



## 1. SHORT TITLE

This policy may be cited as the “Purchasing Policy” and applies to the purchase of goods and services including professional and consulting services.

## 2. PURPOSE

2.1 The purpose of this policy is to set out guidelines for the Town of Blind River (the “Town”) to ensure that all purchases of materials, supplies and services provide the lowest cost consistent with the required quality and service.

2.2 The purposes, goals and objectives of this Purchasing Policy and each of the methods of procurement authorized are:

- To encourage competition among suppliers
- To maximize savings for tax payers
- To ensure fairness among bidders
- To ensure openness, accountability and transparency while protecting the financial interests of the Town
- To ensure an open and honest process is maintained that is fair and impartial and
- To promote and maintain the integrity of the purchasing process.

## 3. DEFINITIONS

3.1 The words and phrases listed below when used in this Purchasing Policy shall have the following meanings ascribed to them:

**“Award”** means the authorization to proceed with the purchase of Goods or Services from a chosen supplier

**“Bid”** means an offer or submission from a supplier in response to a Bid Solicitation

**“Bid Solicitation”** means a formal request for Bids that may be in the form of a Request for Tender or a Request for Proposal

**“Blanket/Standing Purchase Order”** means a Contract between the Town and a supplier for the supply of regularly ordered Goods or Services at a specified unit price with, where possible, maximum dollar limits, or discounts, but not specified quantities

**“CAO/Clerk”** means the Chief Administrative Officer/Clerk of the Corporation of the Town of Blind River

**“Contract”** means any agreement, regardless of form or title, for the lease, purchase or disposal of Goods or Services authorized in accordance with this Purchasing Policy

**“Council”** means the Council of the Corporation of the Town of Blind River

**“Council Approved Budgets”** means Council approved Department budgets including authorized revisions, or where applicable, Council approved budgets of local boards or Committees to which this Purchasing Policy applies

**“Department”** means an organizational unit of the Corporation of the Town of Blind River

**“Department Head”** means the head of each Department

**“Emergency”** means a situation, or the threat of an impending situation, which may affect the environment, the life, safety, health and/or welfare of the general public, or the property of the residents of the Town of Blind River, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level

**“Fair Market Value”** means the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arms-length where fully informed and not under compulsion to transact

**“Goods”** means moveable property including:

- The cost of installing, operating, maintaining or manufacturing such moveable property, and
- Raw materials, products, equipment and other physical objects of every kind and description

**“Lowest Compliant Bid”** means the bid that would provide the Town of Blind River with the desired Goods or Services at the lowest Total Acquisition Cost, meets all the specifications and contains no irregularities requiring automatic rejection

**“Management Team”** means the CAO/Clerk, Deputy Clerk, Treasurer Director of Finance, Director of Protective Services, Director of Public Services and Director of Facilities and Community Services of the Corporation of the Town of Blind River

**“Non-Competitive Method”** means negotiation of an agreement of purchase of Goods or Services from a supplier where there is no open competition

**“Proposal”** means an offer submitted in response to a Request for Proposal, acceptance of which may be subject to further negotiation

**“Purchase Order”** means a Contract between the Corporation of the Town of Blind River and a supplier to supply a specific quantity of Goods or Services defined by such things as time period, location(s) and price

**“Request for Proposal”** means a Bid Solicitation that is used to acquire Goods or Services, the suitability of which is dependant upon non-price factors and which may result in further negotiations between the parties

**“Request for Quotation”** means a Bid Solicitation that is used to acquire Goods or Services where the Town has pre-determined the required quantity and/or quality of Goods or Services and the evaluation criteria determining the best value is generally the lowest bid without any material contract negotiations

**“Services”** includes all professional consulting services, all services in relation to real property or personal property including, without limiting the foregoing, the delivery, installation, construction, maintenance, repair, restoration, demolition or removal of personal property and real property and all other services of any nature and kind save

and except only services to be delivered by an officer or employee of the Corporation of the Town of Blind River in accordance with the terms of employment

