

## **CORPORATION OF THE CITY OF CORNWALL**

<b>Department:</b> Financial Services	<b>Policy Number:</b> Flpu07-01
<b>Sub-Section:</b> Purchasing Services	<b>Effective Date:</b> November 26, 2007
<b>Approval:</b> Council	<b>Revision Date:</b>

### **Procurement of Goods and Services (New policy, previously under by-law 141-2004 to be repealed)**

#### **PURPOSE:**

The purpose of this policy is to provide a clear understanding of the City of Cornwall's procurement processes and to ensure that the purchasing function meets the current and future needs of the Corporation, as well as provides an economical and efficient service.

#### **POLICY:**

##### **1. Statement**

All departments of the City of Cornwall, excluding those with the specific authorization to acquire their own goods and/or services, shall have their purchasing requirements for goods and/or services filled in accordance with this policy and approved procedures.

Policy changes require City Council approval. The Purchasing Agent will periodically review this policy and will report to City Council with needed changes no less than every five (5) years.

Where an applicable national or international trade agreement is in conflict with this policy, the trade agreement shall take precedence.

Current procedures/policies that support this policy may be updated or amended periodically to reflect current practices, provided they do not cause deviation from this policy, unless specifically approved by City Council.

##### **2. Definitions and Interpretations**

In this policy;

- a) **"Annual Estimates"** means the estimates adopted by Council of all sums required during the year for the purposes of the Corporation.
- b) **"Bid"** means an offer or submission from a vendor/supplier in response to a bid solicitation.

- c) **"Bid Deposit"** means certified cheque, money order, bond surety issued by a surety company or other form of negotiable instrument required by the terms and conditions of the bid solicitation specification to guarantee that the successful bidder enters into a contract with the City of Cornwall.
- d) **"Bid Solicitation"** means a formal request for bids that may be in the form of a Request for Tender, Request for Quotation or Request for Proposal.
- e) **"Blanket Purchase Order"** means any contract for the purchase of goods and/or services which will be required frequently or repetitively at specified unit prices with, where possible, maximum dollar limits but not specified quantities.
- f) **"Contract"** means any formal legal agreement for the supply of goods, services, construction, equipment or consulting services including a contract arising out of the acceptance of a tender, request for proposal or formal quotation.
- g) **"Corporation"** means the Corporation of the City of Cornwall.
- h) **"Council"** means the Council of the Corporation of the City of Cornwall.
- i) **"Emergency"** means a situation where the immediate purchase of goods and/or services or repair or replacement of equipment, or facilities which may affect the environment, the life, safety, health and/or welfare of the general public, or the property of the residents of the City, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.
- j) **"Goods"** means all materials, equipment, fixtures, and structures to be delivered, installed or constructed.
- k) **"Purchasing Agent"** means the Purchasing Agent for the Corporation of the City of Cornwall or designate (Senior Buyer).
- l) **"Purchase Order"** means the purchasing document used to formalize a purchasing transaction with a vendor.
- m) **"Request for Proposal"** or **"RFP"** means a process where a need is identified but the method by which it will be achieved is unknown at the outset, the suitability of which is dependent upon non-price factors and which may result in further negotiation between the parties.
- n) **"Request for Quotation"** or **"RFQ"** means a request for prices on specific goods and/or services from selected vendors which are submitted verbally, in writing or transmitted by facsimile where the goods and/or services have an estimated procurement cost between \$1,000 and up to but not including \$20,000.
- o) **"Request for Tenders"** or **"RFT"** means a formal sealed bid which contains an offer in writing to execute some specified services, or to supply certain specified goods, at a certain price, in response to a publicly advertised bid solicitation.

- p) **“Single Source”** means there is more than one source in the open market, for reasons of function or services one vendor is recommended for consideration of the particular goods and services.
- q) **“Sole Source”** means there is only one known source of supply of particular goods and/or services.
- r) **“Vendor”** means an individual, firm, supplier, vendor, contractor, architect, consultant, bidder or tenderer.

Unless otherwise provided in accordance with this policy, the Purchasing Agent and the authorized employees of Purchasing Services shall act for the City of Cornwall, for the purchase of all goods and services and shall be responsible for providing all necessary advice and services required for such purchases in accordance with the method of purchase authorized under this policy.

No purchase of goods and services shall be authorized unless it is in compliance with the applicable purchasing policies.

### 3. **Purposes, Goals and Objectives**

The purposes, goals and objectives of this policy and of each of the methods of procurement authorized are:

- to encourage an open and competitive bidding process for the acquisition and disposal of goods and/or services, and the objective and equitable treatment of all vendors
- to ensure the best value of an acquisition is obtained maximizing savings for taxpayers
- to ensure service and product delivery, quality, efficiency and effectiveness
- to ensure fairness among bidders
- to ensure openness, accountability and transparency while protecting the financial best interests of the City of Cornwall
- to operate a centralized purchasing program
- to obtain the best value for the municipality when procuring goods and/or services

### 4. **Purchasing Principles**

This policy and policies and procedures prescribed within this document shall be followed for the purchasing of all goods and/or services by the City of Cornwall or any of its officers, elected officials and employees.

