

THE CORPORATION OF THE MUNICIPALITY OF CALLANDER

BY-LAW NO. 2014-1410

Being a by-law to adopt a Purchasing and Materials Management Policy for the Municipality of Callander.

WHEREAS the *Municipal Act*, S.O. 2001, c.25, Part VI, Section 270 1.(3) , as amended states that a municipality shall adopt policies with respect to its procurement of goods and services;

AND WHEREAS the Corporation of the Municipality of Callander has adopted and revised the “Purchasing and Materials Management Policy”;

NOW THEREFORE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF CALLANDER ENACTS AS FOLLOWS:

1. That the Purchasing and Materials Management Policy attached as Schedule “A” is adopted.
2. That the Purchasing and Materials Management Policy will be reviewed every five (5) years or more frequently as required.
3. That the Municipal Clerk is authorized to make any changes to the Purchasing and Materials Management Policy as required in order to keep the document accurate and current and address clerical errors as long as such changes do not result in any substantial change to content or intention of the Policy
4. By-Law 2008-1113 is hereby repealed.
5. This By-Law shall come into effect upon the date of passing.

READ A FIRST TIME THIS 27th DAY OF MAY, 2014.

READ A SECOND TIME THIS 27TH DAY OF MAY, 2014.

READ A THIRD TIME AND FINALLY PASSED THIS 27TH DAY OF MAY, 2014.

MAYOR, HECTOR D. LAVIGNE

CLERK, MAIRGHREAD KNOUGHT



The Corporation of the Municipality of
Callander

PURCHASING AND MATERIALS MANAGEMENT POLICY

May 2014

The Corporation of the Municipality of Callander
Purchasing and Materials Management Policy

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The Corporation of the Municipality of Callander Purchasing and Materials Management Policy

1.0 PURPOSE

It is the intent of The Corporation of the Municipality of Callander to obtain goods and services in a manner that:

- a. Ensures service and product quality, efficiency and effectiveness;
- b. Encourages competition among suppliers;
- c. Ensures fairness among bidders;
- d. Avoids waste and duplication;
- e. Ensures adherence to financial policies, administrative practices and budgets;
- f. Protects the financial best interest of the Municipality of Callander while meeting the public need for openness, efficiency, accountability and transparency;
- g. Complies with this Policy and appropriate purchasing principles for the public sector and reflects a high standard of business ethics and does not favour or discriminate and is cost effective and results in the best value for the Municipality;
- h. Uses Codes of Ethics, endorsed by the National Institute of Governmental Purchasing and the Purchasing Management Association of Canada as guidance;
- i. Complies with the Municipality's requirements and with all standards, codes and regulations prescribed by law, to ensure maximum benefit and to protect the health and safety of the Municipality, its employees and the public;
- j. Ensures purchasing needs assessments and purchasing planning alternatives, timing and supply strategies and the effective and economical management of goods and services throughout their useful life;
- k. Ensures that, in calling for tenders, proposals or quotations, the Municipality shall incur no obligation to accept any bid, tender, proposal or quotation;
- l. Considers relevant Provincial and Federal Initiatives in the procurement plans of Municipal purchases;
- m. Shall incorporate accessibility criteria and features when procuring or acquiring goods, services or facilities, except where it is not practicable to do so.

2.0 DEFINITIONS

2.1 In this policy:

“Award” means authorization to proceed with the purchase of goods, services and construction from a chosen supplier.

“Best Value” means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan.

“Bid” means an offer or submission from a supplier in response to a bid solicitation.

“Bid Bond” means a form of security offered by a bidder to the party soliciting the bid which guarantees that the bidder will enter into a contract within a specified period of time and will furnish any required performance and labour and material bonds.

“Bid Solicitation” means a formal request for bids that may be in the form of a Request for Quotation, Request for Qualifications, Request for Tender, Request for Proposal or Request for Standing Offer.

“CAO” means the Chief Administrative Officer for the Municipality of Callander, or his or her designate.

“Construction” means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional services related to the construction contract unless they are included in the procurement.

“Contract” means a binding agreement by way of a formal agreement or a formal agreement between two or more parties that creates an obligation to do or not to do a particular thing.

“Council” means the Council of The Corporation of the Municipality of Callander.

“Council Approved Budgets” and **“Council Approved Area Budgets”** means Council approved budgets including authorized revisions.

“Department Head” means the Managers of the Finance Department, Clerks and Administration Department, Operations Department, Fire/Emergency Services Department and the Economic Development/Planning/Community Services Department as appointed by Council and may include the Chief Administrative Officer.

“Disposal” means the removal of material from the Municipality by sale, trade-in alternative use or destruction.

“Employer-Employee Relationship” means a relationship that exists where persons, for pay or other consideration, enter into the service of others and devote their personal labour for any given period and the other person has the power or right to control or direct the person in the material details of how the work is to be performed.

“Fair Market Value” means the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm’s length who are fully informed and not under any compulsion to transact.

“Goods” means moveable property including:

- a. the costs of installing, operating, maintaining or manufacturing such moveable property; and
- b. raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a construction contract.

“Highest Technical Bid” means the bid that would provide the Municipality with the best product or service as measured by the evaluation criteria.

“Holdback” means an amount withheld under the terms of the contract to ensure the complete performance of the contract and to avoid overpayment in relation to the progress of work and/or in accordance with the Construction Lien Act, RSO1990 Ch c.30.

“Lowest Responsive Bid” means that the bid that would provide the Municipality with the desired goods, services and construction at the lowest cost, meets all the specifications and contains no major irregularities or qualifications.

“Municipal Solicitor” means the legal representative of the Municipality.

