

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 30, 2012

Item 1, Report No. 9, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on October 30, 2012, as follows:

By approving the Consolidated Purchasing Policy (Attachment 1) appended to Communication C5 from the Commissioner of Finance & City Treasurer, dated October 26, 2012.

1

CONSOLIDATED PURCHASING POLICY

The Finance and Administration Committee recommends:

- 1) That the following report of the Commissioner of Finance & City Treasurer, dated September 24, 2012, be approved; and**
- 2) That the presentation by the Commissioner of Finance & City Treasurer, and C1, presentation material, entitled "Consolidated Purchasing Policy", dated September 24, 2012, be received.**

Recommendation

The Commissioner of Finance & City Treasurer, in consultation with the Senior Management Team, the Acting Director of Purchasing Services and the Director of Internal Audit recommends:

1. That The Consolidated Purchasing Policy be approved; and
2. That a Procurement Card (P-Card) Policy be developed and provided to Council for approval in the fall of 2012; and
3. That staff provide proposed elements of a Green and Ethical procurement policy to the Committee of the Whole (Working Session) in the fall of 2012.

Contribution to Sustainability

Not applicable.

Economic Impact

There are no economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To obtain Council's approval of the Consolidated Purchasing Policy, and approval to provide to a Committee of the Whole (Working Session) a draft Procurement Card Policy and elements of a Green and Ethical Procurement Policy.

Background - Analysis and Options

On March 6, 2012, staff provided a draft Consolidated Purchasing Policy to the Committee of the Whole Working Session. The majority of the City's purchasing policies and procedures have existed for over a decade, therefore a review was in order. The key aspects of the policies previously approved by Council were consolidated into a concise purchasing policy format modeled after the Region of York's Purchasing By-law.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 30, 2012

Item 1, Finance Report No. 9 – Page 2

Given the time since the last review, it was appropriate to consider opportunities for improvements or additions to include in the Consolidated Purchasing Policy. On March 6, 2012

topics for discussion were presented to the Committee of the Whole (Working Session). Based on the discussions, the following amendments to the Purchasing Policy presented on March 6, 2012 are proposed. In addition, Members of Council raised several questions regarding the report and the presentation, several of which are discussed in this report.

Proposed Amendments to the Consolidated Purchasing Policy

Proposed Amendment - Staff Approval Limit – Tenders Only

Section 6.6 6.4 – Purchases resulting from Requests for Tenders for a total cost \$100,000 to \$350,000

Several municipal purchasing policies reviewed as comparators permit staff to approve bid awards at very high or, in some cases unlimited, dollar values, when the award is in response to a request for tender, and a number of criteria have been met that reduce the risk of awarding that tender. Requests for tender are issued when the specifications can be clearly ascertained, and the bid proposal can be accurately compared to the specifications. Compliant tender bids meeting the required specifications are awarded to the lowest priced bidder.

Staff recommend a new staff award level for tenders only which meet specific criteria, resulting in a relatively low risk award of contract. This staff authority level would not apply to Requests For Proposals (RFPs), which are not just evaluated on pricing, but include more subjective evaluation of bidders' experience, approach and similar projects awarded.

It is proposed that the approval limit for staff be increased to \$350,000 for tender awards only, when the following criteria have been met:

- The award is to the lowest priced 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.

Tender awards under these circumstances are relatively low risk, as the award is going to the lowest bidder, the bid process is clear cut without bidder protest and the resulting award is within the Council approved budget. As illustrated in the March 6 2012 report to Council (Attachment #2), increasing the staff approval limit to \$350,000 for tenders awards meeting the above criteria moves the City of Vaughan for comparable staff authority levels to just above the Town of Newmarket and just below the Town of Richmond Hill. Staff approval limits for awards for Requests for Proposals will remain at \$100,000, although staff intend to review this limit in the future to determine potential efficiencies of increasing this staff award level.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 30, 2012

Item 1, Finance Report No. 9 – Page 3

Proposed Amendment - Clarification of Accountability and Reporting Requirements for Emergency Purchases

Section 10.3 – Emergency Purchases

A clause has been added to this section requiring the Commissioner responsible for the department initiating the emergency purchase to provide a written report to the Director of Purchasing Services for purchases up to \$100,000 or to Council for purchases over \$100,000 or purchases not included in an approved budget. Section 10 permits a timely response for emergency requirements but also clarifies the need to document and report on emergency purchases.

