

CORPORATION OF THE CITY OF THOROLD

BY-LAW NO. 87-2004

**BEING A BY-LAW OF THE CORPORATION OF THE
CITY OF THOROLD GOVERNING PROCUREMENT
POLICIES AND PROCEDURES**

WHEREAS the Council of the Corporation of the City of Thorold has deemed it desirable to have a by-law to provide for fair, transparent and accountable purchasing and tendering procedures and thereby to protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

AND WHEREAS The Municipal Act 2001, SO 2001. c. 25 Part VI, s. 271 states that before January 1, 2005, a municipality and a local board shall adopt policies with respect to its procurement of goods and services, including policies with respect to;


- (a) the types of procurement processes that shall be used;
- (b) the goals to be achieved by using each type of procurement process;
- (c) the circumstances under which each type of procurement process shall be used;
- (d) the circumstances under which a tendering process is not required;
- (e) the circumstances under which in-house bids will be encouraged as part of a tendering process;
- (f) how the integrity of each procurement process will be maintained;
- (g) how the interests of the municipality or local board, as the case may be, the public and persons participating in a procurement process will be protected;
- (h) how and when the procurement processes will be reviewed to evaluate their effectiveness; and
- (i) any other prescribed matter.

AND WHEREAS the Council of the Corporation of the City of Thorold approved the recommendation contained in report DF2004-73 at a regular Council meeting held on December 7, 2004;


NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE CITY OF THOROLD ENACTS AS FOLLOWS;

1. This By-law may be cited as the "Purchasing By-Law" and/or "Purchasing Policy" and/or "Procurement Policy" and/or "Procurement By-Law"
2. That Purchasing Policy 300-01, as attached as Schedule 1 to this by-law be adopted.
3. This by-law shall come into effect and force on and as of the date of its passing.

READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED BY COUNCIL THIS 14TH DAY OF DECEMBER, 2004.



Mayor



Clerk

Schedule1

CITY OF THOROLD

POLICY AND PROCEDURE MANUAL

POLICY NO.300-01

DEPARTMENT:	FINANCE	POLICY:
DATE:	06/27/78 09/18/07 07/10/86 12/07/04	PROCUREMENT/PURCHASING POLICY

LEGISLATIVE REQUIREMENTS

The Municipal Act 2001, SO 2001. c. 25 Part VI, s. 271 states that before January 1, 2005, a municipality and a local board shall adopt policies with respect to its procurement of goods and services, including policies with respect to;

- (a) the types of procurement processes that shall be used;
- (b) the goals to be achieved by using each type of procurement process;
- (c) the circumstances under which each type of procurement process shall be used;
- (d) the circumstances under which a tendering process is not required;
- (e) the circumstances under which in-house bids will be encouraged as part of a tendering process;
- (f) how the integrity of each procurement process will be maintained;
- (g) how the interests of the municipality or local board, as the case may be, the public and persons participating in a procurement process will be protected;
- (h) how and when the procurement processes will be reviewed to evaluate their effectiveness; and
- (l) any other prescribed matter.

1. PURPOSE

1. The purpose of this policy is to set out guidelines for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.

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2. An open and honest process shall be maintained that is fair and impartial.
3. The purchasing policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

2. 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.
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 Thorold's Policy 1200-39 "Code of Ethics for Municipal Employees"

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3. RESTRICTIONS

1. No Contract for Goods, Services or Construction may be divided into two or more parts to avoid the application of the provisions of this Policy.
2. No Contract for Services shall be Awarded where the services would result in the establishment of an employee - employer relationship.
3. No employee shall purchase, on behalf of the City of Thorold, any Goods, Services or Construction, except in accordance with this Policy.
4. Where an employee involved in the Award of any Contract, either on his or her own behalf or while acting for, by, with or through another person, has any pecuniary interest, direct or indirect, in the Contract, the employee,
 - (a) shall immediately disclose the interest to the Department Head involved in the Award of the Contract and shall describe the general nature thereof;
 - (b) shall not take part in the Award of the Contract; and
 - (c) shall not attempt in any way to influence the Award of the Contract.
5. An employee has an indirect pecuniary interest in any Contract in which the City of Thorold is concerned, if,
 - (a) the employee or any of their spouses, siblings, parents or children
 - (i) is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the Contract,
 - (ii) has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the Contract, or
 - (iii) is a member of an incorporated association or partnership, that has a pecuniary interest in the matter; or
 - (b) the employee or any of their spouses, siblings, parents or children is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the Contract.
6. All Council members shall conduct themselves in accordance with the *Municipal Conflict of Interest Act*, R.S.O. 1990, c. M.50, as amended.
7. No personal purchases shall be made by the City for employees, elected or appointed officials, except through programs which may, from time to time, be expressly and specifically approved by City Council.