### 5. **Restrictions and Prohibitions**

- a) **Confidentiality** - This policy is subject to the Municipal Freedom of Information and Protection of Privacy Act. Persons applying this policy should be aware of this legislation when disclosing information received relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations.

- b) **Conflict of Interest** - No elected official, officer or employee of the City shall knowingly cause or permit anything to be done or communicated to anyone which could cause any potential vendor to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to the City.
- c) **Budget Control** - No person authorized to expend funds, shall knowingly approve or cause to expend City funds that have not been budget approved, unless otherwise authorized by City Council.
- d) **Division of Contracts** - No contract for goods, services and/or construction shall be divided into two or more parts to avoid compliance with the provisions of this policy.
- e) **Personal Purchases** - No purchase shall be processed for personal items of direct benefit of employees of the Corporation or any member of Council except, where permitted by policy.

6. **Process Integrity**

In order to maintain the integrity of the bid solicitation processes and to protect the interests of the City, the public and persons participating in the procurement process, the following shall be adhered to:

- a) **Open Process**: Departmental needs are clearly communicated to bidders. The method of evaluating the bid and the evaluation criteria are provided to bidders at the outset of the bid solicitation process. The method and format of submitting bids is addressed in all bid solicitation document.
- b) **Fairness**: Utilise standard documents: Instructions to bidders, Terms and Conditions and bidding forms to ensure consistency of content and format within documents issued by the City. Specify clearly all details regarding the closing date, time and location of all bid solicitation processes and apply the rules of bid acceptance consistently. Treat all bidders and submissions equally and without bias or favouritism at all times.
- c) **Open Competition**: Develop specifications and terms of reference that whenever possible, are not restrictive and allow for open competition. Advertise the competitive bidding opportunities where practicable to further promote competition.
- d) **Accountability**: Ensure that all bids are kept secure prior to the closing date, during the evaluation period and following contract award. Handle all proprietary information and bids submitted in confidence in accordance with the Municipal Freedom of Information and Protection of Privacy Act. Ensure that Requests for Proposals are evaluated by a representative selection committee to allow for various perception and opinions when reviewing and evaluating proposals prior to contract award. Ensure that all bids, final rating results and relating supporting documentation are kept on file in accordance with the City's Retention By-law for future reference, audit or examinations. Ensure that procurement policies and procedures are reviewed on a regular basis.

## **7. Purchasing Section Responsibilities**

Purchasing Services will have the following specific responsibilities:

- i) Be responsible for the administration of purchasing policies, procedures and guidelines, and will continually review the corporate use of goods and/or services to ensure the City is receiving the best value.
- ii) Ensure that purchasing transactions are conducted ethically and professionally.
- iii) Provide procurement advice and services to all city departments.
- iv) Notify vendors who have expressed an interest in doing business with the City of the availability of the purchasing documents.
- v) Maintain good vendor relations and for the conduct of all negotiations with vendors.
- vi) Conform to good material management practice by simplifying and standardizing, wherever possible, like requirements for the Corporation.
- vii) Prepare necessary purchasing documents and process purchase orders.
- viii) Maintain records of purchasing transactions, as required.
- ix) Provide to all departments, on request, a consultative service on various procurement matters. These may be formal tenders and quotations, sourcing, advertisements, requests for proposals which may be helpful to staff who are considering the use of new ideas or products.

## **8. Understandings and Interpretations**

The scheduling of a procurement process must not be intentionally delayed with the intent of making the procurement qualify under any exception to policies.

Except as otherwise stipulated, any purchase of goods, services, construction or equipment shall be made on a competitive basis, in keeping with accepted public purchasing practices and in accordance with the applicable federal, provincial or municipal laws.

Specifications shall not be designed or written so as to indicate preference where possible to any one bidder or, where a specific brand and model is stated as a benchmark.

## **9. Requirement for Approved Funds**

Formal approval of the annual budgets or by special approval of Council constitutes financial approval to proceed with expenditures contained within each department's business unit(s) and as outlined by approved purchasing policies.

Prior to the adoption of the annual budgets, each business unit shall be allowed an interim appropriation not to exceed fifty percent (50%) of the amount appropriated in the previous year's operational budget, and such interim appropriation shall be deemed to be for routine operating and recurring expenditures or statutory purposes unless otherwise directed by Council.

**10. Non-Budgeted Expenditures**

Where a requirement exists to initiate a project for which goods, services or construction are required and funds are not contained within the current year's approved budgets to meet the proposed expenditure, the initiating department manager shall, prior to the commencement of the purchasing process, submit a report to Council, which shall include:

- a) information surrounding the requirement to contract;
- b) the terms of reference to be provided in the contract; and
- c) information on the proposed funding source for the expenditure, together with a written confirmation from the General Manager of Financial Services that the requested source of funding is both available and accessible.

**11. Approval Levels**

Anyone given acquisition authority under this policy is accountable and responsible to ensure that proper budget exists, and purchases do not violate any purchasing policies. All employees with signing authority shall complete a "Signing Limits" form which shall be authorized by the applicable General Manager or Department Manager and retained in Purchasing Services for referencing with a copy forwarded to Accounts Payable for processing of purchases.