Proposed Amendment –Section 20.1 d) – Exempt Services

As discussed in the March 6, 2012 presentation, the majority of municipal purchasing policies reviewed included a list or schedule identifying expenditures that were exempt from purchasing policies. Section 20.1 d) lists general categories typically found in municipal purchasing policies and examples of the specific type of expenditures that normally are not, or can not, be subject to competitive bid processes set out in a purchasing policy.

Discussion Items

Future Process Improvements for Low Dollar Purchases – P-Cards

Low dollar purchases generally result in high transaction volumes with low total dollar spending, and as such, tend to be expensive to process through the accounts payable process. The City has used primarily paper based documents (field purchase order (FPOs) or cheque requisitions) to facilitate payment for low dollar purchases, making the monitoring and control of these purchases difficult and inefficient. As illustrated in the March 6, 2012 presentation to Council, many municipalities are now using Procurement Cards (P-Cards) as they offer electronic controls and monitoring, as opposed to previous commonly used manual paper-based processes.

Purchasing Services Department was able to utilize the City's AMCTO Municipal Management Intern to research purchasing card policies, findings and best practices this summer. The research indicates that the benefits of P-Card systems outweigh their potential risks compared to traditional paper based systems, as long as the P-Card program is supported with strong policies, education and user training, and consequences for misuse. The Intern has drafted a P-Card policy, based on his research, which will form the basis for the P-Card policy that will be provided to Council this fall for approval.

It is proposed that the implementation of a P-Card program would be subject to:

- Council's approval of a P-Card Control Policy later this fall
- Piloting the P-Card program with a select department for 6 months
- Council's receipt of an internal audit report testing the application of the P-Card policy in the pilot department.

Subject to the full implementation of the P-Card program following a pilot project and internal audit review, it is anticipated that FPO transactions will be significantly reduced or eliminated.

Green Procurement Policy

Further to Member of Council comments from the March 6, 2012, staff have further researched not just Green (Sustainable) purchasing policies, but also ethical purchasing policies, and in

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 30, 2012

Item 1, Finance Report No. 9 – Page 4

particular are reviewing the City of Calgary and City of Edmonton policies, which include the broader context of ethical, social and economic procurement. Both policies also reference a supplier code of conduct, revised clauses to tender documents to accommodate green and ethical procurement, revisions to evaluation matrices to reflect vendor compliance with green and ethical expectations, implementing and maintaining a complaints process to deal with allegations that vendors may not be compliant, and the development of supplier corrective/education plans.

Other policies reviewed included general statement of ethical standards expected from bidders and vendors (Mississauga, Hamilton and London).

Given the broader scope and implications of the policies reviewed, staff will bring a report to the Committee of the Whole (Working Session) for a more fulsome discussion on elements of a draft Green and Ethical procurement policy for the City of Vaughan.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

To obtain Council's approval of the Consolidated Purchasing Policy, to obtain approval to develop a Procurement Card Policy and approval to bring elements of a Green and Ethical Procurement policy to a Committee of the Whole (Working Session).

Attachments

Attachment 1: Consolidated Purchasing Policy

Attachment 2: March 6, 2012 Presentation to Committee of the Whole (Working Session) –
"Tenders – Comparable Staff Authority Levels"

Report prepared by:

Barbara Cribbett, Ext 8475
Commissioner of Finance

Asad Chughtai, Ext. 8306
Acting Director of Purchasing Services

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



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>
Council - <u>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

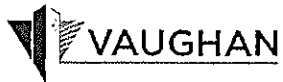
- a) The Green and Ethical Procurement Policy
- b) The Procurement Card Policy

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.



