



memorandum

Date: October 26, 2012
TO: Honourable Maurizio Bevilacqua, Mayor
And Members of Council
FROM: Barbara Cribbett, Commissioner of Finance & City Treasurer
RE: Council Item – October 30, 2012

C	<u>5</u>
Item #	<u>1</u>
Report No.	<u>9</u>
<u>Council - OCTOBER 30/12</u>	

**CONSOLIDATED PURCHASING POLICY
REPORT 9, ITEM 1 – FINANCE & ADMINISTRATION COMMITTEE
SEPTEMBER 24, 2012**

The following minor modifications have been incorporated into the Consolidated Purchasing Policy, in response to suggestions made at the Finance and Administration Committee meeting of September 24, 2012, regarding item # 1:

1. Section 1.1(d) of the Consolidated Purchasing Policy is amended to:
"to take into account environmental and ethical considerations in purchasing decisions where possible by having regard for the City's Green & Ethical Procurement Policy."
2. Section 6.1 of the Consolidated Purchasing Policy is amended to:
"Each Commissioner or designate(s) may authorize a purchase where the total cost of any goods, services or construction does not exceed three thousand dollars (\$3,000.00), without the need of a call for bids."
3. Section 6.2 of the Consolidated Purchasing Policy is corrected to:
"The Director of Purchasing Services may authorize the award of contracts, upon recommendation from a Commissioner, where the total cost of any goods, services or construction exceeds three thousand dollars (\$3,000.00), but does not exceed one hundred thousand dollars (\$100,000.00) through a bid process."

Recommendation

- 1) That the attached Consolidated Purchasing Policy (Attachment 1), be approved.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Barbara Cribbett', followed by a horizontal line.

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer

c: Clayton Harris, City Manager

THE CORPORATION OF THE CITY OF VAUGHAN

CONSOLIDATED PURCHASING POLICY

1. PURPOSES, GOALS AND OBJECTIVES OF THE PURCHASING POLICY

- 1.1 The purposes, goals, and objectives of this Purchasing Policy and of the procurement procedures authorized herein are:
- a) to ensure fairness, objectivity, accountability and transparency in an efficient procurement process; and
 - b) to obtain high quality goods, services or construction at a cost that provides the best value to the City; and
 - c) to encourage competition among bidders; and
 - d) to take into account environmental and ethical considerations in purchasing decisions where possible by having regard for the City's Green and Ethical Procurement Policy .

2. DEFINITIONS

- 2.1 In this Purchasing Policy:
- a) "award" means the authorization to proceed with the purchase of goods, services or construction;
 - b) "bid" means an offer or submission from a bidder received in response to a call for bid, which is subject to acceptance or rejection;
 - c) "Bid Review Committee" means the committee established under section 16 of this Purchasing Policy;
 - d) "bidder" means any legal entity that submits a bid in response to a call for bids;
 - e) "call for bids" means a formal request for bids and includes a request for quotations, a request for tenders, and a request for proposals;
 - f) "City" means The Corporation of the City of Vaughan;
 - g) "City Manager" means the City Manager of the City;
 - h) "Commissioner" means a Commissioner of the City or in the circumstance where there is no Commissioner, the City Manager;
 - i) "construction" means construction, reconstruction, demolition, repair or renovation of a building or structure and includes site preparation, excavation, drilling, seismic investigation, soil investigation, the supply of products and materials and the supply of equipment and machinery if

they are included in and incidental to the construction, and the installation and repair of fixtures to a building or structure;

- j) "consulting and professional services" means those services requiring the skills of a professional for a defined service and includes the services of architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, lawyers, law firms, real estate agents and brokers, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications consultants and any other consulting services which may be required by the City;
- k) "contingency" means costs that are in addition to, or exceed the cost stipulated in a contract;
- m) "contract" means any form of binding agreement between two or more legal entities, awarded under this Purchasing Policy;
- n) "contractor" means any legal entity to whom a contract is awarded;
- o) "Council" means the Council of the City of Vaughan;
- p) "Director of Purchasing Services" means the Director of Purchasing Services of City or designate;
- q) "emergency" means an event or circumstance where the immediate purchase of goods, services or construction is necessary to prevent or alleviate serious delay, a threat to public health, safety or welfare, the disruption of essential services or serious damage to public or private property or any other expenditure that is necessary to respond to any such event and may include, but is not limited to, an emergency declared under the Emergency Management and Civil Protection Act;
- r) "goods" means personal property, including raw materials, products, supplies, equipment and other physical objects of every kind and description but does not include real property;
- s) "proposal" means a submission received in response to a request for proposals, acceptance of which may be subject to further negotiation;
- t) "quotation" means a binding offer received in response to a request for quotations;
- u) "real property" means land, or land and buildings, and includes fixtures attached to such land or buildings as may be acquired or disposed of;
- v) "request for expressions of interest" means a request made by the City for the purpose of compiling a list of potential bidders who may be interested in providing goods, services or construction to the City;