**“Single Source”** means selection of a specific supplier even though there may be more than one supplier capable of delivery of Goods or Services

**“Sole Source”** means there is only one supplier capable of delivery of Goods or Services that meet the requirements of the Town

**“Tender”** means publicly advertised Bid Solicitation or, in the case of an Emergency, a Bid Solicitation from an invited bidder or solicited bidder

**“Total Acquisition Cost”** means an evaluation of quality and service in the assessment of a Bid and the sum of all costs including purchase price, all taxes, warranties, local service costs, life cycle costs, time of completion or delivery, inventory, carrying costs, operating and disposal costs for determining the Lowest Compliant Bid

**“Written Quotation”** means a quotation in writing from an approved or qualified supplier that is used for purchases of Goods and Services which includes service, delivery, quality and price

#### **4. GENERAL PROCUREMENT POLICY**

4.1 Town Council has ultimate authority for all expenditures. Council shall delegate this authority by the approval of budgets or by specific resolution. Payment cannot be made for any item that has not been authorized by Council through budget approval or specific resolution.

4.2 Any Capital Expenditure not provided for in the annual budget requires prior Council approval by resolution.

4.3 Prior to the adoption of the budget in any given year, the CAO/Clerk is authorized to pay the accounts for any ordinary purchases that are required to maintain services, subject to the guidelines in this purchasing policy.

##### **4.4 Approval for Expenditures**

Despite any other provisions of this Purchasing Policy, the following approvals shall be made based on the listed values inclusive of applicable taxes:

(a) Expenditures for a value of \$999 or less must be approved by the Department Head or designate

(b) Expenditures between \$1,000.00 and \$9,999 must be approved by the Department Head

(c) Expenditures between \$10,000 and \$49,999 must be approved by the CAO/Clerk or designate

(d) Expenditures between \$50,000 and \$149,999 must be approved by the CAO/Clerk

(e) Expenditures of \$150,000 or more requires Council approval, however Council may authorize these purchases by way of a Request for Proposal or Request for Quotation instead of by Tender

4.5 Despite any other provisions of this Purchasing Policy, the following Contracts are subject to Council approval:

- (a) Any Contract requiring approval from the Local Planning Appeal Tribunal (LPAT), and
- (b) Any contract where the Total Acquisition Cost is more than 10% higher than the Council Approved Budget

4.6 No Contract or purchase shall be divided to avoid any requirements of this Purchasing Policy.

#### 4.7 Emergency Purchases

4.7.1 The following approvals must be made based on the listed values inclusive of applicable taxes:

- (a) Expenditures for a value up to \$49,999 must be approved by the Department Head
- (b) Expenditures between \$50,000 and \$149,999 must be approved by the CAO/Clerk
- (c) Expenditures of \$150,000 or more require Council Approval

4.7.2 After an emergency purchase is made, the Department Head will file with the CAO/Clerk, a full written report on the circumstances of the Emergency purchase.

## 5. PROCUREMENT PROCEDURES

### 5.1 Purchasing Procedures

5.1.1 The CAO/Clerk shall establish purchasing procedures consistent with the purposes, goals and objectives as set out in this Purchasing Policy relating to:

- (a) The form, content and use of forms, whether electronic or printed, including requisitions, purchase orders, bonds, letters of credit and other forms of guarantee or surety, tender, proposal and other contract documents
- (b) The identification of those Goods or Services which are more effectively acquired through cooperative purchasing
- (c) The process to be followed in the issuance, receipt and evaluation of Tenders, Requests for Proposal and Requests for Quotations including the option of submitting documentation, payment and/or signatures by electronic means, and
- (d) Any other aspect of process or procedure not specifically provided for in this Purchasing Policy.

### 5.2 Purchase Orders

5.2.1 A Purchase Order is to be used for the purchase of Goods or Services and is to be completed by the Department Head or designate except as provided for in section 5.2.4.

