

THE CORPORATION OF THE
TOWNSHIP OF LANARK HIGHLANDS

BY-LAW NO. 2006-721

BEING A BYLAW TO ADOPT AN
'PROCUREMENT POLICY'

WHEREAS Sections 8 and 9 of the *Municipal Act, 2001* provides the municipality with the powers of a natural person and the authority to govern their affairs as they consider appropriate; and

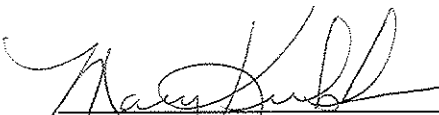
WHEREAS the Council of the Corporation of the Township of Lanark Highlands deems it expedient and in the public interest to adopt Policy to standardize procedures associated with the procurement of goods and services;

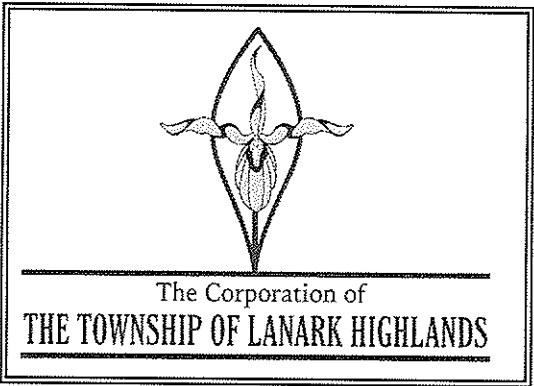
NOW THEREFORE the Corporation of the Township of Lanark Highlands enacts as follows:

1. **THAT** the Procurement Policy attached hereto as Schedule 'A' be and is hereby adopted.
2. **THAT** Schedule 'A' hereto shall be made part of this By-law as fully as if recited herein.
3. **THAT** this By-law shall supersede any and all By-laws and/or policies deemed to be inconsistent.
4. **THAT** amendments to the "Procurement Policy" shall not require an amendment to this By-law but may be approved by motion of Council.
5. **THAT** this By-law shall come into force and effect immediately upon the passage thereof.

READ a FIRST, SECOND and THIRD TIME Short this 26th day of September 2006.


Mayor - Lawrence McDermott


Clerk - Mary Kirkham



<i>Subject:</i>	<i>Procurement Policy</i>
<i>Policy No.:</i>	<i>FI-04-2006-pro</i>
<i>Approval Date:</i>	
<i>By-Law No.:</i>	2006-721
<i>Page No.:</i>	1 of 31
<i>Amendment:</i>	

**THE CORPORATION OF
THE TOWNSHIP OF LANARK HIGHLANDS**

PROCUREMENT POLICY

(Prepared August 12 2006)

INDEX

Section I	DEFINITIONS	Page 3
Section II	PROCUREMENT PRINCIPLES & GOALS	Page 8
Section III	GENERAL CONDITIONS	Page 9
Section IV	REQUIREMENT FOR APPROVED FUNDS	Page 10
Section V	SPECIFICATIONS	Page 11
Section VI	STANDARDIZATION	Page 12
Section VII	RESPONSIBILITIES AND AUTHORITIES	Page 12
Section VIII	METHODS OF PROCUREMENT	Page 13
Section IX	BID ANALYSIS	Page 19
Section X	REPORTING	Page 19
Section XI	DISPOSAL OF SURPLUS GOODS	Page 20
Section XII	CONFLICT OF INTEREST	Page 20

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Schedule A	EXEMPTIONS FROM PROVISIONS OF PURCHASING POLICIES	Page 21
Schedule B	BID IRREGULARITIES	Page 22
Schedule C	TENDER PROCESS	Page 25
Schedule D	REQUEST FOR PROPOSAL PROCESS	Page 27
Schedule E	LEASES	Page 29
Schedule F	CORPORATE CREDIT CARD	Page 31

SECTION I - DEFINITIONS

In this Policy,

1. **Acquisition**
means obtaining goods and services.
2. **Agreement**
means a legal document that binds the Township of Lanark Highlands and all other parties, subject to the provisions of the contract.
3. **Annual Aggregate Value**
means the total amount anticipated to be spent annually by all departments on a particular type of good or service
4. **Approval**
means authorization to proceed with the purchase or disposal of goods and/or services.
5. **Bid**
means an offer or submission received in response to a request for quotation, tender or proposal which is subject to acceptance or rejection.
6. **Bid Irregularity**
means a deviation between the requirements (terms, conditions, specifications, special instructions) of a bid request and the information provided in a bid response (see Appendix B).
7. **Bid Request**
means a written request for bids or a solicitation, which may be in the form of a Request for Quotation, Request for Tender or Request for Proposal.
8. **Blanket Order (Supply Contract)**
means a Purchase Order which establishes prices or a method for determining prices, terms and conditions and the period of time during which a vendor agrees to provide goods and services to the purchaser upon the purchaser's demand.
9. **Chief Administrative Officer (CAO)**
means the Chief Administrative Officer for the Township of Lanark Highlands.
10. **Clerk**
means the Municipal Clerk for the Township of Lanark Highlands.