“Municipality” means The Corporation of the Municipality of Callander.

“Professional Services” means services requiring the skills of professionals for a defined service requirement including:

- a. architects, auditors, engineers, designers, management and financial consultants; and
- b. firms or individuals having specialized competence in environmental, planning or environmental, planning or other disciplines.

“Progress Payment” means a payment made under the terms of a contract after the performance of the part of the contract but before the performance of the whole contract.

“Purchase” means to acquire goods, services or construction by purchase, rental, lease or trade.

“Quote” means a bid submitted in response to a Request for Quotation.

“Request for Proposal” means a form request for details on the supply of goods of the provision of services or construction, which cannot be fully defined or specified at the time of request.

“Request for Quotation” means a request in which the Municipality approaches three or more suppliers directly and obtains a written fixed priced at which each supplier will provide specific goods, services or construction.

“Security Deposit” means a deposit of securities by a supplier that the Municipality may convert under defined conditions to complete the supplier’s contractual obligation.

“Special Circumstance” means an event that is exceptional or could:

- a. not be foreseen and is a threat to the health, safety or welfare of the public or an event that could cause loss or damage to public or other property; or
- b. an event that has disrupted essential services that needs to be re-established without delay.

“Standing Offer” means an offer from a supplier that allows the Municipality to purchase frequently ordered goods, services or construction from suppliers at fair prices, under set terms and conditions, when and if these are requested but no contract exists until the Municipality places an order.

“Substantive Objection” means a written objection provided to the Treasurer by an interested party giving specific reasons for the objection and subject to the proviso that the objection is not precluded by legislation or applicable trade agreements.

“Tender” means a formal request for sealed bids for the supply of goods and services for construction in response to a publicly advertised request for bids.

“Treasurer” means the Treasurer of the Corporation of the Municipality of Callander and designated staff responsible for performing the purchasing services of the Municipality. In the absence of the Treasurer, the CAO of the Municipality shall fill this role.

- 2.2** To establish the definition of any other purchasing term not herein included, reference shall be made to the latest edition of the National Institute of Governmental Purchasing Guide.

3.0 GENERAL PROCUREMENT POLICY

3.1 APPLICATION

The procedures prescribed in this policy shall be followed to make a contract award or to make a recommendation of a contract award to Council.

3.2 RESPONSIBILITIES AND AUTHORITIES

- a. Department Heads shall be responsible for and have authority for all procurement activities within their departments and are accountable for achieving the specific objectives of the procurement project.
- b. Only the CAO or Treasurer has 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.
- c. Department Heads, in conjunction with the Treasurer, shall provide evidence that the contract pricing represents fair market value.
- d. The CAO is responsible for:
 - i. providing professional procurement advice and services to all Department Heads;
 - ii. ensuring compliance with this policy;
 - iii. notifying Department Heads, in advance if possible, of non-compliance; and
 - iv. informing Council that non-compliance with this policy has occurred.
- e. The CAO or Treasurer has the authority to reject the proposed action of a Department Head for those actions specified in this policy requiring a joint “Treasurer and Department Head” or a joint “CAO and Department Head” decision.
- f. For awards of value \$1,000 or less, the Treasurer may award a contract on behalf of a Department Head provided that the Treasurer has met the requirements of this policy.

- g. The CAO has the authority to instruct Department Heads not to award contracts and to submit recommendations to Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interest of the Municipality.

3.3 REQUIREMENT FOR APPROVED FUNDS

- a. The exercise of authority to award a contract is subject to the identification of and availability of sufficient funds in appropriate accounts within Council approved budgets.
- b. 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:
 - i. the identification and availability of sufficient funds in appropriate accounts for the current year within Council approved budgets;
 - ii. the requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the Treasurer, required funding can reasonably be expected to be made available; and
 - iii. the contract has a provision in it that the supply of goods or services in subsequent years is subject to the approval by Council and the ability of the department to meet the proposed expenditures.
- c. The Treasurer shall reject all purchase requests for contracts for which sufficient funds are not available and identified unless, in the opinion of the Treasurer, the deficiency is minimal and alternative funding has been identified.

3.4 RESTRICTIONS

- a. No requirement may be divided into two or more parts to avoid the application of the provisions of this policy.
- b. A Department Head shall not award a contract where the CAO has determined that the provisions of this policy have not been adhered to and has so advised the Department Head.
- c. The CAO shall:
 - i. reject all purchase requisitions for services where the services could result in the establishment of an employer – employee relationship; and

- ii. with the Department Head, determine whether the requirement referred to in Section 3.4 (c) can be revised, or the requirement should be forwarded to Council for consideration.

3.5 TOTAL PROJECT COST

Where this policy prescribes financial limits on contracts that may be awarded on the authority of the CAO or Treasurer, 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;
- b. all professional fees;
- c. overhead and profit calculations;
- d. all taxes; and
- e. less any rebates.

3.6 PRESCRIBED COUNCIL APPROVAL

- a. Despite any other provision of this policy, the following contracts are subject to Council approval:
 - i. any contract requiring approval from the Ontario Municipal Board;
 - ii. any contract prescribed by Statute to be made by Council;
 - iii. where the cost amount proposed for acceptance is higher than the Council approved department budgets and the necessary adjustments cannot be made;
 - iv. where the revenue amount proposed for acceptance is lower than the Council approved department budgets;
 - v. where a substantive objection emanating from the bid solicitation has been filed with the Department Head or with the CAO;
 - vi. where a major irregularity precludes the award of a tender to the supplier submitting the lowest responsive bid; and
 - vii. where authority to approve has not been expressly delegated.
- b. No provision of this policy precludes a Department Head from submitting an award to Council where:
 - i. in the opinion of a Department Head, it is in the best interest of the Municipality to do so; or
 - ii. it is a matter of procurement procedure and, in the opinion of the CAO it is in the best interest of the Municipality to do so.