**Finance & Administration
Committee
Sept. 24, 2012**

**Consolidated
Purchasing Policy**



Objectives of Today's Meeting

- To approve the Draft Consolidated Purchasing Policy
- To direct staff to develop and provide a P-Card policy
- To direct staff to provide elements of a Green and Ethical procurement policy to Committee of the Whole (Working Session)

24/09/2012

2

Approach to Consolidation

- Reviewed 15 Ontario municipal purchasing policies
- Observed different approaches in other policies, and many similarities – all include authority limits, some include procedures and some include bid document information
- Framework chosen is the Region of York's Purchasing policy
- Focused on a "policy" document rather than "procedure" document
- The City's "Tendering Policy" is a separate policy

24/09/2012

3

Purchasing Policy Was Based on a Thorough Review

- Last review of the City's procurement process took place in 2001, facilitated by KPMG.
- Signing authority of staff (Director of Purchasing Services) to award contracts was increased from \$35,000 to \$100,000
- Increased low dollar limit from \$500 to \$3,000
- Consulting/professional contracts to \$10,000 for Directors and \$35,000 for Commissioners

24/09/2012

4

Purposes, Goals & Objectives of the Purchasing Policy

- to ensure fairness, objectivity, accountability and transparency in an efficient procurement process
- to obtain high quality goods, services or construction at a cost that provides the best value to the City
- to encourage competition among bidders
- to have regard for Green and Ethical Procurement Policy

24/09/2012



5

Purchasing Policy Applies to:

- This Purchasing Policy shall apply to the procurement of goods, services or construction for the purposes of all City departments;
- No expenditure, purchase or commitment shall be incurred or made, and no account shall be paid except as provided in this Purchasing Policy or otherwise approved by Council;
- No contract shall be entered into and no expenditure shall be authorized or incurred unless Council has provided funds in the annual budget, no expenditure shall be authorized or incurred in excess of the funds provided, other than multi year operating contracts with funding in the base budget;
- 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;
- 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;
- 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.
- This purchasing policy shall not apply to the purchase of those goods and services set out in section 20.1 d)

24/09/2012

6

Responsibilities

Commissioners

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

24/09/2012



7

Responsibilities Cont'd

Director of Purchasing Services

- providing procurement advice including preparing call for bids documentation
- administering the call for bids and ensuring compliance with the terms and conditions of the call for bids
- reviewing the scope of work as prepared by the applicable City department for compliance with this Purchasing Policy
- development of co-operative purchasing plans
- development & standardization of procurement procedures
- disposal of surplus stock
- review of reports for award of contract for compliance to Purchasing Policy

24/09/2012



8

Authorization of Purchases

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)

24/09/2012

9

Criteria – Staff Award \$100,000 - \$350,000 (Tenders Only)

- 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

24/09/2012

10

Tenders – Comparable Staff Authority Levels - Current

Town of Markham*	Unlimited
Town of Oakville*	Unlimited
City of Mississauga*	Unlimited
City of Barrie	Unlimited
Region of Peel	Unlimited
Region of York*	Unlimited
Region of Durham*	Unlimited
City of Toronto	\$ 20,000,000.00
City of Brampton*	\$ 1,000,000.00
City of Burlington*	\$ 1,000,000.00
Town of Richmond Hill	\$ 500,000.00
Town of Newmarket	\$ 250,000.00
City of Hamilton	\$ 250,000.00
City of Vaughan	\$ 100,000.00
City of London	\$ 100,000.00
Town of Aurora	\$ 50,000.00