11. **Contract**
means a legally binding agreement between two or more parties. Such agreements will consist in the form of a:
 - a. Formal agreement between two or more parties that creates an obligation to provide defined goods and/or perform defined services.
13. **Conflict of Interest**
refers to a situation in which private interests or personal considerations may affect an employee's judgment in acting in the best interest of the Township of Lanark Highlands. It includes using an employee's position, confidential information or corporate time, material, or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the employee's family, friends, or business associates.
15. **Corporate Signing Officer**
means the Head of Council, and Municipal Clerk or other individuals designated by Council or this policy.
16. **Cost Effective Bid**
means a bid received in response to a request that offers the best value for the dollars expended taking into consideration a quantitative and qualitative selections procedure.
17. **Council**
means the Council for the Township of Lanark Highlands.
18. **Co-op**
means a Co-operative acquisition venture
19. **Department Head**
means the person responsible for direction and operational control of a Department or authorized designate.
20. **Designated Signing Authorization**
provides the authority for members of staff to execute legally binding contracts, on behalf of the Township of Lanark Highlands. Thresholds governing signing authorizations are as follows:
 - a. Purchase Requisitions - Treasurer or CAO
 - b. Agreements/Contracts
 - \$0 - \$10,000 - as per Departmental signing authorization
 - \$10,001 - \$20,000 - Treasurer, or where requested Head of Council and Municipal Clerk
 - over \$20,000 - Head of Council and Municipal Clerk

21. **Direct Appointment**
means to directly appoint a consultant on the basis of defined selection criteria, including but not limited to qualifications and experience.
22. **Direct Acquisition**
means the purchase of goods or services without the requirement of a contract or agreement.
23. **Disposal**
means the removal of materials owned by the municipality, which are deemed surplus, by sale, trade-in, auction, alternative use, gift, or destruction.
24. **Emergency**
means a situation where the purchase of goods and services requires immediate action to prevent or correct dangerous or potentially dangerous safety conditions, further damage, to restore minimum service or ensure the safety of the public.
25. **Execute**
means to legally bind the Township of Lanark Highlands to the terms and conditions defined within the Agreement.
26. **Expression of Interest**
means a situation where vendors are solicited by the Municipality to advise the Municipality of their ability or desire to undertake municipal requirements.
27. **Goods and/or Services**
includes supplies, equipment, property insurance, maintenance, professional and consulting services and service contracts not otherwise provided for.
28. **List of Bidders**
means a list, retained by the Treasury Department of those vendors who are interested in submitting bids.
29. **Lowest Responsive Bid**
means the lowest bid price submitted which meets the requirements and specifications as set out in the bid request, minor deviations excepted.
30. **Material Safety Data Sheets (MSDS)**
means Material Safety Data Sheets which must be submitted by the vendor for all hazardous materials, including an index of chemical compounds with details of properties, handling details, precautions and first-aid procedures.

31. **Municipality**
means the Township of Lanark Highlands.
32. **Negotiation**
means the action or process of conferring with one or more vendors leading to an agreement on the acquisition of the required goods and services under the conditions outlined in this Policy.
33. **Open Market Procedure**
means obtaining price quotations from vendors verbally or in writing.
34. **Privilege Clause**
means the standard clause used in bid documents and advertising that reads in part "the lowest or any tender may not necessarily be accepted"
35. **Procure/Procurement/Purchase**
means a goods, services or construction contract involving a purchasing, leasing, renting or exchange transaction arrived at by a competitive or non-competitive process. Procurement also includes material(s) management, contract management, advisory services and implementation and adherence to best practices.
36. **Professional and Consulting Services**
includes architects, auditors, engineers, designers, planners, surveyors, management and financial consultants, brokers, legal services, and any other professional and consulting services rendered on behalf of the municipality.
37. **Proposal (Request for Proposal /RFP)**
means an offer to provide goods or services to the Municipality, where it is not practical to prepare precise specifications, or where "alternatives" to detailed specifications will be considered, which may be subject to further negotiation. This process allows vendors to propose solutions to arrive at the end product, and allows for evaluation on criteria other than price.
38. **Purchasing Co-ordinator**
means the Treasurer, who is responsible for the Municipality's centralized purchasing function and is hereby authorized to act as agent in all such matters pertaining thereto.
39. **Quotation (Request for Quotation/RFQ)**
means an offer to sell goods and services to the Municipality or an offer to purchase surplus goods from the Municipality.

40. **Real Property**
means land or buildings and any interest, estate or right of easement affecting same.
41. **Responsive and Responsible Vendor**
means one who complies with the provisions of the bid solicitation, including specifications, contractual terms and conditions, and who can reasonably be expected to provide satisfactory performance on the proposed contract based on reputation, or references, or performance on previous contracts, and adequate financial and other resources.
42. **Single Source**
means there is more than one source in the open market but only for reasons of function or service one vendor is recommended for consideration of the particular goods and/or services.
43. **Surety**
means a specified dollar amount in the form of cash, certified cheque, bid bond, performance bond, labour and materials bond, letter of credit or any other form as deemed necessary and stated in any quotation, tender or proposal documents issued by the Municipality.
44. **Tender**
means an offer received from a supplier of goods and/or services in response to a public advertisement requesting tenders sealed in an envelope.
45. **Treasurer**
is the Treasurer for the Township of Lanark Highlands.
46. **Verbal Quotation**
means the requisitioning department will receive pricing via telephone or in person, and will retain written documentation of the conversation and document the information on the requisition.

