



Purpose:

The purpose of this policy is to set out guidelines for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.

The purchasing policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

Governing Legislation:

Section 270 (1) of the Municipal Act, 2001, S.O. 2001, c. 25 as follows:

“270 (1) A municipality shall adopt and maintain policies with respect to the following matters:
3. Its procurement of goods and services.”

Ontario Regulation 191/11 Integrated Accessibility Standards Section 5.

5. (1) The Government of Ontario, Legislative Assembly and designated public sector organizations shall incorporate accessibility design, criteria and features when procuring or acquiring goods, services or facilities, except where it is not practicable to do so. O. Reg. 191/11, s. 5 (1); O. Reg. 413/12, s. 4 (1).

(2) If the Government of Ontario, Legislative Assembly or a designated public sector organization determines that it is not practicable to incorporate accessibility design, criteria and features when procuring or acquiring goods, services or facilities, it shall provide, upon request, an explanation. O. Reg. 191/11, s. 5 (2); O. Reg. 413/12, s. 4 (2).

Definitions:

“**Blanket Order**” shall mean the agreement wherein a vendor will sell certain items to the Township for an agreed period of time with established terms and conditions.

“**Bid**” shall mean a submission from a prospective vendor in response to a request for the purchase of goods or services issued by the Township.

“**Bid Deposit**” shall mean a financial guarantee to ensure the successful bidder will enter into an agreement.

“**Bidding System**” shall mean the Online Web-based Solution for issuing solicitations and/or receiving online submissions and posting bid results.



“CAO” shall mean the officer appointed by the Council to exercise general control and management of the affairs of the municipality.

“Cooperative Purchasing” means a variety of arrangements whereby two or more public procurement entities combine their requirements in a single procurement process to obtain advantages of volume purchases from the same supplier(s) or contractor(s).

“Council” shall mean the elected members of the Township when they sit in deliberative assembly.

“Director” shall mean a head of a department operating within Zorra Township, being the Director of: Corporate and Protective Services, and Public Services.

“Divisional Manager” shall mean a head of a division operating within Zorra Township, being the Division Manager of: Finance, Fire, Recreation, Roads, and Building/Drainage.

“Electronic Bidding” shall mean a method of issuing solicitations and/or receiving bids through a bidding system over the internet.

“Emergency Purchase” shall mean a purchase made in a crisis situation where immediate action is required to prevent the possible loss of life or property or significant financial loss or environmental impacts.

“Formal Bid” shall mean a sealed bid submission.

“Formal Quotation” shall mean a document that sets out particular requirements for goods and/or services.

“Generic” shall mean that no specific brand or name shall be included as part of the specifications unless such a brand or name is required to identify the intent of a purchase, order or proposal.

“Informal Quotation” shall mean quotations obtained by telephone, fax, email, in writing or by any other means of communication by the Township. An “informal quotation” does not include a response to a “request for proposals” and there is no legal obligation on behalf of the Township to accept any quotation.

“Mayor” is the head of Council and the Chief Executive Officer of the Corporation of the Township of Zorra, pursuant to Section 225 of the *Act*.

“Public Opening” shall mean a specified time and place for the opening of bids, of which will be identified in the formal quotation request or tender advertisement and will be attended by at least two Township staff members and open to the public.



“Purchasing Designate” shall mean a person designated by a Divisional Manager/Director to exercise any or all responsibilities of the Divisional Manager/Director with respect to this policy.

“Request for Proposals (RFP)” A request for proposal (RFP) is a document issued by the Township to request vendor bids for products, solutions and services. The RFP provides a procurement framework to streamline the initial stages of contractor solicitation.

“Sealed bids” are bids submitted in a sealed envelope to a specified location, by a specified date.

“Services” shall mean items such as telephone, gas, water, hydro, janitorial and cleaning services, consultant services, legal surveys, medical and related services, insurance, leases for grounds, buildings, office or other space required by the Corporation and the rental, repair or maintenance of equipment, machinery, or other personal and real property.