- 5.2.2 The Purchase Orders should indicate the supplier name, price of the Goods or Services, any delivery charges applicable and an account number/ description of which budget account the purchase is to be charged to, as well as approval signatures as per Section 4.
- 5.2.3 The original purchase order is to be mailed, emailed or faxed to the supplier. The second copy should be forwarded to Accounts Payable once the order has been placed. The third copy should be forwarded to Accounts Payable upon receipt of the Goods or Services as payment authorization. The fourth copy should be maintained as the department copy.
- 5.2.4 Purchase orders will not be required for the following purchases:
  - (a) Courier and other shipping charges
  - (b) Postage
  - (c) Payroll
  - (d) Travel advances, meal allowances, hotel accommodations and travel claim forms
  - (e) Health Insurance Invoices
  - (f) Payment to government agencies, Receiver General, Ministry of Finance, union dues, etc.
  - (g) Utilities – electricity, natural gas, water, telephone
  - (h) Contracts for equipment, i.e. photocopies, alarm systems
  - (i) Employment contracts
  - (j) Service contracts, i.e. recycling, waste pick-up
  - (k) Subscriptions/memberships approved in the Budget
  - (l) Petty cash vouchers
  - (m) Professional engineering services when contracted by Council
  - (n) Land leases i.e. C.P.P., M.N.R
  - (o) Debenture payments
  - (p) Grants to Committees/Boards
  - (q) Honorariums
  - (r) Purchases made on a Corporate Purchasing Card
  - (s) Purchases of less than \$100

### 5.3 Blanket/Standing Purchase Orders

- 5.3.1 A Blanket/Standing Purchase Order may be used where:
  - (a) One or more department repetitively order the same Goods or Services and the actual demand is not known in advance, or
  - (b) A need is anticipated for a range of Goods or Services for a specific purpose and for which convenience and location are major factors, but the actual demand is not known at the outset.
- 5.3.2 The Department Head(s) shall establish and maintain Blanket/Standing Purchase Orders.

- 5.3.3 To establish prices and selected sources, the Department Head(s) shall employ the provisions contained in this Purchasing Policy for the acquisition of Goods or Services.
- 5.3.4 More than one supplier may be selected where it is in the best interests of the Town and the Bid Solicitation allows for more than one.
- 5.3.5 The expected quantity of the specified Goods or Services to be purchased over the period of the Contract will be as accurate an estimate as practical.
- 5.3.6 Where the Department Head(s), in consultation with the CAO/Clerk, deems that a current service provider engaged with the Town in providing specialized Goods or Services demonstrates an ongoing preferable economy of scale, then the Department Head(s) may exercise to continue hiring their services without going through the procurement process.
- 5.3.7 Blanket/Standing Purchase Orders shall be valid for not longer than 12 months.

#### 5.4 Engagement of Consultants

- 5.4.1 Consultant procurement shall follow the regular procurement policies outlined within this Purchasing Policy.

#### 5.5 Procurement Methods

##### 5.5.1 Petty Cash

A petty cash fund in the amount of \$300.00 shall be maintained by the CAO/Clerk.

Requests for petty case reimbursements for purchases up to \$50 must be accompanied by an official receipt with the account to which it is to be charged indicated on it.

##### 5.5.2 Low Dollar Value Purchases (not to exceed \$2,499 inclusive of applicable taxes)

Department requirements for Goods or Services having a low dollar value may be purchased with or without negotiation. This particular method of purchase will be used for low dollar value goods or services where the administrative burden of other methods may be equal to or greater than the price or value of the goods or services purchased subject to the authorization limits in section 4.4. A Purchase Order will be used as a procurement method, but is not required if the Corporate Purchasing Card is used as the method of payment or if the purchase is less than \$100.

##### 5.5.3 Verbal Quotation (purchases between \$2,500 and \$9,999 inclusive of applicable taxes)

A minimum of two (2) verbal quotations shall be requested from eligible suppliers. The quotes shall be documented and attached to the Purchase Order. If all reasonable efforts fail to result in two (2) quotations, sole sourcing of the purchase may be considered as per section 5.5.7.