SECTION II - PROCUREMENT PRINCIPLES and GOALS

The purchasing principles of the Township of Lanark Highlands are as follows:

1. to procure by purchase, rental or lease the required quality and quantity of goods and/or services, including professional and consulting services in an efficient, timely and cost effective manner;
2. to encourage open competitive bidding for the acquisition and disposal of goods and services where practicable;
3. to consider all costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs, in evaluating bid submissions from qualified, responsive and responsible vendors;
4. to give full consideration to the annual aggregate value or to consider the total project cost of specific goods and services that will be required by each department and by the Municipality as a whole prior to determining the appropriate acquisition method;
5. to co-ordinate purchases on a municipal-wide basis when appropriate in order to obtain available volume discounts and best possible price;
6. to monitor and report on the economic climate and legislative changes which may have an impact on the Township of Lanark Highlands and to determine the appropriate actions to be taken through purchasing policies and procedures;
7. to encourage the procurement of goods and services made by methods resulting in the least damage to the environment and supply goods incorporating recycled materials where practicable;
8. to encourage the procurement of goods and services from suppliers within the geographical boundaries of Lanark Highlands when all other factors are considered equal;
9. this policy will be reviewed every 5 years or earlier, to evaluate its effectiveness.

SECTION III - GENERAL CONDITIONS

1. In the absence of the Purchasing Coordinator, the CAO shall act as the authorized designate.
2. The Township does not utilize a formal purchase order document. Written authorization on Township letterhead to a contractor to order goods or services will be provided as required.
3. Where a Department Head is authorized to undertake any act pursuant to this Policy, such act may be undertaken by the Department Head's authorized designate. The designate must be an employee of the Township of Lanark Highlands.
4. Any commitments being made where it is recommended that a contract be executed by the Head of Council and the Clerk must first be approved by Council.
5. Where it is recommended that a contract be executed, it will be authorized:
 - For contracts over \$20,000
by the Head of Council and Clerk after being approved by Council
 - For contracts between \$10,001 and \$20,000
by the Treasurer or where requested the Head of Council and Municipal Clerk
 - For contracts under \$10,000
by a Department Head, or where requested the Head of Council and Municipal Clerk.
6. No expenditure or commitment shall be incurred or made and no account shall be paid by the municipality for goods and services, except as approved by Council or as otherwise authorized in accordance with this policy.
7. The Purchasing Coordinator in consultation with the Department Head of the requisitioning department may remove a vendor's name from the list of bidders for a period of up to two years on the basis of documented poor performance, non-performance, or conflict of interest. A written notice of the decision will be provided to the vendor by the Purchasing Coordinator.
8. Material Safety Data Sheets must be maintained on file by the user department for all relevant products whether acquired through tendering, quoting or the proposal process.
9. The Purchasing Coordinator will assist in developing evaluation criteria and submission analysis for all procurement needs.
10. Prior to awarding any procurement of goods and/or services, the user department will forward recommendations to the Purchasing Coordinator for final review and comments.

11. No employee or elected official shall purchase or offer to purchase, on behalf of the Municipality, any goods and services, except in accordance with this Policy.
12. For the purposes of this policy it is understood the term employee shall include all volunteers and designated committees of the Township.
13. Individual Elected Officials shall not approve nor acquire any goods and services on behalf of the Municipality.
14. Any employee who intentionally and knowingly acquires or disposes of any goods and services for the Municipality in contravention of any section of this Policy, as amended from time to time, shall be subject to disciplinary actions in accordance with Municipal policies.
15. All petty cash purchases must exclude tendered goods and services.
16. No requirement for goods and services may be divided into two or more parts to avoid the provisions of this policy.
17. A Department Head shall not award a contract where the Purchasing Coordinator has determined that the provisions of this policy have not been adhered to and has so advised the Department Head.
18. The Purchasing Coordinator shall, in conjunction with the Department Head, reject all purchase requisitions for services where the services could result in the establishment of an employee-employer relationship.
19. That Schedules A-E (attached hereto) may be amended provided such amendments have been approved by the Council and the amended Schedule(s) has been circulated to affected staff.

SECTION IV - REQUIREMENT FOR APPROVED FUNDS

1. Departmental expenditures are authorized by Council each year as part of either the Operating or Capital Budget process. Pending Council's approval of proposed budgetary estimates, Department Heads are authorized to spend up to 1/2 of the previous year's approved Operating Budget.
2. The exercise of authority to award a contract is subject to the identification and availability of sufficient funds in appropriate accounts within the Council approved Operating budget.
3. Where goods and services are routinely purchased or leased on a multi-year basis, the exercise of authority to award a contract is subject to:
 - a. the identification and availability of sufficient funds in appropriate accounts for the current year within Council approved estimates, and

- b. the requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the Treasurer, the required funding can reasonably be expected to be made available.

The Purchasing Coordinator may reject all purchase requests for which sufficient funds are not available and identified. If the Department Head advises the Purchasing Coordinator that the deficiency is minimal and alternative funding has been identified, the purchase request may proceed provided appropriate authorizations are met in accordance with this policy.

The Department Head will co-ordinate, with the Purchasing Coordinator, all leasing requirements including term capitalization rate, lease vs. buy (or other) analysis, etc. The Purchasing Coordinator will ensure that all lease commitments comply with the Municipal Act as amended and regulations made there under.

- 4. Where this policy prescribes financial limits on contracts that may be awarded under the authority of a Department Head, or provides for financial limits on contracts required to be reported to Council, for the purpose of determining whether a contract falls within these prescribed limits, the contract amount shall be the sum of:
 - a. all costs to be paid to the supplier under the contract, excluding GST
 - b. less any rebates.