“Supplies” shall mean goods, wares, merchandise, material and equipment.

“Tender” means a document, which sets out particular specifications for the commodity or service required. This can also refer to an offer in writing to execute some specified work or to provide some specified articles at a specified rate.

“The Corporation of the Township of Zorra” herein is also referred to as the “Township” or the “Corporation”.

Policy:

1.0 Purchasing Responsibilities

1.1 Expenditure Authorization

- 1.1.1 Zorra Township Council has ultimate authority for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolution. Finance cannot pay for any item that has not been authorized by Council through budget appropriation or specific resolution. This purchasing policy provides guidelines outlining how spending authority is to be used.

1.2 Divisional Manager/Director Authorization and Responsibilities

- 1.2.1 The Divisional Manager/Director shall be responsible for approval of accounts within the approved budget for such division or any amendment to same as approved by Council. Unspecified capital expenditures in the annual estimates require prior Council approval by resolution.
- 1.2.2 Resolutions approving budget amendments, capital expenditures or special appropriations shall contain purpose of expenditure, cost estimates or expenditure



limitation, and the fund in which an appropriation has been provided. All staff reports recommending such resolutions shall contain the Divisional Manager/Director and the CAO's endorsement.

- 1.2.3 The Divisional Manager/Director may determine that it is in the best interest of the municipality to utilize a different purchasing mechanism provided that the method selected is more robust than the designated method based on threshold, as provided in section 2.0, with the approval of the CAO.

1.3 Purchasing Designate

- 1.3.1 A Divisional Manager/Director may appoint a Purchasing Designate to exercise any or all responsibilities assigned by this policy.

2.0 Purchasing Mechanisms

2.1 Informal Quotation Purchases

- 2.1.1 The Divisional Manager/Director shall be authorized to make purchases of goods and services for estimated expenditures exceeding \$5,000.00 and less than \$15,000.00 from such vendor and upon such terms and conditions as the Divisional Manager/Director deems appropriate. Informal quotations or estimates should be obtained where possible to ensure best pricing.

2.2 Formal Quotation Purchases

- 2.2.1 The Divisional Manager/Director shall be authorized to make purchases for goods and services for estimated expenditures exceeding \$15,000.00 and less than \$100,000.00 provided that Divisional Manager/Director obtains at least (3) formal written quotation whenever possible.
- 2.2.2 Where the project is over \$15,000 and within budget, but at least three (3) formal written quotations have not been obtained, the Divisional Manager/Director will submit, in writing, to the CAO and Manager of Financial Services for authorization to proceed with the purchase.
- 2.2.3 In the event that a project is over budget, the CAO is authorized to approve the transfer of unspent funds to make up shortfalls in funds for like projects, which form part of the approved capital budget.
- 2.2.4 Where a project is over \$15,000 and within budget, and the Divisional Manager/Director does not award the lowest quote, the Divisional Manager/Director will submit rationale,

in writing, to the CAO and Manager of Financial Services for authorization to proceed with the purchase.

2.3 Tender Purchases

- 2.3.1 The Divisional Manager/Director shall not order goods or services exceeding \$100,000.00 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by a resolution of Council for a particular transaction. Tenders/Bids must be issued through the Bidding System. Registration with the Bidding System is required in order to download documents and bid on a project.
- 2.3.2 Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below, or to a transaction specifically authorized by resolution of Council to be exempt from this tendering policy.
- (a) Purchases for consulting services for a program where services (i.e. bridge inspection/evaluation) have been awarded to a consulting firm on an on-going basis when clearly identified in the budget.
 - (b) Purchase of replacement parts where the original equipment manufacturer (OEM) is the sole provider of that equipment (i.e. transmission for Caterpillar road grader).
 - (c) Single source supply.
 - (d) Drainage projects carried out under the *Drainage Act*.
 - (e) Remedial works carried out on non-complying properties under Clearing Refuse from Land By-law.
- 2.3.3 Council approval of the tender is not required provided **all** the following conditions have been met:
- (a) The project has been approved in the current year estimates.
 - (b) The contract is being awarded to the lowest bidder meeting the specifications.
 - (c) The total value of the tender is less than \$1,000,000.00.
 - (d) There are no Senior Government requirements for Council approval of a tender.