3.7 TRADE AGREEMENTS

- a. Procurement by the Municipality may be subject to the provisions of trade agreements; and
- b. Where an applicable trade agreement is in conflict with this policy, the trade agreement shall take precedence; and
- c. The CAO shall advise Department Heads where a procurement action may not conform to an applicable trade agreement as early as possible in the procurement process.

3.8 PROCUREMENT DOCUMENTATION

- a. In order to maintain consistency, the CAO shall provide instructions to Department Heads on procurement policies and procedures and on the structure, format and general content of procurement documentation.
- b. The CAO shall review proposed procurement documentation to ensure clarity, reasonableness and quality and shall advise the Department Head of suggested improvements.
- c. Procurement documentation shall avoid use of specific products or brand names subject to section 3.8(e).
- d. The use of standards in procurement documentation that have been certified, evaluated, qualified, registered or verified by independent nationally recognized and industry-supported organizations such as the Standards Council of Canada shall be preferred.
- e. Notwithstanding Subsection 3.8 (c), a Department Head may specify a specific product or brand name for essential functional purposes to avoid unacceptable risk or for some other valid purpose. In such instances, the Department Head and CAO shall manage the procurement to achieve a competitive situation, if possible.
- f. Department Heads shall:
 - i. give consideration to the need for value analysis comparisons of options or choices;
 - ii. ensure that adequate value analysis comparisons are conducted to provide assurance that the specifications will provide best value; and
 - iii. forward the value analysis to the Treasurer for documentation on the procurement file.

- g. The Department Head shall issue and maintain guidelines for the documentation and content of terms of reference and general scopes of work.
- h. All substantive changes to standard clauses in bid solicitations and contracts shall be reviewed and approved by the CAO in consultation with the Municipal Solicitor.

3.9 LEGAL SERVICES

The procurement of legal services is exempt from a competitive process.

3.10 CANCELLATION OF A BID SOLICITATION

- a. A Department Head, with the concurrence of the Treasurer, may request to cancel a bid solicitation at any time up to contract award.
- b. The Department Head and Treasurer shall ensure that the confidentiality of any bid submitted is maintained in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, as amended.

4.0 GENERAL PROCUREMENT PROCEDURES

4.1 GENERAL

- a. The following are authorized procedures for the procurement of goods, services and construction:

Procedure	Project Cost
Petty Cash	\$1000 or less,
Department Head Authority	Not Exceeding \$10,000
Request for Quotation	Exceeding \$10,000-Not Exceeding \$30,000
Request for Tender	Exceeding \$30,000
Request for Proposal	Exceeding \$30,000
Request for Standing Offer	Any cost
Non-Competitive	Any cost

Purchase	
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- b. The procedures are more fully described in Sections 4.2 to 4.8 inclusive.
- c. Request for Quotation and Request for Tender procedures shall be used where a requirement can be fully defined and best value for the Municipality can be achieved by an award selection made on the basis of the lowest responsive bid.
- d. The Request for Proposal procedure shall be used:
 - i. where to achieve best value, the award selection will be made on an evaluated dollar per point or other scheme involving a combination of mandatory and desirable requirements; and
 - ii. where the requirement is best described in a general performance specification; and
 - iii. where innovative solutions are sought.
- d. The Department Head shall provide specific Terms of Reference for services for contracts of an estimated value greater than \$30,000.
- e. The Terms of Reference shall be to the satisfaction of the CAO.
- f. A general scope established by the Department Head that describes requirements in less detail than for a Request for Tender, is sufficient for contracts of an estimated value of less than \$30,000.
- g. The Municipality shall maintain a list of suggested evaluation criteria for assistance in formulating an evaluation scheme using a Request for Proposal that includes factors such as qualifications and experience, strategy, approach, methodology, scheduling, past performance, facilities and equipment.
- h. Where Council approval is required the Department Heads shall prepare a Report to Council summarizing the procurement and recommending award of contract to the supplier meeting all mandatory requirements and providing best value.
- i. Department Heads shall identify appropriate evaluation criteria from the list maintained by the Municipality for use in a Request for Proposal but are not limited to evaluation criteria from this list.
- j. Where a requirement has corporate-wide application the CAO shall:
 - i. manage the procurement keeping other affected departments advised; and

- ii. be accountable for the authorization of the procurement.

4.2 PURCHASES OF \$1000 OR LESS

- a. A Department Head shall have authority to meet the requirements of the department for the acquisition of goods, services or construction having a value of \$1000 or less.
- b. Expenditures not exceeding \$1000 including purchases of goods, services and construction may be made from petty cash in any one instance. Petty Cash should only be used when it is not feasible to use a purchasing account.
- c. Purchases made pursuant to Section 4.2 shall be made from the competitive marketplace wherever possible in keeping with accepted public purchasing practices and in accordance with the applicable laws of the Province of Ontario, the Government of Canada and the regulations made pursuant to this policy.
- d. The dollar limit referred to in Section 4.2 shall not apply to registration or search fees and land transfer tax payable in real estate transactions.
- e. All petty cash disbursements shall be evidenced by vouchers and shall be processed through the Finance Department.
- f. From time to time Department Heads may find the need to create their own petty cash funds for their respective departments. These will be evidenced by vouchers and shall be processed by the Department Head and forwarded to the Finance Department for processing of reimbursement.

