

DRAFT CONSOLIDATED PURCHASING POLICY AND DRAFT GREEN PROCUREMENT POLICY

Recommendation

The Commissioner of Finance/City Treasurer and the Director of Purchasing Services recommend:

- 1) That the draft Consolidated Purchasing Policy be received; and
- 2) That the draft Green Procurement Policy be received; and
- 3) That the presentation "Options to Amend the City's Purchasing Policy" be received; and
- 4) That based on Committee of the Whole (Working Session) discussion, staff report back with recommendations for revisions to the Draft Consolidated Purchasing Policy and the Draft Green Procurement Policy.

Contribution to Sustainability

The intent of the draft Green Procurement Policy is to recognize the importance that purchasing decisions have in contributing to the environmental sustainability of the City of Vaughan by providing a framework for the purchase of environmentally preferable products and services and to support the purchase of goods and services that will enhance and protect the environment and represent best value for the City.

Economic Impact

There are no economic impacts associated with this report

Communications Plan

The City of Vaughan new Consolidated Purchasing Policy and Green Procurement Policy will be communicated to City of Vaughan staff once the policies have been approved by Council. Training on the policies will also be provided to staff where appropriate.

Purpose

The purpose of this report is to provide Committee of the Whole (Working Session) with an opportunity to receive and discuss the draft Consolidated Purchasing Policy and draft Green Procurement Policy, and to provide options for updating, amending and improving the Purchasing Policy.

Background - Analysis and Options

The majority of the City of Vaughan purchasing policies and procedures have existed for over a decade. The policies setting out the approval limits, as included in the draft Consolidated Purchasing Policy, were approved by Council in 2001. Purchasing procedures have also been developed as companion documents to the purchasing policies in order to provide further guidance to staff.

At this time, staff have consolidated the key aspects of the policies currently approved by Council into a concise purchasing policy format that is modeled after the Region of York's Purchasing By-

law. Changes to the limits and wordings have been made to the Region's by-law to reflect the City of Vaughan's policies, procedures and practices as they are today. Sections in the Region's policy that do not apply to the City have been deleted.

The draft Green Procurement Policy has been developed to align with the *Green Directions Vaughan*, the Community Sustainability and Environmental Master Plan, which was approved by Council in April 2009. The draft Green Procurement Policy is a companion policy to the draft Consolidated Purchasing Policy, and is a statement of intent to recognize the importance that purchasing decisions have in contributing to the environmental sustainability of the City.

Senior Management and Directors have reviewed the draft Consolidated Purchasing Policy and draft Green Procurement Policy and provided comments on both the draft policies and potential amendments to be considered. In addition, since the purchasing policies have not been reviewed for some time, staff have researched purchasing policies from comparable Ontario municipalities. Potential updates, amendments and improvements will be provided in a presentation to the March 6, 2012 Committee of the Whole (Working Session). Subject to Committee's discussion and feedback on the presentation, staff will report back to the Finance and Administration Committee prior to the summer recess with additional information and recommendations.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable

Conclusion

The draft Consolidated Purchasing Policy and draft Green Procurement Policy are provided to generate discussion and review of the practices of comparable municipalities. Following the discussion and deliberations at the March 6, 2012 Committee of the Whole (Working Session), staff will report back to the Finance and Administration Committee prior to the summer recess, with information and recommendations to update, amend and improve the draft policies and will seek Council approval of the Consolidated Purchasing Policy and the Green Procurement Policy.

Attachments

Attachment #1: Draft Consolidated Purchasing Policy

Attachment #2: Draft Green Procurement Policy

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Respectfully submitted,

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THE CORPORATION OF THE CITY OF VAUGHAN

DRAFT CONSOLIDATED PURCHASING POLICY

1. PURPOSES, GOALS AND OBJECTIVES OF THE PURCHASING POLICY

- 1.1 The purposes, goals, and objectives of this Purchasing Policy and of the procurement procedures authorized herein are:
- a) to ensure fairness, objectivity, accountability and transparency in an efficient procurement process;
 - b) to obtain high quality goods, services or construction at a cost that provides the best value to the City; and
 - c) to encourage competition among bidders;
 - d) to take into account environmental consideration in purchasing decisions where possible by having regards for City's Green Purchasing Policy.