- w) “request for information” means a request made by the City for the purpose of compiling the available market information in providing goods, services or construction to the City;
- x) “request for pre-qualification” means a request for the submission of information from potential bidders, including the experience, financial strength, education, background and personnel of persons, firms or corporations who may qualify to supply goods, services or construction to the City;
- y) “request for proposals” means a request for proposals made pursuant to this Purchasing Policy;
- z) “request for quotations” means a request for quotations made pursuant to this Purchasing Policy;
- aa) “request for tenders” means a request for tenders made pursuant to this Purchasing Policy;
- bb) “responsive” means that a bid has complied in all material respects with the requirements set out in the call for bids documentation;
- cc) “scope of work” means the work that has been described in a contract that must be done to deliver the goods, services or construction with the specified features and functions and within the time specified as described in the contract;
- dd) “services” means the services to be provided under a contract and includes consulting and professional services;
- ee) “sole source purchase” means a purchase made under section 9.2 of this Purchasing Policy when there is only one legal entity available to the City capable of doing the work;
- ff) “single source purchase” means a purchase made for the reasons delineated in section 9.1 of this Purchasing Policy;
- gg) “tender” means a submission received in response to a request for tenders;
- hh) “total cost” means the contract cost, including selected provisional items, if any, for the full term of the contract, or, in the case of contracts containing renewal provisions, at its full term potential, exclusive of any value added taxes such as harmonized sales tax, but including all applicable fees, charges and disbursements; and
- ii) “Treasurer” means the Commissioner of Finance & City Treasurer or designate.

3. APPLICATION

- 3.1 This Purchasing Policy shall apply to the procurement of goods, services or construction for the purposes of all City departments;
- 3.2 No expenditure, purchase or commitment shall be incurred or made, and no account shall be paid by the City for goods, services or construction except as provided in this Purchasing Policy or otherwise approved by Council;
- 3.3 No contract shall be entered into and no expenditure shall be authorized or incurred unless Council has provided funds for such purpose in the annual budget or approved the provisions of such funds and no expenditure shall be authorized or incurred in excess of the funds provided. In the case of multi-year operating contracts, the funding for future years can reasonably be expected to be made available if the funding is included in the current year's approved operating budget, subject to confirmation from the Budgeting and Financial Planning department;
- 3.4 No employee or Member of Council of the City of Vaughan shall personally obtain any personal or real property that has been declared surplus unless it is obtained through a public process, unless otherwise specifically provided for in another City policy;
- 3.5 No contract for the procurement of goods, services or construction shall be divided into two or more parts for the purpose of avoiding the application of this Purchasing Policy;
- 3.6 All procurement undertaken by the City shall be undertaken in accordance with all applicable City Codes of Conduct and in accordance with the Municipal Conflict of Interest Act.;
- 3.7 This purchasing policy shall not apply to the purchase of those goods and services set out in section 20.1 c) and d).

4. ACCOUNTABILITY and RESPONSIBILITY

Commissioners

- 4.1 Each Commissioner is accountable for the procurement of goods, services or construction for the City departments that have been assigned to that Commissioner;
- 4.2 Each Commissioner shall have the responsibility to prepare and submit reports for award of the contracts in accordance with this Purchasing Policy.

Director of Purchasing Services

- 4.3 The Director of Purchasing Services shall be responsible for:
 - a) providing procurement advice including preparing call for bids documentation;

- b) administering the call for bids and ensuring compliance with the terms and conditions of the call for bids;
- c) reviewing the specifications, scope of work or terms of reference as prepared by the applicable City department for compliance with this Purchasing Policy;
- d) the development of co-operative purchasing plans with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;
- e) the development and standardization of all procurement procedures;
- f) the disposal of surplus stock or obsolete equipment; and
- g) the review of reports prepared by the staff for award of the contracts for compliance with this Purchasing Policy.