In the case that Council approval is not required, the Divisional Manager/Director, with the approval of the CAO, shall be authorized to award the tender and the Mayor and Clerk are authorized to execute the necessary agreements.

- 2.3.4 As tenders are awarded, they will be posted on the Township website and on the Bidding System and shall include a brief description of the project, project number (if applicable), the successful bidders name and the amount of the approved bid.

2.4 Requests for Proposals

- 2.4.1 The Divisional Manager/Director may use a Request for Proposal in place of a tender or quotation when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services.
- 2.4.2 The evaluation criteria and process shall be approved by the CAO prior to the issuance of the Request for Proposal.

2.5 Cooperative Purchasing

- 2.5.1 The Township may join and participate in Cooperative Purchasing groups, including Cooperative Purchasing arrangements with other municipalities, agencies, boards and commissions where it is in the best interests of the Township to do so;
- 2.5.2 The policies of the government agencies or public authorities issuing the cooperative procurement are to be the accepted policy for that particular procurement.
- 2.5.3 Notice of participation in buying groups and information regarding these cooperative purchasing initiatives will be posted on the Township's website.

3.0 Bid Closing and Opening

- 3.1 All bids expected to exceed \$100,000.00 will be opened to the public at a specified time and place, which will be identified in the tender advertisement. Any tenders under \$100,000 or RFP's will not be opened publicly.

4.0 Conditions Applicable to All Bid Submissions

- 4.1 The following conditions apply to all bid submissions whether they are formal or informal:
- 4.1.1 Bid documents must be submitted and received in the manner as specified in the bid document. No exemptions will be permitted.
- 4.1.2 Attempts to submit bid documents after the specified closing time will be returned to the



bidder and/or directed to an “expired” page. No exemptions will be permitted.

4.1.3 A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time. The last bid received will supersede and invalidate all bids previously received by that bidder.

4.1.4 A bidder may withdraw a submitted bid at any time up to the official closing time. Withdrawal must be made through the Bidding System with verified login of submitter or approved contact.

4.2 Bids may be rejected for any of the following reasons:

4.2.1 Bid does not comply with the requirements at time of closing as specified in the bid document. No exceptions.

4.2.2 Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.

4.2.3 Does not meet specification requirements.

5.0 Blanket Orders

5.1 The Divisional Manager/Director may establish Blanket Orders using the applicable bid mechanism based upon the estimated annual expenditure.

5.2 In the case of equipment repairs and equipment rentals for amounts not exceeding \$10,000.00, the Divisional Manager/Director shall be authorized to select vendors not solely on the basis of cost, but also on ability, quality or workmanship, service, availability, overall performance and experience without first obtaining quotations.

5.3 Blanket Orders shall be issued for a specific time period with all ordering departments responsible for maintaining purchases within budget allocations.

6.0 Purchase of Used Fleet and Equipment

6.1 The Divisional Manager/Director/designate is authorized to purchase used fleet and equipment, upon approval of the Chief Administrative Officer, that is sold by other municipalities, by private sale or public auction; sold through a vendor licensed to sell used equipment; by sealed bid; or by negotiation providing that:

6.1.1 The equipment meets or exceeds the departmental equipment requirements.



6.1.2 It is documented that it is fiscally responsible to purchase a used piece of equipment or fleet rather than purchase new.

6.1.3 If the total expenditure per piece of equipment exceeds \$50,000.00, a report will be forwarded to Council detailing purchase information and expenses.

6.2 The Divisional Manager/Director/designate is exempt from the Township's formal quotation/tender/RFP process when purchasing used fleet or equipment by any of the methods detailed in Section 6.1

7.0 Emergency Purchases

7.1 The Divisional Manager/Director shall be authorized to make emergency purchases in excess of \$5,000.00 upon the approval of the CAO. The Divisional Manager/Director shall subsequently present a report to Council.