<b>Level</b>	<b>Authority</b>
Up to \$3,000	Administrative Assistants, and others as designated by Managers
Up to \$5,000	Supervisors
Up to \$10,000	Division Managers or designate
Up to \$20,000	General Managers, Managers or designate, Purchasing Agent
\$25,000	Treasurer
\$50,000	Chief Administrative Officer or designate
Unlimited	Council

**12. Notification of Procurement Opportunities**

Notification of procurement opportunities for tenders, quotations and/or proposals shall be placed when applicable on the City of Cornwall's internet website and if the City of Cornwall so desires, in the local press.

Advertisements, where applicable, must appear with sufficient time between advertising and tender closing to permit the prospective proponents to examine advertisement, obtain the documents, complete and submit said bid.

### 13. **Procurement Procedures**

The Purchasing Agent shall establish purchasing procedures consistent with the purposes, goals and objectives set out in this 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, services or construction which, are more effectively acquired through co-operative purchasing or vendor arrangement;
- c) the process to be followed in the issuing, receipt and evaluation of Tenders, Request for Quotations or Proposals.

### 14. **In-house Bids**

In-house bids may be used for the procurement of goods, services or construction in circumstances where the Chief Administrative Officer considers it appropriate to do so, otherwise in-house bids will not be encouraged. If any bid solicitation permits in-house bids, all bidders shall be made aware of this fact in the bid solicitation documentation. In such situations the following clause will be incorporated into the bid request document.

"Vendors should note that the City has the capacity to supply the need described herein. Consequently, a division of the City has been invited to submit a bid which will be included in our evaluation process."

In-house bids will be received and evaluated to the same extent as external bids, in addition to external bidders being fully aware that an in-house bid is being considered.

### 15. **Co-operative Procurement**

The Purchasing Agent may participate and enter into arrangements with area municipalities, local boards and other public entities or authorities on a co-operative or joint basis where there are economic advantages in so doing; providing that under such arrangements:

- a) the purchasing procedures and policies of the government agency or public authority initiating the procurement process will be followed;
- b) the City and each government agency or public authority will issue its own purchase order or contract for their respective goods and/or services.

### 16. **Local Preference**

In accordance with Federal and Provincial Acts and the various trade agreements in place, there will be no local preference for purchases. The City of Cornwall believes in totally fair, open competition

for all vendors, regardless of their location and all vendors will be permitted to compete solely on the basis of their ability to provide maximum value, when and where the Corporation is required to disburse public funds.

**17. Request for Expressions of Interest/Pre-Qualification of Bidders**

The Purchasing Agent may conduct a request for expression of interest for the purposes of determining the availability of vendors of any goods, services or construction and for the purposes of keeping a list of available vendors. The purpose of pre-qualification is to ensure that each vendor intending to submit a bid can demonstrate its ability to provide the necessary expertise and resources to satisfactorily complete the work required.

Pre-qualification will only be considered in the following circumstances:

- a) the work will require substantial project management by the City if the vendor is not appropriately experienced and could result in a substantial cost to the City;
- b) the goods and/or services to be purchased must meet national safety standards;
- c) the work involves specialized expertise, equipment, materials, or financial requirements;
- d) there could be a substantial impact on City operations if the work is not satisfactorily performed the first time;
- e) where time requirements necessitate efficient use of time and expertise.

This is a two-step procurement process:

Pre-qualification is the first step and requires vendors intending to submit a bid to provide such information as, but not limited to:

- i) experience on similar work (firm and staff assigned)
- ii) references provided from other customers for similar work
- iii) verification of applicable licences and certificates
- iv) equipment management and product quality
- v) financial capability

Vendors submissions will be evaluated and ranked, and a short list of pre-qualified vendors will be invited to submit a request for tender or request for proposal.

**18. Procurement Documentation**

In order to maintain consistency, Purchasing Services shall provide guidelines to city departments on all procurement policies and procedures and on the structure, format and general content of procurement documentation.

Departments shall be responsible to prepare and provide, in writing, to the Purchasing Agent specifications and approved budget amount when required. Purchasing Services shall review all specifications, terms and conditions and have the authority to change the documentation as deemed necessary.

Procurement documentation, where possible, shall avoid use of specific products or brand names.

Purchasing Services shall be responsible for all tender, quotation or request for proposal documents for goods, services, equipment and construction.

**19. Document Retention**

All background information, information submitted by vendors, analysis, purchase orders and other relevant information involved in obtaining prices for goods and/or services shall be retained in compliance with the City of Cornwall's Retention By-law.

**20. Purchasing Methods**

Purchasing policies approved by Council will be used as a guideline and for information on purchasing goods and services in compliance with this policy.

<b>Methods</b>	<b>Cost of Goods or Services</b>	<b>Purchasing Policy Referral</b>
Petty Cash	\$60.00 or less	FI.adm03-10
Purchasing Card	Less than \$1,000.00 or as per approved limit	FI.pu-01-01
Mini Purchase Order	\$500.00 or less (where a P Card is not accepted)	FI.pu03-04
Request for Quotation/Proposals	\$1,000.00 - \$20,000.00	FI.pu03-06/FI.pu03-08
Request for Tender/Proposals	Greater than \$20,000.00	FI.pu03-11

**PURCHASING PROCESSES**

The following sub-sections set out the circumstances in which each type of procurement process is to be used for goods and/or services by a city department.