SECTION V - SPECIFICATIONS

- 1. The Department Head whose budget provides for the procurement of goods and services shall be responsible, in consultation with the CAO for the preparation and approval of all specifications and/or Terms of Reference (Scope of Work) to be used for the procurement of such goods and services.
- 2. Where practical, specifications or Terms of Reference should be considered that are detailed but not brand specific to leave room for potential vendors to provide alternatives in the event an equal or better-proven product or method is available.
- 3. Vendors or potential vendors should not be requested to expend time, money or effort on design or in developing specifications or otherwise help define a requirement beyond the normal level of service expected from vendors.

When such services are required:

- a. the Purchasing Co-ordinator shall be advised
- b. the contracted vendor will be considered as a consultant and paid for their services and will continue to be able to make an offer for

the supply of the goods and services. The consultant shall be advised that the provision of assistance with specifications does not guarantee award of contract.

- c. the detailed specification shall become the property of the municipality for use in obtaining competitive bids
4. Potential vendors shall not be compensated for any costs incurred in the preparation and submission of proposals, tenders or bids.

SECTION VI - STANDARDIZATION

It will be the policy of the Township of Lanark Highlands wherever possible, to standardize the procurement of goods and services to allow for:

1. reduced number of goods and services required
2. increased volume on common items or services
3. maximizing volume buying opportunities
4. providing economies of scale
5. reduced handling, training and storage costs
6. minimizing maintenance costs
7. co-operative purchasing activities
8. competitive bid results
9. reduced overall cost
10. increased use of environmentally friendly products

SECTION VII - RESPONSIBILITIES AND AUTHORITIES

1. The Department Head has responsibility for procurement activities within their departments and are accountable for determining and achieving specific objectives as outlined for each procurement project.
2. Department Heads have the authority to award contracts in the circumstances specified in this policy provided that the delegated power is exercised within the limits prescribed in this policy and the requirements of this policy are met.
3. The Purchasing Co-ordinator is responsible for:
 - a. providing procurement advice and services to Department Heads,
 - b. monitoring compliance with this policy.
4. Department Heads, in consultation with Treasury staff and the CAO, shall inform Council of non-compliance with this policy has occurred.
5. For awards of value \$10,000 or less:
 - a. the Purchasing Co-ordinator shall execute all purchases provided that the requirements of this policy are met

- b. the Department Head shall execute all related agreements.
- 6. The CAO or Treasurer has the authority to instruct the Department Head not to award a contract and may direct staff to submit recommendations to Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interests of the Municipality.
- 7. The Municipal Clerk or Department Head is required to forward to the Purchasing Co-ordinator, a copy of all legally executed contracts relating to the procurement of optional goods and services.

SECTION VIII - METHODS OF PROCUREMENT

Notwithstanding any other provisions of this Policy, the acquisition of the items listed in Appendix "A" do not fall under the guidelines of the Purchasing Policy and shall be subject to applicable Policies and Procedures established from time to time. Procurement by means of a lease agreement is also addressed separately in Schedule E.

1. PROCUREMENT OF GOODS AND/OR SERVICES

Where the required product or service can be specified, (and such goods and services are not stocked in the central stores or covered by a Blanket Purchase Order), it shall be acquired by Purchase Requisition.

Where it is estimated that the value of the goods and services, inclusive of all delivery charges will cost:

- a. **\$0 to \$1,000**
Direct acquisition is acceptable.
- b. **\$1,001 to \$5,000**
The user department shall obtain 3 quotations, where possible and practicable.
No report to Council is necessary.
- c. **\$5,001 to \$10,000**
The initiating Department in consultation with the Purchasing Co-ordinator, shall obtain three (3) written quotations, where possible (using a Request for Quotation, invitational Request for Quotation, or other method).

No report to Council is necessary.
- d. **\$10,001 to \$20,000**
The Purchasing Coordinator, in consultation with the initiating Department Head, shall issue a Request for Quotation. A minimum of three quotations (where possible) are to be received before the municipality commits to a Vendor.

If only one quotation is received, the municipality may exercise its right to cancel the call for quotations. Quotations are not formally opened in public nor is it necessary to disclose prices or terms at the time of submission.

A report to Council is necessary.

e. **\$20,000 and over**

The Purchasing Co-ordinator in consultation with the requisitioning Department Head shall issue a Tender for all approved projects based on defined requirements (specifications are available to readily compare products).

Tenders require a reply by a designated date and time, signed by a Corporate Officer, authorized to bind the Corporation. Any requested bid deposits, security or bonds must be included with the submission. Replies are delivered directly to the CAO and are opened at a public tender meeting. If only one tender is received, the municipality has the option of not opening the bid and closing the call for tender.

Each sealed bid received in response to a formal bid request is reviewed to determine whether a bid irregularity exists, action is taken according to the nature of the irregularity (see Appendix B).

A report initiated by the issuing Department Head and reviewed by the CAO shall be prepared for Council consideration and approval.

Upon Council's approval, the Purchasing Co-ordinator shall ensure that a legally binding agreement is executed by the Mayor and Clerk.

The Department Head is responsible for maintaining current insurance certificates and WSIB certificates, as called for in the bid documents.

