

# TOWNSHIP OF WEST LINCOLN

## TENDERING & PURCHASING POLICY

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**TITLE:** Tendering & Purchasing  
**POLICY NO:** POL-T-01-2010  
**SUPERSEDES NO:** Tendering & Purchasing Policy  
**EFFECTIVE DATE:** March, 2010

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**POLICY STATEMENT:** That principles and guidelines be established for the procurement, purchase, rental or lease of those goods and services required by the Corporation of the Township of West Lincoln.

### **PURPOSE:**

- (a) To acquire the necessary quality and quantity of goods and services required by the Township of West Lincoln in an efficient and cost effective manner.
- (b) To encourage open competitive bidding on all acquisitions and disposal of goods and services made by the Township of West Lincoln.
- (c) To acquire the necessary goods and services with due regard to the preservation of the natural environment.
- (d) To purchase Canadian/local goods and services where it is reasonably practical and cost effective to do so.

### **I. DEFINITIONS:**

- 1.1 "Competitive Method" means an acquisition method where vendors are given an equal opportunity to submit bids in accordance to Township policy and procedures.
- 1.2 "Contract" means any binding agreement for supplies, goods, services, equipment or construction.
- 1.3 "Council" means the Council of the Corporation of the Township of West Lincoln.
- 1.4 "CAO" means Chief Administrative Officer of the Township.
- 1.5 "Department Head" means any person appointed to be responsible for the operation of any department within the Corporation of the Township of West Lincoln as designated in Schedule "A" or as designated by the CAO.
- 1.6 "Emergency" means a situation where the immediate acquisition of goods or services is essential to prevent serious delays, further damage or to restore minimum service.
- 1.7 "Goods & Services" includes all materials, commodities, equipment and all work to be performed or services rendered by other than Township employees.
- 1.8 "Improper Bid" means a limited or conditional bid that modifies or that otherwise does not meet some important term or condition of the tender invitation and it may disqualify the tender.

- 1.9 "Negotiation" means an acquisition method whereby the Township may confer with one or more vendors and award a contract.
- 1.10 "RFP" Request for Proposal means a process where a need is identified, but how it will be achieved is unknown at the outset. The process allows vendors to propose solutions or methods to arrive at the end product.
- 1.11 "Invited Tender" means written or formal offers submitted by a number of specific vendors, as selected by the Township, for the purpose of supplying stipulated goods or services at a competitive price.
- 1.12 "Purchase Order" means a written offer to purchase goods and services on behalf of the Township.
- 1.13 "Quote" means an offer or submission made by the Township and directed towards a limited, pre-selected number of vendors, consultants or contractors.
- 1.14 "Tender" means a written formal offer submitted by any Member of the Public, in response to an invitation, or a particular form, to supply stipulated goods or services at a particular price.
- 1.15 "Township" means the Corporation of the Township of West Lincoln.
- 1.16 "Clerk" means the Clerk of the Township or Designate
- 1.17 "Treasurer" means the Treasurer of the Township or Designate
- 1.18 "Blanket Order" means the agreement wherein a vendor will sell certain goods and/or services to the Township on an "as and when required" basis for Township wide locations for a defined period of time at an established price, under set terms and conditions.
- 1.19 "Irregular Result" means that where competitive quotes or proposals are submitted and any of the following has occurred:
  - a) No bids received
  - b) Two or more identical low bids have been received
  - c) The lowest bid exceeds the estimated cost or budget allocation
  - d) For any reason the award of the contract to or the purchase from the lowest vendor is considered inappropriate
  - e) Less than 3 bids have been received

## **II. PURCHASING GUIDELINES:**

The Township of West Lincoln Council has ultimate authority for all expenditures. Council delegates this authority by the authorization of the annual budget. This purchasing policy provides guidelines outlining how spending authority is used.