4.3 PURCHASES NOT EXCEEDING \$10,000

- a. Payment for purchases for goods, services or construction not exceeding \$10,000 in value incurred in the general administration of a department may be made using:
 - i. a properly authorized and set up business account;
 - ii. a properly authorized credit card;
 - iii. direct deposit to the supplier's business bank account or
 - iv. a supplier's invoice, where the requirements of subsections 4.3 (c) to (e) have been complied with.
- b. The procedure used to purchase the goods, services or construction shall demonstrate that fair market value was achieved.

- c. The procedure used to make purchases not exceeding \$10,000 shall include evidence that the Department Head obtained a minimum of three verbal or written quotes unless Subsection 4.3 (d) applies.
- d. The Department Head in consultation with the CAO, may directly select a supplier to provide professional services without obtaining quotes where the total cost of the professional services does not exceed \$10,000 and falls within the current year budgeted amounts; and
- e. For purchases not exceeding \$10,000 in value, the Department Head may delegate authority to a designate provided that the designate follow the requirements of this policy.

4.4 PURCHASES NOT EXCEEDING \$30,000

- a. Subject to Subsection 4.4 (b), requirements estimated at \$30,000 or less shall be handled by the Request for Quotation procedure, however there may be requirements estimated at \$30,000 or less where it will be more appropriate to solicit bids using a Request for Tender or a Request for Proposal.
- b. The Request for Quotation is a bid solicitation where written quotes are obtained from suppliers without formal advertising or receipt of sealed bids.
- c. The Department Head shall furnish the Treasurer with a written request containing the relevant specifications, terms and conditions for the purchase of goods, services or construction.
- d. The Department Head shall:
 - i. Prepare a written request containing the relevant specifications, terms and conditions for the purchase of goods, services or construction;
 - ii. give notice of the Request for Quotation:
 - i. by using the electronic mailing system;
 - ii. by requesting submissions from those suppliers contained in a list of vendors maintained by the Treasurer and/or Department Head who appear best qualified to meet the provisions of the quotation; or
 - iii. by any combination thereof which will result in appropriate notice being given of the Request for Quotation.

- iii. review the bids to ensure compliance with the related procedures and established terms or conditions and
 - iv. consider any irregularities and act in accordance with Section 4.4 of this policy.
- e. The Treasurer or CAO on behalf of the concerned Department Head, may award contracts emanating from a Request for Tender not exceeding \$30,000 provided that:
 - i. sufficient funds are available and identified in appropriate accounts within Council approved budgets including authorized revisions;
 - ii. the award is to the lowest responsive bidder; and
 - iii. the provisions of this policy are followed.
- f. Where the authority referred to in Subsection 4.4. (e) is exercised, written documentation respecting the award of the contract is to be kept on the procurement file.

4.5 PURCHASES EXCEEDING \$30,000 – REQUEST FOR TENDER

- a. A Request for Tender shall be used for purchases exceeding \$30,000 where all of the following criteria apply:
 - i. two or more sources are considered capable of supplying the requirement;
 - ii. the requirement is adequately defined to permit the evaluation of tenders against clearly stated criteria;
 - iii. the market conditions are such that tenders can be submitted on a common pricing basis; and
 - iv. it is intended to accept the lowest priced responsive tender without negotiations.
- b. The Department Head shall issue a written request containing the relevant specifications, terms and conditions for the acquisition of goods, services and construction.
- c. For road and sewer construction contracts, the Department Head shall establish the specifications and be responsible for the contents of the Request for Tender.
- d. The Department Head shall follow the procedure prescribed in Subsection 4.4 (d) for a Request for Tender with the following modifications:
 - i. the term “Request for Tender” will replace the term “Request for Quotation”;

- ii. email, website posting and public advertisements in newspapers for tendering shall be used for notification; and
 - iii. sealed tenders with a public opening shall be required.
- e. The Treasurer shall forward to the appropriate Department Head a summary of the procurement and recommend the award of contract to the lowest responsive bidder.
- f. The Treasurer or CAO on behalf of the concerned Department Head, may award contracts emanating from a Request for Tender provided that:
 - i. the award is to the lowest responsive bidder;
 - ii. sufficient funds are available and identified in appropriate accounts within Council approved budget including authorized revisions;
 - iii. Council approval has been obtained; and
 - iv. the provisions of this policy are followed.
- g. Where the authority referred to in Subsection 4.5 (f) is exercised, written notification by registered mail and facsimile transmission respecting the award of the contract is to be kept on the procurement file.
- h. The Department Head shall follow the provisions of Section 5.5 regarding the award of contract using an agreement or contract.
- i. Written notification shall be given to all successful and unsuccessful bidders within fourteen (14) business days of Council approval of the awarding of the tender.

4.6 PURCHASES EXCEEDING \$30,000 – REQUEST FOR PROPOSAL

- a. A Request for Proposal shall be used where one or more of the criteria for issuing a Request for Tender cannot be met, such as:
 - i. owing to the nature of the requirement, 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
 - ii. it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.
- b. The Department Head shall prepare a written request, terms of reference and evaluation criteria to be applied in assessing the proposals submitted.
- c. The Department Head and CAO may jointly select a supplier to provide professional services without competition where:

- i. the estimated total cost does not exceed \$30,000; and
 - ii. the cost of preparing a detailed proposal would deter suppliers from submitting proposals.
- d. The Department shall issue a Request for Proposal in the same manner as for a Request for Tender as set out in Subsection 4.5 (d), excluding the requirement for a public opening.
- e. Where the requirement is not straightforward or an excessive workload would be required to evaluate proposals, either due to their complexity, length, number or any combination thereof, a multi-step procedure may be used that would include a pre-qualification stage to ensure the workload is a manageable level.
- f. The Treasurer and Department Head shall review all proposals against the established criteria and reach a consensus on the final rating results and ensure that the final rating results with supporting documents are kept on the procurement file.
- g. A schedule shall be kept with the name, address, and contact information of the supplier. This schedule shall be kept in the request for proposal file. This information is necessary if an Addendum to the Request for Proposal is required.
- h. Addenda, which will form part of the contract, shall be issued in the event there is a correction of additional information that is added to the bid documents. All bidders shall receive any addendum not less than forty-eight (48) hours prior to the bid closing.
- i. The request for proposal form shall be the same for all bidders and shall require only the information to evaluate the Request for Proposal. All other information shall be requested after the closing date.
- j. At no time prior to the opening of the Request for Proposal shall the names of potential bidders be released.
- k. At no time prior to the opening of the Request for Proposal shall the number of submissions be released.
- l. All Requests for Proposals shall be opened at a public meeting.
- m. All Requests for Proposals shall be opened in the order in which they are received.

- n. The appropriate Executive Committee Member, Department Head and Treasurer shall attend the public meeting opening or make alternate arrangements if necessary.
- o. The Treasurer or CAO on behalf of the concerned Department Head, may award a contract of \$30,000 or less emanating from a Request for Proposal provided that:
 - i. sufficient funds are available and identified in appropriate accounts within Council approved budget estimates including authorized revisions;
 - ii. the award is made to the supplier meeting all mandatory requirements and providing best value as stipulated in the Request for Proposal;
 - iii. where the Department Head deems it necessary to, in the best interest of the Municipality, acquire professional and consulting services from a particular supplier rather than seek proposals;
 - iv. Council approval has been met; and
 - v. the provisions of this policy are followed.
- p. Where the authority referred to in Subsection 4.6(h) is exercised, written notification by registered mail and facsimile transmission respecting the award of the contract is to be kept on the procurement file.
- q. The Department Head shall follow the provisions of Section 5.5 regarding the award of contract using an agreement or contract.

4.7 STANDING OFFER PURCHASES

- a. A Request for Standing Offer may be used where:
 - b. one or more Department Heads repetitively order the same goods or services and the actual demand is not known in advance; or
 - c. a need is anticipated for a range of goods, services and construction for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.
- b. To establish prices and select sources, the Department Head shall pre-approve the order of goods, services and construction.
- c. More than one supplier may be selected where it is in the best interests of the Municipality and the bid solicitation allows for more than one.

- d. Where purchasing action is initiated by a department for frequently used goods or services, it is to be made with the supplier or suppliers approved by the Treasurer or Department Head.
- e. In a Request for Standing Offer, the expected quantity of the specified goods or services to be purchased over the time period will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.
- f. A call-up against a standing offer is considered to be an individual contract, and the normal contract award prescribed limits apply, unless otherwise stated in the original approval document.
- g. Despite Section 4.7, Finance staff, as designated by the Treasurer, may issue purchases up to a maximum of \$100 from a standing offer provided that the purchase is properly authorized by the Department Head, is consistent with the intent, terms, specifications and conditions of the standing offer and all other requirements of this policy are complied with.

4.8 NON-COMPETITIVE PURCHASES (SOLE SOURCING)

- b. The requirement for competitive bid solicitation for goods, services and construction may be waived under joint authority of the appropriate Department Head and CAO and replaced with negotiations by the Department Head and CAO under the following circumstances:
 - i. where competition is precluded due to the application of any Act or Legislation or because of the existence of patent rights, copyrights, technical secrets or controls of raw material;
 - ii. where due to abnormal market conditions, the goods, services or construction required are in short supply;
 - iii. where only one source of supply would be acceptable and cost effective;
 - iv. where there is an absence of competition for technical or other reasons and the goods, services or construction can only be supplied by a particular supplier and no alternative exists;
 - v. where the nature of the requirement is such that it would not be in the public interest to solicit competitive bids as in the case of security or confidentiality matters;
 - vi. where in the event of a "Special Circumstance" as defined by this policy, a requirement exists;
 - vii. where the possibility of a follow-on contract was identified in the original bid solicitation; or

- viii. where the total estimated project cost for professional services does not exceed \$30,000.
- c. When a Department Head intends to select a supplier to provide goods, services or construction pursuant to Subsection 4.8(a), the CAO is to be advised in writing of the rationale that warrants a non-competitive selection for approval.
- c. The supplier in whom the Department Head and CAO have the greatest confidence to fulfill the requirement and provide for fair market value shall be selected.
- d. The Department Head or CAO may award a contract emanating from negotiations, including that for which no competitive bids were solicited, provided that:
 - i. the funds are available in appropriate accounts within the divisional budget approved by Council including authorized revisions to meet the proposed expenditure;
 - ii. the amount of the contract does not exceed \$30,000 except in the case of utilities for which there exists a monopoly; and
 - iii. the Department Head and CAO are both satisfied the contract represents fair market value.
- e. Non-competitive awards require Council approval where greater than \$30,000.
- f. The Department Head or CAO shall follow the provisions of Section 5.5 regarding the use of an agreement or contract.
- g. Any non-competitive contract that does not satisfy the provisions of Subsection 4.8(a) is subject to Council approval.
- h. Where the authority referred to in Subsection 4.5(f) is exercised, written notification by registered mail and facsimile transmission respecting the award of the contract is to be kept on the procurement file.

4.9 SPECIAL CIRCUMSTANCE EMERGENCY PURCHASES

- a. When a Department Head is of the opinion that a “Special Circumstance” exists to warrant a non-competitive purchase pursuant to Section 4.8 a.vi. exists, the CAO in consultation with the Treasurer may authorize the purchase of such goods, services and construction as is considered necessary to remedy the situation without regard to the requirement for a

bid solicitation and may award the necessary contract provided that the contract does not exceed \$30,000.