5.5.4 Informal Written Quotation (purchases between \$10,000 and \$24,999 inclusive of applicable taxes)

A minimum of two (2) informal written quotations shall be requested from eligible suppliers. The quotes shall be attached to the Purchase Order. If all reasonable efforts fail to result in two (2) quotations, sole sourcing of the purchase may be considered as per section 5.5.7.

5.5.5 Formal Request for Quotation/Request for Proposal (purchases between \$25,000 and \$149,999 inclusive of applicable taxes)

5.5.5.1 Request for Quotation

This competitive method of purchase shall demonstrate that Fair Market Value was achieved. Specifications for the Goods or Services will be established to permit comparable quotations. A sufficient number of suppliers shall be requested to submit quotations to ensure that at least two (2) responsive quotes are received. If all reasonable efforts fail to result in two (2) quotations, sole sourcing of the purchase may be considered as per section 5.5.7.

The purchase of Goods or Services of an ongoing nature over a calendar year must be made using a Request for Quotation where the Department Head, in consultation with the CAO/Clerk, will provide approval. Such Goods or Services include equipment rental and certain materials.

5.5.5.2 Request for Proposal

A Request for Proposal shall be used where the requirement is best described in a general performance specification. Some or all of the specifications of the contract terms may not be finally determined with sufficient certainty to form the basis of a final contract before proposals are solicited and submitted.

Depending on the nature of the requirement, suppliers are invited to propose innovative solutions to a problem and the selection of the supplier is based on the effectiveness of the proposed solution rather than price alone.

5.5.6 Request for Tender (purchases exceeding \$149,999 inclusive of applicable taxes)

A Request for Tender shall be used where the following criteria apply: two (2) or more sources are considered capable of supplying the requirement and the requirement is adequately defined to permit the evaluation of the Tenders against clearly stated criteria.

Tender documents, plans and specifications will be prepared, where possible, by Municipal staff or by Engineers retained by the Town to work on general or specific projects. The CAO/Clerk, in consultation with the Town's Engineering contactor, will determine if bid bonds or tender deposits are required and the value of same.

The CAO/Clerk shall be responsible for the advertising of Tenders in the appropriate media, or in the case of invitational bids, distribution to the appropriate firms.

The tender closing date is usually 15 days after date of issue (per Council resolution) however, a tender may be closed in a shorter or longer period of time depending on the urgency or complexity of the project being tendered.

Tenders will close at 2:00 P.M. on the appointed day and are to be opened publicly at 2:15 P.M. unless otherwise specified in the tender document.

All tender submissions must be addressed to the CAO/Clerk per the tender instructions and delivered to the Municipal Office at 11 Hudson Street. Upon receipt, all sealed tender submissions will be stamped as to the date and time received and will be initialled by the receiving clerk.

Tender submissions not sealed in an envelope and/or clearly marked as to contents and/or received after the 2:00 P.M. deadline (or other time specified) will not be accepted for consideration.

The CAO/Clerk or designate and at least one other member of the Management Team shall be present during the public opening of Tenders.

After opening and the results are read, the Tenders will be passed on to the appropriate staff person(s) and/or the Engineering Consultant for review and evaluation.

The appropriate staff person or Engineering Consultant will issue a tender report and recommendation to Council for consideration and approval by resolution.

The Municipality reserves the right to reject the lowest or any bid at its absolute discretion and also reserves the rights to re-issue the tender documents in their original format or modified as best suits the requirements of the Municipality.



The CAO/Clerk may Award Contracts resulting from a Request for Tender provided that: the award is the Lowest Compliant Bidder, sufficient funds are available and identified within the Council approved Budget and the provisions of this policy are complied with. The CAO/Clerk shall follow the provisions of section 5.6 regarding the form of the Contract required to complete the purchase.