2. DEFINITIONS

- 2.1 In this Purchasing Policy:
- a) "award" means the authorization to proceed with the purchase of goods, services or construction;
 - b) "bid" means an offer or submission from a bidder received in response to a call for bid, which is subject to acceptance or rejection;
 - c) "Bid Review Committee" means the committee established under section 13 of this Purchasing Policy;
 - d) "bidder" means any legal entity that submits a bid in response to a call for bids;
 - e) "call for bids" means a formal request for bids and includes a request for quotations, a request for tenders, and a request for proposals;
 - f) "City" means The Corporation of the City of Vaughan;
 - g) "City Manager" means the City Manager of the City;
 - h) "Commissioner" means a Commissioner of the City or in the circumstance where there is no Commissioner, the City Manager;
 - i) "construction" means construction, reconstruction, demolition, repair or renovation of a building or structure and includes site preparation, excavation, drilling, seismic investigation, soil investigation, the supply of products and materials and the supply of equipment and machinery if

they are included in and incidental to the construction, and the installation and repair of fixtures to a building or structure;

- j) "consulting and professional services" means those services requiring the skills of a professional for a defined service and includes the services of architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, lawyers, law firms, real estate agents and brokers, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications consultants and any other consulting services which may be required by the City;
- k) "contingency" means costs that are in addition to, or exceed the cost stipulated in a contract;
- m) "contract" means any form of binding agreement between two or more legal entities, awarded under this Purchasing Policy;
- n) "contractor" means any legal entity to whom a contract is awarded;
- o) "Council" means the Council of the City of Vaughan;
- p) "Director of Purchasing Services" means the Director of Purchasing Services of City or designate;
- q) "emergency" means an event or circumstance where the immediate purchase of goods, services or construction is necessary to prevent or alleviate serious delay, a threat to public health, safety or welfare, the disruption of essential services or serious damage to public or private property or any other expenditure that is necessary to respond to any such event and may include, but is not limited to, an emergency declared under the Emergency Management and Civil Protection Act;
- r) "goods" means personal property, including raw materials, products, supplies, equipment and other physical objects of every kind and description but does not include real property;
- s) "proposal" means a submission received in response to a request for proposals, acceptance of which may be subject to further negotiation;
- t) "quotation" means a binding offer received in response to a request for quotations;
- u) "real property" means land, or land and buildings, and includes fixtures attached to such land or buildings as may be acquired or disposed of;
- v) "request for expressions of interest" means a request made by the City for the purpose of compiling a list of potential bidders who may be interested in providing goods, services or construction to the City;

- w) “request for information” means a request made by the City for the purpose of compiling the available market information in providing goods, services or construction to the City;
- x) “request for pre-qualification” means a request for the submission of information from potential bidders, including the experience, financial strength, education, background and personnel of persons, firms or corporations who may qualify to supply goods, services or construction to the City;
- y) “request for proposals” means a request for proposals made pursuant to this Purchasing Policy;
- z) “request for quotations” means a request for quotations made pursuant to this Purchasing Policy;
- aa) “request for tenders” means a request for tenders made pursuant to this Purchasing Policy;
- bb) “responsive” means that a bid has complied in all material respects with the requirements set out in the call for bids documentation;
- cc) “scope of work” means the work that has been described in a contract that must be done to deliver the goods, services or construction with the specified features and functions and within the time specified as described in the contract;
- dd) “services” means the services to be provided under a contract and includes consulting and professional services;
- ee) “single source purchase” means a purchase made under section 8.2 of this Purchasing Policy when there is only one legal entity available to the City capable of doing the work;
- ff) “sole source purchase” means a purchase made for the reasons delineated in section 8.1 of this Purchasing Policy;
- gg) “tender” means a submission received in response to a request for tenders;
- hh) “total cost” means the contract cost, including selected provisional items, if any, for the full term of the contract, or, in the case of contracts containing renewal provisions, at its full term potential, exclusive of any value added taxes such as harmonized sales tax, but including all applicable fees, charges and disbursements; and
- ii) “Treasurer” means the Commissioner of Finance & City Treasurer or designate.