2.1 All goods and /or services required for the purposes of the Township, shall be purchased and disposed of in accordance with the provisions of this Policy save and except only those goods and /or services listed below:

- a) Professional Development and Training
- b) Refundable Employee Expenses
- c) Utilities
- d) Petty Cash Items
- e) Purchases less than \$2,501
- f) General Expenses
- g) Items purchased on an emergency basis in accordance with Section 4.6 of this policy.

### **PURCHASE ORDERS:**

2.2 The acquisition of goods and services on behalf of the Township shall be authorized by purchase order approved by those individuals as designated within this policy; save and except that purchase orders shall not be required for purchases under \$2,501.

2.3 The purchase of supplies from local competing businesses shall be done on an equitable basis, whenever possible, provided such purchases are reasonably cost effective. This shall be defined as “when all bids are equal in terms of quantity, quality and price, the Township will give preference to the local supplier”.

2.4 Blanket Orders

Where goods and services of a similar type are supplied on a repetitive basis from one or more suppliers either over a period of time in a calendar year or over the course of a season, those goods and services shall be purchased in accordance with the provisions of this policy. The applicable process will be based upon the estimated annual expenditure.

As it is the Township’s intention to award this contract to one vendor, vendors are encouraged to bid on all items. Vendors may bid on one item **or** more than one item. Preference will be given to vendors who can provide pricing on all items.

**III. NO DIRECT PURCHASING OF SERVICES OR SUPPLIES:**

- (a) Unless otherwise directed, no personal purchases shall be made by the Township for Members of Council, any appointed Member of a Board or Committee or any Township Employee, unless authorized by the CAO.
- (b) No service or supply of goods shall be purchased by the Township or by a local board or committee established by the Township from:
  - (i) an employee of the Township or an employee of a local board or committee,
  - (ii) a member of council of a member of a local board or committee, or
  - (iii) a parent, spouse, child or sibling of an employee, of a member of council or of a member of a local board or committee.", unless authorized by the CAO. In such cases the CAO may find it is in the best interest of the Township to allow such a purchase if the following criteria are met:

There is no other local supplier of the good and service and buying other than local would result in considerable cost to the Township. Where an employee is involved in such an award, the employee shall:

    - a) Immediately disclose the nature of their interest to the CAO
    - b) Not take part in the awarding of the contract
    - c) Not attempt in any way to influence the award to the contract
- (c) No employee or Elected Official of the Township shall purchase surplus Township assets except when such surplus assets are being sold through a competitive and/or public process.

**IV. AUTHORITY TO INCUR EXPENDITURES:**

The dollar limits below refer to invoice cost exclusive of taxes, but inclusive of delivery charges. No purchase shall be divided in order to avoid the application of this policy.

- 4.1 Purchases of **\$0 to \$2,500** may be made directly by those Employees so designated in writing by the Department Head. For the purposes of this policy those positions as designated in **Schedule "A"**, attached shall be considered Department Heads. Each purchase by the Employee shall be authorized by his/her signature and approved by the applicable Department Head. Each purchase shall be supported by a receipt identifying the item or service purchased.
- 4.2 Purchases from **\$2,501 to \$5,000.00** shall be made only by those staff as listed in **Schedule "B"** attached to this Policy. At least three (3) quotations should be obtained and copies should be attached to the Purchase Order.

- 4.3 Purchases from **\$5,001.00 to \$10,000.00** can be made at the discretion of the Director or Department Head provided such purchases are within the limits and general guidelines of the approved budgets. At least three (3) quotations should be obtained and copies should be attached to the Purchase Order.
- 4.4 Purchases from **\$10,001.00 to \$50,000.00** are to be authorized by the CAO based upon the receipt of at least three written invited tenders or requests for proposal where possible. Where the preferred quotation exceeds the approved budget appropriation by 10%, the CAO shall submit a report to the Council for direction.
- 4.5 Purchases **over \$50,000.00** shall be publicly tendered in accordance with the tendering requirements as set out in this policy unless specifically directed otherwise by Council resolution and awarding of the tender or requests for proposal shall be approved by resolution of Council.
- 4.6 In the case of an emergency that requires an immediate purchase of supplies and services it will be the responsibility of the Department Head to secure the necessary supplies and services. In the case of emergency expenditures of **over \$25,000.00**, a full report will be submitted to the appropriate standing Committee of Council setting out the details of the supplies and services required and the emergency nature of the circumstances that required their immediate purchase.
- 4.7 Prior to current budget approval all West Lincoln Township Departments, Boards and Agencies shall be allowed to incur costs in each account to a level of not more than thirty-five (35%) percent of the expenditure budget of the preceding year provided such expenditure conforms with the guidelines as set out in this policy where applicable.

