

In House Bids are bids submitted by internal staff in which they compete with external entities for procurement opportunities.

Negotiated Method means the acquisition method whereby the City may negotiate with one or more vendors to acquire goods or services without using the Competitive Process.

Proposal means an offer to provide goods or services to the City where the requirements cannot be definitely specified and may be subject to further negotiation.

Procurement Process means the process by which goods and/or services are obtained.

Purchase Order means a written offer to purchase goods and/or services or a written acceptance of an offer where such an offer has been made on the forms prescribed by the City.

Purchasing Card means a charge card approved by the City that can be used by authorized City employees to acquire low dollar value items as outlined in the policy and procedure manual for the Purchase Card.

Quotation means a request for prices on specific goods and/or services from selected vendors, which are submitted verbally or in writing, as required by the policy.

Responsible Vendor means a vendor whose reputation, past performance, and business and financial capabilities are such that the vendor would be judged as capable of satisfying the needs for a specific contract.

Responsive Vendor means a vendor whose bid does not vary from the specifications and terms and conditions set out in the quotations, bids, or request for proposal.

Request for Pre-qualification means the method used to pre-qualify vendors for subsequent participation in a Request for Proposal or Request for Tender. See Appendix M – Request for Prequalification Policy.

Request for Proposal means the method of purchase described as such in Appendix B – Methods of Purchase permitted under Policy.

Request for Quotation means the method of purchase described as such in Appendix B – Methods of Purchase permitted under Policy.

Request for Tender means the method of purchase described as such in Appendix B – Methods of Purchase permitted under Policy.

Requisition means a written request to purchase goods and/or services that includes a detailed list or specification of requirements with the appropriate signatures as required in this policy.

Sole Source exists when a vendor provides a unique good or service that cannot be obtained from another source.

Standing Order means a purchase order to purchase goods and/or services for a defined period of time at an established price, under set terms and conditions. The quantity may be estimated, and the quantity per release and time of release may not be precisely determined but the intention of the “Order” is to acquire the goods and/or services from the established vendor. See Appendix J – Standing Order Purchases.

Total Acquisition Cost means the sum of all costs, including such matters as purchase price, all taxes, warranties, local service facilities, life cycle costs, inventory carrying costs, operating and disposal costs incurred for determining the lowest acceptable bid meeting specifications.



PROCUREMENT POLICY

APPENDIX B - METHODS OF PURCHASING PERMITTED UNDER BY-LAW

1. Direct Purchase

This method of purchase refers to the direct ordering and purchase of goods and services from a supplier with or without negotiation. This method of purchase will be used primarily for the purchase of low value goods where the cost and administrative burden of other methods of purchase is significant in relation to the price or value of the goods purchased. Employees are encouraged to use their own judgment to promote the principles of this policy in any direct purchase.

2. Negotiated Method

This method of purchase refers to the negotiation of an agreement for the purchase of goods and services from a supplier without open competition. It is used in the case where the conditions listed in Appendix C – Purchase by Negotiation are present.

3. Request for Quotation/Informal Quotation

This method of purchase is a competitive method. The specifications for the goods and services and terms of purchase will be established with sufficient particularity to permit comparable quotations to be made by suppliers. A sufficient number of suppliers shall be requested to submit quotations on the specifications and terms of purchase so that at least three responsive quotations are received, where practical.

The procedures differentiating the Request for Quotation from the Informal Quotation process are detailed within Section IV of the Procurement Policy. In general, the Informal Quotation process does not involve the receipt of sealed bids or the preparation of formal quotation documents as detailed in Section IV of the Procurement Policy. The informal Quotation process seeks to obtain competitive pricing in an expeditious and cost effective manner through phone, fax, e-mail, vendor advertisement or vendor catalogues.

4. Request for Tender

This is a competitive method of purchase which may include supplier or contractor pre-qualification. The tender process follows the general procedures set out below.

- Contractor and Supplier Qualification (if applicable)
- Development of Specifications and Contract Terms
- Publication and Solicitation of Tenders
- Receiving and Opening of Bids
- Bid Evaluation and Selection

The specifications and contract terms are detailed within the tender documents and consequently there is no prospect of negotiations between the parties. It is intended to accept the lowest-priced compliant bid, as all the terms, conditions and specifications must be met by the bidders.

See Appendix E – Request for Tender Policy

5. Request for Proposals

This method of purchase involves the solicitation of proposals designed to solve a complex problem or one for which there is no clear or single solution. It may or may not include prequalification. In this method of purchase, some or all of the specifications and contract terms will not be finally determined with sufficient certainty to form the basis of a final contract before proposals are solicited and submitted. It will be expected that there will be variations in the final specifications and contract terms among and between responsive proponents. The process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms and price. The selection of a successful proponent will be based on qualitative and technical considerations as well as pricing considerations.

See Appendix G – Request for Proposal Policy



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY
APPENDIX C - PURCHASE BY NEGOTIATION

All purchasing of goods and services shall be by a competitive method except for the following where the negotiation method would apply:

1. when goods or services are available from only one source;
2. when the required item is covered by an exclusive right such as a patent, copyright or exclusive license;
3. when, due to the low dollar value of the procurement, competitive sourcing would be uneconomical or would not attract bids;
4. where compatibility within an existing product or process, or avoidance of violation warranty/guarantee requirements is the overriding consideration;
5. when two or more identical lowest bids have been received;
6. when, due to market conditions, goods are in short supply;
7. when all acceptable bids exceed the amount budgeted and re-tendering would not be beneficial;
8. when the extension or reinstatement of the existing contract would be the most cost effective or beneficial method and is in the best interest of the City;
9. when an emergency, where goods and services are deemed necessary and time and safety concerns reasonably limit the use of any other prescribed procurement process; this would include fulfilling a statutory order issued by a federal or provincial authority, such as an environmental, public health or workplace safety compliance order;
10. when no bids are received on a formal quotation, tender or request for proposal;
11. when goods are required for resale and thus an important factor in choosing a successful bidder is marketability and profitability;
12. where the best interest of the City would be served through negotiations.

Authority to incur expenditures of City funds through the negotiation method shall be subject to the same spending approval levels as outlined in Section III of the policy.

In accordance with the negotiation method, the requirements for inviting tenders and quotations will be waived. The methods of negotiation shall be those accepted as standard negotiating procedures that employ fair and ethical practices. The information pertinent to and the results of all such negotiations shall be reported to the Purchasing Agent.

SOLE SOURCE JUSTIFICATION FORM – For orders exceeding \$5,000

As per the Corporation's Procurement Policy, all purchasing should be by a competitive method except for those situations listed in Appendix C of the Procurement Policy. If competition is to be restricted, or not utilized, the facts and justification supporting this must be documented in detail. Justification must be based upon unique technical or performance characteristics.

Completion of this form is intended to document that only one source is practicably available for the good or service requested. See guidelines attached.

Respond specifically to each question below. Use attachments when necessary.

1. State particular product and/or vendor chosen, as well as estimated cost:

2. Is the requested product/ service an integral repair, part, service or accessory compatible with existing equipment and no other dealers are available to distribute for the manufacturer? If yes, give specific details below:

Existing Equipment	
Unit #	
Manufacturer and Model #	
Age of Equipment	
Estimated remaining life	
Requested Equipment/Accessory/Part/Service	
Manufacturer/Model #	

3. Does the requested product/service have unique design/performance specifications that are essential to our needs and are not available in comparable products/services? Give specific details below. Indicate why the features are required.

4. If products/services of similar capabilities are available, they must be considered. Indicate below which products/services have been considered and the reasons why they are not acceptable.

Vendor A	
Product description	
Vendor Contact and Phone #	
Technical Deficiency	

Vendor B	
Product description	
Vendor Contact and Phone #	
Technical Deficiency	

Certification:

I am aware of the City's requirements for competitive bidding and the criteria for justification of utilizing the negotiated method for purchasing. As an authorized department representative, I have gathered the required technical information and have made a concentrated effort to review comparable products for this purchase.

Dated _____

Signature _____

Department _____

Note: these abbreviated guidelines are to be attached to the preceding form to assist staff in the completion and submission of the form to purchasing staff.

SOLE SOURCE GUIDELINES

Sole source purchasing is an exception to the City's Procurement Policy. The applicable situations in which exceptions are granted are listed in Appendix C of the City's Procurement Policy. Such requests should not be made unless you are certain that there is a valid requirement and adequate documentation to qualify for this exception. Your documentation must answer the following questions:

1. What is the unique feature of the product/service and why is this unique feature needed for your application?
2. Why will competing products not be satisfactory?

This form is not necessary in the following situations:

1. When a sole source is chosen for circumstances arising out of the competitive bidding process. i.e. only one bidder response to a tender.
2. Resale products.
3. Emergency purchases.

The following should not be included in your justification. These reasons will not be considered as justification and will only tend to confuse the evaluation process.

1. Personal preference for product or vendor.
2. Lack of advance planning.
3. Cost, vendor performance, local service, maintenance and delivery - these are factors for evaluating vendor responsiveness and reliability and are considered 'award' considerations in the competitive process

If you require assistance in completing your justification, please contact a Purchasing Agent.



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY

APPENDIX D - STANDARDIZATION OF SPECIFICATIONS AND CO-ORDINATION OF PURCHASES

The Purchasing Division shall co-ordinate the Standardization of Specifications for similar items ordered by different departments.

Review

Purchasing staff will review requisitions, budget lines, previous purchases, etc. for identical items that may be purchased at the same time to maximize discounts as well as for similar items that can be grouped into larger volume purchases with the intention of:

- a) saving money by utilizing larger volume purchases.
- b) developing a common standard that benefits all City departments.