3. APPLICATION

- 3.1 This Purchasing Policy shall apply to the procurement of goods, services or construction for the purposes of all City departments;
- 3.2 No expenditure, purchase or commitment shall be incurred or made, and no account shall be paid by the City for goods, services or construction except as provided in this Purchasing Policy or otherwise approved by Council;
- 3.3 No contract shall be entered into and no expenditure shall be authorized or incurred unless Council has provided funds for such purpose in the annual budget or approved the provisions of such funds and no expenditure shall be authorized or incurred in excess of the funds provided;
- 3.4 No employee or Member of Council of the City of Vaughan shall personally obtain any personal or real property that has been declared surplus unless it is obtained through a public process, unless otherwise specifically provided for in another City policy;
- 3.5 No contract for the procurement of goods, services or construction shall be divided into two or more parts for the purpose of avoiding the application of this Purchasing Policy;
- 3.6 All procurement undertaken by the City shall be undertaken in accordance with all applicable City Codes of Conduct and in accordance with the Municipal Conflict of Interest Act.
- 3.7 This purchasing policy shall not apply to the purchase of those goods and services set out in section 17.1 (c) and (d)

4. RESPONSIBILITIES

Commissioners

- 4.1 Each Commissioner shall have the responsibility for the procurement of goods, services or construction for the City departments that have been assigned to the City Manager and that Commissioner;
- 4.2 Each Commissioner shall have the responsibility to prepare and submit reports for award of the contracts in accordance with this Purchasing Policy.

Director of Purchasing Services

- 4.3 The Director of Purchasing Services shall be responsible for:
 - a) providing procurement advice including preparing call for bids documentation;
 - b) administering the call for bids and ensuring compliance with the terms and conditions of the call for bids;
 - c) reviewing the scope of work as prepared by the applicable City department for compliance with this Purchasing Policy;

- d) the development of co-operative purchasing plans with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;
- e) the development and standardization of all procurement procedures;
- f) the disposal of surplus stock or obsolete equipment; and
- g) the review of reports prepared by the staff for award of the contracts for compliance with this Purchasing Policy.

5. AUTHORIZATION OF PURCHASES

Purchases for a total cost not exceeding \$3,000.00

5.1 Each Commissioner or designate may authorize a purchase where the total cost of any goods, services or construction does not exceed three thousand dollars (\$3,000.00), without the need of a call for bids.

Purchases for Consulting and Professional Services for a total cost not exceeding \$10,000.00

5.2 Each Director may authorize a purchase where the total cost of consulting and professional services, does not exceed ten thousand dollars (\$10,000.00) without the need of a call for bids.

Purchases for Consulting and Professional Services for a total cost not exceeding \$35,000.00

5.3 Each Commissioner may authorize a purchase where the total cost of consulting and professional services, does not exceed thirty five thousand dollars (\$35,000.00) for Commissioners, without the need of a call for bids.

Purchases for a total cost not exceeding \$100,000.00

5.4 The Director of Purchasing Services may authorize the award of contracts, upon recommendation from a Commissioner, where the total cost of any goods, services or construction exceeds three thousand dollars (\$3,000.00), but does not exceed one hundred thousand dollars (\$100,000.00).

Purchases for a total cost exceeding \$100,000.00

5.5 Where the total cost of any goods, services or construction exceeds one hundred thousand dollars (\$100,000.00), a recommendation report shall be submitted to Council by the Commissioner in conjunction with the Director of Purchasing Services for contract award.

6. REQUESTS FOR PRE-QUALIFICATION AND INFORMATION

Request for pre-qualification

- 6.1 The Director of Purchasing Services may conduct a request for pre-qualification for any goods, services or construction for the purpose of selecting qualified bidders to respond to a call for bids.
- 6.2 When a request for pre-qualification is issued, a pre-qualification bid document shall be provided to potential bidders setting out the criteria for pre-qualification, which will include, at a minimum:
 - a) experience of similar work;
 - b) references provided by the bidder for similar work;
 - c) verification of applicable licences and certificates;
 - d) financial capability; and
 - e) Insurance coverage.
- 6.3 The selection of bidders following a request for pre-qualification shall not create any contractual obligation between the City and a pre-qualified bidder. When utilized, the request for pre-qualification is a precursor to a request for quotations, a request for tenders or a request for proposals.
- 6.4 The City will reserve the right to remove a Contractor from the pre-qualification list if performance evaluations are not satisfactory, based on the City of Vaughan's sole discretion.

Request for Expressions of Interest/Request for Information

- 6.5 The Director of Purchasing Services may conduct a request for expressions of interest or a request for information for the purpose of determining the availability of any goods, services or construction and potential bidders in the market.
- 6.6 The receipt of a submission in response to a request for expressions of interest or a request for information shall not create any contractual obligation on the part of the City.
- 6.7 A request for expressions of interest may be conducted as a pre-condition for the procurement of goods, services or construction.