## **V. TENDERING GUIDELINES**

- 5.1 When a public tender is required in accordance with Section **4.5** of this policy it shall be done by public advertisement unless otherwise specifically directed by Council. Advertising will be done in the local newspaper and such other publications as, in the direction of the Department Head and Treasurer; will attract the largest number of competent bidders.
- 5.2 The tender advertisement shall contain the following information:
  - (a) the name of the Municipality
  - (b) the contract number, if any
  - (c) the type of work to be done
  - (d) the official designated to receive responses
  - (e) the time and date of closing
  - (f) the location of the work and/or the location where plans and specifications may be obtained
  - (g) the administrative fee, if any, for document contracts
  - (h) the type of security that must accompany the tender (ie: agreement

- to bond, bid deposit)
  - (i) the time and place of the tender opening
  - (j) information that the lowest or any tender will not necessarily be accepted
- 5.3 Unless otherwise directed by the Department Head, a minimum of 7 (seven) business days from the date of the publication of a tender invitation shall be permitted for the submission of tenders.
- 5.4 Unless otherwise directed, all tenders shall be addressed to the Clerk and shall be submitted in sealed envelopes, bearing the name and address of the submitter, the applicable contract number or designation of the particular tender that is being bid on.
- 5.5 On those occasions when tenders are to be received by the Clerk and an invitation for submission of tender has been issued, it shall be the responsibility of the issuing Department Head to provide written notification thereof to the Clerk.

## **VI. TENDERING REQUIREMENTS**

- 6.1 The Department Head shall supply each perspective bidder with the following information for each contract:
  - (a) One copy of the official tender form
  - (b) One tender envelope
  - (c) Terms and conditions of the specific tender
  - (d) Tender specifications

Tender documents for construction contracts, may, in addition to the above, also include:

- (a) Drawings and plans
  - (b) Agreement Documents
  - (c) Contract Securities
  - (d) Evidence of good standing with the Workplace Safety and Insurance Board
  - (e) Liability insurance and certificates
  - (f) Occupational Health and Safety Policies
  - (g) Accessibility for Ontarians with Disabilities Act (AODA) requirements.
- 6.2 Bid deposits may be required at the discretion of the Department Head. If a deposit is required it shall be not less than 10% of the total bid on the contract price or on such other amount as may be deemed appropriate by the Department Head. Bid deposits shall be by certified cheque or cash. If a cash bid deposit is received a receipt shall be immediately issued. The Township does not pay interest on any bid deposits.
- 6.3 If it is recommended by the Department Head that security to guarantee the completion of the contract is required, this security shall be in the form of a Performance Bond issued by an approved bonding company or in the form of a Letter of Credit. The Performance Bond or Letter of Credit shall be for an amount equal to 100 (%) percent of the amount of the tender unless otherwise specifically directed by the Department

Head. All bonds must be originals, signed and sealed. No faxed or photocopies will be accepted.

- 6.4 The Department Head shall maintain a list of the names and addresses of all bidders who pick up tender documents in order that all such perspective bidders can be notified in case of the following:
- (a) Addendum to the tender document
  - (b) Extension of time for the tender closing
  - (c) Cancellation of tender process
- 6.5 Bidder inquiries should be faxed by the bidder to the Department Head or Designate. These questions and their respective answers will be written and issued to all potential bidders prior to closing. Any questions and answers occurring during the bidders' meetings, site visits or information sessions will be treated in the same fashion, where possible.