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4. PREFERENCE

Canadian Suppliers

Preference shall be given to the purchase of Canadian goods and/or services wherever, all else being equal, it is reasonable in the circumstances to do so.

Local Suppliers

The Province of *Ontario's Discriminatory Business Practices Act R.S.O 1990* has been established to prevent discrimination in Ontario on the ground of race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of persons employed or engaging in business. Therefore, granting preference to local suppliers to supply Goods and/or services to the City cannot be undertaken. All else being equal, preference shall be given to the purchase from local suppliers.

5. PURCHASING RESPONSIBILITIES

Expenditure Authorization

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

Department Head Authorization and Responsibilities

The Department Head shall be responsible for approval of accounts within the Council approved budget for such division or any amendment to same as approved by Council. Unspecified capital expenditures in the annual estimates require prior Council approval by resolution or approval of report recommendations.

Staff reports requesting approval of budget amendments, capital expenditures or special appropriations shall contain purpose of expenditure, cost estimates or expenditure limitation, and the fund in which an appropriation has been provided..

A Department Head may appoint Managers to exercise any or all responsibilities assigned to that Department Head by this policy.

Department Heads shall be responsible for procurement activities within their departments and are accountable for determining and achieving specific objectives as outlined in each procurement project.

The Finance Department, and/or the Departments shall be responsible to inform the CAO, and Council in the case of the CAO, that non-compliance with this policy has occurred.

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6. 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 exercise of authority to incur expenses is subject to the identification and availability of sufficient funds in appropriate accounts as approved by Council. On this basis, the ability to incur the actual expenditures is delegated to City staff in accordance with the following approval levels:

Up to \$10,000	Department Head and/or designate as determined by the individual department head.
\$10,000 - \$20,000	Chief Administrative Officer (or Department Heads at the discretion of the Chief Administrative Officer)
Over \$20,000	City Council

The dollar limits above refer to invoice costs exclusive of taxes, inclusive of delivery charges. As noted previously, no requisition, purchase, or contract shall be divided in order to avoid the requirements of the spending limits of this section.

7. GENERAL PROCUREMENT PROCEDURES

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

Procedure	Cost
Petty Cash	\$100 or less
Corporate Expense Card Direct Purchase Process	\$1,000 or less
Informal Quotation Process	\$10,000 or less
Request for Quotation Process	\$20,000 or less
Request for Tender	Greater than \$20,000
Request for Proposal	Greater than \$20,000

Dollar limits above refer to invoice cost exclusive of taxes, but inclusive of delivery charges. 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,

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those goods and services shall be purchased in accordance with the provisions of this policy 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 Blanket Purchase Order will be issued in place of the regular Purchase Order. See Appendix H – Blanket Purchase Orders.

For procedures related to engaging Consultants, see Appendix G.

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 for the procurement of Goods, Services or construction in circumstances where the Chief Administrative Officer considers it appropriate to do so.

7a) PURCHASES OF \$100 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 \$100 or less.
2. Petty cash should only be used when it is not feasible to use a Corporate Expense Card.
3. Petty cash purchases shall be made from the competitive marketplace where practical.
4. 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.

Direct acquisition is acceptable. No purchase requisition/purchase order is required. No report to Council is necessary.

7b) PURCHASES NOT EXCEEDING \$1,000 **Direct Purchase Process, Corporate Expense Card**

1. Purchases not exceeding \$1,000 may be made using a Corporate expense card or a properly authorized Purchase Order.
2. The Corporate Expense Card Process, as defined in that specific City of Thorold policy 300-19, has been established as a method of making small dollar purchases. The process still adheres to the Purchasing Principles as outlined in Section 2 and should expedite the acquisition of goods and/or services and workload for users and Accounting.
3. Department Heads shall not enter into any new credit card agreements. Any

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changes/additions to credit card agreements must be requested through the Director of Finance's office.

4. The acquisition of goods and/or services having a value of up to \$1000.00 per transaction, excluding taxes, or a lesser amount as determined by the Department Head, shall be carried out by the requesting Department Head, or designate in accordance with this Policy and the approved "Corporate Expense Card Policy."
5. 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.
6. Notwithstanding the procedure chosen, it shall demonstrate that fair market value was achieved.

Purchase Order, or Purchasing Card or Corporate Expense Card must be used. No report to Council is necessary, so long as budget approval has been granted and goods or service cost is within budget approved limits.