Specifications

It is City policy to structure specifications that do not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.

Specifications are the responsibility of the using department within the framework of the Purchasing Policy except where one department has been given the responsibility to develop common specifications for all using departments. Examples include but are not limited to furniture purchases and computer requirements.

In many instances a department may not be aware that another department uses a similar or identical item. The Purchasing Division will work with the users to develop common standards that all using department will find acceptable.

Documentation

The Purchasing Division will record and distribute the common specifications to all user departments and will use this specifications for all future purchases.

Any using department that can provide a valid reason for altering the specifications may notify the Purchasing Division of the reason for change. Purchasing will work with the other using departments to facilitate new common specifications in order to preserve the process and benefits.



FINANCIAL MANAGEMENT SERVICES
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PROCUREMENT POLICY APPENDIX E - REQUEST FOR TENDER POLICY

The following is a procedure for issuing, receiving and awarding tenders as issued by the Purchasing Division.

TENDER LIMITS

As outlined in the policy all purchases over \$75,000.00 shall use the Request for Tender or Request for Proposal Process. The criteria for determining which process to use are contained in Section IV of the policy.

GENERAL PROCESS

In all cases, tenders shall be coordinated by the Purchasing Agent in conjunction with the using department and the City Clerk. The Purchasing Agent will ensure:

1. completeness of documentation
2. advertisements are arranged
3. closing dates and tender opening are scheduled
4. vendor contact for information is appropriate

TENDER DOCUMENT PREPARATION

As per Section IX of the policy, the specifications contained within the tender documents are the responsibility of the using department. The Purchasing Agent is available as a resource if necessary and will review the submitted specifications to ensure that the Principles of Section II have been adhered to. In the case of Construction Contracts (i.e. municipal services including buildings, etc) the Transportation and Environmental Services department director will be responsible for the entire tender document. Standard bidding documents of the construction industry will be employed whenever possible. When changes are made to these documents which pertain to procedures detailed within this policy, Transportation and Environmental Services staff will submit the draft documents to the Purchasing Agent for review to ensure that all requirements of this section are met.

CONTENTS OF THE TENDER DOCUMENT

The tender document will consist of a number of sections. They are described below. When considered in its entirety, the document must contain the appropriate information so that staff evaluating the bids can determine that;

1. the bidder understands the full scope of the tender for which bids have been invited and
2. the bidder is capable and willing to perform all of the required work or provide all of the required goods/services and
3. the bidder is capable and willing to enter into a legal agreement with the municipality for the provision of the required goods/services and
4. the bidder offers financial guarantees that a formal agreement will be executed, and that all goods/services will be provided following the terms of the executed agreement.

Tender documents will contain at least the following:

1. A cover sheet with the name of the tender, the closing date and time, and the issuer or contact person within the Purchasing Division.
2. Information to Bidders. This contains non-technical information that advises the bidders of the general terms and conditions that apply to the tender of goods and/or services.
3. Performance Guarantee/Financial Guarantee. To ensure proper execution of the work, a performance guarantee in the form of cash, certified cheque, irrevocable letter of credit, or bond (performance, labour, and/or material) may be required. All requirements must be clearly outlined in the Information to Bidders.
4. Specifications. The specification section will provide details to describe accurately and precisely the nature, scope and extent of the goods and/or services required. As outlined in the policy specifications may **not** be structured to exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.
5. Form of Tender. The tender form when properly completed and signed is a legal offer by the bidder to carry out the tendered work. The tender form should include an acknowledgement from the bidder that he has reviewed and understands all of the tender documents, and that he is prepared and capable of carrying out the contemplated work. Proper and clear identification of the bidder as well as clear bid prices must appear on the completed tender form.
6. Tender envelope. A standardized tender envelope or envelopes are provided to all bidders where appropriate.

ADVERTISING

The Purchasing Division or Director of the Transportation and Environmental Services (for construction contracts) will give notice of the Tender in the newspaper and/or on the City of St. Catharines Web site. Electronic tendering networks, as available will also be employed.

All tenders shall be open for bid by vendors for a minimum period of two weeks unless critical or exceptional time constraints limit the period available for bidding.

Pre-qualification

Pre-qualification of bidders is desirable to ensure that prospective bidders have the necessary knowledge, experience, and financial resources to complete the work. The circumstances in which a pre-qualification process would be appropriate and the associated procedures are detailed in Appendix M – “Request for Pre-qualification”.

When required, pre-qualification of bidders will be achieved through the Request for Pre-qualification process as described in Appendix M.

If pre-qualification is required for a particular tender, no Form of Tender or Tender Envelope is to be issued to any prospective bidder until he has pre-qualified. However, during the pre-qualification process, certain of the documents (i.e. specifications) may be made available.

RELEASE OF INFORMATION TO PROSPECTIVE BIDDERS

Upon the request of a prospective bidder, the Purchasing Agent or designate shall supply the following material for each contract:

1. one copy of the official tender form
2. one standard tender envelope, if applicable
3. tendering materials, including specifications, plans etc

In the case of tender documents for Construction contracts (municipal services and buildings) the documents will be distributed by the Transportation and Environmental Services Department.

A fee may be charged for the specifications. This fee shall be non-refundable.

A list of prospective bidders shall be maintained by the Purchasing Agent or designate. Names and addresses shall be recorded when tender documents are released to facilitate distribution of addenda and when necessary to extend or cancel a request for tender under call. However, where a pre-qualification requirement exists and the pre-qualification process is complete, the release of the Tender documents will be to qualified bidders only.

Changes to Tenders Under Call

Preparation of Addenda

Addenda will be issued under the following circumstances:

1. Interpretation of tender documents as a result of queries from prospective bidders.
2. Revisions, deletions, additions or substitutions of any portion of the tender documents.

The Purchasing Agent or designate shall approve the issuance of any addenda.

Notification of Addenda to Prospective Bidders

A copy of all addenda shall be sent by registered mail, or by fax confirmed by a telephone call or by electronic correspondence when appropriate, to each prospective bidder who obtained tender documents. All remaining tender documents not yet distributed shall have the addenda appended.

Where an addendum must be issued later than two days prior to the specified closing date, the closing date may be extended to allow four working days between the issuance of the addendum and the revised closing date. This extension is optional and shall be used as required.

CLOSING DATE EXTENSION OR TENDER CANCELLATION

When it becomes necessary to extend the closing date or to cancel the tender, all prospective bidders who received tender documents shall be notified of the cancellation using the method for notification of addenda detailed above.

When the closing date for receiving tenders has been extended, tenders already received shall be handled as follows:

1. If the extension of time is two weeks or less, the bidder shall be advised that his tender will be returned upon request.
2. If the extension of time is more than two weeks, all tenders shall be returned unopened.

When a tender is cancelled, no bid will be accepted. All bids received shall be returned unopened to the bidders by hand or by registered mail with a covering letter.

Submission Requirements

All tenders shall be received by the office of the City Clerk. They will be time and date stamped and placed in a locked container until after the closing time. Any tenders received after the closing time and date will not be received and will be returned unopened to the submitting vendor.

Tenders are required to conform to the conditions listed below:

1. The correct Tender Form, as supplied by the City, must be used and in the possession of the Clerk or his duly authorized representative, on or before the tender closing date and time.
2. The tender must be legible, completed in a non-erasable medium and all items must be bid, unless the tender specifically permits otherwise, with the unit price on every item and other entries clearly shown.
3. Adjustments by telephone, letter, fax, or electronic correspondence to a tender already submitted will not be considered. A bidder desiring to make adjustments to a tender must withdraw the tender. See section within this Appendix titled "Withdrawal of Tender Bids" for the relevant procedures.
4. The official Tender Return Envelope supplied by the City must be used to submit the bid without any extra exterior covering. Provision shall be made on the Tender Envelope for the contract number and the name and address of the Contractor or Supplier. Should a bidder feel that the envelope is insufficient in size to accommodate his submission, he should contact the Purchasing Agent for instructions.
5. The Tender Form shall be signed in the space provided on the form. All specified signatures and company seals or specified signatures duly witnessed must be provided. A seal need not be provided if the signer indicates authority to bind the corporation in writing and the signature must be witnessed. If a joint bid is submitted, it must be signed on behalf of each of the bidders and if the signing authority for both bidders is vested in one individual, he shall sign separately on behalf of each bidder.
6. Erasures, overwriting or strike-outs must be initialled by the person signing on behalf of the bidder.
7. Agreement to bonding and/or bid deposits may be required at the discretion of the Purchasing Agent and the appropriate department director or his designate.

If any of the tender requirements have not been met, the tender shall be considered to be an "Improper Bid" and dealt with as set out in Appendix F – Acceptance or Rejection of Improper Bids.

Receiving of Tender Bids

Locked Tender Box

A locked tender box shall be kept in the office of the City Clerk and under control of the Clerk to receive tenders. It is the responsibility of the staff of the Clerk's office that all tenders placed in the tender box are clearly identified as to contents and contract number. Should a submission be received without proper contract identification, it will be returned unopened. In the case where the submission was not hand delivered, reasonable efforts will be made to inform the bidder of their error. The tender opening will not be delayed by these efforts as it is the responsibility of the vendor to correctly identify their submission. Fax or electronic submission will not be accepted.

Time and Date Stamping and Recording of Tenders

When a tender is received, the sealed envelope shall be marked with the time and date of receipt and initialed by the person receiving the tender. Receipt of the tender shall be recorded on a list of tenders received and tenders shall be deposited unopened in the proper Tender Box.