The dollar values identified represent the annual estimated procurement value for a good and/or service to be procured.

All formal written requests for quotations, proposals and tenders by the City will include a Standard Terms and Conditions document.

21. **Request for Proposals (RFP)**

This method of acquisition can be used for any dollar value and involves the solicitation of proposals when the requirements for goods and services purchased cannot be clearly specified or easily defined, the requirements of the City are best described in a general performance specification, and innovative solutions are sought. However, the document will indicate those needs which have been determined and which will have to be fulfilled by the successful proponent. In general, Request for Proposals process encourages different solutions from vendors and actively searches for better and more creative ideas for supply of goods and services. Request for Proposals provide a process whereby the negotiation and award is based on demonstrated competence, qualifications and the technical merits of the proposal at a fair price.

It may or may not include pre-qualification or an expression of interest. This process has the most flexibility and will generally be governed by the terms of the request for proposal as developed by the City. Depending on its terms, the process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms, and prices. The City of Cornwall may award a contract on the basis of initial offers received, without discussion.

The initiating department shall supply Purchasing Services with the specifications and terms of reference for use in a Request for Proposal in conjunction with the budget authorization, approval authority and evaluation criteria to be applied in assessing the proposals submitted.

All Request for Proposals shall clearly set out the evaluation criteria and weightings on a pre-determined point system upon which an award of the Request for Proposals may be made.

Calls for proposals either by invitation or public advertisement shall be done through Purchasing Services in co-operation with the initiating department. During the proposal process, all communication with bidders shall be through Purchasing Services.

The Corporation reserves the right to reject any part of or all proposals. In conjunction, the Request for Proposal should not be construed as a contract to purchase goods or services. The Corporation is not bound to accept the lowest priced or any proposal of those submitted. The Corporation may award this proposal in part, in whole, or not at all.

A Selection Committee will be established and shall comprise of a minimum of two representatives with the relevant expertise from the initiating department and should include a representative from Purchasing Services. The Committee will review all proposals based on the evaluation criteria and weightings, reach consensus on the final rating results and ensure that the final rating results, with supporting documents, are kept in the procurement file in Purchasing Services. Cost will always be included as a factor, as best value includes both quality and cost.

Requests for Proposals are not formally opened in public. Only the names of the proponents will be made available by the Purchasing Agent.

A written report with recommendation by the requisitioning department and Purchasing Agent shall be prepared for presentation to Council on proposals whose awards exceed the upper limit established for Request for Proposals.

## 22. Two-Envelope Process

The two envelope bid process may be used where it is deemed that the technical and qualitative information of a given submission is to be evaluated without being influenced by prior knowledge of the corresponding pricing information. The "two-envelope" process may be used when a Request for Proposal (RFP) is issued. The City of Cornwall shall advise all bidders when the two-envelope system is to be used.

In a two-envelope system, each proponent must submit qualitative and technical information in a sealed envelope (envelope one) and pricing information in a second sealed envelope (envelope two). The contents of envelope one shall be opened and evaluated by the evaluation committee and rated according to a pre-determined point system. Only the second envelopes of those bids meeting the specifications of the Request for Proposal shall be opened and evaluated. If a Proposal is not eligible to proceed to price evaluation, the proponent shall be disqualified from further consideration and envelope two shall be returned to the proponent unopened.

## 23. Request for Tender

Purchasing Services in consultation with the requisitioning department shall issue a tender for all approved goods and services based on defined requirements. This method of procurement shall be used where:

- a) the item is greater than \$20,000;
- b) the requirements can be fully defined; and
- c) best value for the City can be achieved by an award selection made on the basis of the best bid that meets specifications.

All bid submissions are to be submitted in the proper sealed tender envelope provided and deposited with the City Clerk's office on or before the specified date and time reflected by the tender call. A public opening of tender bids will be held on the specified date and time. All bids submitted are opened in the presence of the Tender Opening Committee comprised of a member of Council, the City Clerk or Deputy City Clerk and the Purchasing Agent

The following factors in combination, not necessarily listed in their order of importance, will be considered when reviewing bids and awarding contracts:

- Prices;
- Bidder's previous record of performance and service;
- Ability of bidder to render satisfactory service in this instance;
- Availability of bidder's representative to call upon and consult with our user departments;
- Quality and conformance to specifications.

All Requests for Tenders bid documentation shall contain the following clause:

*"The Corporation reserves the right to reject any and all bids, waive informalities and to contract in the best interests of the City."*

Where bids are received in response to a bid solicitation but exceed budget estimates, the City may enter into negotiations with the lowest compliant bidder to achieve an acceptable bid within the approved budget.

The Purchasing Agent shall prepare an analysis report of the request for tender to Council for approval and award of all requests for tender.

Upon Council's approval, the Purchasing Agent shall ensure that a legally binding agreement is executed by the Mayor and Clerk, or a purchase order is issued.

Purchasing Services shall co-ordinate with the user department in maintaining current insurance certificates and WSIB certificates, as called for in the bid documents.

#### **24. Tender - Bid Withdrawal**

Any prospective vendor who has submitted a bid may request that it be withdrawn. Withdrawal requests shall be directed to the City Clerk in writing. Withdrawal shall be allowed if the request is made prior to closing. Tenders withdrawn prior to closing shall be returned unopened to the bidder.