#### 5.5.7 Non-Competitive Method

The Non-Competitive Method is the use of Sole Source or Single Source as may be appropriate. The Sole Source document shall be completed.

Non-competitive purchasing must be authorized by the CAO/Clerk for purchases between \$2,500 and \$149,999 (inclusive of applicable taxes) and Council for purchases exceeding \$149,999.

Authorization may be considered upon written details and reasons by the requesting Department Head and where one or more of the following factors are present: the standardization or compatibility of a purchase with existing equipment or where product standards, facilities or service is a paramount consideration; a Good or Service is purchased for testing or trial use; there is an absence of competition for technical reasons and the Good or Service can only be provided by a particular supplier; or one or no bids were received in response to a Bid Solicitation or Quotation process.

#### 5.5.8 Contract with Budgetary Appropriation

Where a requirement exists to initiate a project for which Goods or Services are required and funds are not contained within the Council Approved Budget to meet the proposed expenditure, the Department Head shall, prior to the commencement of the purchasing process, submit a report to Council containing: information surrounding the requirement to purchase and the estimated cost; the terms of reference to be provided in the Contract; and information on the availability of funds that were originally approved for other purposes or on the requirement for additional funds and possible sources.

#### 5.5.9 Identical Tenders

If the Lowest Compliant Bids from two (2) or more bidders are identical in Total Acquisition Cost or unit price, the CAO/Clerk or designate is authorized to enter into negotiations with these bidders in an attempt to obtain a lower price. The CAO/Clerk or designate shall not reveal information pertaining to such negotiations or the manner in which the final price was determined to any of the

other bidders concerned. A report concerning the results of any such negotiations shall be included as part of the record.

If negotiations are not successful in breaking the identical Tenders, then the successful bidder shall be determined by coin toss. The coin toss shall be performed in the presence of the CAO/Clerk or designate(s).

#### 5.5.10 Local Content

All Tenders and Requests for Proposal/Requests for Quotation will incorporate Local Content, where appropriate. Bids must outline the minimum local content requirements and all bidders are encouraged to use local labour, materials and equipment to the fullest extent.

### 5.6 Contractual Agreement

5.6.1 A Purchase Order may be used when the resulting Contract requires only the Town's standard contractual terms and conditions.

5.6.2 A formal agreement is to be used when the resulting contract is complex and/or will contain terms and conditions that are not standard.

5.6.3 It shall be the responsibility of the CAO/Clerk to determine if it is in the best interest of the Town to establish a formal agreement with a supplier.

5.6.4 Where a formal agreement is required, the CAO/Clerk or designate shall execute the agreement in the name of the Town.

### 5.7 Exercise of Contract Renewal Options

5.7.1 Where a Contract provides an option for renewal, Council may exercise such an option provided that: the suppliers' performance is considered to have met the requirements of the Contract; and Council agrees that the exercise of the option is in the best interests of the Town; and funds are available in the appropriate accounts within the Town's Approved Budget (if applicable).

5.7.2 Despite section 5.7.1 above, Council shall not approve more than two (2) contract extension periods before re-Tendering the Contract.

## 6. OTHER

### 6.1 Access to Information

The disclosure of information received relevant to the issue of Bid Solicitations or the Award of Contracts resulting from Bid Solicitations shall be in accordance with the

provisions of the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, as amended.

## 6.2 Policy Review

This Purchasing Policy shall be reviewed prior to the end of each Council term and any amendments shall be made prior to the inaugural meeting of the next Council.

The review shall determine how effective this Policy has been in achieving the objectives set out as well as the requirements of the *Municipal Act, 2001*, as amended.

The review may be undertaken by an ad-hoc committee of Council, the final result of which shall be a report to Council by the CAO/Clerk or designate.

Approval Date:	December 20, 2004	Approved by:	Council B-Law 1946
1.Amendment Date:	August 10, 2020	Approved by:	Resolution #20-204
2.Amendment Date:		Approved by:	
3.Amendment Date:		Approved by:	