5. PURCHASING PROCEDURES

- 5.1 The Commissioner of Finance & City Treasurer and the Director of Purchasing Services shall have the authority to approve procedures to implement this Policy.

6. AUTHORIZATION OF PURCHASES (all amounts are excluding taxes)

Purchases for a total cost not exceeding \$3,000.00 (Low Value Purchases)

- 6.1 Each Commissioner or designate(s) may authorize a purchase where the total cost of any goods, services or construction does not exceed three thousand dollars (\$3,000.00), without the need of a call for bids.

Purchases from \$3,000 to \$100,000.00

- 6.2 The Director of Purchasing Services may authorize the award of contracts, upon recommendation from a Commissioner, where the total cost of any goods, services or construction exceeds three thousand dollars (\$3,000.00), but does not exceed one hundred thousand dollars (\$100,000.00) through a bid process.

Purchases for Consulting and Professional Services

- 6.2.1 Notwithstanding section 6.2, Directors may authorize a purchase where the total cost of consulting and professional services, does not exceed ten thousand dollars (\$10,000.00) without the need of a call for bids.
- 6.2.2 Notwithstanding section 6.2, Commissioners may authorize a purchase where the total cost of consulting and professional services, does not exceed thirty five thousand dollars (\$35,000.00) for Commissioners, without the need of a call for bids.

Purchases for a total cost exceeding \$100,000.00

- 6.3 Where the total cost of any goods, services or construction exceeds one hundred thousand dollars (\$100,000.00) (other than those qualifying under section 6.4), a recommendation report shall be submitted to Council by the Commissioner in conjunction with the Director of Purchasing Services for contract award.

Purchases resulting from Requests for Tenders for a total cost \$100,000 to \$350,000

- 6.4 The Director of Purchasing Services may authorize the award of contracts resulting from a request for tender upon recommendation from a Commissioner, where the total cost of any goods, services or construction exceeds one hundred thousand dollars (\$100,000) but does not exceed three hundred and fifty thousand dollars (\$350,000) and the following criteria have been met:
- The award is to the lowest priced compliant bidder
 - The award of the contract is within the approved budget
 - The award results from the normal tendering process of the City (i.e. open bidding through advertisements
 - The term of the contract is for a maximum of 4 years
 - There is no litigation between the successful bidder and the City at the time of award
 - There are no bidder protests at the time of contract award.

A report will be provided to Council on a quarterly basis summarizing approvals by staff permitted by this section.

*This section does not apply to Requests for Proposals

SUMMARY – AWARD AUTHORITY AND METHOD

Value	Recommended	Authority	Method
Under \$3,000		Commissioner or delegate	No bid process required
\$3,000 to \$100,000	Commissioners	Director of Purchasing	Purchasing - Quotations (8.1)
	Director or Commissioners for consulting and professional services only.	Directors up to \$10,000 and Commissioners up to \$35,000	No bid process required for consulting or professional services only
Over \$100,000		Council	Purchasing – Requests for Proposal or Tenders (8.4 and 8.5)
\$100,000 to \$350,000 Tenders Only*		Director of Purchasing	Purchasing – Tenders that meet qualifying criteria in Section 6.4 (Sect. 8.4)

* Indicates that there are specific criteria that must be met or restrictions

7. REQUESTS FOR PRE-QUALIFICATION AND INFORMATION

Request for pre-qualification

- 7.1 The Director of Purchasing Services may conduct, at the discretion of a Commissioner, Director or Council, a request for pre-qualification for any goods, services or construction for the purpose of selecting qualified bidders to respond to a call for bids.
- 7.2 When a request for pre-qualification is issued, a pre-qualification bid document shall be provided to potential bidders setting out the criteria for pre-qualification, which will include, at a minimum:

- a) experience of similar work;
 - b) references provided by the bidder for similar work;
 - c) verification of applicable licences and certificates;
 - d) financial capability; and
 - e) Insurance coverage.
- 7.3 The selection of bidders following a request for pre-qualification shall not create any contractual obligation between the City and a pre-qualified bidder. When utilized, the request for pre-qualification is a precursor to a request for quotations, a request for tenders or a request for proposals.
- 7.4 The City will reserve the right to remove a Contractor from the pre-qualification list if performance evaluations are not satisfactory, based on the City of Vaughan's sole discretion.