*Subject to Criteria being met

24/09/2012

11

Pre-Qualifications and Expressions of Interest/ Information

- Request for Pre-Qualification
 - for the purpose of selecting qualified bidders to respond to a call for bids
 - does not create a contract
 - removal from list for unsatisfactory performance evaluation
- Request for Expression of Interest/Information
 - for the purpose of determining availability of goods, services and potential bidders
 - does not create a contract
 - may be a pre-condition for procurement

24/09/2012



12

Bidding Methods

1. Request for Quotations
2. Request for Tenders
3. Request for Proposals (RFP)

24/09/2012

13

Bidding Methods Cont'd

Request for Quotations

- 7.1 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.
- 7.2 Request for quotations that exceeds one hundred thousand dollars (\$100,000.00) upon bid opening shall be submitted to Council for approval.

24/09/2012

14

Bidding Methods Cont'd

Request for Tenders

7.3 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 responsive bid shall be accepted without negotiation.

Request for Proposals

7.4 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.

24/09/2012

15

Sole /Single Source Purchase

- Single source
 - A single source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where:
 - the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration and Council has authorized a sole source purchase pursuant to a report; or,
 - 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
- Sole source
 - 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.

24/09/2012



16

Emergency Purchases

- In cases of emergency, purchase is authorized without issuing call for bids
- Emergency determined by Commissioner
- Report back to Council when over \$100,000
- Report back to Council if not included in budget

24/09/2012



17

Developer/Landowner Growth-Related Infrastructure

- Developer/Landowner 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

24/09/2012

18

Disposal of Surplus Stock and Obsolete Equipment

- 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.
- 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.
- 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.

24/09/2012



19

Bid Review Committee

- Used where a bid contains an informality or irregularity or if there is a challenge to the call for bids process
- Composed of Treasurer, Director of Purchasing, Commissioner or Director from requesting department and solicitor
- In rare occasions, Council approval may be sought

24/09/2012



20

Payment of Accounts

- Purchases made in accordance with this policy
- Payment certificates for work done under an approved contract
- Payment required by statute
- Items that are exempt from this policy
 - Employer's General Expenses
 - Utilities
 - Postal Charges
 - Telecommunication Charges
 - Training and Educations
 - Refundable Council and Employee Expenses
 - Special Services

24/09/2012



21

Low Dollar Purchases

- Low dollar purchases are noted in the various municipal purchasing policies as being permitted without the use of a competitive process.
- The volume of low dollar purchases generally is high, whereas the total amount spent on low dollar purchases is relatively low.
- 12 out of 15 municipalities (not including Vaughan) use P-Cards for low dollar purchases

24/09/2012

22

Comparable Low Dollar Purchases Levels

	Low \$	Methodology
Region of York	\$50,000	P-Cards
City of Burlington	\$20,000	Not mentioned
Town of Richmond Hill	\$10,000	P-Cards
Town of Newmarket	\$10,000	PO, Pcards, GSO
City of London	\$10,000	Pcard or PO
City of Ottawa	\$10,000	Pcard, PO or Invoice
City of Barrie	\$10,000	PO, Petty Cash, Pcards
Town of Markham	\$5,000	PO, Pcards, GSO
Region of Peel	\$5,000	P-Cards
Durham Region	\$5,000	Not mentioned
City of Mississauga	\$5,000	Pcard or Cheque Req.
City of Hamilton	\$5,000	Not mentioned
Town of Oakville	\$5,000	Pcards
City of Vaughan	\$3,000	FPO or Cheque Requisition
Town of Aurora	\$2,500	P-Cards or Cheque Requisition
City of Brampton	\$2,500	Pcard or Cheque Req.

24/09/2012

23

Elements of P-Card Policy and Process

- Maximum single transaction limit
- Maximum monthly transaction limit
- Blocked access to specific merchant categories
- Review and approval by supervisors
- Electronic spending data with ability to quickly obtain reports
- Staff training
- Fewer vendors created and cheques issued for small value purchases

24/09/2012

24

CONSOLIDATED PURCHASING POLICY

Recommendation

The Commissioner of Finance & City Treasurer, in consultation with the Senior Management Team, the Acting Director of Purchasing Services and the Director of Internal Audit recommends:

1. That The Consolidated Purchasing Policy be approved; and
2. That a Procurement Card (P-Card) Policy be developed and provided to Council for approval in the fall of 2012; and
3. That staff provide proposed elements of a Green and Ethical procurement policy to the Committee of the Whole (Working Session) in the fall of 2012.