**2. REQUESTS FOR PROPOSALS
(INCLUDING THE ENGAGEMENT OF PROFESSIONAL AND
CONSULTING SERVICES)**

This method of acquisition can be used for any dollar value and involves the solicitation of proposals when the requirements for goods and/or services cannot be definitely specified, the requirements of the municipality are best described in a general performance specification, and innovative solutions are sought. Depending on its terms, the process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms, and prices.

The CAO shall maintain a list of suggested evaluation criteria for assistance in formulating an evaluation scoring scheme using a standard Request for Proposal that includes factors such as qualification and experience, strategy, approach, methodology, scheduling, and past performance, facilities, and equipment. Department Heads shall identify appropriate criteria from the list but are not limited to the standard criteria from the list. Requests for Proposals are not formally opened in public nor is it necessary to disclose prices or terms at the time of submission. If only one proposal is received, the Purchasing Co-ordinator, in consultation with the Department Head, has the option of not opening the proposal and closing the call for proposal. (SEE APPENDIX C)

Written quotations shall be acquired through the Request for Proposal (RFP) process and evaluated on the basis of quantitative and qualitative criteria.

A report to Council is required from the department issuing the RFP for Council consideration and approval.

Upon Council's approval, a contract must be executed by the Mayor and Clerk.

3. EXPRESSION OF INTEREST and/or REQUEST FOR PRE-QUALIFICATION

Used where bidders offer their interest in submitting a bid on a product or service.

Advertised publicly, information is requested to determine reference checks, past performance, and financial stability. A reply to the Request for Expression of Interest and/or Pre-Qualification is required by a designated date and time to the Treasury Department, signed by an Officer authorized to legally bind the Corporation.

Submissions are reviewed and subsequently a Request for Quotation or Tender is prepared for a short list to invited pre-qualified bidders.

METHODS OF PROCUREMENT

The following are authorized procedures for the procurement of goods, services, and construction, not available from pre-existing agreements.

METHOD OF PROCUREMENT	TYPE OF QUOTATION	SOURCE OF BIDS	TYPE OF CONTRACT	REPORTING STATUS
1. GOODS AND SERVICES				
a. under \$1000	none		Direct acquisition	No report to Council

				required
b. \$1001 - 5,000	Verbal or written	from the competitive marketplace where possible and practicable	Direct acquisition	No report to Council required
c. \$5,001 - 10,000	Written quotation required	from the competitive marketplace where possible and practicable	Direct acquisition	No report to Council required
d. \$10,001 – 20,000	Written quotation acquired by REQUEST FOR QUOTATION (RFQ)	Advertised on website and in local papers, as per Council's policy. May advertise in trade paper	Direct acquisition	Report to Council required
e. over \$20,000	Written quotation acquired by REQUEST FOR TENDER	Advertised on website and in local papers, as per Council's policy. May advertise in trade paper.	Executed Contract	Report to Council
2. REQUESTS FOR PROPOSALS (INCLUDING THE ENGAGEMENT OF PROFESSIONAL AND CONSULTING SERVICES)				
	Written quotations through REQUEST FOR PROPOSAL	Advertised on website and in local papers, as per Council's policy. May advertise in trade paper.	Agreement	Report to Council
3. EXPRESSION OF INTEREST and/or REQUEST FOR PRE-QUALIFICATION				
	Request for information only, followed by INVITATION TO BID or PREQUALIFIED TENDER.	Advertised on website and in local papers, as per Council's policy. May advertise in trade paper.	No contract. Followed by further request.	No report to Council required

4. EXCEPTIONS TO METHODS OF ACQUISITION

a. VOLATILE MARKET CONDITIONS

Notwithstanding the provisions of this policy, where market conditions are such that long term price protection cannot be obtained for goods and services, the Purchasing Co-ordinator will obtain competitive prices for short term commitments until such time as reasonable price protection and firm market pricing is restored.

b. SOLE SOURCE PROCUREMENT

Purchase by negotiation may be adopted, if in the judgment of the Purchasing Co-ordinator and in consultation with the requisitioning Department Head any of the following conditions apply:

- (i) goods and services are in short supply due to market conditions
- (ii) the sources of supply are restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:
 - a. components or replacement parts for which there is no substitute
 - b. compatibility with an existing product, facility or service is required
 - c. specific standards are adopted by Council
- (iii) there is documented evidence that the extension or reinstatement of an existing contract would prove most cost effective or beneficial (to a maximum of 10% of the original contract)
- (iv) work is required at a location where a contractor has already been secured through a tender process, with established unit prices by another party and it is considered to be beneficial and cost effective to extend the unit prices for the work to be completed for the municipality
- (v) after the RFP process has closed, it may be necessary for discussion to clarify and/or make significant revision(s) to the initially defined requirements of the call for quotations/proposals
- (vi) when only one bid/proposal is received through the procurement process and it is impractical to recall the requirements of the call for quotations/proposals
- (vii) where two or more identical bids have been received

c. EMERGENCY PROCUREMENT

Notwithstanding the provisions of this policy, the following shall only apply in case of an emergency, when an event occurs that is determined by a Department Head or the CAO to be:

- a threat to public health
- the maintenance of essential municipal services
- the welfare of persons or of public property or
- the security of the municipality's interests and the occurrence requires the immediate delivery of goods or services and time does not permit for competitive bids

The Department Head shall obtain the prior approval of the CAO. An information report shall be submitted to Council for purchases over \$10,000 explaining the actions taken and the reason(s) therefore.

d. CO-OPERATIVE OR JOINT VENTURES

The municipality may participate with other Government agencies or public authorities in co-operative procurement/acquisition ventures or utilize a 'piggy back clause' within public sector contracts, whenever it is determined to be in the best interest of the municipality to do so.

e. UNSOLICITED PROPOSALS

Unsolicited proposals received by the municipality shall be reviewed by the Department Head and Purchasing Co-ordinator. Any procurement activity resulting for the receipt of an unsolicited proposal shall comply with the provisions of this policy. A contract resulting from an unsolicited proposal shall be awarded on a non-competitive basis only when the procurement requirements comply with the non-competitive procurement policies and procedures.

f. PURCHASE OF USED EQUIPMENT

The department head may obtain a price from a know supplier of used goods. As the goods are in a certain condition and specifying the condition(s) would be difficult so as to enable other suppliers to bid or for comparison of bids, 1 price only may be obtained.