7. BIDDING METHODS

Request for Quotations

- 7.1 A request for quotations may be issued where the estimated total cost does not exceed one hundred thousand dollars (\$100,000.00) and the following criteria apply:
- a) two or more sources are available to supply the goods, services or construction;
 - b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
 - c) the market conditions are such that bids can be submitted on a competitive pricing basis; and
 - d) it is intended that the lowest cost responsive bid shall be accepted without negotiation.
- 7.2 Request for quotations that exceeds one hundred thousand dollars (\$100,000.00) upon bid opening shall be submitted to Council for approval.

Request for Tenders

- 7.3 A request for tenders shall be publicly advertised where the estimated total cost exceeds one hundred thousand dollars (\$100,000.00) and the following criteria apply:
- a) two or more sources are available to supply the goods, services or construction;
 - b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
 - c) the market conditions are such that bids can be submitted on a competitive pricing basis; and
 - d) it is intended that the lowest cost responsive bid shall be accepted without negotiation.

Request for Proposals

- 7.4 A request for proposals shall be issued where the goods, services or construction cannot be specifically defined and it is anticipated that bidders may propose a variety of alternatives to fulfill the City's requirements.

8. SOLE/SINGLE SOURCE PURCHASE

- 8.1 A sole source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where:

- a) the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration and Council has authorized a sole source purchase pursuant to a report; or,
- b) the purchase is the subject matter of co-operative purchasing plans with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;

8.2 A single source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where there is only one legal entity capable of fulfilling the contract.

9. EMERGENCY PURCHASES

9.1 Despite any other provision of this Purchasing Policy, in cases of emergency, the purchase of goods, services or construction is authorized, without issuing a call for bids.

9.2 The Director of Purchasing shall endeavour to obtain the lowest cost for any goods, services or construction required, using as fair and transparent a process as is feasible having regard to the particular emergency.

10. CO-OPERATIVE PURCHASING

10.1 The City may participate with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City;

10.2 If the City participates with levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City, the City shall adhere to the policies of the agency calling the co-operative bid.

11. UNSOLICITED PROPOSALS

11.1 Any procurement activity resulting from the receipt of an unsolicited proposal shall comply with the provisions of this Purchasing Policy.

12. CONTRACTOR PERFORMANCE

12.1 Each Commissioner shall be responsible for monitoring the performance of contractors shall advise the Director of Purchasing Services in writing with documented evidence where the performance of a contractor has failed to comply with a contract or other City requirements.

13. BID REVIEW COMMITTEE

13.1 If a bid contains an informality or irregularity, or if there is a challenge to the call for bids process, the issue may be referred to the Bid Review Committee to determine whether the bid complies with the submission requirements set out in the call for bids or to determine the validity of the challenge.

13.2 The Treasurer shall establish a Bid Review Committee composed of, at a minimum, the following members of City staff:

- a) the Director of Purchasing Services;
- b) the Commissioner or Director from the City department requesting the procurement of the goods, services or construction; and
- c) a solicitor from the City Legal Services Department

13.3 If the Bid Review Committee does not agree unanimously that the bid shall be accepted or rejected, a report shall be prepared by the Treasurer for submission to Council setting out the nature of the informality, irregularity or challenge and the proposed action to be taken.

14. COUNCIL APPROVAL

14.1 Unless otherwise authorized by this Purchasing Policy, a report shall be submitted to Council prior to authorizing an award in each of the following circumstances:

- a) where the contract price is in excess of one hundred thousand dollars (\$100,000.00),
- b) where the purchase is prescribed by statute to be made by Council;
- c) where a request for tenders has been issued and the award is not proposed to be made to the bidder with the lowest cost responsive bid or there is an irregularity that cannot be resolved by the Bid Review Committee;
- d) where the total cost of a bid is less than one hundred thousand dollars (\$100,000.00), the City Manager may request the Department Head submit a report to Council depending on the nature of the call for bids;
- e) where the purchase of any goods, services or construction is not authorized by this Purchasing Policy; and
- f) where otherwise specifically provided in this Purchasing Policy.

15. DISPOSAL OF SURPLUS STOCK AND OBSOLETE EQUIPMENT

15.1 Each Commissioner shall submit to the Director of Purchasing Services reports of surplus stock including furniture, vehicles, equipment, supplies, and other goods which are no longer used or which have become damaged or obsolete.