7c) PURCHASES GREATER THAN \$1,000 AND NOT EXCEEDING \$ 10,000 **INFORMAL QUOTATION PROCESS**

1. Purchases with an estimated value greater than \$1,000 and less than \$10,000 (excluding taxes but including freight) shall be obtained using a competitive process.
2. The requisitioning department shall obtain at least 2 competitive written quotations between \$1,000 and \$5,000, and at least 3 competitive written quotations for purchases greater than \$5,000.00 up to and including \$10,000, whenever possible, from those vendors able to supply the goods or services in a responsible and responsive manner.
3. The requisitioning department obtains written quotes from suppliers without formal advertising or receipt of sealed bids.
4. The purchase shall be made through the issue of a Purchase Order by the requisitioning department, as per Section 6, Approval Levels.
5. 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 Progress Certificate Draw Requests.
6. The requirements of the competitive process may be waived under joint authority of the Director of the requisitioning department and the Director of Finance. 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

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negotiated method will be documented by the requisitioning department in a report which will accompany the purchase requisition.

Purchase Order is required. No report to Council is necessary, so long as budget approval has been granted and goods or service cost is within budget approved limits.

7d) PURCHASES GREATER THAN \$ 10,000 AND NOT EXCEEDING \$ 20,000 **REQUEST FOR QUOTATION PROCESS**

1. Purchases with an estimated value greater than \$ 10,000 and less than \$ 20,000 shall be obtained using a competitive process.
2. The requisitioning department 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.
3. The requisitioning department will give notice of the Request for Quotation in one local newspaper and/or trade paper and/or on the City of Thorold Web site. Requests for Quotation may also be sent directly to approved vendors.
4. The Quotation document shall clearly indicate the final time and place for the receipt of quotations. The quotations will be received in the Clerks Department. There will be no formal opening of the quotations.
5. All quotations received will be evaluated by 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 2.
6. 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 may determine which is appropriate. In this case, all payments will be made by Voucher Payable request.
7. The requirements of the competitive process may be waived under joint authority of the Department Head of the requisitioning department and CAO. 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 in a report to the CAO. As this expenditure is in excess of Department Head approval authority, this report will be presented to the CAO for approval before proceeding with negotiations.

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Purchase Order must be issued. CAO must approve award prior to issuance of Purchase Order. No report to Council is necessary, so long as budget approval has been granted and goods or service cost is within budget approved limits

7e) PURCHASES EXCEEDING \$ 20,000

REQUEST FOR TENDER/REQUEST FOR PROPOSAL PROCESS

1. The acquisition of all goods and/or services having an estimated value greater than \$20,000 shall be obtained using a Request for Tender or Request for Proposal process and may require vendor pre qualification.
2. The process for issuing Tenders/RFP's will be governed by the procedures detailed in Appendix D (Tenders) and Appendix F (RFP's).
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 prepared by the requisitioning department for presentation and approval by General Committee and City Council.
5. Pre-qualification of acceptable bidders process, as outlined in Appendix I, may be used, for either the Request for Tender or Request for Proposal.
6. The requirements of the competitive process may be waived under the joint authority of the Director of the requisitioning department and the CAO. 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". Should the negotiated method of purchase have been employed, the report to General Committee must clearly state that this was the case and give the justification for the decision.

Upon Council's approval, a purchase order is issued for the purchase of goods. For all other purchases, a legally binding agreement must be executed by the Mayor and Clerk,

7f) REQUEST FOR TENDER VS REQUEST FOR PROPOSAL

A Request for Tender shall be issued for purchases exceeding \$ 20,000 where all of the following criteria apply:

1. two or more sources are considered capable of supplying the requirements,
2. the requirement is adequately defined to permit 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

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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, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the supplier is based on the effectiveness of the proposed solution rather than on price alone, or
2. it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.

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.

7g) 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.

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7h) GUARANTEE OF CONTRACT EXECUTION AND PERFORMANCE - TENDERS & RFP's

The Department Head may require that a bid be accompanied by a Tender/Bid Deposit to guarantee entry into a contract.

Unless otherwise specified, the refundable deposit requirements for Requests for Tenders and Request for Proposals shall be:

Estimated Total Costs	Minimum Deposit Required
\$20,000 or less	5% (rounded up to the nearest dollar)
Greater than \$20,000	10% (rounded up to the nearest dollar)

In addition to the above, the successful supplier may be required to provide:

1. A Performance and Maintenance bond to guarantee the faithful performance of the contract.
2. A Labour & Material Bond to guarantee the payment for labour and materials to be supplied in connection with the contract.