Late Submissions

Regardless of the time a bid is received, the envelope shall be time and date stamped. If the bid is received after the time of closing, it shall be refused and returned unopened to the bidder. If a tender is to be returned by mail, it shall be accompanied by a covering letter stating that the tender could not be accepted due to late arrival. If a late bid is received without a return address on the envelope, it shall be opened, address obtained and then returned. The covering letter should state why the envelope could not be returned unopened.

Action on Correspondence pertaining to Adjustments, Corrections or Restrictions to a Tender

Any correspondence pertaining to adjustment, corrections or restriction to a tender, which is received with a tender but outside the tender envelope or is received after a tender has been submitted but prior to closing time, shall not be considered, and the bidder shall be advised by mail or phone of the withdrawal procedures if possible and practical.

Withdrawal of Tender Bids

Prior to Opening

The withdrawal shall be allowed if the request is made before the closing time for the tender. Withdrawal request must be directed to the Clerk by letter. Telephone requests shall not be considered. Tenders confirmed as withdrawn prior to being placed in the tender box shall be returned unopened to the bidder.

The withdrawal of a tender does not disqualify a bidder from submitting another tender for the proposed contract.

Withdrawal requests received after the tender closing time will not be allowed. The bidder shall be informed that the withdrawal request arrived too late for consideration. However, when the bids are read out at the bid opening, and if it is the lowest bid on a proposed contract, the bidder may then proceed in accordance with the following section titled "During the Opening".

During the Opening

During a tender opening at the conclusion of the reading out of bids on a proposed contract, the low bidder may withdraw any of his remaining tenders on other contracts prior to the opening of bids thereon. He shall attest in writing to his identity and state the contract or contracts on which he desires to withdraw. The Notice of Withdrawal of Tender must be signed by the bidder. This Notice must be handed to the Clerk before the opening of the first tender on the proposed contract to which it applies. The Clerk shall attach it to the applicable tender. The Clerk shall read out the bidder's name and announce that the tender has been withdrawn in accordance with established procedure. He shall not open the withdrawn tender. Tenders withdrawn under this procedure shall not be reinstated. If more than one tender is read out under the same name for the same contract and no withdrawal notice has been received, the tender contained in the envelope bearing the latest date and time stamp shall be considered the intended bid. The first tender received shall be considered withdrawn and returned to the bidder in the usual manner.

Opening of Tenders

Tenders will be opened publicly by the Purchasing Agent or designate and recorded by a member of Corporate Support Services staff.

Action on Correspondence found enclosed in Tender Envelope

If correspondence is found enclosed with a tender which, in the opinion of the purchasing agent, could qualify the bid in any way, the tender shall initially be considered as an "Improper Bid" and shall be so noted in the record of tenders opened and the tender read out in the normal manner. This correspondence and the tender shall be referred to the appropriate Department Director for decision as to acceptance or rejection. See Appendix F – Acceptance or Rejection of an Improper Bid.

All Tenders Received must be Accounted For

When tenders have been opened and sorted, the clerk shall check the Listing of Tenders received, and the number of tenders opened to ensure that all tenders received are accounted for. If a discrepancy occurs, the tender opening proceeding shall be delayed until all tenders have been accounted for.

Reading out of Bid Amount and Listing of Information

Every tender received within the specified time shall be opened in full view of those attending and each bidder's names and the total tendered amount read aloud by the Purchasing Agent or designate, and recorded by the Corporate Support Services staff member.

Should the reading aloud of all prices be impractical due to a large number of individual prices or options or for reasons where a total price is not stated on the Form of Tender, only the company names of the bidders will be read out at the time of the tender opening.

More than One Submission Under the Same Name

During the reading out of tenders, staff shall check for more than one tender under the same name (without a notice of withdrawal). If this situation occurs, it shall be dealt with as detailed in the section titled "Withdrawal of Tender Bids – During the Opening". If two tenders for the same contract are received in the same tender envelope, the signed copy or, if both are properly executed and prices differ, the lower price shall be considered the intended bid.

Checking Tenders

The tenders will be checked by the Purchasing Agent and by the using department as soon as possible following the public tender opening in order to determine that:

1. All tender requirements have been met as stated in the tender documents and this policy
2. all unit prices have been correctly extended and totaled.

Tenders which do not conform to the tender requirements or which require mathematical corrections shall be deemed "Improper Bids" and shall be dealt with as set out in Appendix F – Acceptance or Rejection of Improper Bids.

Improper Bids

Following completion of the checking procedures any bids deemed "Improper bids" shall be so noted on the Record of Tenders Opened. This notation shall clearly state the reason the bid has been considered improper. The appropriate department director shall then decide on the acceptance or rejection of all tenders noted as improper pursuant to the provisions of Appendix F – Acceptance or Rejection of Improper Bids.

Evaluation of the bids will be made by the Purchasing Division and representative of the user departments.

Recommendation to Award

Any recommendation to award will be in favour of a bidder meeting specifications, terms and conditions and whose tender offers the lowest cost considering "total acquisition cost" as per Section II of the policy and other consideration as outlined specifically in Section X – Award Consideration.

A written report with recommendation will be forwarded to the Director of Financial Management Services. If the approved budget funds are sufficient and the recommendation is for the low bid which meets specifications, the director is authorized to award the contract and the solicitor is authorized to prepare and present the necessary by-law for passage by Council. In all other cases, a written report must be prepared for presentation to Council.

Award

When the necessary approvals have been received, the Purchasing Agent or his designate may use the appropriate documents to contract for the supply of the tendered goods and/or services.

The Purchasing Division shall notify each of the unsuccessful bidders thanking them for their participation.

Disposition of Deposit Cheques

Following the recommendation to award the contract to a specific bidder, bid deposits of all bidders other than the low bidder shall be returned to the applicable bidders by registered mail to the last known place of business or by personal delivery. If a deposit cheque is returned by personal delivery, a letter acknowledging receipt must be signed by the bidder. The bid deposit cheque of the successful bidder shall be held until the contract is executed.

Action when Successful Bidder does not finalize Contract

If contract has been awarded and the successful bidder fails to sign the contract or provide the necessary security within the time specified in the tender documents, the Purchasing Agent may grant additional time to fulfill the necessary requirement or may recommend one of the following:

1. that the contract shall be awarded to the next low bidder
2. that the tender call shall be cancelled

In either case, the Tender Bid Deposit of the low bidder shall be forfeited.

Purchase Order

A tender for the purchase of goods shall be confirmed by the issuing of a Purchase Order.

All other tenders shall be confirmed by executed contract or letter of award. The City Solicitor will determine which is appropriate. In this case, all payments will be made by Voucher Payable Request.



FINANCIAL MANAGEMENT SERVICES
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PROCUREMENT POLICY

APPENDIX F - ACCEPTANCE OR REJECTION OF IMPROPER BIDS

Extreme care shall be exercised to ensure that Improper Bids are handled in a manner which is fair to other bidders as well as the public.

The decision as to whether an improper bid shall be accepted or rejected, shall be based upon the following general considerations;

1. is the intention of the bidder clear ?
2. has the bidder made a conscientious attempt to comply with the submission requirements ?

The following are guidelines only, intended to illustrate some of the discretion allowed. The Purchasing Agent will review each case.

	IRREGULARITY	RESPONSE
1.	Late bids	Automatic rejection
2.	Unsealed envelopes	Automatic rejection
3.	Not completed in non-erasable medium	Automatic rejection
4.	Incomplete bids - part bids – all items not bid	Automatic rejection except where the tender form clearly states that an award may be made for individual items or where in the opinion of the Purchasing Agent and the Director of the using department the incomplete nature is trivial or insignificant
5.	Qualified bids - qualified or restricted by an attached statement	Automatic rejection except where the change is requested by the City or where, in the opinion of the Purchasing Agent and the Director of the using department, the change is trivial or insignificant
6.	Financial security not submitted or insufficient	Automatic rejection
7.	Bid not properly signed	Automatic rejection
8.	Mathematical errors	May be accepted if corrected in the checking procedure. Unit prices shall ordinarily be used to correct extensions.
9.	Agreement to bond insufficient or not submitted	Automatic rejection
10.	Bids received on documents other than those provided by the City	Automatic rejection unless, in the opinion of the Purchasing Agent, the matter is trivial or insignificant
11.	Erasures, Overwriting or Strikeout Not Initialed	
a.	Changes which are minor i.e. address, clerical error	May be accepted, time limit given to initial
b.	Unit prices have been changed but not initialed and the contract totals are consistent with the price as amended	May be accepted, time limit given to initial
c.	Unit prices have been changed but not initialed and the contract totals are not consistent with the prices as amended	Automatic rejection
12.	Minor clerical errors	May be accepted, time limit given to correct and initial
13.	Documents, in which all necessary Addenda, which have financial implication, have not been acknowledged	May be accepted, only if omission of the acknowledgment is insignificant. Financial Management Services and the Director of the using department shall determine if the omission is significant

14.	Other Minor irregularities	May be accepted, Financial Management Services and the Director of the using department shall have authority to waive irregularities which they jointly consider to be minor
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Decisions on Improper Bids

When an improper bid is rejected as outlined above, the amount of the tender shall not be recorded in the Minutes of the Tender Opening but the words "Rejected Bid" shall be recorded instead. When an improper bid is one that may be accepted as outlined above, it shall be noted as an "Improper Bid" in the Minutes of Tender Opening along with the amount of the tender. All tenders shall then be referred to the Purchasing Agent and the appropriate Department Director or his designate for review of the bids in order to recommend an award. The report shall recommend acceptance or rejection of any Improper Bid and shall recommend the award of the contract.