15.2 The Director of Purchasing Services shall have the authority to transfer such surplus stock from one department to another department, or to another municipality, and shall have the authority to sell or dispose of such surplus stock and /or obsolete equipment or to exchange or trade the same for replacement goods.

15.3 Where surplus stock is offered to but not required by any City department or another municipality it shall be disposed of by call for bids.

16. CONTRACT DOCUMENTS

16.1 All contracts executed pursuant to this Purchasing Policy shall be delivered to the Director of Purchasing services for safekeeping.

17. PAYMENT OF ACCOUNTS

17.1 Except as otherwise provided, the City Treasurer shall be authorized to pay:

- a) all accounts for the purchase of goods, services or construction, where the purchase of such goods, services or construction has been made in accordance with this policy, or otherwise approved by Council;
- b) all accounts authorized by payment certificate, for work done under a contract approved by the Director of Purchasing Services or Council, where such payments have been certified in writing by the appropriate Commissioner or designate as assigned by the Commissioner.
- c) all requisitions for monies for which the City is by statute required to pay to its local boards or other bodies on account of their approved annual estimates, including advances before such budgets are approved.
- d) all items listed below subject to such expenditures being approved by the appropriate staff and being within the department's annual approved budget:
 - i. Employer's General Expenses
 - ii. Utilities
 - iii. Postal Charges
 - iv. Training and Education
 - v. Refundable Employee Expenses

18. PURCHASING POLICY REVIEW

18.1 This Purchasing Policy shall be reviewed and evaluated for effectiveness as deemed necessary.

SECTION: FINANCE	POLICY NO.: 05.2.10.31
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DEPARTMENT: PURCHASING SERVICES	SUBJECT: PURCHASING POLICY GREEN PROCUREMENT
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BACKGROUND

In April 2009, the City of Vaughan approved *Green Directions Vaughan*, the Community Sustainability and Environmental Master Plan, which outlines several initiatives that pertain to green procurement. The most prominent initiative involves developing and implementing a policy to purchase more sustainable products.

Purpose:

The City of Vaughan recognizes the importance that purchasing decisions have in contributing to the environmental sustainability of the organization.

The purpose of this policy is to:

- Provide a framework for the purchase of environmentally preferable products and services that compliment the City's existing, formal purchasing practices.
- Support the purchase of goods and services that will enhance and protect the environment and represent best value for the City;
- Promote a corporate culture at the City that recognizes and places a priority on environmental issues.

By taking into account environmental considerations in purchasing decisions, along with traditional concerns (price, performance, and availability), the City of Vaughan will remain fiscally responsible while promoting practices that improve public health and safety, reduce pollution, conserve natural resources, and recognize manufacturers and vendors that reduce the adverse environmental impact of their production and distribution systems.

Scope:

This policy applies to procurement activities of the City of Vaughan and its business units. Full implementation of the policy will be phased in over time.

GENERAL :

To achieve this objective, each department within the City of Vaughan will:

- 1.1 Review their contracts and tender specifications for goods and services to ensure that wherever possible and practical, specifications are amended to provide for consideration of environmental characteristics.
- 1.2 Endeavour to increase its use of products and services that are more responsible to the environment in the way that they are manufactured, used, transported, stored, packaged and disposed of. It is recognized that analysis is required prior to bid in order to ensure that the products are made available at competitive prices and that the environmental benefits provided by a product or service should not adversely affect the intended use of that product or service.

SECTION: FINANCE	POLICY NO.: 05.2.10.31
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Capacity Building

- 1.3 Ensure staff that have a role in any aspect of the procurement process participate in training offered by the Environmental Sustainability Office in order to make staff aware of this policy.
- 1.4 Disseminate information to City staff about reusable, recycled content, recyclable, third party certified and otherwise environmentally preferable products.
- 1.5 Promote the City's green procurement policy to suppliers to encourage the availability of environmentally preferable products.

RESPONSIBILITY OF CITY DEPARTMENTS

Departments are responsible to become familiar with and apply the principles of this policy.

CONTINUAL IMPROVEMENT

The City of Vaughan is committed to a process of continuous improvement through regular review of this policy, its scope and implementation processes on an ongoing basis as technology advances permit and as more products incorporate environmental considerations.