8.0 Purchase by Negotiation

8.1 A Divisional Manager/Director may purchase by negotiation with one or more vendors under which a formal bid process may be waived under the following conditions:

8.1.1 When market conditions and in the judgement of the CAO and the Divisional Manager/Director, the goods are in short supply.

8.1.2 When there is only one source of supply.

8.1.3 When two or more identical bids have been received, the Divisional Manager/Director may negotiate with the two lowest bidders, keeping all negotiations fair and ethical.

8.1.4 When the lowest bid meeting specifications exceeds the estimated costs by at least 10% and it is not viable or in the best interest of the Township.

8.2 Any expenditure exceeding \$50,000.00 for a one-time purchase or over an annual basis must be reported to Council.

9.0 Exceptions

9.1 A Divisional Manager/Director may request exemption from any or all the purchasing methods outlined in this policy by submission of a request in writing requesting the same to the Chief Administrative Officer.

10.0 Exclusions



10.1 Competitive bids shall not be required for goods or services provided by any of the following when such goods or services are not available elsewhere, including, but not limited to:

10.1.1 Utilities, government agencies, Crown corporations, travelling expenses, meals, conferences, seminars, memberships, subscriptions, medical exams, licenses, in-house services and any other goods or services as approved by Council.

10.1.2 As identified elsewhere in this policy.

11.0 Advertising

11.1 Any purchases estimated to exceed \$30,000.00 must be advertised and posted on the Bidding System unless the project is sole sourced or the vendor is prequalified.

12.0 Bid Deposits

12.1 Bid deposits shall be required to accompany bid submissions for the following circumstances:

12.1.1 All bids for municipal construction projects in excess of \$50,000.00.

12.1.2 Special contracts or scope of work as deemed appropriate by the Divisional Manager/Director.

12.2 For estimated expenditures less than \$100,000.00, the Divisional Manager/Director shall determine the amount of the bid deposit.

12.3 For estimated expenditures in excess of \$100,000.00, bid deposits shall be no less than 5% of the estimated value of the work prior to bidding or an amount equal to a minimum of 5% of the bid submitted.

12.4 A bid deposit shall be provided in one of the following formats:

12.4.1 A certified cheque made payable to The Corporation of the Township of Zorra.

12.4.2 Bid bond.

12.5 The Township does not pay interest on any bid deposits.

12.6 The Township is authorized to cash and deposit any bid deposit in the Township's possession that is forfeited as a result of non-compliance with any of the terms, conditions and/or specifications of a sealed bid.

12.7 The Township will return the bid deposits to all bidders, except the successful bidder, within five

working days of the tender opening.

13.0 Bonding Requirements

13.1 Performance Bonds, Labour and Material Bonds are required for all construction projects exceeding \$100,000.00 for a minimum of 50% of the bid amount.

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

14.0 Insurance Requirements

14.1 The standard insurance minimums are as follows:

14.1.1 \$2 million – general liability policy

14.1.2 \$2 million – automobile liability policy

14.1.3 \$2 million – homeowners (e.g. for rental of facilities)

14.1.4 \$5 million – general liability and automobile liability policies – for contract work done for most Public Works projects.

14.1.5 \$2 million – professional errors and omissions liability

14.1.6 Builder's Risk – the amount of the project cost

Bid documents must clearly indicate insurance requirements to be provided by the successful bidder.

14.2 The successful bidder must furnish the Township proof of a liability insurance policy covering public liability and property damage for no less than the minimum amounts stated in 14.1 to the satisfaction of the Township and in force for the entire contract period from commencement of the work until twelve months following substantial completion of the project. The policy must contain:

14.2.1 a "Cross Liability" clause or endorsement;

14.2.2 an endorsement certifying that The Corporation of the Township of Zorra and any other affiliated party(s) as additional named insured;

14.2.3 an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty days prior written notice to Zorra Township.



