

CORPORATION OF THE TOWNSHIP OF EAST ZORRA-TAVISTOCK

Purchasing Policy As required under Section 270(1) of the Municipal Act, 2001

Excerpt from the Municipal Act

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

Date Approved: 2007-12-19

Purpose

1. The Municipal Act, 2001 (the “Act”) requires that all municipalities adopt and maintain a policy with respect to its procurement of goods and services. This policy provides direction to staff and information to the public about the process that will be followed with respect to the procurement of goods and services by the Township. This policy has been developed to comply with the provisions of Section 270 of the Act.

Objectives

2. This Policy has the following objectives:
 - a. Delegate the authority to purchase;
 - b. Establish estimated cost levels to determine the methods of purchasing;
 - c. Ensure the Township obtains quality goods at a reasonable cost;
 - d. Ensure that the purchasing process is open and fair to all interested vendors;
 - e. Ensure that the purchasing process is carried out in a consistent, predictable manner by all Township Departments.

General Provisions

3. Prior to the adoption of each years budget, operating supplies and services purchased shall continue at the level set out in the prior year. Capital purchases shall not be made until the current year budget is approved or Council approval is obtained.

4. Purchases shall not be divided or phased to circumvent the intent and requirements of this policy.
5. In all purchases cost and quality shall be the primary factors; however, other factors may have a bearing on the final purchase decision. Notation should be made at the time of purchase on deviations from purchasing from the lowest cost source.
6. When evaluating a purchase cost, all associated costs must be considered including transportation, pickup costs, delivery charges, etc.
7. Long Term Leases and Rentals
 - a. The purchasing method and approvals required for leases or rentals shall be based on the total lease or rental obligation, not the periodic payment amount;
 - b. New leases and rentals must be approved in the current year budget before entering into a lease or rental agreement;
 - c. Council approval is required to enter into a lease or rental agreement prior to current year budget approval;
 - d. Staff shall maintain a lease and rental registry showing the equipment, annual amount and term of all leases. This registry shall be reported to Council each year during consideration of the budget.

Purchasing Form

8. Staff shall use a Purchase Information Form for all purchases over \$500 and not from a Preferred Vendor. The purchase information form shall set out the date, nature of the purchase, estimated cost, vendors, quotes received and comments. Written quotes shall be attached to the form. The purchase information form shall also be used to determine Preferred Vendors. The Department Head shall sign the purchase information form to finalize the purchase. The CAO shall also sign the form approving purchases over \$5,000.

Preferred Vendor

9. A Preferred Vendor shall be used for the purchase of small items and services. Based on the nature of the service or product, staff shall periodically obtain the cost for typical purchases to determine a Preferred Vendor for different classes of products and services. Staff shall use the Preferred Vendor to obtain supplies and services without the requirement to obtain individual quotes for each supply or service.

Single Source Purchases

10. Some products and services are available only from one source. This may be the case to maintain a warranty on equipment, when service contract is in place, software support, etc. Employees shall be authorized to purchase products and services from

these sources without obtaining quotations only when necessary. Employees shall continually monitor the market place to attempt to find other sources for products and services and ensure single source vendors remain competitive.

Tenders

11. Tenders shall be opened in public at the time and location specified in the tender documentation by the Department Head responsible for the tender and the CAO or designate.
12. Depending on the nature of the service or product, tenders shall be advertised in appropriate newspapers or industry publications or invited from suitable vendors.
13. The Department Head, in consultation with the CAO, shall determine whether a tender should be advertised or invited.

Request for Proposals

14. Where appropriate, the use of a Request for Proposals may be used instead of a Tender or quotes.
15. A Request for Proposals shall permit more flexibility on the part of vendors to provide creative and alternative proposals for the supply of products or services.

Less than 3 quotes or tenders

16. When a minimum of 3 quotes or tenders cannot be obtained, staff shall make a notation as to the reason(s) why less than three quotes or tenders were received and report the matter to the CAO and/or Council.

Emergency Purchases

17. Department Heads shall be authorized to make emergency purchases up to \$5,000 without obtaining three quotations in the following circumstances:
 - a. When there is a declared Emergency under the Emergency Plan;
 - b. Storms or other natural disasters;
 - c. When time constraints make it impossible to obtain quotes for supplies or services;
 - d. When other operations are compromised leading the likelihood of higher costs, lost time, etc.;
 - e. When an employee's or the public's health and safety is in jeopardy;
 - f. When immediate minor repairs or services can prevent large costs.

Purchasing Methods and Limits

Estimated Purchase Cost	Authority to Purchase		Purchase Method	Comments
	Before Current Year Budget Approval	After Current Year Budget Approval		
<\$500	Department Head and/or Authorized Employees ¹	Department Head and/or Authorized Employees	At the discretion of the employee, with preference given to a Preferred Vendor when circumstances permit.	Generally applicable for replacement items and routine service Employee must consider location, urgency to obtain the item, cost and quality
>\$500 and <\$2,000	Department Head and/or authorized employees ¹	Department Head and/or authorized employees	Preferred Vendor or 3 documented verbal quotes	
>\$2,000 and <\$5,000	Department Head ¹	Department Head ²	3 or more written quotations from vendors selected by Department Head ³	
>\$5,000 and <\$15,000	Council	Department Head & CAO ²	3 or more written quotations from vendors selected by Department Head ³	
>\$15,000	Council	Council	Sealed Tenders or RFP ^{4, 5}	
Municipal Drain Repairs	Department Head	Department Head	Preferred Vendor for Municipal Drain Repair	

Notes to above table:

- 1 - only to maintain services and programs at prior years level
- 2 - subject to being within 110% of budget and other budget areas are available to accommodate the overage, otherwise must be submitted to Council for approval with a recommendation on where the funding will come from
- 3 – written quotations can include fax, email, web site pricing, etc.
- 4 – unless an alternative purchasing method is authorized by Council
- 5 – sealed tenders must be date & time stamped when received and cannot be faxed or emailed

Township of East Zorra-Tavistock
Purchasing Information Form

Date: _____ To determine a Preferred Vendor: Yes No

Purchase Description: _____

Estimated Cost: _____

Vendor	Amount	Comments

Purchased From: _____

Comments: _____

Department Head Approval: _____

CAO Approval: _____
(over \$5,000)