

Date: Wednesday, March 12, 2025

From: Samantha Buchanan, Treasurer

Subject: Updates to Township Purchasing Policy

Report#: COR2025-13

This document and its attachments are public and available in an accessible format upon request.

Recommendation

That staff report COR2025-13 be received for information; and

That staff be directed to present an updated Township of Georgian Bluffs Procurement Policy and approving by-law for Council's consideration at an upcoming Council meeting.

Background

Pursuant to Section 270 of the *Municipal Act, 2001*, S.O. 2001, c.25 a municipality shall adopt and maintain policies with respect to its procurement of goods and services.

The Township's current Purchasing By-law was passed in 2019. Every year, staff facilitate various procurement activities, and it is important that these transactions are conducted with efficiency and transparency. Procurement goals are established to ensure that the Township received the best value for money, that the bidding community is treated fairly, and accountability is maintained throughout the process. As is good practice to periodically review policies, staff have reviewed the current by-law and are recommending changes based on current practices, updated controls and local alignment in authorization limits.

Analysis

Each year the Township will undertake thousands of procurement activities, from direct purchases, request for quotes, request for tenders and request for proposals, which assist the Township in providing daily programs and services to residents. It is important to ensure that a procurement policy is created to provide guidelines for the acquisition of these goods and services, while also maintaining the integrity of all purchasing processes, to obtain the best value for both short-term and long-term expenditures of public funds.

In developing an updated procurement policy, staff reviewed the current policies of other lower tiers within Grey County and other lower tier municipalities throughout Ontario which have a combined operating and capital budget of approximately \$27 million annually.

The following section details suggested amendments to the existing policy, gathered through review of existing local practices.

Types of Procurement Processes

Direct Purchase is the purchase of goods, services or construction with a total procurement value not exceeding \$10,000. The Department Head may delegate approval authority to their staff for direct purchases. Obtaining quotes is considered a good business practice wherever possible and should be exercised.

A direct purchase could be made by:

- Writing via email, vendor quotation or other written means,
- Purchase order, if available,
- A pre-arranged method where the supplier has agreed to invoice the Township, or
- A corporate issued credit card.

Request for Quote (RFQ) is an invitational procurement process where prices on specific goods, services or construction are requested from selected Bidders.

RFQs should be utilized when:

- The estimated procurement value is within the authority limits outlined below.
- The ability exists to detail what is being purchased.
- Best value for the Township can be achieved by an Award selection made on the basis of lowest compliant bid that meets specifications; and
- It is the Department Head's responsibility to prepare the specification and create the RFQ. The department will review the document prior to issuance with the Purchasing Agent.

A fair and competitive process is undertaken whereby a minimum of three (3) quotes are sought using fair and ethical purchasing practices. In the event there are not three (3) potential suppliers then the procurement would follow the single/sole sourcing criteria. Although a minimum three (3) quotes are to be sought that does not always equate to three (3) quotes being returned. The supplier would hold the right to not submit a quote.

Request for Tender (RFT) is a public procurement process where prices on specific goods, services or construction are requested.

RFTs should be utilized when:

- Rigid procurement guidelines are clearly defined in detail and has little flexibility to alter the type of product or services received.
- The total procurement value is greater than \$10,000.
- The ability exists to detail what is being purchased; and
- Best value for the Township can be achieved by an award selection made on the basis of the lowest compliant bid that meets minimum specifications.

All RFTs would be processed through the Bidding Portal, unless decided otherwise by the Department Head and Purchasing Agent. The bids would be opened, and pricing reviewed by the Purchasing Agent and the purchasing department as soon as possible after the tender closes.

Request for Proposal (RFP) is a written offer received from a supplier of goods and services in response to a public advertisement, or invitation requesting pricing.

RFPs should be utilized when:

- The solution to the requirement cannot be accurately specified.
- Innovative solutions are required; and
- To achieve the best value, the award selection will be made based on a previously fully disclosed evaluation method involving a combination of mandatory and desirable requirements.