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APPENDIX G - REQUEST FOR PROPOSAL POLICY

A Request for Proposal is issued in cases where the exact specifications are not predetermined. See Section IV of the policy wherein the criteria for choosing between issuance of a Request for Tender or Request for Proposal are detailed.

Requests for Proposals will follow the general procedures found in Appendix E – Request for Tender Policy
This includes the overseeing of the process by the Purchasing Division, the date and time-stamped receipt of Proposals in the Clerks office, and the public opening of proposals.

The procedures will differ from the Request for Tender policy in the following aspects:

SPECIFICATIONS

Exact specifications are not predetermined but the outcomes expected are reasonably stated. By issuance of a Request for Proposal, the City is soliciting creative input and inviting suppliers to propose a solution to a problem, requirement or objective.

FORM OF PROPOSAL

Since the exact specifications are not predetermined, so the form of proposal will also be less specific. However, it should clearly indicate those needs which have been determined and which will have to be fulfilled by the successful proponent.

OPENING OF PROPOSAL SUBMISSIONS

The opening follows the general procedures for the opening of tenders, except that no prices will be read out. The receipt of the submissions and by whom they were submitted will be read aloud and recorded. People wishing to submit shall be advised of the time and location of the meeting.

EVALUATION PROCESS

The selection of the successful proponent is based on the effectiveness of the proposed solution rather than on the price alone. As the evaluation process will be more complex, the process should be clearly outlined in the Request for Proposal documents. All criteria used to evaluate proposals should be listed.

A selection committee shall be established by the Purchasing Agent or responsible Director and shall comprise regular staff with the relevant expertise. The committee will always include a Purchasing Agent or his designate. The committee will review proposals against the established criteria and reach consensus on the final rating results and ensure that the final rating results with supporting documents are kept in the procurement file.

In some instances, where the workload to evaluate proposals may be excessive due to their complexity, length, number or any combination thereof, a multi-step procedure may be used that would include a reducing of the proposals to a 'short list'. It is this 'short list' of proposals which would receive the in depth evaluation and rating by the selection committee. The process could then include requests for further clarification or presentations from the 'short list' proponents. The initial Request for Proposal should indicate the possibility of this multi-step process.

It is usual that the evaluation process will encompass a longer time frame than the evaluation process for a tender. For this reason, the Request for Proposal documents should indicate the expected time frame for completion of the process up to and including the anticipated presentation of a recommendation to Council. It is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirements. This differs significantly from Request for Tenders where the Form of Tender of the successful bidder becomes the basis of the eventual contract for goods and/or services.



FINANCIAL MANAGEMENT SERVICES
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PROCUREMENT POLICY APPENDIX H - PURCHASING CARD POLICY

Note: This Appendix has been prepared in preparation for the initial implementation of a Purchasing Card Program for the City of St. Catharines. Many of the specific procedures will depend on the specific bank chosen to provide the services to the City and specific software program used to manage the program. Those specific sections are indicated as “**OUTSTANDING**” in this Appendix and will be completed at the appropriate time when all information is available.

1.0 INTRODUCTION

1.1 Purpose and Scope

The purpose of this appendix is to ensure that responsibilities are clearly defined and appropriate authority is delegated for the use and control of the City of St. Catharines Purchasing Card Program.

The Purchasing Card Program is established as a method of making small dollar value City purchases (up to \$3,000 per transaction, inclusive of taxes and freight), in accordance with this policy.

Charges are processed when the card is submitted for payment and suppliers are paid within their established terms with the Bank.

1.2 Background

Department employees, who occupy positions with delegated low-dollar-value purchasing authority are authorized, by Department Directors, to use the Purchasing Card to purchase goods and services (up to your defined spending limits with a maximum of \$3,000, per transaction inclusive of taxes) in support of sound business practices.

The intended benefits of the Purchasing Card are: reduce the costs of procurement and supplier payment; improved ease and expediency of City purchasing; improve the timeliness of supplier payments; improve control over department purchasing; provide more time for value added acquisitions and improve management reporting on departmental purchasing activities.

1.3 Authority

Department Directors have the authority to empower employees within their departments or areas of responsibility.

2.0 GENERAL POLICY

2.1 Administration

- a The Purchasing Agent is responsible for the administration of the Purchasing Card Program within the City of St. Catharines;
- b Each Purchasing Card will have a unique number, and will be issued in the name of the City of St. Catharines and the name of the employee who has been authorized to use that card. **The Card is not transferable to any other employee, even if that other employee is also authorized to use a Purchasing Card on behalf of the City of St. Catharines. Improper card use will result in the cancellation of the employee's card;**
- c The Purchasing Card will be issued to employees approved by Department Directors who occupy positions with delegated low-dollar-value purchasing authority.

2.2 Limited Restrictions

- a The limit for individual purchases is restricted to low-dollar-value purchases (up to \$3,000 per transaction inclusive of taxes) as delegated by each Department Director to the employee;
- b The monthly credit limit, which is the maximum monthly amount chargeable to each Purchasing Card, is restricted to the maximum dollar limit established by the Bank, but may be further restricted at the discretion of the Department Directors.
- c Under no circumstances will a transaction be “split” into two or more transactions to bypass the single transaction dollar limit.
- d The Purchasing Agent, in conjunction with the Department Directors will manage any changes of transaction or monthly limits.

2.3 Prohibitions

Purchasing Cards will not be used:

- a when the total purchase price exceeds \$3,000 per transaction inclusive of taxes;
- b when the goods and services are available under an existing standing/blanket purchase order or contract;
- c when the goods are available from Central Stores;
- d when the goods are available from internal Printing Services or Stores paper supplies;
- e when the cost of the goods or services would be significantly increased as a result of using the Card (i.e., a discount is provided by the supplier as a result of not using the Card);
- f for personal purchases;
- g to obtain cash advances.

2.4 Revoking of Card Privilege

Cardholders, who do not adhere to the limits and prohibitions set out above, will have their card privileges limited or revoked. The Purchasing Agent will consult with the Department Director, who will advise the employee of this discipline.

2.5 Refunds

No cardholder may accept cash or a cheque from a supplier who is making a refund pertaining to a transaction previously charged to a Purchasing Card account. The supplier in all cases must issue a credit voucher.

2.6 Liability

- a Every cardholder shall be informed in writing of his or her responsibilities and restrictions regarding the use of the Purchasing Card and shall agree to them in writing.
- b Cardholders will be held liable for any misuse or wilful disregard of policies or operating procedures that result in a loss of money, fraud, or collusion.
- c The liability for authorized charges on the Purchasing Cards rests with the City of St. Catharines not the individual cardholder.
- d The maximum City liability for unauthorized use of the Card following loss or theft of the Card shall be \$50.00.

2.7 Unauthorized Use

Unauthorized use means a use that did not benefit the City of St. Catharines and any use made by someone other than the cardholder. The City of St. Catharines is not liable for any unauthorized use of the Card which occurs after notification of loss, theft or cancellation has been received by the Bank. However, if the loss or theft of a Card is not reported immediately, the City of St. Catharines may be liable for all unauthorized purchases charged to the account.

3.0 RESPONSIBILITIES

3.1 The Cardholder

The cardholder is responsible for:

- a adhering to all conditions and restrictions imposed on the Purchasing Card by the City of St. Catharines and the Bank;
- b submitting the Employee Acknowledgment of Responsibilities and Obligations form to the Purchasing Agent acknowledging, signing and submitting that they have read, understood and accept the conditions (Schedule A);

- c ensuring that the Purchasing Card, monthly statements and other documents bearing the Card number are kept in a secure location with controlled access until forwarded to Accounting staff;
- d immediately notifying the Bank, the Department Director and the Purchasing Agent of loss or theft of the Card;
- e informing the Purchasing Agent of cancellation, changes in business address or area of responsibility, and/or telephone number, through the Department Director;
- f returning the Card to the Purchasing Agent for cancellation, as appropriate, through the Department Director;
- g providing a signed, reconciled card activity statement, on a monthly basis, for all purchases made with the Purchasing Card;
- h verify the amount of Goods and Services tax (GST) paid, to allow for accurate rebates;
- i resolving disputed charges with the assistance of Accounting staff, as required;
- j keeping supporting documentation (i.e. sales slips, cash register and credit card receipts, supplier notices, etc.) related to all purchases made with the Purchasing Card for reconciliation, account verification and audit purposes and forwarding to Accounting Staff at completion of monthly statement cycle;
- k ensure that tax exemption, i.e. Bulk foods, resale items and Fire vehicle repairs, are taken at time card is provided to the vendor;
- l ensuring that all suppliers performing service work have the required comprehensive liability insurance, Workers' compensation coverage and comply with the Health and Safety requirements.

3.2 Department Directors

Department Directors are responsible for:

- a assessing the need for Purchasing Cards, in conjunction with the Purchasing Agent based on operational requirements;
- b identifying the employee(s) who will be authorized to make low-dollar-value purchases through the use of a Purchasing Card;
- c establishing the monthly credit limit for each cardholder;
- d specifying in types of items to be purchased with the Card, or identify any merchant blocking necessary;
- e informing the Purchasing Agent for the issuance or cancellation of Cards, increases or decreases to credit limits, change of address or change in department or area of responsibility;
- f monitoring and controlling the utilization of Purchasing Cards within their department or area of responsibility;
- g reviewing on a monthly basis, the Card Activity statement, for all purchases charged to their budgets. This responsibility can be delegated to another employee by the Department Director;
- h ensure immediate supervisors are approving statement reconciliations for their employees.