Purchases less than \$10,000 must be approved by the CAO upon receipt of a request for quotation completed by the supplier.

Purchases greater than \$10,000 must be approved by Council upon receipt of a completed tender form by the supplier.

g. GOODS OR SERVICES PURCHASED AT A TRADE SHOW

A Department Head may have the opportunity to attend trade shows where on occasion special pricing can be obtained on specific goods or services. The Department Head shall obtain 1 price from a known supplier of the goods or services in advance of the attendance at the trade show in order to ascertain that the price(s) obtained at the trade show are in fact competitive. The Department Head shall record the price obtained prior to and following attendance at the trade show on the appropriate form.

The CAO shall be advised prior to attendance at the trade show of the items that may be purchased. A copy of the price obtained from a known supplier prior to attendance at the trade show shall be provided to the CAO.

The Department Head shall have the approval to purchase the goods or services provided it is in accordance with this policy.

SECTION IX - BID ANALYSIS

The analysis of bid responses shall be as follows;

1. Tenders shall be tabulated and analyzed by the initiating department staff, and a recommendation forwarded to CAO for review
2. Bid responses dealing with the lease, rental or purchase of physical assets in excess of \$10,000 shall be tabulated and analyzed by the initiating department staff, and a recommendation forwarded to the CAO for review
3. All other bid responses shall be tabulated and analyzed by the Department Head in consultation with the initiating department staff.

SECTION X - REPORTING

Goods and Services and Professional and Consulting Services:

1. Where the;
 - a. value of the goods and services is less than \$10,000, and
 - b. procedures defined by this policy have been followed, and
 - c. acquisition is within the approved departmental net budget amount, and
 - d. lowest responsive bid is being recommended.

No report to Council is required and the Clerk shall arrange for a contract to be signed by the Corporate Signing Officer(s).

2. Council approval is required where the:
 - a. value of the goods and services is over \$10,000, or
 - b. purchase is for vehicles or heavy equipment, or

- c. purchasing policy is being waived, or
- d. acquisition exceeds the approved capital budget amount , or
- e. lowest responsive vendor submission is not being recommended,
or
- f. there was no provision in the budget for the item, or
- g. CAO requests that a report be presented for Council consideration
and approval

Based on the above criteria, a contract shall be executed by the Mayor and Clerk in accordance to the reporting guidelines in this policy.

3. All contracts will be held by the Treasury Department with copies being sent to the issuing department.

SECTION XI - DISPOSAL OF SURPLUS GOODS

The Department Head or CAO shall obtain the approval of Council for the disposal and/or sale of surplus assets (excluding land). Surplus goods shall be sold by sealed bid.

SECTION XII - CONFLICT OF INTEREST

All vendors and consultants (eg: architects, engineers, etc.) retained by the municipality shall disclose to the municipality prior to accepting an assignment, any potential conflict of interest. If such a conflict of interest does exist, the municipality as directed by the Department Head may, at its discretion, withhold the assignment from the vendor/consultant until the matter is resolved. And furthermore, if during the conduct of a municipal assignment, a vendor/consultant is retained by another client giving rise to a potential conflict of interest, then the consultant shall so inform the municipality.

Schedule "A"

GOODS AND SERVICES "EXEMPT"
from PROVISIONS OF THE PROCUREMENT POLICIES

- 1. Petty Cash Items**
- 2. Training and Education**
 - a) Conferences
 - b) Courses
 - c) Conventions
 - d) Memberships
 - e) Seminars
 - f) Periodicals
 - g) Magazines
 - h) Staff training
 - i) Staff development
 - j) Staff workshops
 - k) Subscriptions
- 3. Employee Expenses**
 - a) Advances
 - b) Meal allowances
 - c) Travel & Hotel accommodation
 - d) Entertainment
 - e) Miscellaneous – Non-Travel
- 4. Employer's General Expenses**
 - a) Payroll deduction remittances
 - b) Licences (vehicles, elevators, radios, etc.)
 - c) Debenture payments
 - d) Grants to agencies
 - e) Payments of damages
 - f) Tax remittances
 - g) Charges to/from other Government or Crown Corporations
 - h) Employee income
- 5. Professional and Special Services**
 - a) Committee fees
 - b) Witness fees
 - c) Court reporters' fees
 - d) Honoraria
 - e) Arbitrators
 - f) Legal settlements
- 6. Utilities**
 - a) Postage
 - b) Heat/Hydro
 - c) Telephone

Schedule "B"

BID IRREGULARITY

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

For the purposes of this policy, bid irregularities are further classified as "major irregularities" or "minor irregularities".