## **VII. TENDER PROCEDURES**

- 7.1 Unless designated otherwise, all tenders shall be received by the Clerk and shall be initialed and stamped with the time and date when received. Such tender shall remain sealed and shall be placed in a locked box designated for tenders and shall remain there until the hour designated for the opening of the tenders.
- 7.2 Upon the passing of the final hour for the submission of tenders, all tenders received on or before the designated hour of closing shall be opened publicly by the Clerk and Department Head at the main administration building. Any tender received after the designated hour of closing shall be initialed, time and date stamped, and returned unopened to the Tenderer.
- 7.3 A bidder may withdraw their tender prior to closing time. Withdrawal requests shall be directed to the Clerk by letter, facsimile, or in person. All Withdrawal requests made in person shall require a written withdrawal request. Tenders withdrawn prior to closing shall be returned unopened to the bidder.
- 7.4 The withdrawal of a tender does not disqualify a bidder from submitting another tender on the same contract as long as it meets all of the conditions as set out in this policy.
- 7.5 Withdrawal requests received after the closing time shall not be considered.
- 7.6 It shall be the responsibility of the Department Head to ensure that at least 2 Township Officials are present at each tender opening meeting following the closing of tenders.
- 7.7 At the tender opening meeting the following information shall be stated by the Clerk:
- (a) The name of the tender and/or the municipal contract number
  - (b) The name of each Bidder
  - (c) Confirmation of appropriate bid deposit and/or agreement to bond/

- (d) Unless requested otherwise by the Department Head the lump sum dollar amounts submitted by the tenderer for the entire contract.
- 7.8 If more than 1 tender is read out under the same name for the same contract and no withdrawal notice has been received, the tender contained in the envelope bearing the time closest to the closing hour for the particular tender shall be considered to be the intended bid. The other tenders received from that bidder shall be considered withdrawn.
- 7.9 During the tender opening meeting any tender that is received could be designated "improper" for any of the following reasons:
- (a) Proper tender form or envelope is not used
  - (b) Bids are not completed in the manner as prescribed by the Department Head
  - (c) Part bids are submitted when the tender form clearly states that one award is to be made for the entire contract.
  - (d) The bid has been qualified or restricted in some manner that is not in accordance with the requirements as set out by the Department Head.
  - (e) The bid has not been signed /or not been sealed by the bidder.
  - (f) The bid deposit has not been submitted or is of an insufficient amount.
  - (g) The Agreement to Bond has not been submitted when required.
- 7.10 Bids designated as improper at the tender opening meeting shall be referred to the Department Head to be dealt with in accordance with Section 7.13 of this policy.
- 7.11 Where deposit cheques have been requested and received in respect to any tender all such deposit cheques shall be immediately given over to the Treasurer or Deputy Treasurer upon completion of the tender opening meeting, with the exception that deposit cheques may, if authorized by the Department Head, be immediately returned to the tenderer other than the low and second lowest bidders. Tender deposit cheques given over to the Treasurer or Deputy Treasurer, with the exception of the low and second low Tenderer, shall be returned to the Tenderers as soon as possible following the Council's decision to award the contract for the particular Tender in question.
- 7.12 When all Tenders pertaining to a contract have been opened, they together with all the pertinent materials and/or documents shall be immediately passed on to the custody of the Department Head to which the particular Tender applies.
- 7.13 Following completion of the Tender opening meeting all bids received will be checked for infractions and a subsequent decision will be made by the Department Head as to whether "improper bids" received are to be accepted or rejected.
- 7.14 After a decision has been made on improper bids the Department Heads shall prepare a recommendation report to the designated standing Committee of Council.
- 7.15 After the recommendation report referred to in Section 7.14 has been dealt with by the appropriate standing committee and Council, rejected tenders may be returned to the bidders by registered mail or by hand.