The Department Head shall select the appropriate means to guarantee execution and performance of the contract. Means may include one or more of, but are not limited to, certified cheques, bank drafts, irrevocable letters of credit, money orders, progress payments and holdbacks, financial bonds issued by an approved guarantee company properly licenced in the Province of Ontario, on bond forms acceptable to the City.

The City is authorized to cash and deposit any bid deposit in the City's possession that is forfeited as a result of non compliance with any of the terms, conditions and/or specifications of a sealed bid. The City does not pay any interest on any bid and/or performance deposits.

The City of Thorold has endorsed the use of the "Niagara Peninsula Standard Contract Document" (NPSCD) for use for roads, water and sewer projects. Tenders for these projects shall comply with this NPSCD document. NPSCD document is available through Regional Niagara.

7i) INSURANCE

The standard insurance minimums are as follows:

General Liability Policy - \$2 million

Automobile Liability Policy for both owned & non-owned vehicles - \$2 million

Homeowners (eg for rental of facilities) - \$2 million

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General Liability and Automobile Liability policies - for contract work done for most
Public Works projects - \$5 million
Professional error and omissions liability - \$ 2 million
Professional error and omissions liability for public works projects & design - \$5 million
Builder's Risk - the amount of the project cost

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

The successful bidder must furnish the City at his/her own cost, a "certified copy" of a liability insurance policy covering public liability and property damage for no less than the minimum amounts stated above, or greater limit as determined by the Department Head, and provided for in the bid documents. The form must be to the satisfaction of the City and be in force for the entire contract period. The policy must contain:

- a) a "Cross-Liability" clause or endorsement
- b) an endorsement certifying that The Corporation of the City of Thorold and the successful bidder are included as an additional named insured
- c) an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty days prior written notice to the City.

Contractor's Liability Insurance Policy shall not contain any exclusions of liability for damage, etc, to property, buildings or land arising from:

- a) the removal or weakening of support of any property, building, or land whether such support be natural or otherwise
- b) the use of explosives for blasting
- c) the vibration from pile driving or caisson work, provided that the minimum coverage for any such loss or damage shall be \$5,000,000

The successful bidder shall provide a certificate from the Workplace Safety and Insurance Board to the City, certifying that the Contractor is in good standing with the Board.

The successful bidder shall, before commencing work on the project, give to the Director of the Ministry of Labour, a notice in writing with a copy to the Contract Administrator in accordance with the current Section(s) of the Occupational Health and Safety Act where applicable.

The Department Head shall be responsible to ensure that all insurance requirements and copies are received to the satisfaction of the City. Failure to execute the contract and to file satisfactory bonds, insurance policies and Workplace Safety & Insurance Board clearance certificate as required herein within fourteen (14) days of contract award shall be just cause for the cancellation of the contract award and the forfeiture of the tender deposit to the City. The City shall then have the right to award the contract to any other bidder or to re-tender the contract.

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8. EMERGENCY PURCHASES

- a) In case of an apparent emergency which requires immediate purchase of supplies and services, the Department Head shall obtain the prior approval of the CAO , and then shall secure, by open market procedure at the lowest obtainable price, any supplies and services regardless of the amount of the expenditure;
- b) It shall be the responsibility of the City Administrator to ensure that emergency purchase system is monitored and controlled to avoid its use to circumvent normal purchasing procedures.
- c) For operational items that can be covered in existing budget levels, no follow up report to Council is required. For operational items which cannot be covered and require additional funding, and/or alternate funding, and for all capital items, or substitution of capital items, a follow up report to Council must be made by the Department Head, identifying the nature of the emergency purchase, the approval of the CAO, and the proposed funding source, and/or budget overrun approval request.

Purchase Order is required. A report to Council is required for any capital items and/or for operational items requiring additional funding.

9. DISPOSAL OF SURPLUS OR OBSOLETE ASSETS

Disposal of surplus assets is the responsibility of the respective Department Heads.

Where any goods, equipment or inventory stock are surplus, obsolete or not repairable, the Department Head shall submit to the CAO a report showing stock, equipment and other assets showing which are obsolete, worn out or no longer needed.

The CAO 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 CAO shall have the authority to sell surplus assets or to exchange the same on trade-in for new supplies. 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.

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

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The using department or reserve fund will be credited with the net proceeds from the sale of their surplus assets.

Any remaining surplus assets may be awarded to non-profit entities by the CAO.

If it is determined that any remaining goods have no residual value, the CAO may dispose of them in an accredited landfill site.

10. CO OPERATIVE PURCHASING

The CAO shall have the authority to join with other units of Government in co operative purchasing plans, when the best interests of the City would be served thereby.