3.3 Accounting Staff

Accounting staff are responsible for:

- a performing the Purchasing Card payment function within the Finance Department;
- b assisting the cardholders to resolve disputed charges, as required.

3.4 Purchasing Agent

The Purchasing Agent is responsible for:

- a developing corporate policies and procedures on low-dollar-value purchasing for goods and services;
- b ensuring that purchasing card activity is done in accordance with the Procurement Policy, through review of transactions and implementing corrective activities when warranted;
- c ensuring that each cardholder is informed of his or her responsibilities regarding the use of the Purchasing Card;
- d ensuring that the use of Purchasing Cards conforms to departmental and corporate policy and procedures.
- e authorizing the issuance or withdrawal of Purchasing Cards with the Bank;
- f processing increases or decreases to credit limits, as requested by Department Directors;
- g processing bank forms with respect to changes of address and changes of department or area of responsibility, as requested by Department Directors;
- h providing coordination with respect to monitoring the overall utilization of Purchasing Cards within the City of St. Catharines;
- i compiling and reporting pertinent Purchasing Card data to the Department Directors, as required;
- j on going staff training.

4.0 PROCEDURES

4.1 Requests for Purchasing Cards

Requests for cards will be made using the standard application form provided by the Card Provider. Department Director will be responsible for approving each request and indicating appropriate monthly spending limits. No personal credit information will be required, as the Card will be issued to the City of St. Catharines. All applications will be submitted to the Purchasing Agent for review and transmittal to the Bank.

4.2 Issuance of Purchasing Cards

- 4.2.1 Upon receipt of the Cards from the Bank, the cardholder must ensure that all information on the card is correct. Any inaccuracies are to be reported immediately to the Bank Commercial Card Centre by the Purchasing Agent. A form shall be provided for this purpose.
- 4.2.2 The Purchasing Agent will inform the cardholder of the responsibilities and restrictions regarding the use of the Purchasing Card and obtain a written Employee Acknowledgment of Responsibilities and Obligations form from each cardholder before issuing the Card (refer to Schedule A to this Appendix).
- 4.2.3 The Purchasing Agent for safekeeping will retain the Acknowledgment of Responsibilities and Obligations form.
- 4.2.4 The cardholder must sign the Purchasing Card and store it in a secure place when not in use.
- 4.2.5 The cardholder must activate the Purchasing Card by calling the Bank as per the Bank's instructions.

4.3 Cancellation of Purchasing Cards

The cardholder must return the Card cut in half to the Purchasing Agent for cancellation, through the Department Director when:

- a specifically requested to return the Card by the Purchasing Agent or the Department Director;
 - b upon termination of employment with the City of St. Catharines;
 - c upon an employee taking a leave through a secondment, or any leave extending beyond 60 days.
- The Purchasing Agent will complete the necessary change form.

4.4 Lost or Stolen Purchasing Cards

- 4.4.1 The cardholder must immediately notify the Bank of any loss or theft of the Card. Lost or stolen Cards can be reported 24 hours a day. The cardholder must also advise the Department Director who shall confirm the loss or theft in writing to the Purchasing Agent. If the Card is stolen, the police must be notified and a police report requested by the Department Director. The Purchasing Agent will complete the necessary change form.
- 4.4.2 If the lost or stolen Card should eventually be recovered or found, it must be cut in half and returned to the Purchasing Agent through the Department Director.

4.5 Change of Address or Change of Department or Area Responsibility

- 4.5.1 With respect to a change of department or area of responsibility, the Department Director will inform the Purchasing Agent. The Purchasing Agent will complete the Cardholder Account Maintenance Form and indicate the change. If the cardholder will no longer require use of the card as a result of the change in department or area of responsibility, the reason for cancellation of the Card must be indicated.

4.6 Modification of Credit Limit

- 4.6.1 To modify a credit limit, the Department Director will inform the Purchasing Agent. The Purchasing Agent must complete the necessary bank form.

4.7 Disputed Charges

- 4.7.1 Items charged on monthly statements of accounts that do not accurately reflect the transactions made by the cardholder (i.e. bank errors such as wrong amount, incorrect account number, multiple postings of the same item, etc.) are considered to be disputed items.
- 4.7.2 The cardholder must notify Accounting Staff immediately by telephone when disputed items as stated under 4.7.1 are involved. Disputed items reported by cardholders will be credited on the individual statement the following month (provided they are legitimate). The amount indicated on the statement is the amount which should be paid to the Bank.
- 4.7.3 The cardholder shall provide information and assistance to the Bank to settle the disputed items, as required.

4.7.4 If the questionable item is not a bank error but a supplier error (i.e., late delivery, defective goods, wrong price, quantity difference, returned goods, etc.), the matter must be settled directly with the supplier by the cardholder. Such matters must be drawn to the supplier's attention immediately so as to minimize the delay in obtaining a credit to the Purchasing Card account. When the amount in dispute is of an insignificant dollar value, notices to suppliers should be confirmed in writing even though settlement may be accomplished through telephone calls. Copies of the notices to suppliers should be attached to the monthly Purchasing Card Register. Items under dispute with suppliers must not be deducted from monthly statements of accounts.

4.7.5 Disputed Charges must be identified and the Bank notified.

4.8 Purchase of Goods and Services

4.8.1 Records of purchases made with Purchasing Cards must be submitted to Accounting by cardholders together with, sales slips, credit vouchers, notices to suppliers and the card activity statement.

4.8.2 The appropriate sales tax exemption must be noted, at the time of purchase, to the supplier to ensure exemption from the provincial sales tax where applicable.

4.8.3 The appropriate Provincial Sales Tax and Goods and Services Tax are to be paid where applicable.

4.8.4 For over-the-counter transactions, or services rendered, the cardholder will certify that the goods have been received by signing the sales slip; when goods are shipped, the cardholder must ensure that the shipment matches the order or sales slip.

4.8.5 For telephone orders, the cardholder should have the supplier fax a copy of the receipt or instruct the supplier to supply a copy of the receipt with the shipment.

4.9 Bank Software

OUTSTANDING – it is anticipated that the purchasing card program adopted will include software to aid employees in reconciling their monthly statements and ensuring that payments are allocated appropriately within the financial systems of the City. At a minimum the software will allow cardholders to:

- receive an electronic monthly statement of expenditures
- adjust transactions details (i.e. allocate to cost centres, adjust taxes or add additional information for use in company-specific reports)
- electronically deliver revised monthly statements to Accounting Staff

4.10 Payment of Monthly Statements

OUTSTANDING – the specific statement cycle and flow of documentation will be determined when a specific Card Provider is chosen.

In general, statements will be reconciled monthly by a specific date. All paper documentation will be retained in the Financial Management Services department for Audit purposes. No cardholder shall have the authority to approve their own statement of account.

4.11 Refunds from Suppliers

When merchandise is returned or other adjustments to accounts are necessary, credit vouchers will be issued by suppliers. Such credits must be issued against the same Purchasing Card that the original transaction was charged to.

4.12 Card Renewal

Each Purchasing Card is issued for a fixed period in accordance with the Bank's policies. Cards will be automatically renewed unless the City of St. Catharines Purchasing Agent advises the Bank otherwise.

4.13 Management Reports

OUTSTANDING – It is anticipated that the Bank software will produce management reports for monitoring purposes. The content of these reports will be determined during implementation of the program.

Schedule A

Sample only – to be finalized on implementation of Program

EMPLOYEE ACKNOWLEDGEMENT OF RESPONSIBILITIES AND OBLIGATIONS OF HOLDERS OF PURCHASING CARDS

I, _____, acknowledge receipt of a Purchasing Card

issued by _____ (the Bank)

associated with Account Number _____ - (the "Card").

I acknowledge that the Card has been issued to me to make purchases and approve payments required in the course of my regular duties of employment with the Corporation of the City of St. Catharines. I fully understand that the purchases made and the payments approved using the Card are to be as authorized by my Department Director or Manager in accordance with the Purchasing By-law.

I acknowledge receiving a copy of "Appendix G – Purchasing Card Policy". I have read and fully understood all of the requirements and obligations set out in the Policies and Procedures, and I agree to comply with and be bound by them.

Cardholders signature _____ Date _____
YY/MM/DD

Dept Director's signature _____ Date _____
YY/MM/DD

Cardholder Limitations:

1. Per purchase dollar limit is \$ _____ /Transaction

2. Total credit limit of card is \$ _____ /Month

3. Card has been signed _____

4. Limitations on type of Business:



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY

APPENDIX I - PROCEDURE FOR ENGAGING CONSULTING ENGINEERS AND ARCHITECTURAL SERVICES FOR CITY PROJECTS

At its meeting of March 27, 2000, City Council approved the following procedures for engaging consulting engineers and architects.

(A) Consulting Engineers:

1. Criteria for Selection

The following criteria will be considered in the selection of consulting engineers:

- (1) Competence and experience on similar type projects;
- (2) Previous experience and satisfactory performance in carrying out similar and related work in St. Catharines, including ability to complete work within required time frame and project budget;
- (3) Ability to carry out work by personnel residing in the Niagara Region;
- (4) A reasonable sharing of work among consulting engineers that generally meet the above criteria.

2. Methods for Selection

(1) Direct Appointment

Direct appointment is beneficial and cost effective for the City and consultant for the small size and routine municipal construction projects including sewers, roads and water mains.