A **"major irregularity"** is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. The Purchasing Co-ordinator must reject any bid, which contains a major irregularity.

A **"minor irregularity"** is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the award. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. The Purchasing Co-ordinator may permit the bidder to correct a minor irregularity.

MATHEMATICAL ERRORS - RECTIFIED BY STAFF

The Purchasing Co-ordinator will correct errors in mathematical extensions and/or taxes, and the unit prices will govern. The responsibility for correcting mathematical errors may be delegated to the requisitioning department.

ACTION TAKEN:

The Purchasing Co-ordinator and Department Head will be responsible for all action taken in dealing with bid irregularities, and acts in accordance with the nature of the irregularity:

- ✓ major irregularity (automatic rejection)
- ✓ minor irregularity (bidder may rectify)
- ✓ mathematical error (additions or extensions) as above

In the event that the vendor withdraws his bid due to the identification of a major irregularity, the municipality may disqualify such vendor from participating in municipal quotations/tenders/requests for proposals for a period of up to one year.

BID IRREGULARITIES - SUMMARY

ITEM	DESCRIPTION	MAJOR	MINOR	ACTION
1.	late bids (by any amount of time)	X		automatic rejection
2.	bids completed in pencil	X		automatic rejection
3.	bid surety not submitted with the bid when the bid request (or any addenda) indicated that such surety is required	X		automatic rejection
4.	EXECUTION OF AGREEMENT TO BOND: a. Bond company corporate seal or equivalent proof of authority to bind company or signature missing b. surety company not licensed to do business in Ontario	X		automatic rejection
5.	EXECUTION OF BID BONDS: a. corporate seal or equivalent proof of authority to bind company or signature of the BIDDER or both missing b. corporate seal or equivalent proof of authority to bind company or signature of BONDING COMPANY missing	X		automatic rejection
6.	OTHER BID SECURITY: Cheque which has not been certified	X		automatic rejection
7.	bidders not attending mandatory site meeting	X		automatic rejection
8.	unsealed tender envelopes	X		automatic rejection
9.	proper response envelope or label not used		X	acceptable if officially received on time
10.	pricing or signature pages missing	X		automatic rejection
11.	insufficient financial security (i.e.: no deposit or bid bond or insufficient deposit)	X		-where security is required and amount of security is specified in request, automatic rejection
12.	bid received on documents other than those provided in request	X		not acceptable unless specified otherwise in the request
13.	EXECUTION OF BID DOCUMENT proof of authority to bind is missing	X		automatic rejection
14.	part bids (all items not bid)	X or	X	acceptable unless complete bid has been specified in the request
15.	bids containing minor clerical errors		X	2 working days to correct initial errors. Municipality reserves

				the right to waive initialling and accept bid
16.	uninitialed changes to the request documents which are minor (i.e.; the bidder's address is amended by overwriting but not initialled)		X	2 working days to correct initial errors. Municipality reserves the right to waive initialling and accept bid
17.	alternate items bid in whole or in part		X	available for further consideration unless specified otherwise in request
18.	unit prices in the schedule of prices have been changed but not initialled		X	2 working days to correct initial errors. Municipality reserves the right to waive initialling and accept bid
19.	other mathematical errors which are not consistent with the unit prices		X	2 working days to initial corrections. Unit prices will govern.
20.	pages requiring completion of information by vendor are missing	X		automatic rejection
21.	bid documents which suggest that the bidder has made a major mistake in calculations or bid	X	X	consultation with a Solicitor on a case-by-case basis and referenced within the staff report if applicable

NOTE: The above list of irregularities should not be considered all-inclusive. The Purchasing Co-ordinator, in consultation with the CAO and the requisitioning department will review minor irregularities not listed. The Purchasing Co-ordinator may then accept the bid, reject the bid or request that the bidder rectify the deviation.

Schedule "C"
TENDER PROCESS

Tenders will be called for all work, equipment, and materials with a value exceeding \$20,000 by way of public advertising or invitational bid, as outlined in the Municipal Purchasing Policy.

The Department Head will send a draft advertisement and tender documents to the CAO for review, providing the following information:

- ✓ dollar value
- ✓ account number & Council authority
- ✓ description of work
- ✓ closing date

The Department Head will forward plans and specifications to the CAO at least one day before the ad appears.

The Department Head will advertise and distribute tenders, and book a suitable room for the tender opening:

- ✓ all public tenders are advertised on the Municipal Website and in accordance with the Township's advertising policy. Additionally, at the discretion of the Department Head, tenders may be advertised in a regional newspaper, and/or other applicable trade publications (2 days lead time required)
- ✓ In some instances the contract may be advertised to pre-qualify potential bidders. Pre-qualification of bidders includes the screening of potential vendors in which such factors as financial capability, reputation, qualified staff and equipment management and product quality are considered. After evaluation of responses, only those contractors who are "pre-qualified" are allowed to submit tenders

Advertisements must include the following information (if applicable): site meeting time/date/location, contacts names for technical and purchasing inquiries, document fee (if applicable), and location for pick up and drop off of bid documents.

The closing date is usually 14 calendar days after date of issue. However, a tender may be closed in a shorter or longer period of time depending on the urgency or complexity of the item(s) being tendered.

Advertised tender packages are available from the Reception Desk, Township of Lanark Highlands. The tender fee (if applicable) is paid to Treasury and information is recorded from bidders as documents are picked up. A copy is available for viewing prior to purchase.