11. EXEMPTIONS

Exemptions from Procurement Policies

The items listed below are those for which a Purchase Order is not required unless specifically requested by the initiating Department Head or vendor or supplier, and for which other purchasing procedures of this Policy may be waived where application is impractical, in the opinion of the initiating Department Head:

1. Borrowing and investing of money
2. Rental, lease, purchase and sale of property, land or accommodation - **These may be excluded from the requirements of the procurement policy, only if approved by Council.**
3. Petty Cash Items
4. Training and Education
 - a) Conferences & Conventions
 - b) Courses
 - c) Seminars
 - d) Magazines & Periodicals
 - e) Books
 - f) Memberships in Professional Organizations
 - g) Staff Development
 - h) Staff Workshops
 - i) Staff Reports
 - j) Subscriptions

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5. Refundable Employee Expenses

- a) Advances
- b) Meal Allowances
- c) Miscellaneous - Non Travel
- d) Travel & Entertainment Expenses

6. General Expenses

- a) Payroll Deduction Remittances
- b) Medicals
- c) Licences
- d) Debenture Payments

Exemptions - continued

- e) Insurance
- f) Community Grants
- g) Damage Claims
- h) Petty Cash Replenishment
- i) Newspaper Advertising and Public Notices
- j) Installment Payments to Region and School Boards
- k) Water & Sewer flow treatment payments to Region of Niagara
- l) Water invoices from City of St.Catharines/Welland
- m) Employee Benefits
- n) Temporary Help
- o) Banking, where covered by Agreements
- p) Utilities - telephone, gas, water/sewer, electrical
- q) Postage
- r) Telephone- basic
- s) Bailiff/Collection Agency
- t) Outside Legal Counsel

12. LEASES

Decisions regarding leasing versus purchasing shall be governed by the City of Thorold Financial Lease Policy 300-21, and requires the approval of the Director of Finance.

13. ONTARIO DISABILITY ACT

Purchasing decisions shall have regard for compliance with the Ontario Disabilities Act.

14. 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 its absolute discretion.

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14. POLICY REVIEW

Staff may make recommendations to Council for modifications to the policy, and/or Council may request staff to review and modify the policy. Any existing purchases/tenders/RFP's/quotations, shall be governed by purchasing policy in effect at the time of issuance of the price call.

City policies referenced in this procurement policy are those in effect at the time of writing of the policy. Changes to these policies referenced, shall automatically be deemed to be updated in the procurement policy.

15. LOCAL BOARDS

1. **Thorold Library Board and Business Improvement Area (BIA) Board** -Where the authority to enter into a Contract for the Purchase of goods and/or services Is a decision which is solely within the jurisdiction of a Board, ie. A statutorily distinct entity, the Board shall have the option of adopting by resolution their own procurement policy, or adopting by resolution the utilization of the City's procurement policy. In cases where the City's policy is chosen for utilization, it will be the respective board responsibility to determine the appropriate approval levels and designated person(s) in Section 6, and incorporate this into their resolution.
2. **All other boards and committees of the City, eg. Community centre boards- Port Robinson CC, Allanburg CC; Thorold Senior Citizen's board; Fundraising : eg. Mel Swart Park Committee; LACAC** - For purchases requiring Request for Quotation/Request for Tender, the City must be the lead agent for the process. For purchases below this limit, the approval for purchasing, shall be by the Committee Board, upon satisfying itself that budget/Council approval exists for the purchase, and that the necessary procurement method as identified in this policy has been followed. References to petty cash/expense cards shall not apply.

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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.

Blanket Purchase 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 H – Blanket Order Purchases.

C. A. O. means the Chief Administrative Officer, also known as the City Administrator

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 Thorold.

City means The Corporation of the City of Thorold

Clerk means the City Clerk and includes his/her designate.

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

Department Head 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 Department Head 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.

PROCUREMENT POLICY

Appendix A - Definitions

Appendix A - Definitions *Page 2 of 2*

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.

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 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.

Total Acquisition Cost means the sum of all costs, including such matters as purchase price, delivery, taxes and including 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

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 may be equal to or greater than 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 where there is no 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. Electronic tendering networks may also be employed. The procedures differentiating the Request for Quotation from the Informal Quotation process are detailed within Section 7 of the Procurement Policy. In general, the Informal Quotation process does not involve advertising and the receipt of sealed bids or the preparation of formal quotation documents as detailed in Section 7 of the Procurement Policy.