Staff recommends that we continue with the direct appointment of a consulting engineer as the approved method of selection. A list of local consulting engineers who wish to provide engineering services to the City and have completed previous projects satisfactorily at fair and reasonable prices will be made. The projects are distributed equitably among the qualified local consulting engineers who have demonstrated initiative, competence, responsibility and co-operation in carrying out past projects with the City and are familiar with City standards and specifications. After meeting with Staff, the consulting engineer submits a proposal outlining the services to be provided, personnel to be assigned, proposed schedule and estimated fees. If the proposal is acceptable, then Staff prepares a report recommending the retention of the consulting engineer. This method applies to repetitive, routine and small size projects with fees less than \$75,000. Typical projects include road reconstruction or rehabilitation, the construction of storm sewers and sidewalks, the replacement of sanitary sewers, sidewalks and water mains, the construction or rehabilitation of other municipal infrastructure, feasibility and drainage studies, geotechnical investigation and materials testing.

Continuing projects such as the rehabilitation of the parking garages are also included because of previous involvement, unique or directly related qualifications, experience, general continuity and other reasons which will be beneficial to the City.

(2) Request for Proposals

Staff defines the project and the scope of services required. Two to four qualified consulting engineers who have expressed interest in the project, are invited to attend a briefing meeting in which the Terms of Reference outlined below are discussed:

- (i) Objectives of the project
- (ii) Scope of services and City insurance requirements
- (iii) Budget for the project
- (iv) Schedule and timing
- (v) Deliverables including contract documents and approvals
- (vi) Type, size and general content of the proposal
- (vii) Factors and weighting for the evaluation of submission.

Then Staff evaluates the proposals submitted, conducts interviews and checks references if warranted, before preparing a recommendation for the approval of City Council. The following criteria may be used in the evaluation:

- (i) Qualifications and expertise of the key personnel assigned to the project
- (ii) Previous experience and performance in carrying out similar projects in St. Catharines or the Niagara Region
- (iii) Availability of key personnel locally
- (iv) Understanding of the project objectives
- (v) Proposed approach and methodology
- (vi) Proposed schedule
- (vii) Proposed fees.

This method applies to complex, specialized and large size projects such as the construction of a parking garage and specialized studies such as the pollution control plan study or storm water/watershed management study.

This updated procedure for the retention of consulting engineers is based on the CEO Guidelines for the Selection of Consulting Engineers. It is also similar to the revised consulting selection procedure adopted by the Regional Municipality of Niagara. The Niagara Chapter of the Consulting Engineers of Ontario also support the above procedure.

(B) Architects

We have updated the procedure for retaining architectural services for City projects which was approved by City Council in February, 1997.

1. Definitions

For the purposes of the following document, "architectural services" are those services as detailed in Section 2 of the RAIC Document Six requiring the skills of accredited professionals in connection with a specific project.

The range of services that may be provided in this regard include: conceptualization and design of buildings and structures (drawings and specifications covering all structural, mechanical, electrical, acoustical, etc. requirements); urban design initiatives (development concepts and strategies, streetscape design, and development guidelines for public spaces and private developments), as well as construction administration.

Qualified architects are those persons or firms which possess the required skills and have successfully demonstrated proficient application of those skills within their area of expertise. They should meet all current requirements under the Architect's Act of Ontario.

2. Selection Criteria

The City will retain architectural services generally based on the following criteria:

- (1) Competence, expertise and experience on similar projects (particularly in St. Catharines and the Niagara Region) and relative to the prescribed assignment.
- (2) Ability and capacity to perform work by personnel residing in the Niagara Region. Key personnel assigned to project and their qualifications.
- (3) A reasonable sharing of work between architects that meet the criteria.
- (4) Ability to complete work within required time frame and project budget.
- (5) Design methodology and understanding of project requirements.
- (6) Use of consultants that may work on project and demonstration of their expertise.
- (7) Other considerations (e.g. innovative design, specialization applicable to the project, design achievements, awards, etc.).
- (8) The cost of the services to be provided and how the costs are reflected in the total project budget.

3. Methods for Selection

(1) Direct Appointment

Staff will recommend the direct appointment of an architect to provide architectural services on the basis of reputation, past performance and proven expertise. Staff will establish a list of Regionally based architects who have submitted an Expression of Interest to the City and who meet the general intent of the Selection Criteria. Projects will be distributed equitably among these local firms. After meeting with staff, the architect will submit a proposal outlining the services to be provided, a list of personnel to be assigned, proposed schedule and estimated fees. If the proposal is acceptable, staff prepares a report recommending the retention of the architect.

Typically, this method of selection would apply to small scale or routine projects with estimated fees less than \$50,000. In addition, continuing projects are included due to previous involvement, unique or directly related qualifications, experience, continuity and other reasons which will be beneficial to the City.

(2) Request for Proposals

Staff defines the project and the scope of services required in a Terms of Reference. Expressions of Interest will be solicited from the architectural community. Two to four qualified architects who express an interest in the project are invited to submit proposals for the provision of architectural services. A written Terms of Reference shall serve as the basis for all City projects and/or initiatives and will clearly define:

- (i) Objectives of the project
- (ii) Scope of services and City insurance requirements
- (iii) Budget for the project
- (iv) Schedule and timing
- (v) Special requirements or expectations of the City relating to the project including deliverables such as contract documents and approvals
- (vi) Type, size and general content of the proposal
- (vii) Factors and weighting for the evaluation of submission.

A briefing meeting will be held to review the Terms of Reference and any special requirements. After the proposals are received, they are evaluated on the basis of the following Selection Criteria:

- (i) Qualifications and expertise of the key personnel assigned to the project
- (ii) Previous experience and performance in carrying out similar projects in St. Catharines or the Niagara Region

- (iii) Availability of key personnel locally
- (iv) Understanding of the project objectives
- (v) Proposed approach and methodology
- (vi) Proposed schedule
- (vii) Proposed fees

Then interviews with the architects will be held and references will be checked if warranted, prior to preparing a recommendation for the approval of City Council.

This method of selection applies to large, complex or specialized projects where fees are likely to exceed \$50,000.

This updated procedure for the retention of architects is similar to the revised Consultant Selection Procedure adopted by the Regional Municipality of Niagara. The Niagara Society of Architects has provided input to its development and supports the procedure.

Where there is uncertainty about the qualifications of listed architects, the Niagara Society of Architects will appoint a representative, at no cost to the City, to assist staff in the selection process.



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY APPENDIX J - STANDING ORDER PURCHASES

Standing Order means a purchase order to purchase goods and/or services for a defined period of time at an established price, under set terms and conditions. The quantity may be estimated, and the quantity per release and time of release may not be precisely determined but the intention of the "Order" is to acquire the goods and/or services from the established vendor.

A Standing Order may be used where:

1. one or more departments repetitively order the same goods or services and the actual demand is not known in advance, or
2. a need is anticipated for a range of goods and/or services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.

INITIATION OF A STANDING ORDER

In most cases, the recognition of a need for a Standing Order to be issued will occur as a result of the Purchasing Agent and purchasing staff reviewing patterns of purchasing with the City. However, a using department may request a Standing Order to be issued by indicating this on a regular purchase requisition. On the requisition, the using department should indicate the expected quantity of the specified goods or services to be purchased over the time period of the agreement (usually one or two years). The estimate should be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.

METHOD OF PURCHASE

Based on the total estimated dollar value of the entire purchase a method of purchase (i.e. request for tender, quotation) will be chosen complying with the provisions of the Purchasing By-law. More than one supplier may be selected where it is in the best interests of the City and the bid solicitation allows for more than one. When a Standing Order has been issued, using departments will be informed by the Purchasing Agent and future purchases will be made as 'releases' of the Standing Purchase Order.



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY APPENDIX K - EMPLOYEE CODE OF CONDUCT

INTRODUCTION

The Municipality of the City of St. Catharines is a large organization offering a wide range of essential services to residents of St. Catharines. As such, our workforce includes many individuals with the diverse backgrounds and skills required to provide quality services.

The City is proud of its organization and the services it delivers to the citizens of St. Catharines. However, it is only through the commitment of each employee that the excellent quality of these services and programs is achieved. The City recognizes the continued efforts of its employees to deliver quality services and maintain public trust in this level of government. The City's most valuable and important assets are its employees, and therefore, the highest standards of behavior are expected. All employees are expected to be aware of, and in compliance with, this Code and its related policies.

Each City employee must perform their duties in a manner that maintains and enhances public confidence and trust in their integrity, objectivity and impartiality. Trust and mutual respect are the cornerstones of any relationship between the public and municipal governments. Furthermore, as an organization entrusted with public funds, the City of St. Catharines is obligated to ensure the protection and appropriate use of all its resources and assets.

This Code of Conduct clarifies the expectations of its employees, and re-affirms our commitment to caring for our community's needs and maintaining fiscal responsibility on behalf of the public and our employees. It provides a guide for consistent behavior in delivering services. It brings together the principles contained in various City documents, departmental policies and plans. In short, this Code is nothing new, it is simply a formal statement of the policies and principles of conduct we have always embraced. Contravention of this Code is a serious matter to the Corporation and the public, and will be treated as such.

Each City employee will be provided with a copy of this Code of Conduct.

REVISIONS TO THIS CODE OF CONDUCT

The City's Code of Conduct is a document meant to reflect our changing needs, realities and responsibilities. Therefore, as the City evolves and new issues arise, the Code will be periodically reviewed and modified according to current situations. Any comments or suggested revisions should be sent to the Chief Administrative Officer or Department Head.