- 14.3 Contractor's Liability Insurance Policy shall not contain any exclusions of liability for damage, etc. to property, building or land arising from:
- 14.3.1 the removal or weakening of support of any property, building or land whether such support be natural or otherwise;
 - 14.3.2 the use of explosives for blasting, only when blasting is required under the contract;
 - 14.3.3 the vibration from pile driving or caisson work, provided that the minimum coverage for any such loss or damage shall be \$5,000,000.00
- 14.4 Clearance certificates from the Workplace Safety and Insurance Board (WSIB) must be obtained from all contractors/successful bidders before work begins to verify that they are registered with WSIB and have an account in good standings if applicable (some exceptions apply).

15.0 Administration

- 15.1 No contract or purchase shall be divided to avoid any requirements of this policy.
- 15.2 In all purchases, price shall be the prime selection criteria prior to any special provisions or add/delete calculated into the bid price, providing that all specification requirements are met. Such specifications are to be generic or "as equivalent". All factors influencing the purchasing decision are to be included in the specifications.
- 15.3 Zorra Township may participate with other units of government, their agencies or public authorities in co-operative purchase ventures when the best interest of Zorra Township will be served. Where such participation is at variance with the Township's Purchasing policy, Council shall first authorize any participation.
- 15.4 Performance evaluations may be undertaken on suppliers and providers of service.
- 15.5 All invoices and accounts from vendors shall be authorized prior to payment. Authorization in the form of signatures of the Divisional Manager/Director and staff denoting clerical accuracy, budgetary or specific resolution approval and indication that goods and services were received in good order must be in place. These required signatures will be deemed to authorize payment and may be either handwritten or electronic.
- 15.6 Between the last regular meeting of Council in any year and the adoption of estimates for the next year, the Treasurer is authorized to pay the accounts of any ordinary business transactions of the Municipal Corporation that are required to maintain services. This shall include the payment of accounts or previously approved capital items and projects.
- 15.7 After the adoption of estimates, the Divisional Manager/Director is authorized to pay the



accounts and to pay contract accounts upon receipt of evidence of value received.

- 15.8 Notwithstanding the provisions of this procedure, the Township shall have the right to reject the lowest or any bid at its absolute discretion. The Township also reserves the right to reissue the bid document in its original format or modified as best suits the requirements of the Township.
- 15.9 Employees cannot approve their own invoices or expense reports.
- 15.10 It is the approver's responsibility to confirm with the individual ordering/purchasing the items to ensure that all work is completed/goods are received.

16.0 Performance Evaluation

- 16.1 On completion of the project, the Divisional Manager/Director shall complete a performance evaluation of the work completed.
- 16.2 The performance evaluation shall rate the performance of the vendor, contractor or consultant on the standard criteria set out on the project as per the terms and conditions, health & safety violations, etc. The bidder will be made aware of this requirement at the start of the project. Performance issues must be noted in writing with a copy provided to the vendor and a copy provided in the project file.
- 16.3 The performance evaluation shall determine whether a vendor, contractor or consultant will:
- 16.3.1 Be allowed to renew a contract with the Township;
 - 16.3.2 Be placed on a probationary list for a minimum of two (2) years during which time they shall be permitted to bid or propose work for the Township with the understanding that the work will be closely monitored; or
 - 16.3.3 Be prohibited from bidding on any contracts with the Township during a three (3) year period, followed by a one (1) year probationary period after reinstatement by the Chief Administrative Officer.
- 16.4 The Township reserves the right to conduct performance evaluations at any time that it feels the need is warranted.
- 16.5 The Chief Administrative Officer, in consultation with the Township Solicitor, may prohibit unsatisfactory suppliers and contractors from bidding in any future competitive bids for a time period appropriate with the results of the performance evaluation process.



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Effective Date: September 4, 2019

Resolution #: 13-09-19

Last Revision Date: March 2025

July 2029

Accessible Formats:

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