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 in such a degree that 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. It may or may not include a Pre-Qualification of Bidders process.
See Appendix D – Request for Tender Policy

PROCUREMENT POLICY

Appendix B – Methods of Purchasing Permitted

Appendix B – Methods of Purchasing Permitted under By-law *Page 2 of 2*

5. Request for Proposals

This method of purchase involves the solicitation of proposals. It may or may not include pre-qualification. In this method of purchase, some or all of the specifications and contract terms may not be finally determined with sufficient certainty to form the basis of a final contract before proposals are solicited and submitted. It may be expected that there will be some variation in the final specification 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.
See Appendix F – Request for Proposal Policy

PROCUREMENT POLICY

Appendix C – Purchase by Negotiation

Appendix C – Purchase by Negotiation *Page 1 of 2*

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. where compatibility within an existing product or process is the overriding consideration;
3. when two or more identical lowest bids have been received;
4. when, due to market conditions, goods are in short supply;
5. when all acceptable bids exceed the amount budgeted and re-tendering would not be beneficial;
6. 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;
7. 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;
8. when no bids are received on a formal quotation, tender or request for proposal;
9. when goods are required for resale and thus an important factor in choosing a successful bidder is marketability and profitability;
10. where the best interest of the City would be served through negotiations.

This method is not meant to circumvent the competitive process and shall not be used as such. Accordingly, it requires the approval of the Director of Finance and/or the CAO depending upon the level of expenditure.

Authority to incur expenditures of City funds through the negotiation method shall be subject to the same spending approval levels as outlined in Section 6 of the policy. In accordance with the negotiation method, the requirements for inviting tenders and quotations will be waived.

The City of Thorold has the right to cease negotiations and reject any offer.

PROCUREMENT POLICY

Appendix C – Purchase by Negotiation

Appendix C – Purchase by Negotiation *Page 2 of 2*

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 Director of Finance, and/or incorporated into the report to Council, if required.

Identical Tenders

If two or more bidders submit identical prices, the Department Head shall be authorized to enter into negotiations with these bidders in an attempt to obtain a lesser price.

Should a tie persist the following factors will be considered:

1. Prompt payment discount
2. When delivery is an important factor, the bidder offering the best delivery date be given preference
3. A bidder in a position to offer better after sales services, with a good record in this regard shall be given preference.
4. A bidder with an overall satisfactory performance record shall be given preference over a bidder known to have an unsatisfactory performance record or no previous experience with the City.
5. If 1 to 4 do not break the tie, it shall be determined by way of a coin toss. The coin toss shall be performed in the presence of the issuing Department Head, Director of Finance and City Clerk, or their designates.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 1 of 8*

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 \$20,000.00 shall use the Request for Tender or Request for Proposal Process. The criteria for determining which process to use are contained in Section 7 of the policy.

General Process

In all cases, tenders shall be coordinated by the Department Head in conjunction with the City Clerk. The Department Head 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 7 of the policy, the specifications contained within the tender documents are the responsibility of the using department.

In the case of Construction Contracts (i.e. municipal services including buildings, etc), 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, the Director of Operations will submit the draft documents to the Director of Finance 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.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 2 of 8*

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 department.
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 acknowledgment 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 issuing Department Head will give notice of the Tender in the newspaper and/or on the Niagara Construction Association publication, and on the City's web site. Electronic tendering networks, as available may 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.

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 prequalification process, certain of the documents (i.e. specifications) may be made available.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 3 of 8*

Release of Information to Prospective Bidders

Upon the request of a prospective bidder, the issuing Department Head 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

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

A list of prospective bidders shall be maintained by the Department Head 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 prequalification 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 Department Head 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.

Tender Cancellation

When it becomes necessary 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.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 4 of 8*

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 Department Head for instructions. Fax or e-mailed tender submissions will not be accepted.
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 initialed 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 Department Head and Director of Finance.

The quantities shown for the items in the Request for Tender are estimates only and are for the sole purposes of indicating to tenderers the general magnitude of the work. For any work done or materials supplied on the unit price basis, the successful bidder will be paid for the actual measured quantities at the respective unit prices tendered.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 5 of 8*

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 E – 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.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 6 of 8*

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 City Clerk or designate and recorded by a member of the Clerk's Department staff.

Action on Correspondence found enclosed in Tender Envelope

If correspondence is found enclosed with a tender which, in the opinion of the Department Head, 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,

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 7 of 8*

This correspondence and the tender shall be referred to the appropriate Department Head for decision as to acceptance or rejection. See Appendix E – 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 Clerk or designate, and recorded by the Clerk's Department 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 Department Head 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 E – 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 E – Acceptance or Rejection of Improper Bids.