RFPs that will have a long-term or large scale, community wide impact, or where community input may be sought (i.e. studies, master plans or other projects leading to procedure development) will be reported to Council prior to being issued.

Cost will always be a factor when evaluating RFPs but will not be the only factor. An evaluation matrix will be used to weight and score both financial and technical components of an RFP submission. Technical components such as qualifications and experience, strategy, approach, methodology, scheduling, etc. may be evaluated. An evaluation committee, composed of a minimum of three Township staff members shall review all proposals against the established criteria and reach consensus on the final rating results. This is proposed to ensure that no bias occurs during an RFP evaluation.

A two envelope RFP procurement process is when technical and financial proposals are submitted simultaneously. A two envelope process occurs when bidders submit both technical and financial proposals at the same time, as separate submissions. The evaluation team then evaluates the technical proposal to determine if they have reached the minimum technical requirements as outlined in the RFP evaluation matrix. If a submission meets this minimum technical requirements, the financial proposals are then opened and evaluated. The party which achieves the highest score on the combined technical and financial proposal evaluations is invited to contract negotiations.

Authority to Award

Council has the ultimate authority for all expenditures. Council provides the authority to initiate procurement through authorization of the annual budgets, by resolution, or by-law. Only Council has authority to add or remove items from the annual budget. Staff do not have the authority to add or remove items from an approved budget to account for shortfalls in other projects.

| Authority to Award | Dollar Value | Minimum Method of Procurement | Type of Contract |
|--|------------------------|--------------------------------------|---------------------------------|
| Any employee authorized by Department Head | Less than \$10,000 | Direct Purchase | Direct Purchase |
| Department Head | \$10,000 - \$25,000 | RFQ / RFT | Bid Award Form |
| CAO and Treasurer Jointly | \$25,000 - \$100,000 | RFT / RFP | Purchase Order |
| Council | Greater than \$100,000 | RFT / RFP | Purchase Order and/or Agreement |
| Council | Irregular result** | | Purchase Order and/or Agreement |

Irregular result represents any bids received that exceed 10% or more over budget or contain a discrepancy in the opinion of the Department Head, CAO, and Treasurer.

Rotation Roster

This is a competitive bidding process, which would prequalify bidders to be placed on a list where they will be provided an equal opportunity to perform work for the Township as it becomes available. These can only be utilized where budget is predetermined for either operating or maintenance projects. Only bidders placed on the roster would have the opportunity to perform work.

Sole and Single Sourcing

There may be goods or services that do not allow for competitive procurement processes due to the nature/niche market of the good or service.

Sole sourcing occurs when there is only one supplier who could provide the requested good/service, this would be permitted if:

- One vendor possessing the unique ability or capability to meet the requirements of the Township due to a patent, sales/distributor agreement or copyright;
- Service is obtained from a public utility;
- The supply relates to necessary unique replacement parts from an exclusive source of supply;
- The supply related to the purchase of parts that must be compatible with goods previously supplied, and there are no reasonable alternatives to the products;

- To maintain warranty or service agreement compliance for purchased products; or
- When the require item is covered by an exclusive right such as a patent, copyright, or exclusive license

Single sourcing occurs when there is more than one bidder able to supply the good or service, this would be permitted if:

- Disclosure of information in an open contract completion would breach some duty of confidentiality or compromise security;
- Compatibility of a purchase with existing equipment, product standards, facilities or service is an overriding consideration;
- There is an absence of competition for technical reasons and the Goods and/or Services can only be supplied by a particular vendor;
- An unforeseeable situation of urgency exists, and the Goods and/or Services cannot be obtained in time by means of open procurement procedures;
- The Township has a rental contract with a purchase option and such purchase option is beneficial to the Township;
- For matters involving security, police matters or confidential issues, in which case a purchase may be made in a manner that protects the confidentiality of the Supplier or the Township;
- An attempt to acquire the goods and/or services by soliciting competitive bids has been made in good faith but has failed to identify more than one willing and compliant supplier;
- There are no bids in response to a Bid Solicitation;
- A roster for Professional Services has been developed in accordance with the Purchasing By-law;
- When competitive procurement may be found to be impractical;
- Where a good is purchased for testing or trial use and there is a clearly established deadline for the testing or trial period that does not exceed twelve months;
- Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt, compound, and pre-mixed concrete for use in the construction or repair of roads (Broader Public Sector Guidelines – section 10.3.4.2.1 Single Sourcing);
- When an urgent procurement is necessary for fulfilling a statutory order issued by a federal or provincial authority (i.e. compliance order); or
- Expiration of a contract has occurred, and user group wants to maintain and ensure the level of service and pricing.

Emergency Purchases

The updated procurement policy includes parameters for emergency purchases which would be defined as an imminent or actual danger to the welfare of any person or the destruction of public property or asset of the Township, the security of the Township's interest in the immediate delivery of goods or services, an unexpected interruption of an essential public service, an emergency as defined by the Emergency Management Act, 2007, a spill of a pollutant or a mandate of non-compliance order. Before an emergency purchase can be made it must be discussed with the CAO in consultation with the Mayor, Treasurer and Department Head to determine if the purchase does meet the criteria of being an emergency.

All emergency purchases which exceed \$50,000 shall have a report presented to Council as soon as practicable. In the event of a declared municipal emergency, the CAO or Treasurer shall authorize any required purchases until the declared emergency is terminated.

Environmentally Conscious Procurement

The updated procurement policy reinstates the Townships commitment to the preservation of the natural environment. All departments are encouraged to seek additional ways of achieving the goal of being environmentally safe and responsible through review of each procurement process.

Agreement and Contracts

Procurement processes may be awarded in various ways, including but not limited to contracts, agreements, award letters or purchase orders. Before any work is awarded all required documentations included in the procurement package must be received and in satisfactory form (i.e. if the procurement documents require a certificate of insurance naming the Township confirmation that we have received the certificate).

The contents of any bid, proposal or submission shall be made available to the public, on request, except to the extent such information is confidential information protected from disclosure under the provisions of the Municipal Freedom of Information Act, 1990.

Vendor Performance

The updated procurement policy includes a new section related to vendor performance whereby a Department Head may complete an evaluation of an awarded vendor's performance on any project at any time during the work activities and/or upon completion of the project. This vendor performance would document any performance issues that may have been incurred.

Advertising

At a minimum, all procurement activities \$25,000 or greater will be posted on the Township website via a link to the Bidding Portal. If a prequalification process has been undertaken advertising is not required as only those who were successful in prequalification would be eligible to bid.

Given the nature of the type of procurement additional forms of advertisement may be utilized, including but not limited to newspaper, media or phone calls/emails to potential vendors advise of the opportunity. The Township will make every opportunity to invite as many potential bidders as possible to all procurement opportunities, including those below \$25,000.

Risk Management

To ensure the protection of the Township some procurement processes may require the submission of bid deposits, bid bonds, financial bonds or other forms of security deposits, provisions for liquidated damages, progress payments and holdbacks. The amount of the bid deposit or bid bond, if required, will be reflective of the project budget while maintaining the protection of the Township in case of default by the successful bidder.

Prior to the execution of any contract, evidence of satisfactory insurance coverage must be obtained from the successful bidder. The insurance requirements for each procurement process will be included in the procurement documents and may include, but are not limited to, general liability, automobile liability, cyber risk or workplace safety and insurance coverage.