EMPLOYEE RESPONSIBILITY

Employees of the City of St. Catharines must follow the highest standards of ethical behavior in the course of their work to ensure that public confidence and trust is maintained.

This Code of Conduct applies to each employee of the City. Each employee is responsible for understanding and complying with the City's Code of Conduct, all related Corporate Policies and any applicable laws, regulations, government guidelines and internal controls. As such, each is required to address any situations of existing or potential non-compliance. Any suspected fraud, breach of trust and other wrongdoing must immediately be reported to the Department Head or the Chief Administrative officer. Every effort will be made to protect the confidentiality of such information.

When in doubt about the interpretation or application of this Code of Conduct, clarification should be sought from a manager, Department Head or Chief Administrative Officer.

CORPORATE CONFLICT

A corporate conflict occurs when, in the course of an employee's duties, the employee is called upon to deal with, or has been involved in, a matter in which the employee has a direct or indirect personal interest.

A direct interest arises when an employee may derive, or be seen to derive, some personal benefit or avoid personal loss. An indirect interest arises when the potential benefit or loss would be experienced by another person or corporation having a relationship with the employee. These benefits, losses, interests and relationships are generally financial in nature but are not limited to such. In other words, a conflict arises when any employee participates in activities which advance a personal interest at the expense of the City's interests, which include public trust and confidence. Any behavior which is, or could be perceived as, a conflict is strictly prohibited and subject to disciplinary action.

PRINCIPLES OF CONDUCT:

An employee shall not:

- engage in any business or transaction or have a financial or other personal interest that is incompatible with the discharge of the employee's official duties, or corporate interests,
- be under an obligation to any person who might benefit from special consideration or favour from the employee or who might seek, in any way, preferential treatment,
- give, in the performance of official duties, preferential treatment to relatives or friends or to organizations in which relatives or friends have an interest, financial or otherwise,
- deal with an application to the City for a loan, grant, award, or other benefit which involves themselves or immediate relatives,
- be in a position where the employee could derive any direct or indirect benefit or interest from any contracts about which the employee can influence decisions,
- benefit from the use of information acquired during the course of official duties that is not generally available to the public,
- engage in any outside work or activity or business undertaking:
 - that interferes or appears to interfere with the employee's duties,
 - in which the employee has an advantage or appears to have an advantage derived from employment at the City,
 - in a professional capacity that will or might appear to influence or affect the carrying out of duties as a City employee,
 - use City property, equipment, supplies or services for activities not associated with the discharge of official duties,
 - employee's external business activities must not compete with City services,
 - employees shall not engage in any business or transaction or have a financial or other personal interest that is incompatible with the employee's official duties and the Corporate interests.

CORPORATE CONFLICT DISCLOSURE

An employee must make prompt and full disclosure in writing to the applicable Department Head, or in the case of a Department Head, to the Chief Administrative officer, or in the case of the Chief Administrative Officer, to City Council, of any actual or potential corporate conflict, including:

- a description of the corporate conflict,

- the nature of the direct or indirect personal interest,
- the identity of any persons or corporations in which there is a personal interest.

Upon receiving disclosure of a corporate conflict, the Department Head shall take reasonable steps to ensure the employee is removed from the corporate conflict situation.

An actual or potential corporate conflict can arise without any intentional wrongdoing or improper conduct on the part of the employee. Therefore, employees will not be disciplined or treated adversely for making prompt and full disclosure of the circumstances. However, all employees are expected to make every effort to avoid such circumstances.

Employees are expected to use sound judgment and Corporate Conflict guidelines in a pro-active fashion in order to maintain the public's trust in the City's objectivity and integrity. Failure to disclose conflicts of interest will be treated as a serious matter.

PROFESSIONAL BEHAVIOR

City employees interact with clients, community agencies, contractors, suppliers, and the public on a daily basis. Employees must be professional, courteous and objective in all of these interactions.

The Corporation's employees are the ambassadors of the City. Thus, each employee must be conscious of the City's public duty and their part in the discharge of that duty. They are expected to conduct themselves with the highest degree of ethical behavior and integrity.

Employees, as representatives of the Corporation, are expected to reflect a professional image.

As with external relations, employees must be professional and courteous with their co-workers. They should be aware of the effect that their workplace behavior has on others. Employees are expected to be reasonable and fair in their expectations of each other and resolve any conflict in a mature and professional manner.

USE OF CITY PROPERTY AND ASSETS

Employees shall not make use of any property or assets of the City for their personal gain. In addition, employees are accountable for ensuring that any City property (including cash, cheques, valuable documents, inventories and equipment) in their care as part of their job duties, is properly secured and protected at all times.

Employees shall only use the City's property for activities associated with the discharge of their duties. Facilities such as electronic mail, voice mail, internal mail and bulletin boards are provided only for City business and sponsored activities, and must be restricted to those activities.

No employee shall sell, transfer, publish, disclose, display or otherwise make available computer programs, purchased software programs, technological innovations, or other intangible property or rights owned, or used, by the City. All such property or rights, and any printed or computer records prepared by an employee in performing their duties will remain the exclusive property of the City.

Use of electronic mail and internet to send, either internally or externally, personal information is prohibited. This includes the transmission of defamatory, obscene, offensive, or harassing messages or messages that disclose personal information. Electronic mail which is mailed to employees by external sources should be deleted immediately and not forwarded to others. Further reference should be made to the Corporations Electronic Mail Policy.

Upon termination of employment, employees shall deliver to the Corporation all correspondence, drawings, documents and all other property belonging to the Corporation which may be in the employee's possession or control. This includes property made or prepared by the employee and relating in any way to the affairs of the City.

DRUG AND ALCOHOL ABUSE

The City of St. Catharines recognizes its responsibilities to ensure the health, safety and well-being of its employees and the public they serve.

Since drug and alcohol abuse threaten the safety of employees and the public at large, the City of St. Catharines has zero tolerance for the use, possession of, or employees being under the influence of alcohol, narcotics or non-medical drugs while in the service of the Corporation.

When job performance, safety, and/or job responsibilities are impacted by the use, possession of, or employees being under the influence of alcohol, narcotics or non-medical drugs while in the service of the Corporation, the Corporation's management will take appropriate disciplinary action based on the circumstances of the contravention.

GIFTS AND ENTERTAINMENT

Employees must make decisions based on an impartial and objective assessment of each situation, free from the influence of gifts, favours, hospitality or entertainment. The City must avoid both the reality and the appearance of impropriety with the organizations or individuals with whom it deals. The public's perception of the integrity of City employees is of great importance. We must bear in mind that what an individual employee feels is appropriate may not be seen in the same light by the taxpayer.

Customary business amenities may be accepted or given only if they are consistent with accepted business practices. It is recognized that this type of activity is generally accepted within strict limits as a part of some business relationships. An employee may accept customary business amenities provided:

- the expenses involved are at a reasonable level,
- they are infrequent,
- they can clearly be seen as legitimately serving a definite business purpose,
- they are appropriate to the responsibilities of the individual,
- they are within the limits of reciprocation.

MANAGEMENT RESPONSIBILITY

As part of effective performance management, each Department Head must ensure that employees are aware of, and in compliance with, this Code of Conduct.

The management of the City is accountable for protecting the assets of, and the public trust in, the Corporation. Toward this end, management must ensure the establishment and monitoring of adequate systems, procedures and controls to prevent and detect fraud, breach of trust and other forms of wrongdoing.

Management will provide training and development that will enable our employees to understand and comply with the intent of this Code.

Prior to taking action on a suspected wrongdoing, management should seek the advice of the Director of Corporate Support Services, who will subsequently notify the Chief Administrative Officer and City Solicitor where appropriate. This consultation will protect the City's legal interests in potential subsequent disciplinary actions, protect the rights of those employees involved, and prevent further losses or damage to the Corporation.

It is the responsibility of management to ensure that each suspected wrongdoing is investigated. If a wrongdoing is confirmed, the City will deal firmly and fairly with all its employees regardless of their position or length of service.

VIOLATION OF CODE OF CONDUCT POLICY

The preceding guidelines and expectations, as well as the related policies, re-affirm the City's commitment to integrity, objectivity and professionalism in delivering services to the public. Maintaining the taxpayer's confidence and trust in City government and its employees is of the utmost importance. The high standards of conduct expressed in this document are intended to ensure that this public trust is not compromised.

As such, every employee is expected to be fully aware of, and in compliance with, the Code and its related policies. Violation of these principles is a serious matter, and any employee in violation of these principles will be treated fairly, consistently and without regard to their position or length of service. In addition, any employee who has contravened these policies, including the obligation to report any knowledge of wrongdoing or fraudulent behavior, shall be subject to such disciplinary actions (up to and including dismissal) as is deemed appropriate under the circumstances.

Any employee under investigation for suspected fraud or other wrongdoing may be suspended with or without pay or be re-assigned to other duties pending completion of the investigation, depending on the particulars of the case and the best interests of the City.

Nothing in this Code is intended to conflict with the City's obligations to its employees under its collective agreements.

Neither are these policies intended to undermine the firm commitment to the well-being and professional treatment of employees throughout the City.

However public service is a public trust, and as an organization entrusted with public funds, it is critical that every employee regularly re-affirm their commitment to the highest standards of ethical behavior. It is in this spirit that this Code of Conduct is presented.