Withdrawal requests received after closing will not be allowed. The prospective vendor concerned shall be informed that the withdrawal request arrived too late for consideration.

#### **25. Request for Quotation**

The requisitioning department will provide Purchasing Services with three (3) quotations (if they were obtained by the department) where the value is less than \$1,000.00. Purchasing Services shall assist as requested by the department, or when deemed necessary, with the informal quotation process.

Purchasing Services is responsible for formal quotations where the value is greater than \$1,000.00 and less than \$20,000.00. This shall be done for both estimating purposes and purchases.

Where a site visit is required and deemed to be mandatory, only those bidders having attended the site visit and signed the appropriate form with Purchasing Services shall qualify to submit a bid.

The department shall be responsible to review the quote submission and verify that all specifications of the quotation are met. Once the recommendation is received from the department, Purchasing will issue a purchase order.

#### **26. Award Considerations**

In addition to price, consideration may be given to the following in determining the lowest responsible bidder.

- a) the ability of, capacity, and skill of the bidder to provide the goods or services requested,
- b) the ability of the bidder to perform the contract or provide the services promptly or at the time specified without delay or interference,
- c) the character, integrity, reputation, judgement, experience and efficiency of the bidder,

- d) the quality and performance of previous contracts, goods or services,
- e) the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the goods or services,
- f) the quality, availability and adaptability of the goods or contractual services to the particular use required,
- g) the ability of the bidder to provide future maintenance and services for the items acquired, and
- h) the number and scope of conditions attached to the bid.

**27. Purchasing Card**

A mechanism to provide departments with a simplified, direct purchasing method for the purchase and payment of goods and services. The purchasing card (where possible) will eliminate the use of petty cash, mini purchase orders and/or yearly blanket purchase orders.

Cardholders must be permanent full time employees of the City of Cornwall. It shall be at the discretion of the Manager responsible for the department to approve which full time employees are eligible cardholders. The General Manager of Financial Services will have final approval to the issuance of all corporate credit cards.

Any use of a purchasing card shall be in accordance with the purchasing card policy and all other applicable purchasing policies.

All purchasing cards issued will have a predetermined "*single transaction limit*", and a "*monthly credit limit*" as determined and authorized by the General Manager or Manager of the applicable department.

Every cardholder shall review the Purchasing Card Procedure and ensure that they abide by the rules indicated in the procedure.

The purchasing card shall not be used:

- a) when a contract is in effect for the goods and/or service (unless pre-authorized by the Purchasing Agent;
- b) for personal purchases of any nature;
- c) for computer hardware/software/digital cameras (unless pre-authorized by the IT Supervisor and Purchasing Agent);
- d) for any purchase of goods and/or services that may be prohibited under any other policy approved by Council;
- e) cash advances;
- f) service agreements;
- g) telecommunication equipment such as telephones, cellular phones. Batteries for cell phone may be purchased with a P Card.
- h) splitting of total purchase cost, singly or between cardholders to avoid transaction limits
- i) third party client purchases;
- j) clothing (small dollar value items are to be approved by Purchasing prior to purchasing)
- l) office Equipment, Office Furniture (small dollar value items are to be approved by Purchasing)
- m) souvenirs

The Purchasing Agent will review the P Card Summaries and advise the Manager of any employee who has not adhered to policy. Cardholders, who do not adhere to the pre-set limits and prohibitions set out above, will have their card privileges limited or revoked. The Manager will advise the employee of this discipline.

The card is not transferrable to any other employee, and shall not be used by any person other than the authorized cardholder. Improper card use will result in the cancellation of the employee's card.

## 28. **Blanket Purchase Orders**

A blanket purchase order is an open method of purchasing to facilitate the purchase of goods and services on an ongoing basis at a predetermined amount.

A blanket purchase order may be used where:

- a) one or more departments 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, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.

Purchasing Services shall establish and maintain blanket purchase orders that define source and price with selected supplies for all frequently used goods or services. Purchasing Services in conjunction with the requisitioning department shall be responsible to negotiate prices based on right quality, right price, product availability and vendor reliability.

Criteria for the use of blanket purchase orders are:

- a) to be used for goods and/or services purchased throughout a season or a year
- b) term of contract is generally one (1) year unless a longer term has been negotiated by Purchasing
- c) a starting and ending date must be indicated on the purchase order
- d) the upper dollar limit must be shown on the order

More than one supplier may be selected where it is in the best interests of the City and the bid solicitation allows for more than one.

Where blanket purchase orders exceed the signing authority of the General Manager or Department Manager, the Chief Administrative Officer's approval is required on the purchase requisition.

## 29. **Emergency Purchasing**

Where an emergency exists requiring the immediate procurement of goods and/or services, the General Manager or Department Manager or designate or the Purchasing Agent may purchase the required goods and/or services by the most expedient and economical means, notwithstanding any other provision in this policy.

For all emergency purchases made by a department, as soon after the purchase as reasonably possible, the department requisitioning shall notify the Purchasing Agent with a written report detailing the circumstances. A purchase order number(s) shall be issued after the fact by the Purchasing Agent with a notation that this was an emergency purchase as soon as the requisition with the proper signing authority is received. Where the purchase exceeds the signing authority of the General Manager or Department Manager, the Chief Administrative Officer's approval is required on the purchase requisition.