## **VIII. AWARDING OF CONTRACTS**

- 8.1 A contract for a particular tender may be finally executed by the Mayor and Clerk and the successful bidder upon Council approval of the recommendation to accept the bidder for the particular contract in question and the passing of a By-law to authorize the signing of the contract by the Mayor and the Clerk.
- 8.2 The Department Head shall with all reasonable efforts ensure that Tenderers who bid on a particular contract are informed of the Council decision on the awarding of the contract as soon as possible following Council approval to award the contract.
- 8.3 Bid deposit cheques held by the Treasurer or Deputy Treasurer for the successful tenderer and the tenderer who would next be selected, shall be returned at a time and in the manner as prescribed by the Treasurer.
- 8.4 When a tender has been awarded in accordance with this policy, the payment for work performed or material supplied shall be made as per the conditions set out in any formal contract entered into between the Council and the successful bidder.

## **IX. REQUEST FOR PROPOSALS (RFP) PROCESS**

- 9.1 The Request for Proposal (RFP) process shall be used when the goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services. The selection of the supplier is based on the effectiveness of the proposed solution rather than on price alone.
- 9.2 The Department Head shall prepare the Terms of Reference for the RFP and the CAO shall review the documents prior to the issuance of any RFP.
- 9.3 All RFP's shall disclose the evaluation criteria that will be used to make an Award. All RFP's shall contain clear evaluation criteria including, but is not limited to factors such as qualifications and experience, strategy, approach, methodology, scheduling, past performance, facilities, equipment and pricing. Weighting of the criteria will be the responsibility of the Department Head.
- 9.4 All RFP's shall be advertised in accordance with this policy.
- 9.5 The CAO and applicable Department Head shall review all proposals against the established criteria, reach consensus on the final rating results and ensure that the final rating results, with supporting documents, are kept in the respective procurement file.
- 9.6 If the successful proposal has a pricing exceeding \$50,000, the Department Head will prepare a report to Council for approval.
- 9.7 When the preferred proposal exceeds the approved budget appropriation by 10%, the Department Head shall submit a report to Council for direction.

**X. PURCHASE BY NEGOTIATION**

- 10.1 The Department Head may purchase by way of a negotiation and, in such cases, the requirements for public tendering may be waived. Approval is only considered after the completion of the information appearing on Schedule "C". Approval to purchase by negotiation is permitted under the following conditions:
- (a) When in the judgment of the Department Head, the goods required are in short supply due to market conditions.
  - (b) Where there is only one source or a limited source of supply for the goods or services required.
  - (c) Where two or more identical bids have been received on a public tender.
  - (d) When all bids received failed to meet the specifications or tender terms and it is impractical to recall tenders.
  - (e) When the lowest bid meeting specifications of tender is excessive and it is impractical to recall tenders.
  - (f) No bids are received on a formal quotation, tender or request for proposal call.
  - (g) When an unsolicited offer has been received, which in the opinion of the Department Head is more competitive than market prices?
  - (h) When required supplies must be compatible with equipment presently being used.

**XI. HEALTH AND SAFETY**

- 11.1 It shall be the responsibility of any successful bidder entering into a formal contract with the Council to ensure that the health and safety of workers on the project for which the contract is signed is protected.
- 11.2 In accordance with Section 11.1 of this policy the Council shall require every successful bidder to acknowledge a responsibility to abide by the measures and procedures prescribed in the Occupational Health and Safety Act and the regulations applied under the act.
- 11.3 Where practical all purchase orders used to obtain goods and services purchased in accordance with the terms of this policy shall contain a statement that suppliers abide by any applicable regulations under the Occupational Health and Safety Act and the Accessibility for Ontarians with Disabilities Act, 2005.
- 11.4 All successful bidders who enter into a contract with the Council for the provision of particular goods and services shall also be required to comply with any applicable health and safety requirements as set by Council policy.