Policy adopted March, 1996

Policy updated June, 2000



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY

APPENDIX L - STATEMENT OF LEASE FINANCING POLICIES AND GOALS

INTRODUCTION

The following is the Statement of Leasing Policy and Goals for the Corporation of the City of St. Catharines. In certain circumstances, it may be economically advisable for the City to enter into a financing lease to acquire the rights to use capital property and equipment rather than an outright purchase. This policy establishes the procedures regarding the evaluation of potential financing lease agreements and the requirements for the reporting the results of those procedures to City Council as required under the Municipal Act, 2001, as amended, and Ontario Regulation 46/94, as amended. Annual reporting of financing lease agreements and transactions is also included.

STATEMENT OF POLICY AND GOALS

In accordance with the City's procurement policy, a procurement decision must always ensure that the prices paid for goods and services make optimum use of City resources. When staff considers the option of a financing lease agreement, their evaluation of the option must ensure that this goal is achieved.

Adherence to the policies and procedures herein will result in a report presented to City Council which clearly gives an opinion as follows:

- X whether or not the costs of the financing lease agreement are lower than other methods of financing available to the City and
- X whether the risks associated with the financing lease are reasonable.

SCOPE

This policy applies to all Financing Leases for Municipal Capital Facilities: see definitions below.

DEFINITIONS

In this Policy:

Financing lease means 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. Financing leases include both material leases and non-material leases.

Material lease means a financing lease which would result in a material impact for the municipality.

Non-material lease means a financing lease which would not result in a material impact or a combined material impact for the municipality.

Material impact means costs or risks that significantly affect, or would reasonably be expected to have a significant effect on, the debt and financial obligation limit prescribed under Ontario Regulation 799/94, as amended.

Combined material impact means the costs or risks of a proposed non-material lease which, when combined with all other non-material leases entered into or proposed to be entered into in a particular year by the municipality, would result in a material impact.

Municipal capital facilities include land, works, equipment, machinery and related systems and infrastructures.

PROCESS FOR APPROVAL OF A MATERIAL LEASE

A financing lease agreement must include a schedule of all fixed amount of payment, if any, required under the lease and that may be required under any possible extensions or renewals of the lease.

TREASURER'S REPORT

Before entering into a material lease, the City Treasurer must present a report to City Council which:

- evaluates the financial costs of the lease and
- evaluates the potential risks of the lease.

Evaluating the Financial Costs of the Lease

A. Summary of Financing Lease Payments

The report of the City Treasurer to City Council must include a report and evaluation of the Schedule of Financing Lease Payments included in the Financing Lease Agreement.

This report must include:

- A summary of all fixed amounts of payment, if any, required under the lease and that may be required under any possible extensions or renewals of the lease,
- A comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing,
- A summary of any contingent payment obligations under the lease that, in the opinion of the treasurer would result in a material impact for the City, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities,
- A summary, as may be applicable, of the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary, and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease,
- A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations, and
- Any other matters that the treasurer or Council consider advisable

B. Evaluating the Payment Schedule

To evaluate the Payment Schedule, the total costs must be compared to the costs of other methods of financing. This comparison may include an estimation of the costs of borrowing funds to finance an outright purchase or the cost of interest income foregone as a result of purchase. All assumptions made in preparing this comparison must be stated in the report to City Council.

If circumstances exist which indicate that a financing lease is the only method of financing available, the City Treasurer must indicate this fact in his evaluation and state the reasons that this is the case.

Evaluating the Risks of the Lease

The report must include an assessment and recommendation indicating whether the risks associated with the financing lease are reasonable. The risks evaluated may include:

- effective interest rate implicit in the lease (as compared to current and estimated future market interest rate fluctuations)
- risk of obsolescence, rapidly changing technology may cause an asset to become obsolete before the lease expires. A lease may provide options to permit exchanges for more advanced equipment as it becomes available.
- residual value If an asset is expected to have a residual value at the end of the lease term, any future benefit of this residual value is lost if the asset is lease.
- lease term The lease is a contractual agreement and generally non-cancellable prior to its expiration.
- the risks associated with the proposed lease as compared to those associated with other methods of financing.

The costs and risks associated with a proposed financing lease in the report shall be assessed as of the date the report is made. The summary of information in the report shall include all information required for the entire term of the financing lease, including any possible extensions or renewals.

Legal Advice

The report shall include legal advice from the City Solicitor on the provisions of the proposed financing lease agreement. In addition, if, in the opinion of the City Solicitor, the scope of the proposed transaction warrants obtaining legal advice independent of the Corporation, the report should recommend the same to City Council.

Change in Circumstances

At any time after a report regarding a potential financing lease agreement has been made, but before the agreement is entered into, if the City Treasurer becomes of the opinion that a changed circumstance with respect to the proposed lease may result in a material impact for the municipality, the treasurer shall as soon as is reasonably possible update the report and present the updated report to City Council.

COUNCIL'S ROLE

Council is responsible for determining whether the costs of financing for the proposed financing lease agreement are lower than other methods of financing available to the municipality, and whether the risks associated with the financing lease agreement are reasonable.

Council is responsible for ensuring that legal and financial advice has been obtained, and must consider whether the scope of the proposed lease warrants further legal or financial advice from an independent source.

Prior to entering into the lease, Council must advise the Regional Municipality of Niagara, in writing, of the proposed financing lease agreement.

ANNUAL REPORTING REQUIREMENTS

In addition to the aforementioned reporting requirements for new financing lease agreements, an annual report shall be prepared by the City Treasurer and presented to City Council if the Corporation has any financing leases subsisting in the fiscal year.

The report shall contain the following:

1. A description of the estimated proportion of the total financing arrangements of the municipality that have been undertaken through financing leases to the total long-term debt of the municipality .
2. A description of the change, if any, in that estimated proportion since the previous year's report.
3. A statement by the City Treasurer as to whether, in his opinion, all financing leases were made in accordance with this Statement of Leasing Policies and Goals.
4. Any other information that City Council may require or that, in the opinion of the City Treasurer should be recorded.

EXEMPTIONS - NON- MATERIAL LEASES

A financing lease agreement is exempted from the requirements of this policy if it will not result in a material impact for the City and is therefore a non-material lease.

This includes the following types of leases:

1. Any lease entered into in accordance with the City's Procurement Policy, including, but not limited to, leases of: office equipments; automobiles; communications equipment; machinery and equipment
2. Any building or property lease entered into in accordance with approved policies and procedures;
3. Any leases in place at the time of Council approval of this policy.

Process for Approval of a Non-Material Lease

Prior to entering into a financing lease in this category, The City Treasurer will prepare a report for presentation to City Council which expresses the opinion that the proposed lease is within the exemption category and its costs and risks, in combination with all other leases of that category entered into or proposed to be entered into in that year by the municipality, would not result in a material impact, as defined in this policy.

Although the reporting requirements differ, the staff process of evaluating the financial costs and the risks of the lease (vs other methods of financing) should still be utilized. See pages 3 and 4 of this Statement for guidance.



FINANCIAL MANAGEMENT SERVICES
Accounting and Purchasing

PROCUREMENT POLICY APPENDIX M - PRE-QUALIFICATION POLICY

A Request for Pre-qualification is the method used to pre-qualify vendors for subsequent participation in a competitive sealed bid process. The purpose of the Request for Pre-qualification is to ensure that each bidder can demonstrate they have the expertise and resources to complete the work required. Responses to the Request for Pre-qualification are evaluated and successful bidders are then invited to participate in the Request for Tender (or Request for Proposal) process which follows. Thus, the actual Request for Tender/Proposal process is open only to those bidders which were successful in the Pre-qualification stage. For this reason, it is vital that the Pre-qualification process is both open and fair. Criteria for selection must be explicit and capable of providing guidance for evaluation.

Pre-qualification can only be considered in the following circumstances:

1. the work is considered 'high risk' with respect to Regulations governed under the "Occupational Health and Safety Act";
2. the work is such that contract administration costs (work inspection, follow-up extra fee negotiations) could result in a substantial cost to the City if the work is not satisfactorily performed; or
3. the work involved complex, multi-disciplinary activities; specialized expertise, equipment, materials, or financial requirements.

The general administrative procedures for issuing the Request, advertising the opportunity, receiving the submissions, and evaluating the submissions, follow the guidelines of the Request for Tender policy described in Appendix E – Request for Tender Policy. This includes the overseeing of the process by the Purchasing Division, the date and time-stamped receipt of Submissions. Wherever practical, standard construction association pre-qualification documents should be used.

Potential bidders may be asked to provide information such as, but not limited to:

1. experience in similar projects;
2. general company/firm information regarding location, size, and diversity of operations;
3. key personnel, their training and experience;
4. references provided from other customers for similar projects
5. verification of applicable licences and certificates;
6. health and safety policy and staff training; and
7. financial capabilities.

When choosing selection criteria, it is important for staff to consider foremost that the goal of the process is to identify a number of suppliers who are clearly capable of carrying out a project on behalf of the Corporation. Criteria must be directly relevant to the Tender or Proposal call which follows.

Appropriate staff will evaluate and rank the submissions and then recommend a list of acceptable bidders which will be invited to participate in the subsequent Request for Tender/Proposal. Staff may then proceed with the Tender/Proposal call. No report to Council is necessary.

Note:

The Corporation maintains qualified bidders lists for goods and services which require specialized training and experience. (i.e. mechanical, electrical contracting, roof repair) Staff will periodically request applications from the supplier community in an effort to update the lists. These lists are for staff information purposes only and therefore are not required to comply fully with this Appendix and the Request for Tender procedures. This Appendix is only applicable for processes in which a specific future Tender/Proposal call is identified. However, when maintaining bidders lists, staff are encouraged to follow the general guidelines to ensure that the process upholds the general principles described in this policy.