PROCUREMENT POLICY

Appendix D – Request for Tender Policy *Page 8 of 8*

Evaluation of the bids will be made by the Department Head 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 2 of the policy and other consideration as outlined specifically in Section 7 – Award Consideration.

A written report will be forwarded through the Department Head to the General Committee for approval and then forwarded to Council for ratification. If the lowest bid is not accepted the report must clearly state the reasons why it did not meet specifications.

Award

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

The issuing Department shall notify each of the unsuccessful bidders thanking them for their participation.

Disposition of Deposit Cheques

Following the recommendation to award of 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, by the issuing department. 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 Department Head 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 contract 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 may determine which is appropriate. In this case, all payments will be made by Progress Certificate Draws.

PROCUREMENT POLICY

Appendix E – Acceptance or Rejection of Improper Bids *Page 1 of 2*

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 Department Head 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 Department Head 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 the Department Head 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

PROCUREMENT POLICY

Appendix E – Acceptance or Rejection of Improper Bids

Appendix E – Acceptance or Rejection of Improper Bids *Page 2 of 2*

10	Bids received on documents other than those provided by the City	Automatic rejection unless, in the opinion of the Department Head, 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. The Director of Finance and the Department Head of the using department shall determine if the omission is significant
14	Other Minor irregularities	May be accepted. The Director of Finance and the Department Head of the using department shall have authority to waive irregularities which they jointly consider to be minor
15	Faxed or emailed bids	Automatic Rejection

PROCUREMENT POLICY

Appendix F – Request for Proposal Policy

Appendix F – Request for Proposal Policy *Page 1 of 2*

A Request for Proposal is issued in cases where the exact specifications are not predetermined. See Section 7 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 D – Request for Tender Policy.

This includes the overseeing of the process by the department head of the purchasing division, the date and time-stamped receipt of Proposals in the Clerks office, and the public opening of proposals, and the potential pre-qualification of bidders process.

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.

The Director of the issuing department will review proposals against the established criteria and determine the final rating results and ensure that the final rating results with supporting documents are kept in the procurement file. A selection committee may be established by the responsible Director at his/her discretion and shall comprise regular staff with the relevant expertise.

PROCUREMENT POLICY

Appendix F – Request for Proposal Policy

Appendix F – Request for Proposal Policy *Page 2 of 2*

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 Director. 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.

PROCUREMENT POLICY

Appendix G – Procedure for Consulting and Professional Services

Appendix G – Procedure for Consulting and Professional Services

Page 1 of 5

Professional and consulting services includes the services provided by architects, engineers, designers, real estate appraisers, management or financial consultants, brokers, planners, and any other consulting and professional services rendered on behalf of the City.

(A) Consulting Engineers:

This section applies only to Consulting Engineers, eg. For roads, bridges, sewers, water

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 Thorold, 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.

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 by the Operations Department. 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 \$50,000. 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.

PROCUREMENT POLICY

Appendix G – Procedure for Engaging Consultants, Consulting Engineers and Architectural Services for City Projects

Appendix G Procedure for Consulting and Professional Services

Page 2 of 5

Continuing projects 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 Thorold 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. 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.

PROCUREMENT POLICY

Appendix G – Procedure for Engaging Consulting Engineers and Architectural Services for City Projects

Appendix G – Procedure for Consulting and Professional Services *Page 3 of 5*

(B) Architects

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 Thorold 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

PROCUREMENT POLICY

Appendix G – Procedure for Engaging Consulting Engineers and Architectural Services for City Projects

Appendix G – Procedure for Consulting and Professional Services

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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 Thorold 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.

PROCUREMENT POLICY

Appendix G – Procedure for Engaging Consulting Engineers and Architectural Services for City Projects

Appendix G – Procedure for Consulting and Professional Services *Page 5 of 5*

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.

All Other Consultants and Professional Services

All other consulting and professional services shall be acquired in accordance with the general acquisition process where informal/formal quotations or tenders/request for proposals are required. The issuing department Head will endeavour to see that individuals providing Consulting and Professional services have fair access to City assignments. The issuing Department Head shall attempt to provide sufficient detail to outline the objective, type and scope of the work to be conducted.

Pre-qualification

For all consultants, staff may consider the use of a Pre-Qualification Process, prior to a tender or proposal call, as outlined in Appendix I.

PROCUREMENT POLICY

Appendix H – Blanket Purchase Orders

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 policy 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 Blanket Purchase Order will be issued in place of the regular Purchase Order

Blanket Purchase Order shall be a purchase order which is issued once per year, to a supplier covering purchases for the next twelve months, thus eliminating the need for individual purchase orders to cover each and every purchase. This should expedite the processing and reduce costs while still maintaining control and adherence to the policy.