**30. Purchase by Negotiation**

The Purchasing Agent may under the following conditions negotiate with one or more bidders and in such cases where the requirement for inviting tenders or quotations is waived:

- a) when in the judgment of the Purchasing Agent, goods are judged to be in short supply due to market conditions;
- b) where there is only one known source of supply for the goods or services;
- c) when two or more identical bids have been received;
- d) where the lowest tender or quotation meeting specifications substantially exceeds the estimated cost and it is impractical to recall the tender or quotation;
- e) when no bids are received in a tender or quotation call;
- f) when the extension or reinstatement of the existing contract would be the most cost effective or beneficial method and is in the best interest of the City;
- g) when, due to the low dollar value of the procurement, competitive sourcing would be uneconomical or would not attract bids;
- h) the goods and/or services are required as a result of an emergency, which would not reasonably permit the use of a method other than direct negotiations; or
- i) where authorized by Council to do so

When negotiations are deemed necessary they shall be carried out jointly in co-operation with the client department subject to the conditions of this policy. The method of negotiation shall be those accepted as standard negotiating procedures that employ fair and ethical practices.

**31. Extraordinary Circumstance Purchase**

At such time an extraordinary circumstance exists, the Chief Administrative Officer may authorize a purchase after consulting with the Purchasing Agent as is considered necessary to remedy the situation in order to prevent or alleviate a threat to public health, safety or welfare, the disruption of essential services, damage to public property or, any expenditure that is necessary to respond to any emergency of the Corporation and may award the necessary contract without regard to the requirement of a bid solicitation.

**32. Single/Sole Source Procurement**

In circumstances where the sources of supply are restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:

- a) components or replacement parts for which there is no substitute
- b) compatibility with an existing product, facility or service is required
- c) specific standards are adopted by Council

Approval must be obtained, in writing, by the Chief Administrative Officer prior to negotiations with the single/sole source.

**33. Environmentally Responsible (Green) Procurement**

The purchase of environmentally responsible products and services may be given preference during the evaluation stage of a submission when the tender/proposal documents either directly call for "green" products or where "green" products may be priced as an option. These products and services are defined as those having a lesser or reduced effect on human health and the environment when compared to other products and services that serve the same purpose. Specifications will include, unless otherwise justified, environmentally responsible products that: use recycled materials; are durable, reusable or are designed to be recycled; consume fewer resources in their manufacture and/or their use; and services that use environmentally responsible practices.

**34. Standardization**

Standardization is a management decision-making process that examines a specific common need or requirement for the Corporation and then selects a good and/or service that best fills that need to become the standard. Wherever possible, when more than one city application exists for any goods and/or service, a standard will be established.

No standard shall be established unless approved by the Purchasing Agent. All employees will adhere to ordering those items that have been standardized.

Where the establishment of a standard will result in a single source purchase, that purchase shall also be approved by the Purchasing Agent.

**35. Contractual Agreement**

The award of a contract may be made by way of a written notification, or a formal agreement, or as a purchase order.

It shall be the responsibility of the Purchasing Agent to determine if it is in the best interest of the City to establish a formal agreement with the contractor.

The Mayor and City Clerk are authorized to execute formal agreements on behalf of the City of Cornwall for which the award was made by delegated authority.

Purchasing Services shall have the authority to execute written notification or purchase orders issued in accordance with these provisions.

Purchasing Services shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting of goods, services or construction.

**36. Guarantees of Contract Execution and Performance**

The Purchasing Agent may require that a 10% bid deposit or a fixed amount be accompanied by a bid bond or other similar security to guarantee entry into a contract.

A bid deposit shall be required to accompany and be included in the envelope containing the bid documents.

Prior to the commencement of the work, the successful bidder may be required to provide one of the following in addition to the security:

- a) a performance bond to guarantee the performance of the contract;
- b) a payment bond to guarantee the payment for labour and materials to be supplied in connection with a contract;
- c) an irrevocable letter of credit.

The Purchasing Agent shall select the appropriate means to guarantee execution and performance of the contract by means but not limited to; certified cheque, money order, bank draft, irrevocable letter of credit and where appropriate a bid bond issued by an approved guarantee company properly licensed in the Province of Ontario.

Prior to the commencement of work, evidence of insurance coverage and a certificate of clearance from the Workplace Safety and Insurance Board shall be obtained, ensuring indemnification of the City of Cornwall from any and all claims, demands, losses, costs or damages resulting from the performance of a bidder's obligations under the contract.

### **37. Insurance and Risk Management Requirements**

Purchasing Services shall request from vendors and/or contractors providing services to the City of Cornwall a certificate of insurance. The certificate shall be in a form satisfactory to the Purchasing Agent prior to the commencement of any work being performed, for no less than the minimum amounts stated and in force for the entire contract period and subsequent maintenance period. Employees of the Corporation should ensure that all documentation has been received by Purchasing prior to contacting the contractor to commence the work.