TENDER PROCESS (continued)

All tender submissions must be addressed to the CAO, Township of Lanark Highlands, and returned in the envelope provided with the tender package. The Reception Desk will receive all sealed tender submissions and issue a date and time-stamped receipt.

The Reception staff will refuse to accept any tender submission that is

- ✓ not sealed
- ✓ received after the closing deadline
- ✓ submitted after a tender has been cancelled.

Requests for withdrawal of a tender shall be allowed if the request is made before the closing time for the contract to which it applies. Requests must be directed to the CAO by letter or in person, by a Senior Official of the company, with a signed withdrawal confirming the details. Telephone requests will not be considered. The withdrawal of a tender does not disqualify a bidder from submitting another tender on the same contract.

Tenders close at 3:00 pm on the appointed day, and are opened publicly at 3:15 pm. (unless otherwise specified in the tender documents).

Each tender is reviewed to determine whether a bid irregularity exists, and action is taken according to the nature of the irregularity (see Appendix B).

Tenders are tabulated and evaluated by the issuing department.

A report initiated by the issuing Department Head and reviewed by the CAO shall be prepared for Council consideration and approval.

Following Council's approval, the Department Head shall ensure that a contract which legally binds the corporation is executed by the Mayor and Clerk.

Tender results, if requested, shall be made public by the Treasurer.

Schedule "D"

REQUEST FOR PROPOSAL PROCESS

REQUESTS FOR PROPOSALS (RFP's) may be called instead of tenders, by way of public advertising or invitational bid, as outlined in the Municipal Purchasing Policy:

- ✓ when requirements or services cannot be definitively specified, or
- ✓ when the requirements or services are non standard or specialized in nature, or
- ✓ the cost is only a minor component making up the award.

The User Department will initiate the RFP process by preparing documents, with input and assistance from the CAO as required.

Prior to printing, documents must be submitted to the CAO for review to ensure that all provisions other than specifications have been included in the proper format.

The Department Head will advertise and distribute RFP packages.

All public RFP's are advertised on the Municipal Website and in accordance with the Township's advertising policy. Additionally, at the discretion of the Department Head, RFP's may be advertised in a regional newspaper, and/or other applicable trade publications (2 days lead time required). Advertisements must include the following information (if applicable): site meeting time/date/location, contacts names for technical and purchasing inquiries, document fee (if applicable), and location for pick up and drop off of bid documents.

RFP's may also be forwarded directly to competent companies or firms identified by the Department Head.

The closing date is usually 14 calendar days after date of issue. However, an RFP may be closed in a shorter or longer period of time depending on the urgency or complexity of the item(s).

Public Request for Proposal document packages are available from the Reception Desk, Township of Lanark Highlands.

RFP's must be addressed to the CAO. The Reception staff will receive all sealed submissions and issue a date and time-stamped receipt, if requested.

The municipality will refuse to accept any submission that is

- ✓ not sealed
- ✓ received after the closing deadline
- ✓ submitted after an RFP has been cancelled.

REQUEST FOR PROPOSAL PROCESS (continued)

Requests for withdrawal of an RFP shall be allowed if the request is made before the closing time for the contract to which it applies. Requests must be directed the CAO by letter, or in person by a Senior Official of the company, with a signed withdrawal confirming the details. Telephone requests will not be considered. The withdrawal of an RFP does not disqualify a bidder from submitting another RFP on the same contract.

Proposals shall be opened at 3:00 pm on the appointed day for registration of bids or at such time as may be set out in the RFP. Only names of bidders will be made public.

Proposals received shall be evaluated on the basis of quantitative and qualitative criteria established in the RFP.

RFP's require the CAO's review prior to issuance, and a report from the department to Council for consideration and approval prior to the award. Following Council's approval, a contract must be executed by the Mayor and Clerk.

Once an award is made by Council, the report recommending an award shall be a matter of public record.

RFP results, if requested, shall be made public by the Treasurer.

Schedule "E"

LEASES

Leases are to be negotiated by the Chief Administrative Officer and the Department Head. The recommendation will be forwarded to Council for approval. As a general principle, leases shall be considered when the following conditions are applicable:

- a. When the lease price of the goods or services is less than the purchase price of goods and services.
- b. When the replacement of goods or services will be required on an ongoing basis due to technology changes, extensive use of equipment etc.
- c. The residual payment on the lease is negligible or justification can be made to accept a residual payment that is higher.

Leases will be treated in the same manner as purchase, based upon the retail value of the lease payment.

At the expiration of a lease, a replacement goods or product be re-quoted or re-tendered. Automatic "roll-over" of a lease payment into a new product must be authorized by the Chief Administrative Officer and/or Council as appropriate.

The report to Council from the CAO recommending the entering into a lease agreement will require the following information:

- Value of product or service if being purchased
- Length of the lease
- Monthly and annual lease payments
- Residual Amount
- Interest

Once a lease has been negotiated and approved, a copy of the lease and documents must be forwarded to the Treasurer.

Schedule "F"

CORPORATE CREDIT CARD

Staff members may be provided with a Corporate Credit Card by making application to the Treasurer. The Treasurer will determine the appropriate credit limit applied to each card. Use of the Corporate Credit Card shall be subject to the following limitations:

- (i) The card will not be used to obtain cash advances
- (ii) The card will not be used for personal purchases.
- (iii) All purchase receipts will be forwarded to the Treasury department for the reconciliation to monthly statements.