Blanket Purchase Orders should be used in the following situations:

1. Where a contract exists between the City and the supplier, eg. Janitorial services, etc.
2. Routine purchases (of less than \$500.00 each) for items of a repetitive nature made from a supplier on a frequent basis, eg. Office supplies, carpet service, first aid supplies, etc. Where a supply or service exceeds \$500.00, a separate purchase order should be issued to cover the purchase.

A listing shall be provided to the Finance Department by each department, on an annual basis, detailing which vendors have been issued Blanket Purchase Orders, and the nature of the supply/service to be covered.

PROCUREMENT POLICY

Appendix I – Pre-qualification of Acceptable Bidders

The purpose of pre-qualification is to ensure that each bidder can demonstrate they have the ability to provide the necessary expertise and resources to satisfactorily complete the work required. Pre-qualification would 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 the first time.
3. The goods or equipment to be purchased must meet national safety standards, or if no standard has been established, has demonstrated an acceptable level of performance
4. The work involves complex, multi-disciplinary activities, specialized expertise, equipment, materials or financial requirements.

This is a two-step process, where either a competitive sealed bid or a proposal call will follow. Pre-qualification is the first step and would set out criteria requiring bidders to provide information such as, but not limited to:

1. Experience on similar work
2. Past performance with City.
3. References provided from other customers for similar work
4. Verification of applicable licences and certificates
5. Health and safety policies and staff training
6. Financial capability.

Appropriate staff will evaluate and rank the submissions and then recommend a short list of acceptable bidders who will be invited to participate in the subsequent competitive sealed bid or proposal call.

METHODS OF PROCUREMENT - SUMMARY TEMPLATE

Value	Procurement Method	Source of Bid	Type of Contract	Reporting Status
GOODS & SERVICES & CONSULTANTS/PROFESSIONAL SERVICES				
1. \$100 or less	Direct Acquisition		Petty Cash Reimbursement	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
2. \$1,000 or less	Direct Acquisition Corporate Expense Card	Purchases made from the competitive marketplace where practical & possible	Cheque requisition	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
3. >\$1,000 - 5,000	Informal Quotation	2 competitive written quotations where possible. No formal advertising or receipt of sealed bids required	Purchase Order	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
4. >\$5,000-\$10,000	Informal Quotation	3 competitive written quotations where possible. No formal advertising or receipt of sealed bids required	Purchase Order	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
5. >\$1,000 - \$10,000	Purchase by Negotiation	May only be used when criteria identified in Appendix C is met & Director of Finance & Department Head agree to the process	Purchase Order	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits

METHODS OF PROCUREMENT - SUMMARY TEMPLATE

Value	Procurement Method	Source of Bid	Type of Contract	Reporting Status
GOODS & SERVICES & CONSULTANTS/PROFESSIONAL SERVICES				
5. >\$10,000 - \$20,000	Request for Quotation	at least 3 competitive written quotation where possible. Advertised in one local newspaper and the web sit. Sealed bids & formal opening required. CAO approval required	Purchase Order	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
6. >\$10,000 - \$20,000	Purchase by Negotiation	May only be used when criteria identified in Appendix C is met & CAO & Department Head agree to the process	Purchase Order	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
6. >\$20,000	Request for Tender	Advertised in one local newspaper or trade paper. Sealed bids & formal opening required	Purchase Order for goods. Legally binding agreement for other purchases	Report to Council required
7. >\$20,000	Request for Proposal	Advertised in one local newspaper or trade paper. Sealed bids & formal opening required	Purchase Order for goods. Legally binding agreement for other purchases	Report to Council required
8. >\$20,000	Purchase by Negotiation	May only be used when criteria identified in Appendix C is met & CAO & Department Head agree to the process	Purchase Order for goods. Legally binding agreement for other purchases	Report to Council required

METHODS OF PROCUREMENT - SUMMARY TEMPLATE

Value	Procurement Method	Source of Bid	Type of Contract	Reporting Status
GOODS & SERVICES & CONSULTANTS/PROFESSIONAL SERVICES CONSULTING ENGINEERS ONLY				
1. \$20,000 or less	Direct Appointment	List of qualified engineers to be maintained, with projects distributed equitably in accordance with Appendix I	Purchase Order or agreement	No Report to Council Required so long as budget approval has been granted, and cost is within budget approved limits
2. >\$20,000	Request for Proposal	Advertised in one local newspaper or trade paper. Sealed bids & formal opening required	Legally binding agreement	Report to Council required