The minimum insurance requirements required by the City of Cornwall shall be:

#### **a) Commercial General Liability Insurance**

Broad form Commercial General Liability policy for a limit of not less than \$2,000,000.00 on an occurrence basis with respect to third party liability claims for bodily injury, property damage, personal injury. This policy shall include but not limited to:

Premises and operation Liability, Blanket Contractual Liability, Products and Completed Operations, Tenant's Legal Liability, Non-Owned Automobile Liability, Owner's and Contractor's Protective Liability, Contingent Employers' Liability, Breach of Conditions clause.

#### **b) Owned Automobile Liability Insurance**

The Contractor shall take out and keep in force Owned Automobile Insurance with a liability limit of not less than \$2,000,000.00 on forms meeting statutory requirements covering all licenced vehicles owned or leased by the Contractor used in any manner in connection with the performance of the terms of this Contract.

c) **Contractor's Equipment Insurance**

"All risks" Contractor's equipment insurance covering owned and non-owned machinery and equipment used by the Contractor in the performance of the work for the replacement value of any such machinery and equipment.

The City of Cornwall shall be:

- a) added as an "Additional Insured" along with Cross-Liability and Severability of Interest clauses.
- b) indemnified from any and all claims, demands, losses, costs or damages resulting from the performance of a bidder's obligation under contract

All bid documents shall clearly indicate insurance requirements to be provided by the successful bidder.

38. **Occupational Health and Safety Requirements**

The successful bidder shall deliver a Certificate of Clearance from the Workplace Safety and Insurance Board prior to commencing any work pursuant to any contracts stating that he is in good standing with the Board as of the current date and every 60 days thereafter ensuring ongoing good standing with the Workplace Safety and Insurance Board.

This requirement shall be applicable to any and all sub-contractors.

39. **Exercise of Contract Renewal Options**

Where a contract contains an option for renewal, the Purchasing Agent and the General Manager or Department Manager will consult on whether such option should be exercised provided that:

- a) the supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract,
- b) the General Manager or Department Manager agree that the exercise of the option is in the best interest of the City;
- c) funds are available in appropriate accounts within the Council approved estimates.

The General Manager or Department Manager shall provide the Purchasing Agent with an explanation, in writing, as to why the renewal is in the best interest of the City and include comment on the market situation and trend.

40. **Contract Amendments and Revisions**

No amendment or revision to a contract shall be made unless the amendment is in the best interest of the City.

No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work.

Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within Council approved estimates including authorized revisions.

**41. Disposal of Surplus Goods**

Where any goods, equipment or inventory stock are surplus, obsolete or not repairable, they shall be declared surplus by the disposing department to the Purchasing Agent. The Purchasing Agent shall then circulate a list of obsolete/surplus assets available via e-mail to all departments for consideration prior to the sale or disposal of such items.

Obsolete/surplus assets may be disposed of by way of:

- re-use at another location within the organization; or
- be sold by external advertisement, formal request, auction or tender (where it is deemed appropriate, a reserve bid may be established); or
- be sold or traded to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than following other procedures; or
- be donated to a non-profit agency; or
- be recycled; or
- in the event that all efforts to dispose of goods by sale are unsuccessful, these items may be scrapped or destroyed if recycling is unavailable.

Before external methods of disposal of obsolete/surplus equipment are considered, departments within the organization will be given first priority.

Where equipment or vehicles are deemed to be surplus due to the replacement of same within the Fire Services or Emergency Management Services departments, said assets may be offered to departments within the organization and then to other government agencies or public authorities for consideration and usage prior to being disposed of through the other designated methods.

No disposition of such good(s) shall be made to employees, elected officials, or their family members unless such good(s) are sold through external advertisement, formal request, auction or public tender.

**42. Conditional Bid Before Capital Budget Adoption**

The Purchasing Agent is authorized to obtain, prior to the adoption of the current year's capital budget by City Council, sealed bids for construction and/or additional/replacement equipment, provided that the documents include a clause specifically stating that the acceptance of a bid and placing of the order is subject to budget approval and the items specified are subject to change in quantity and/or deletion.

**43. No Acceptable Bids or Equal Bids Received**

Where bids are received in response to a bid solicitation but exceed budget or are not responsive to the requirement, a revised solicitation may be issued in an effort to obtain an acceptable bid.

If two identical bids are received and all things being equal, a deck of playing cards will be cut in the presence of the Purchasing Agent, Department Manager or designate and the tied bidders to determine the low bid.

**44. Cancellation of a Bid Solicitation**

A department head or designate with the concurrence of the Purchasing Agent may request to cancel a bid solicitation at any time up to contract award.

The department head or designate and Purchasing Services shall ensure that the confidentiality of any bid submitted is maintained in accordance with the provisions of the *Municipal Freedom of Information and Protection of Privacy Act*, as amended.

**45. Bid Irregularities**

The process for administering irregularities contained in bids pertaining to all bid solicitations shall be as set out in Schedule B. For an irregularity listed in the first column of Schedule B, the applicable response is set out opposite to the irregularity in the second column of Schedule B.