Contribution to Sustainability

Not applicable.

Economic Impact

There are no economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To obtain Council's approval of the Consolidated Purchasing Policy, and approval to provide to a Committee of the Whole (Working Session) a draft Procurement Card Policy and elements of a Green and Ethical Procurement Policy.

Background - Analysis and Options

On March 6, 2012, staff provided a draft Consolidated Purchasing Policy to the Committee of the Whole Working Session. The majority of the City's purchasing policies and procedures have existed for over a decade, therefore a review was in order. The key aspects of the policies previously approved by Council were consolidated into a concise purchasing policy format modeled after the Region of York's Purchasing By-law.

Given the time since the last review, it was appropriate to consider opportunities for improvements or additions to include in the Consolidated Purchasing Policy. On March 6, 2012 topics for discussion were presented to the Committee of the Whole (Working Session). Based on the discussions, the following amendments to the Purchasing Policy presented on March 6, 2012 are proposed. In addition, Members of Council raised several questions regarding the report and the presentation, several of which are discussed in this report.

Proposed Amendments to the Consolidated Purchasing Policy

Proposed Amendment - Staff Approval Limit – Tenders Only

Section 6.6 6.4 – Purchases resulting from Requests for Tenders for a total cost \$100,000 to \$350,000

Several municipal purchasing policies reviewed as comparators permit staff to approve bid awards at very high or, in some cases unlimited, dollar values, when the award is in response to a request for tender, and a number of criteria have been met that reduce the risk of awarding that tender. Requests for tender are issued when the specifications can be clearly ascertained, and the bid proposal can be accurately compared to the specifications. Compliant tender bids meeting the required specifications are awarded to the lowest priced bidder.

Staff recommend a new staff award level for tenders only which meet specific criteria, resulting in a relatively low risk award of contract. This staff authority level would not apply to Requests For Proposals (RFPs), which are not just evaluated on pricing, but include more subjective evaluation of bidders' experience, approach and similar projects awarded.

It is proposed that the approval limit for staff be increased to \$350,000 for tender awards only, when the following criteria have been met:

- The award is to the lowest priced 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.

Tender awards under these circumstances are relatively low risk, as the award is going to the lowest bidder, the bid process is clear cut without bidder protest and the resulting award is within the Council approved budget. As illustrated in the March 6 2012 report to Council (Attachment #2), increasing the staff approval limit to \$350,000 for tenders awards meeting the above criteria moves the City of Vaughan for comparable staff authority levels to just above the Town of Newmarket and just below the Town of Richmond Hill. Staff approval limits for awards for Requests for Proposals will remain at \$100,000, although staff intend to review this limit in the future to determine potential efficiencies of increasing this staff award level.

Proposed Amendment - Clarification of Accountability and Reporting Requirements for Emergency Purchases

Section 10.3 – Emergency Purchases

A clause has been added to this section requiring the Commissioner responsible for the department initiating the emergency purchase to provide a written report to the Director of Purchasing Services for purchases up to \$100,000 or to Council for purchases over \$100,000 or

purchases not included in an approved budget. Section 10 permits a timely response for emergency requirements but also clarifies the need to document and report on emergency purchases.

Proposed Amendment –Section 20.1 d) – Exempt Services

As discussed in the March 6, 2012 presentation, the majority of municipal purchasing policies reviewed included a list or schedule identifying expenditures that were exempt from purchasing policies. Section 20.1 d) lists general categories typically found in municipal purchasing policies and examples of the specific type of expenditures that normally are not, or can not, be subject to competitive bid processes set out in a purchasing policy.