Request for Expressions of Interest/Request for Information

- 7.5 The Director of Purchasing Services may conduct a request for expressions of interest or a request for information for the purpose of determining the availability of any goods, services or construction and potential bidders in the market.
- 7.6 The receipt of a submission in response to a request for expressions of interest or a request for information shall not create any contractual obligation on the part of the City.
- 7.7 A request for expressions of interest may be conducted as a pre-condition for the procurement of goods, services or construction.

8. BIDDING METHODS

Request for Quotations (\$3,000 TO \$100,000)

- 8.1 A request for quotations may be issued where the estimated total cost does not exceed one hundred thousand dollars (\$100,000.00) and the following criteria apply:
- a) two or more sources are available to supply the goods, services or construction;
 - b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
 - c) the market conditions are such that bids can be submitted on a competitive pricing basis; and

- d) it is intended that the lowest cost responsive bid shall be accepted without negotiation.
- 8.2 Purchasing Services department will solicit suppliers and make every effort to obtain a minimum of two written quotes.
- 8.3 Request for quotations that exceeds one hundred thousand dollars (\$100,000.00) upon bid opening shall be submitted to Council for approval.

Request for Tenders (Over \$100,000)

- 8.4 A request for tenders shall be issued where the estimated total cost exceeds one hundred thousand dollars (\$100,000.00) and the following criteria apply:
 - a) two or more sources are available to supply the goods, services or construction;
 - b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
 - c) the market conditions are such that bids can be submitted on a competitive pricing basis; and
 - d) it is intended that the lowest cost compliant bid shall be accepted without negotiation.

Request for Proposals (RFPs)

- 8.5 A request for proposals shall be issued where the goods, services or construction cannot be specifically defined and it is anticipated that bidders may propose a variety of alternatives to fulfill the City's requirements.

9. SOLE/SINGLE SOURCE PURCHASE

- 9.1 A single source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where:
 - a) the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration and Council has authorized a single source purchase pursuant to a report; or,
 - b) the purchase is the subject matter of co-operative purchasing plans with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;
- 9.2 A sole source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where there is only one legal entity capable of fulfilling the contract.

- 9.3 Sole/Single Source purchases up to \$100,000 must be approved by the Director of Purchasing Services (other than authority granted under Sections 6.2.1 and 6.2.2). Sole/Single Source over \$100,000 must be approved by Council.

10. EMERGENCY PURCHASES

- 10.1 Despite any other provision of this Purchasing Policy, in cases of emergency, as determined by a Commissioner, the purchase of goods, services or construction is authorized, without issuing a call for bids.
- 10.2 The Director of Purchasing Services shall endeavor to obtain the lowest cost for any goods, services or construction required, using as fair and transparent a process as is feasible having regard to the particular emergency.
- 10.3 Within 60 days of the emergency purchase, the initiating Commissioner will provide a written report to explain the requirement to the Director of Purchasing Services for purchases up to \$100,000 or to Council for purchases over \$100,000 or any purchase not included in the budget.

11. CO-OPERATIVE PURCHASING

- 11.1 The City may participate with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;
- 11.2 If the City participates with levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City, the City shall adhere to the policies of the agency calling the co-operative bid.

12. DEVELOPER/LANDOWNER GROWTH-RELATED INFRASTRUCTURE

- 12.1 In the event that developers/landowners undertake the funding and construction of growth related municipal infrastructure through subdivision or development agreements, the agreement will set out the procurement process that will be followed.

13. UNSOLICITED PROPOSALS

- 13.1 Unsolicited proposal received by the City will be reviewed by the appropriate Commissioner to determine if the proposal should be evaluated under either of Sections 6.2.1, 6.2.2 or 9 of this policy. If not, the vendor shall be advised of the competitive bid process required by this Purchasing Policy.

14. ADVERTISEMENT

Unless vendors have been pre-qualified, all bids for goods and services over \$100,000 in value will be advertised in a local newspaper or by electronic media or both.

15. CONTRACTOR PERFORMANCE

15.1 Each Commissioner shall be responsible for monitoring the performance of contractors and shall advise the Director of Purchasing Services in writing with documented evidence where the performance of a contractor has failed to comply with a contract or other City requirements.

16. BID REVIEW COMMITTEE

16.1 If a bid contains an informality or irregularity, or if there is a challenge to the call for bids process, the Director of Purchasing Services may refer the issue to the Bid Review Committee to determine whether the bid complies with the submission requirements set out in the call for bids or to determine the validity of the challenge.