**XIII. REVIEW AND EVALUATION**

This policy shall be reviewed by appropriate Township Staff at least every five (5) years to determine its continued effectiveness based upon the following considerations:

- (1) Its ability to meet current legislative requirements.
- (2) The appropriateness of existing limits on authority to incur expenditures.
- (3) Tendering guidelines and requirements.
- (4) Frequency of use and rationale for obtaining Council approval to bypass tender process.
- (5) Effect of any applicable court decisions on existing tender procedures.
- (6) Effectiveness of existing controls on in-house purchasing.

Any amendments that may be required as a result of the above noted review will be presented to Council as soon as possible following completion of the review.

# **SCHEDULE “A”**

## **DESIGNATED DEPARTMENT HEADS FOR THE PURPOSES OF POLICY** **(POL-T-01-2010)**

CAO

Treasurer/Director of Finance

Director of Public Works & Engineering

Director of Planning & Building

Clerk

Fire Chief

# **SCHEDULE “B”**

## **PURCHASING AUTHORITY FOR THE PURPOSE OF POLICY** **(POL-T-01-2010)**

<b>Dollar Value</b>	<b>Procedure</b>	<b>Purchasing Authority</b>
<b>\$0 to \$2,500</b>	<b>Cheque Requisition Corporate Card</b>	<b>Department Heads Deputy Treasurer, Deputy Clerk, Chief Building Official, Deputy Fire Chief, Coordinator of Recreation Services, Coordinator for Engineering/Water &amp; Waste Services, Cemetery Manager, IT Administrator</b>
<b>\$2,501 to \$5,000</b>	<b>Three (3) Quotes</b>	<b>Department Heads Deputy Treasurer, Deputy Clerk, Chief Building Official, Deputy Fire Chief, Coordinator of Recreation Services, Coordinator for Engineering/Water &amp; Waste Services, Cemetery Manager, IT Administrator</b>
	<b>Irregular Result</b>	<b>CAO</b>
<b>\$5,001 to \$10,000</b>	<b>Three (3) Quotes</b>	<b>Department Heads</b>
	<b>Irregular Result</b>	<b>CAO</b>
<b>\$10,001 to \$50,000</b>	<b>Three (3) Invited Tenders</b>	<b>CAO</b>
	<b>Irregular Result</b>	<b>Council</b>
<b>\$50,001 +</b>	<b>Tender</b>	<b>Council</b>



# SCHEDULE "C"

## APPROVAL TO NEGOTIATE POL-T-01-2010 CLAUSE X. PURCHASE BY NEGOTIATION

A Department Head may purchase by way of negotiation and, in such cases, the requirement for public tendering may be waived. Prior approval must be obtained to do so through the completion of this form.

Date: \_\_\_\_\_ Department: \_\_\_\_\_

Requestor: \_\_\_\_\_ Requisition Amount: \_\_\_\_\_

Vendor Name: \_\_\_\_\_ Vendor Address: \_\_\_\_\_

Vendor Phone No: \_\_\_\_\_ Vendor Fax No: \_\_\_\_\_

Is this a new vendor:      Yes      No

Briefly describe the product/service requested, its function and what it will be used for:

Justification – Initial all Items that apply

\_\_\_\_\_ Goods required are in short supply due to market conditions.

\_\_\_\_\_ There is only one source, or a limited source of supply for the goods or services required.

\_\_\_\_\_ Two or more identical bids have been received on a public tender.

\_\_\_\_\_ All bids received failed to meet the specifications or tender terms and it is impractical to recall tenders.

\_\_\_\_\_ The lowest bid meeting specifications of tender is excessive and it is impractical to recall tenders.

\_\_\_\_\_ No bids are received on a formal quotation, tender or request for proposal call.

\_\_\_\_\_ An unsolicited offer has been received, which is more competitive than market prices.

\_\_\_\_\_ Required supply must be compatible with equipment presently being used.

I recommend that the Competitive procurement method be waived and that the Department Head enter into negotiations with the above noted vendor.

Requestor: \_\_\_\_\_  
Signature

Approval by CAO: \_\_\_\_\_  
Name Signature