**46. Confidentiality of Bids/Quotations/Proposals**

All records and information pertaining to tenders, proposals and other sealed bids, which reveal a trade secret or scientific, technical, commercial, or financial information, supplied in confidence implicitly or explicitly, shall remain confidential if the disclosure could reasonably be expected to:

- i) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organizations; or
- ii) result in similar information no longer being supplied to the City where it is in the public interest that similar information continue; or
- iii) loss or gain to any person, group, committee or financial institution or agency; or
- iv) result in information whose disclosure could reasonably be expected to be injurious to the financial interests of the City.

**47. Materials Management and Inventory Control**

The Purchasing Agent shall operate a centralized warehouse operation and implement a system of materials management and inventory control methods so as to maintain an adequate level of commodities to support and supply all departments.

Commodities which are available from the warehouse inventory and which are suitable for the intended end use shall not be requisitioned or purchased on a direct charge basis by departments.

The Purchasing Agent or designate may from time to time alter the source or method of supply when it is, in his/her opinion, beneficial to do so.

A physical inventory of stock items shall be taken on a periodic basis and an annual count will be undertaken for year end purposes.

**48. Exclusion of Bidders**

No tenders, quotations or supply of services shall be considered by any contractor or supplier who has initiated a litigation process against the municipality. No consideration will be given for a period of five (5) years from the conclusion of the litigation.

The municipality may also prohibit a supplier from bidding on future solicitations for a minimum period of one (1) year under the following conditions.

- a) performing work unsatisfactory;
- b) failure to meet completion dates, failure to follow instructions, etc.,
- c) failure to comply with health and safety conditions or violations,
- d) withdrawing from a tender once the contract has been awarded,
- e) failure to comply with the terms and/or conditions of the contract.

The Department Head or designate shall document evidence and advise the Purchasing Agent in writing where the performance of a supplier has been unsatisfactory in terms of failure to meet specifications, work performance, terms and conditions or for health and safety violations. A supplier shall be provided an opportunity to respond to allegations of poor performance or non-compliance.

Any supplier being excluded from a bidding process due to any of the above reasons will be reported to the Chief Administrative Officer and respective General Manager or Department Manager.

## **Schedule A**

### **Goods and Services "Exempt" from Provisions of the Procurement Policies**

The purchasing methods described in this policy do not apply to the following Goods and Services:

1. Training and Education
  - Registration and Tuition fees for conferences, conventions, courses and seminars
  - Magazines, books and periodicals unless the purchase of such magazines books and periodicals are subject to value-added services
  - Memberships
2. Refundable Employee/Councillor Expenses
  - Advances
  - Meal Allowances
  - Travel and Entertainment
  - Miscellaneous - Non-Travel
3. Employer's General Expenses
  - Payroll Deductions Remittances
  - Medical
  - Licenses (Vehicle, Firearms, etc.)
  - Debenture Payments
  - Grants to Agencies
  - Damage Claims
  - Petty Cash Replenishment
  - Tax Remittances
  - Insurance Premiums
  - Payroll Related Issues
  - Charges to other Government Bodies
4. Professional and Special Services
  - Committee Fees
  - Witness fees
  - Utilities
5. Miscellaneous (as approved by Purchasing Services)
  - where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time through a competitive process
  - where construction or renovation work on a leased building may be performed only by the lessor of the building
  - when no bids were received in a competitive process
  - when the purchase is already covered by a lease-purchase agreement

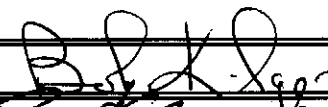
## **Schedule A**

### **Goods and Services "Exempt" from Provisions of the Procurement Policies (con't)**

- when an urgent procurement is necessary for fulfilling a statutory order issued by a federal or provincial authority, such as an environmental, public health, or workplace safety compliance order
- when the required item is in short supply due to market conditions
- when there is a statutory or market based monopoly on the item
- when the required item is covered by an exclusive right such as a patent, copyright or exclusive licence
- where payments are partially or totally credited to the purchase
- when competitive sourcing for low value procurement would be uneconomical or would not attract bids
- when it is necessary to ensure compatibility with existing products or to avoid violating warranty/guarantee requirements when service is required
- Agreement on Internal Trade and the Ontario-Quebec Trade Agreement indicate specific exceptions to competitive sourcing
- where the item is being tested on a trial basis
- where the carrying out of the work by the contractor other than the contractor who did the original work would nullify the warranty or guarantee held

**Schedule B**  
**Bid Irregularities**

<b>Irregularity</b>	<b>Response</b>
late bids	automatic rejection, not read publicly and returned unopened to the bidder
insufficient financial security (No bid security or agreement to bond or insufficient bid bond or agreement to bond)	automatic rejection
bids containing minor obvious clerical errors	48 hours to initial corrections as made by Purchasing Services
bids which are incomplete, conditional or obscure or which contain additions not called for, erasures, alterations or irregularities of any kind	automatic rejection
does not meet specification requirements	automatic rejection
bids not completed in non-erasable medium or signed in ink	automatic rejection
bid not returned in envelope provided	automatic rejection
failure to attend <b>mandatory</b> site visit	automatic rejection
erasures, overwriting or strikeouts not initialled	automatic rejection
pricing or signature page(s) missing	automatic rejection
any other irregularities	The Agent and the Department Manager shall have authority to waive other irregularities or grant 48 hours to initial such irregularities, which they jointly consider to be minor.

**MAYOR:** 

**CAO:** 