16.2 The Treasurer shall establish a Bid Review Committee composed of, at a minimum, the following members of City staff:

- a) the Director of Purchasing Services;
- b) the Commissioner or Director from the City department requesting the procurement of the goods, services or construction; and
- c) a solicitor from the City Legal Services Department

16.3 If the Bid Review Committee does not agree unanimously that the bid shall be accepted or rejected, a report shall be prepared by the Treasurer for submission to Council setting out the nature of the informality, irregularity or challenge and the proposed action to be taken.

17. COUNCIL APPROVAL

17.1 Unless otherwise authorized by this Purchasing Policy, a report shall be submitted to Council prior to authorizing an award in each of the following circumstances:

- a) where the contract price is in excess of one hundred thousand dollars (\$100,000.00), except when the contract award is authorized by section 6.4,
- b) where the purchase is prescribed by statute to be made by Council;

- c) where a request for tenders has been issued and the award is not proposed to be made to the bidder with the lowest cost compliant bid or there is an irregularity that cannot be resolved by the Bid Review Committee;
- d) where the purchase of any goods, services or construction is not authorized by this Purchasing Policy;
- e) where the purchase of any goods, services or construction is not funded in an approved budget as defined in Section 3.3; and
- f) where otherwise specifically provided in this Purchasing Policy.

18. DISPOSAL OF SURPLUS STOCK AND OBSOLETE EQUIPMENT

- 18.1 The City Manager and each Commissioner shall submit to the Director of Purchasing Services reports of surplus stock including furniture, vehicles, equipment, supplies, and other goods which are no longer used or which have become damaged or obsolete.
- 18.2 The Director of Purchasing Services shall have the authority to transfer such surplus stock from one department to another department, or to another municipality, and shall have the authority to sell or dispose of such surplus stock and /or obsolete equipment or to exchange or trade the same for replacement goods.
- 18.3 Where surplus stock is offered to but not required by any City department or another municipality it shall be disposed of by call for bids, unless otherwise approved by Council.

19. CONTRACT DOCUMENTS

- 19.1 All contracts executed pursuant to this Purchasing Policy shall be delivered to the Director of Purchasing Services for safekeeping.

20. PAYMENT OF ACCOUNTS

- 20.1 Except as otherwise provided, the City Treasurer shall be authorized to pay:
 - a) all accounts for the purchase of goods, services or construction, where the purchase of such goods, services or construction has been made in accordance with this policy, or otherwise approved by Council;
 - b) all accounts authorized by payment certificate, for work done under a contract approved by the Director of Purchasing Services or Council, where such payments have been certified in writing by the appropriate Commissioner or designate as assigned by the Commissioner.

- c) all requisitions for monies for which the City is by statute required to pay to its local boards or other bodies on account of their approved annual estimates, including advances before such budgets are approved.
- d) all items listed below, which are exempt from the application of this policy, subject to such expenditures being approved by the appropriate staff and being within the annual approved budget:
 - i. Employer's General Expenses, such as:
 - Payroll deduction remittances
 - Health benefits
 - Debenture payments
 - Insurance claims
 - Property tax refunds
 - WSIB remittances
 - ii. Utilities, such as:
 - Water
 - Hydro
 - Natural gas
 - iii. Postal Charges
 - iv. Telecommunication Charges
 - v. Training and Education, such as:
 - Attendance at conferences, seminars, courses and conventions
 - Membership fees
 - Subscriptions for magazines, periodicals
 - vi. Refundable Council and Employee Expenses in accordance with the Council and Employee Expense policies
 - vii. Special Services, such as:
 - Licences and maintenance costs for proprietary software and systems,
 - Appraisal services
 - Legal Services
 - Arbitrators
 - Facilitators, instructors or speakers
 - Honouraria
 - Charges to and from other government agencies, including transit tickets
 - Real property

21. RELATED POLICIES

- a) The Green and Ethical Procurement Policy
- b) The Procurement Card Policy

22. PURCHASING POLICY REVIEW

22.1 This Purchasing Policy shall be reviewed and evaluated for effectiveness as deemed necessary.

23. REPEAL OF FORMER PURCHASING POLICIES

23.1 All purchasing policies approved prior to the enactment of this purchasing policy are repealed.