Discussion Items

Future Process Improvements for Low Dollar Purchases – P-Cards

Low dollar purchases generally result in high transaction volumes with low total dollar spending, and as such, tend to be expensive to process through the accounts payable process. The City has used primarily paper based documents (field purchase order (FPOs) or cheque requisitions) to facilitate payment for low dollar purchases, making the monitoring and control of these purchases difficult and inefficient. As illustrated in the March 6, 2012 presentation to Council, many municipalities are now using Procurement Cards (P-Cards) as they offer electronic controls and monitoring, as opposed to previous commonly used manual paper-based processes.

Purchasing Services Department was able to utilize the City's AMCTO Municipal Management Intern to research purchasing card policies, findings and best practices this summer. The research indicates that the benefits of P-Card systems outweigh their potential risks compared to traditional paper based systems, as long as the P-Card program is supported with strong policies, education and user training, and consequences for misuse. The Intern has drafted a P-Card policy, based on his research, which will form the basis for the P-Card policy that will be provided to Council this fall for approval.

It is proposed that the implementation of a P-Card program would be subject to:

- Council's approval of a P-Card Control Policy later this fall
- Piloting the P-Card program with a select department for 6 months
- Council's receipt of an internal audit report testing the application of the P-Card policy in the pilot department.

Subject to the full implementation of the P-Card program following a pilot project and internal audit review, it is anticipated that FPO transactions will be significantly reduced or eliminated.

Green Procurement Policy

Further to Member of Council comments from the March 6, 2012, staff have further researched not just Green (Sustainable) purchasing policies, but also ethical purchasing policies, and in particular are reviewing the City of Calgary and City of Edmonton policies, which include the broader context of ethical, social and economic procurement. Both policies also reference a supplier code of conduct, revised clauses to tender documents to accommodate green and ethical procurement, revisions to evaluation matrices to reflect vendor compliance with green and ethical expectations, implementing and maintaining a complaints process to deal with allegations that vendors may not be compliant, and the development of supplier corrective/education plans.

Other policies reviewed included general statement of ethical standards expected from bidders and vendors (Mississauga, Hamilton and London).

Given the broader scope and implications of the policies reviewed, staff will bring a report to the Committee of the Whole (Working Session) for a more fulsome discussion on elements of a draft Green and Ethical procurement policy for the City of Vaughan.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

To obtain Council's approval of the Consolidated Purchasing Policy, to obtain approval to develop a Procurement Card Policy and approval to bring elements of a Green and Ethical Procurement policy to a Committee of the Whole (Working Session).

Attachments

Attachment 1: Consolidated Purchasing Policy

Attachment 2: March 6, 2012 Presentation to Committee of the Whole (Working Session) –
"Tenders – Comparable Staff Authority Levels"

Report prepared by:

Barbara Cribbett, Ext 8475
Commissioner of Finance

Asad Chughtai, Ext. 8306
Acting Director of Purchasing Services

Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer

THE CORPORATION OF THE CITY OF VAUGHAN

DRAFT 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 consideration in purchasing decisions where possible by having regards for City's Sustainable Environmental 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 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.

Tenders – Comparable Staff Authority Levels

Attachment 2

Town of Markham*	Unlimited
Town of Oakville*	Unlimited
City of Mississauga*	Unlimited
City of Barrie	Unlimited
Region of Peel	Unlimited
Region of York*	Unlimited
Region of Durham*	Unlimited
City of Toronto	\$ 20,000,000.00
City of Brampton*	\$ 1,000,000.00
City of Burlington*	\$ 1,000,000.00
Town of Richmond Hill	\$ 500,000.00
Town of Newmarket	\$ 250,000.00
City of Hamilton	\$ 250,000.00
City of Vaughan	\$ 100,000.00
City of London	\$ 100,000.00
Town of Aurora	\$ 50,000.00

*Subject to Criteria being met