Reporting to Council

Township Council has the ultimate authority for all expenditures. Council provides the authority to initiate procurement processes for goods and services through the authorization of the annual budgets, resolution or by-law. The following procurement items would be subject to Council approval prior to award/purchase:

- The award of any contract exceeding \$100,000 annually,
- The award of any contact between \$25,000 and \$100,000 that exceeds the approved budget by 10% or more,
- When Provincial or Federal government requires Council to approve,
- The award cannot be accommodated within an approved budget and requires a Council approved budget transfer, or a pre-commitment against a future year's capital budget,
- The CAO and Treasurer deems it in the Township's best interest that Council approves the award.
- Single and Sole Source awards exceeding \$25,000,
- Council has specifically directed that Council approve the award,

- Any project awarded over \$25,000 that has change orders exceeding 10% or more,
- Request for additional funds for goods or services not included in the current year's budget,
- Any contract where the award is not being recommended to the lowest compliant bidder,
- Any contract anticipated to be financed by debentures, or
- Where authority to award has not been expressly delegated.

In addition to the specific procurement items which would require Council approval, after the end of each quarter of the year the Treasurer, in consultation with the Purchasing Agent and Departments, will provide a report to Council outlining all contracts between \$25,000 and \$100,000, and contracts resulting in revenue exceeding \$25,000 (i.e. successful grant submissions). This will be included in the quarterly financial update.

Materials Management and Inventory Control

All department heads, in consultation with the Asset Management Coordinator, shall be responsible for the disposal of all surplus goods. The department head shall ascertain whether items falling under their respective authorities can be of use to another municipality, committee or Township department rather than being disposed of.

Items that are not of interest may be disposed of using the public process that will provide the best cost-benefit to the Township (i.e. trade-in or online public auction or scrap metal).

Surplus assets shall not be sold directly to an employee or member of Council, this does not prohibit any employee or member of Council from purchasing through a public process.

Conflict of Interest

It is the responsibility of staff and Council members involved in a procurement process to disclose any inherent or potential Conflict of Interest to their manager or department head, in the case of a Member of Council to Council (if Council approval required) or CAO and Treasurer (if below Council approval limits).

No Local Preference

To maintain fair and impartial award recommendations for all contracts and tenders the Township is unable to extend any preferential treatment to any bidder, including local companies. This is in accordance with the Discriminatory Business Practices Act.

Monitoring and Review

The Purchasing Agent and the Treasurer shall review departmental purchases from time to time to determine the effectiveness and integrity of the processes and to monitor Policy adherence.

The policy may be reviewed as required and no less than once every four years.

Financial Impact

There are no direct financial impacts of updating the policy. The policy would result in increased procurement limits at different levels (i.e. Department Head, CAO and Treasurer, Council, etc.).

Strategic Priorities

Diversity, Equity, Inclusion, and Belonging

The updated procurement policy includes various section which outline the Townships commitment to open and transparent procurement, including criteria of no local preference, standardizing the procurement processes and commitment to prevent unfair advantages for procurement purposes.

Truth and Reconciliation

No positive or negative impacts.

Climate Change

The updated procurement policy includes a section indicating the Townships commitment to the purchase of goods and services with due regard to the preservation of the natural environment and to encourage the use of environmentally friendly products and services. Every procurement process shall seek additional ways of achieving the goal of being environmentally safe and responsible.

Conclusion

Each year the Township undertakes thousands of procurement activities, to assist in providing daily programs and services to residents. A procurement policy is important as it provides guidelines for the acquisitions of these goods and services, while also maintaining the integrity of all purchasing processes, to obtain the best value for both short-term and long-term expenditures.

Respectfully Submitted: Samantha Buchanan, Treasurer

Report Approval Details

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|----------------------|---------------------------------|
| Document Title: | Updated Procurement Policy.docx |
| Attachments: | - DRAFT Procurement Policy.docx |
| Final Approval Date: | Mar 4, 2025 |

This report and all of its attachments were approved and signed as outlined below:

Brittany Drury, Deputy CAO/Director of Corporate Services

Niall Loble, Chief Administrative Officer