- b. Where the extent or the severity of the “Special Circumstance” to warrant a sole source purchase pursuant to clause 4.8 (a)(vi) is such that the expenditure is likely to be in excess of \$30,000 the CAO in consultation with the Treasurer may award the necessary contract for the purchase of such goods, services and construction as is considered necessary to remedy the situation without regard to the requirement for a bid solicitation provided that the Treasurer is satisfied that adequate funds may be appropriated from accounts within the Council approved budget.
- c. The relevant details surrounding the application of Subsection 4.9 (a) and 4.9 (b) shall be included in the report submitted to Council pursuant to Section 4.1(h).

4.10 EXCLUSIONS

- a. Competitive bids shall not be required for goods or services provided by any of the following when such goods or services are not available elsewhere, including but not limited to:
 - i. utilities, government agencies, Crown corporations, traveling expenses, meals;
 - ii. conferences, seminars, memberships, subscriptions, licenses, in-house services;
 - iii. payroll and any other goods or services as approved by Council; and
 - iv. as identified elsewhere in this policy.

4.11 FOLLOW-ON NON-COMPETITIVE PURCHASES

Where a reasonable likelihood exists that, on completion of a contract, it will be necessary to award a non-competitive contract for follow-on goods or services, the Department Head shall ensure that the possibility of a follow-on contract will be identified in the original bid solicitation.

4.12 UNSOLICITED PROPOSALS

- a. Unsolicited Proposals received by the Municipality shall be reviewed by the Department Head or CAO.

- b. Any procurement activity resulting from the receipt of an Unsolicited Proposal shall comply with the provisions of this Policy.
- c. A contract resulting from an Unsolicited Proposal shall be awarded on a non-competitive basis only when the procurement complies with the requirement of a non-competitive procurement.

4.13 CONTRACT WITHOUT BUDGETARY APPROPRIATION

- a. Where a requirement exists to initiate a project for which goods, services or construction are required and funds are not contained in appropriate accounts within the Council approved department budget to meet the proposed expenditure, the Department Head shall, prior to the commencement of the purchasing process, submit a report for Council approval containing:
 - a. information surrounding the requirement to purchase;
 - b. the terms of reference to be provided in the contract; and
 - c. information on the availability of the funds within existing budget, which were originally approved by Council for other purposes or on the requirement for additional funds.

5.0 BID AND CONTRACT ADMINISTRATION

5.1 SUBMISSION OF BIDS

- a. Bids for Requests for Quotation shall be accepted in paper form, facsimile form or electronic form subject to the Department Head having in place appropriate arrangements for the receipt of bids, ensuring confidentiality and security where necessary.
- b. Bids for Requests for Tender or Requests for Proposal shall be accepted in paper form, subject to the Department Head having in place appropriate arrangements for receipt of bids, ensuring confidentiality and security including maintaining the “sealed” nature of bids as long as required.
- c. Any bidder will not in any fashion attempt to influence a bid or the acceptance of a bid.

5.2 NO ACCEPTABLE BID OR EQUAL BIDS RECEIVED

- a. Where bids are received in response to a bid solicitation but exceed budget, are not responsive to the requirement or do not represent fair market value, a revised solicitation shall be issued in an effort to obtain an acceptable bid unless Subsection 4.2 (b) applies.
- b. The Department Head and Treasurer jointly may waive the need for a revised bid solicitation and enter negotiations with the lowest responsive bidder or the highest responsive bidder emanating from a bid solicitation under the following circumstances:
 - i. the total cost of the lowest responsive bid is in excess of the funds appropriated by Council for the project or the divisional highest responsive bid revenue is less than that made in appropriate accounts in the Council approved divisional budget; and
 - ii. the Department Head and Treasurer agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the bid solicitation.
- c. The method of negotiation shall be those accepted as standard negotiating procedures that employ ethical practices.
- d. In the case of building construction contracts, where the total cost of the lowest responsive bid is in excess of the appropriation made by Council, negotiations shall be initiated in accordance with Section 5.2.
- e. If two equal bids are received, a means of breaking the tie consistent with the provisions of the solicitation shall be employed.
- f. Factors to be considered in breaking the tie include:
 - i. prompt payment discount;
 - ii. when delivery is an important factor, the bidder offering the best delivery date, may be given preference;
 - iii. the bidder, in a position to provide better after sales service, with a good record in this regard, may be given preference;
 - iv. the bidder, with an overall satisfactory performance record, may be given preference over a bidder known to have an unsatisfactory performance record.

5.3 GUARANTEES OF CONTRACT EXECUTION AND PERFORMANCE

- a. The Department Head and Treasurer may require that a bid be accompanied by a Bid Bond or other similar security to guarantee entry into a contract.

- b. In addition to the security referred to in Subsection 5.3(a), the successful supplier may be required to provide
 - i. a Performance Bond to guarantee the faithful performance of the contract; and
 - ii. a Payment Bond to guarantee the payment for labour and materials to be supplied in connection with the contract.
- c. The Department Head and Treasurer 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, financial bonds or other forms of security deposits, provisions for liquidated damages, progress payments, and holdbacks.
- d. Within seven (7) business days, and prior to commencement of work and where deemed appropriate, evidence of Liability Insurance Coverage satisfactory to the Treasurer must be obtained, ensuring indemnification of the Municipality from any and all claims, demands, losses, costs or damages resulting from the performance of a supplier's obligations under the contract.
- e. Within seven (7) business days, and prior to commencement of work and where deemed appropriate, a Certificate of Clearance from the Workplace Safety and Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Board to date.
- f. The Department Head and Treasurer shall ensure that the guarantee means selected will:
 - i. not be excessive but sufficient to cover financial risks to the Municipality;
 - ii. provide flexibility in applying leverage on a supplier so that the penalty is proportional to the deficiencies; and
 - iii. comply with provincial statutes and regulations.
- g. Performance or Payment Bonds for contract performance shall only be required where the Municipality will be exposed to costs if the contractor does not complete the requirements of the contract.
- h. If the risk to the Municipality is not adequately limited by the progress payment provisions of the contract, a minimum security of 10% in a form acceptable to the Treasurer shall be mandatory on all contracts exceeding \$30,000.
- i. The Treasurer may release the holdback funds on construction contracts upon:

- i. the contractor submitting a statutory declaration that all accounts have been paid and that all documents have been received for all damage claims;
 - ii. receipt of clearance from the Workplace Safety and Insurance Board for any arrears of Workplace Safety and Insurance Board assessment;
 - iii. all the requirements of the Construction Lien Act, RSO 1990 Ch c.30 being satisfied;
 - iv. receipt of certification from the Municipal Solicitor, where applicable, that liens have not been registered; and
 - v. certification from the Department Head, under whom the work has been performed, that the conditions of the contract have been satisfied.
- j. The conditions for release of holdback funds provided in Subsection 5.3(i) apply to other goods or services contracts with necessary modifications.

5.4 IRREGULARITIES CONTAINED IN BIDS

- a. The process for administering irregularities contained in bids pertaining to all contracts shall be as set out in Schedule "A".
- b. For an irregularity listed in the first column of Schedule "A", the response applicable to it is set out opposite to it in the second column.

5.5 CONTRACTUAL AGREEMENT

- a. The award of contract may be made by way of a written agreement or formal Contract.
- b. An agreement is to be used when the resulting contract is straightforward and will contain the Municipality's standard terms and conditions.
- c. A formal contract is to be used when the resulting contract is complex and will contain terms and conditions other than the Municipality's standard terms and conditions.
- d. It shall be the responsibility of the Department Head in consultation with the CAO and/or the Municipal Solicitor to determine if it is in the best interest of the Municipality to establish a formal contract with the supplier.
- e. Where it is determined that Subsection 5.5 (d) is to apply, the formal contract shall be reviewed by the CAO and/or the Municipal Solicitor.

- f. Where a formal contract is not required, the Department Head shall issue a written statement incorporating the terms and conditions relevant to the award of contract.

5.6 SERVICE DELIVERY REVIEW OF CORPORATE, PROFESSIONAL AND TECHNICAL SERVICES

- a. An analysis and review of existing service contracts should be evaluated to ensure that municipal services are being delivered in a most efficient and effective manner.
- b. The following service contracts are subject to review in accordance with section 5.6:
 - i. Corporate insurance
 - ii. Auditing
 - iii. Information technology
 - iv. Telecommunications technology
 - v. Engineering
 - vi. Health Benefits
 - vii. Personnel services
 - viii. Advertising services
 - ix. Any other professional services of values greater than \$10,000/year
- c. The Municipality will attempt to balance maintaining the level of expertise by retaining longer term contracts and to obtain the most competitive cost for the provision of services. To remain objective and diligent, it is recommended to tender services or obtain quotations (based on procurement policy) at a minimum of every five years.
- d. To facilitate service contract administration, the following threshold needs to be considered. If the level of satisfaction is achieved, the renewed services should be considered only if the cost increase is less than 5% or below \$10,000/year. Cost increases over the threshold may be considered for renewal where there are extenuating circumstances beyond the control of the service provider.
- e. Council approval is required for all service contract renewals where the cost increase is above the threshold identified in Section 5.6(d).
- f. The terms of services should fall within the Municipality's fiscal year end, being December 31st, to avoid any shortfalls during budget deliberations. Terms greater than one year can provide economies of scale. If this option is available, it is recommended to have an exit clause on all services and contracts.

5.7 EXERCISE OF CONTRACT RENEWAL OPTIONS

- a. Where a contract contains an option for renewal, the Department Head may recommend the CAO or Treasurer to exercise such option provided that:
 - i. the supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract;
 - ii. the Department Head and CAO agree that the exercise of the option is in the best interest of the Municipality; and
 - iii. funds are available in appropriate accounts within the Council approved budgets including authorized revisions to meet the proposed expenditure.
- b. The authorization from the Department Head shall include a written explanation as to why the renewal is in the best interest of the Municipality and include comment on the market situation and trend.

5.8 CONTRACT AMENDMENTS AND REVISIONS

- a. No amendment or revision to a contract shall be made unless the amendment is in the best interest of the Municipality.
- b. No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work.
- c. Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within Council approved divisional budgets including authorized revisions.
- d. Department Heads and the CAO may authorize amendments to contracts provided that the total amended value of the contract is within the approval authority of the Department Head or CAO.
- e. Council approval is required for amendments to contracts where the total amended value of the procurement reaches a department approval threshold.

5.9 EXECUTION AND CUSTODY OF DOCUMENTS

- a. The Department Head is authorized to execute formal agreements in the name of the Municipality for which the award was made by delegated authority.
- b. The Treasurer shall have the authority to execute orders issued in accordance with these provisions.
- c. The Treasurer shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting of goods, services or construction for which the award is made by delegated authority in accordance with the Municipality's Records Retention By-law.

5.10 TERM OF COUNCIL

Where a contract may extend beyond the term of the Council, the contract shall contain provisions to minimize the financial liability of the Municipality should the subsequent Council not approve sufficient funds to complete the contract and the contract may be terminated by the Municipality.

5.11 CO-OPERATIVE PURCHASING

- a. The Municipality may participate with other municipalities, government agencies or public authorities in Co-operative Purchasing where it is in the best interests of the Municipality to do so.
- b. The policies of other municipalities, government agencies or public authorities calling the co-operative tender are to be the accepted policy for that particular tender.

5.12 SUPPLIER PERFORMANCE

- a. The Department Head shall document evidence and advise the CAO in writing where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety violations.
- b. The CAO may, in consultation with the Municipal Solicitor, prohibit an unsatisfactory supplier from bidding on future contracts.

5.13 RECEIPT OF GOODS

- a. The Department Head shall:

- a. arrange for the prompt inspection of goods on receipt to confirm conformance with the terms of the contract; and
 - b. inform the Treasurer of discrepancies immediately.
- b. The Treasurer shall coordinate an appropriate course of action with the Department Head for any non-performance or discrepancies.

5.14 ACCESS TO INFORMATION

The disclosure of information received relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations shall be made by the appropriate officers in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, as amended.

5.15 SURPLUS STOCK

- a. Department Heads shall submit to the Treasurer reports of furniture, vehicles, equipment, stocks of all supplies and other goods and materials, which are no longer used or which have become obsolete, worn out or incapable of being used.
- b. The Treasurer shall have the authority to declare the goods identified in 5.15 (a) as surplus.
- c. The Treasurer shall have the authority to transfer furniture, vehicles, equipment, surplus stock and other goods and materials from one department to another department.
- d. The Treasurer shall have the authority to sell or dispose of all furniture, vehicles, equipment, surplus stock, supplies or other goods and materials which have become unsuitable for use by the Municipality or to exchange or trade the same for new furniture, vehicles, equipment, surplus stock, supplies or other goods and materials.
- e. Sale of surplus furniture, vehicles, equipment, stock, supplies and other goods and materials shall be made to the highest responsive bidder and the sale shall be made in accordance with the provisions of this policy where applicable.

5.16 DISPUTE REVIEW PROCESS

- a. From time to time, a supplier or contractor may dispute either the procurement process or the outcome of a procurement process or the

outcome of a procurement practice. All objections or complaints shall be subject to an internal review process, including being investigated and responded to in a timely manner. If applicable, complaints will be referred to the CAO for further investigation.

- b. Bidders who have a dispute must provide their objection in writing. All requests for an internal review must be provided to the Department Head or CAO or designate. The written complaint shall identify the nature of the complaint and remedy sought.
- c. A report summarizing all pertinent information with regards to the issue, providing all relevant documentation which is on file, shall be prepared by the Department Head and submitted to the CAO or designate.
- d. A written response shall be provided within fourteen (14) business days to the bidder, informing the bidder of the results of the review.

The Corporation of the Municipality of Callander
Purchasing and Materials Management Policy
SCHEDULE "A"

IRREGULARITY		RESPONSE
1.	Late Bids.	Automatic rejection and not read publicly.
2.	Unsealed Envelopes.	Automatic rejection.
3.	Insufficient Bid Security (No deposit or bid bond or agreement to bond or insufficient deposit or bid bond or agreement to bond).	Automatic rejection.
4.	Bids not Completed in non-erasable medium and signed in ink.	Automatic rejection.
5.	Incomplete Bids (Part bids - all items not bid).	Automatic rejection.
6.	Qualified Bids (Bids qualified or restricted by an attached statement).	Automatic rejection.
7.	Bids received on documents other than those provided by the Municipality.	Automatic rejection.
8.	Bids Containing Minor Clerical Errors.	48 hours to correct and initial errors.
9.	Execution of Bid Security Agreements, (Performance Security) Bonding company corporate seal or signature missing from agreement to bond.	Automatic rejection.
10.	Execution of Bid Bonds(Financial Security)	
(a)	Corporate seal or signature of the bidder, or both, missing.	Automatic rejection.
(b)	Corporate seal or signature of bonding company missing.	Automatic rejection.
11.	Other Bid Security - Uncertified Cheques.	Automatic rejection.
12.	Documents – Execution.	
(a)	Corporate seal or signature missing.	Automatic rejection.
(b)	Corporate seal and signature missing.	Automatic rejection.

13.	Erasures, Overwriting or Strike-Outs which are not Initialed.	
(a)	Changes to the tender documents which are minor (example: the tenderer's address is amended by overwriting but not initialed) but are not initialed.	48 hours to initial.
(b)	Unit prices in the Schedule of Prices have been changed but not initialed and the contract totals are consistent with the price as amended.	48 hours to initial.
(c)	Unit prices in the Schedule of Prices which have been changed but not initialed and the contract totals are not consistent with the price as amended.	Automatic rejection.
(d)	Other mathematical errors, which are not consistent with the unit prices.	48 hours to initial corrections as made by the Treasurer.
14.	Mistakes in Tendering. On the application of the Tenderer and the demonstration of an error in the tender or the Tenderer's calculation sheets.	Following consultation with the bidder and where applicable and requested, the Department Head and Treasurer may allow the bid to be withdrawn and the bid deposit returned.
15.	Documents, in which all necessary Addenda, which have financial implication, have not been acknowledged.	Automatic rejection.
16.	Other Minor Irregularities.	Department Heads and the Treasurer shall have authority to waive irregularities, which they jointly consider to be minor.
17.	Any Irregularity.	Despite the provisions herein contained, Council may waive any irregularity where it considers it to be in the best interest of the Municipality.