

# Purchasing Guide



The Town of Milton follows strict by-laws and regulations for purchasing goods and services. Information on purchasing schedules, current bids and tender results is available online for your convenience at <http://www.milton.ca/>

## Introduction

### Purchasing Services

In 1998, the Town of Milton established in-house Purchasing Services to research, facilitate and recommend solutions to the Client Group to make well informed business decisions on the acquisition of goods and services.

### Purchasing process

All purchasing done on behalf of the Town of Milton is in accordance with the Town's [Purchasing By-law](#), which outlines how the acquisition of goods and services is to be done. Council approves any exceptions from the guidelines stated in the by-law.

The Town of Milton staff follow the Code of Ethics as outlined by the [Purchasing Management Association of Canada \(PMAC\)](#). The Town staff belong to several professional organizations, including:

- Ontario Public Buyers Association (OPBA)
- National Institute of Government Purchasing (NIGP)
- Purchasing Management Association of Canada (PMAC)

The Town of Milton is also an active member in the [Halton Co-operative Purchasing Group \(HCPG\)](#), a group of 15 non-profit agencies in Halton that have worked together since 1974. The group's objective is to seek and provide the best value for the taxpayers' dollar in the most cost effective way. Further information on the group is available at: <http://www.hcpq.ca/>.

This guide contains complete details on the following:

- Purchasing principles and definitions
- General conditions
- Methods of acquisitions
- Specifications
- Standardization
- Analyzing of bids
- Disposal of surplus goods
- Reporting
- Prohibitions
- Bid Irregularities

The following bid information can be accessed from [Bids Online](#):

Current bids

Tender results

Plan takers list

\*Please note that the Town of Milton does not use a "Bidders List".

### Additional information

Direct purchasing line: 905-875-5404

The following individuals can be reached at 905-878-7252:

- Linda Leeds, Director of Corporate Services and Treasurer, ext. 2142
- Leslie Williamson, Manager, Purchasing and Risk Services, ext. 2138
- Debbie Cochrane, Coordinator, Purchasing, ext. 2143
- Lisa Marranta, Purchasing Analyst, ext. 2346
- Carol Whiting, Purchasing Analyst, ext. 2158
- Christine Vivian, Purchasing and Insurance Administrator, ext. 2153

## Purchasing principles

The purchasing principles of the Town of Milton shall be as follows:

- a) to procure by purchase, rental or lease the required quality and quantity of goods and services, including professional and consulting services in an efficient and cost effective manner;
- b) to encourage open competitive bidding on all acquisition and disposal of goods and services where practicable;
- c) to consider all costs, including acquisition, operating and disposal costs, in evaluating bid submissions from qualified, responsive and responsible vendors, rather than basing a decision solely on the lowest bid price;
- d) to give full consideration to the annual aggregate value or to consider the total project cost of specific goods and services that will be required by each Department and by the Town as a whole prior to determining the appropriate acquisition method;
- e) to operate centralized purchasing programs, through Purchasing, Corporate Services, except for the following which remain the responsibility of the respective Department Heads with the Manager, Purchasing serving as a resource if requested by the department head:
  - Rental, lease or purchase of property, land or accommodation;
- f) to monitor and report on the economic climate and legislative changes which may have an impact on the Town of Milton and to determine the appropriate actions to be taken through purchasing policies and procedures;
- g) to procure necessary goods and services with due regard to the preservation of the natural environment, to encourage vendors to supply goods made by a method resulting in the least damage to the environment and to encourage vendors to supply goods incorporating recycled materials where practicable.

## Definitions and interpretations

In this Policy,

1. **Acquisition** means the process used for obtaining goods and services
2. **Annual Aggregate Value** means the total amount anticipated to be spent annually by all departments on a particular type of goods and services
3. **Approval** means authorization to proceed with the purchase of goods and services
4. **Bid** means an offer or submission received in response to a request
5. **Bid Request** means a written request for bids or a solicitation, which may be in the form of a Request For Quotation, Request For Tender or Request For Proposal
6. **Blanket Order (Supply Contract)** means a Purchase Order which establishes prices or a method for determining prices, terms and conditions and the period of time during which a vendor agrees to provide goods or services to the purchaser upon the purchaser's demand
7. **Chief Administrative Officer** means the person responsible for the Administration of all Town Departments
8. **Clerk** means the Town Clerk for the Corporation of the Town of Milton
9. **Contract** means a binding agreement between two or more parties; which may be issued in the form of either a Purchase Order executed by the Purchasing Administrator or a Contract approved by Council and executed by the Mayor and the Clerk
10. **Construction Contract** means a contract regarding the construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work. It also includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, equipment and machinery if these are included in and incidental to a construction contract, as well as the installation and repair of fixtures of a building, structure or other civil engineering or architectural work. It excludes however professional consulting services related to the construction contract.
11. **Manager, Purchasing** means the Manager, Purchasing, Corporate Services Department in charge of the Town's centralized purchasing program and is hereby authorized to act as agent in all such matters pertaining thereto
12. **Cost effective bid** means a bid received in response to a request that offers the best value for the dollars expended taking into consideration a quantitative and qualitative selection procedure
13. **Council (Municipal)** means the Council of the Town of Milton
14. **Department Head** means the head of any Town department
15. **Director of Corporate Services and Treasurer** means the Department Head directly responsible for Corporate Services
16. **Direct Appointment** means to directly appoint a particular consultant based on qualifications and experience through a selection process

17. **Emergency** means a situation where the purchase of goods and services requires immediate attention to prevent further damage, to restore minimum service or ensure the safety of the public
18. **Execute** means to give validity and put into effect what is required to bind an agreement
19. **Goods and Services** means supplies, equipment, maintenance and services not otherwise provided for
20. **List of Bidders** means a list, retained by the Purchasing, Corporate Services of those vendors who are interested in submitting bids
21. **Lowest Responsive** means the lowest price submitted which meets the requirements and specifications as set out in the bid request, minor deviations excepted
22. **Negotiation** means the action or process of conferring with one or more vendors leading to an agreement on the acquisition of the required goods and services under the conditions outlined in this Policy
23. **Open Market Procedure** means obtaining price quotations from suppliers verbally or in writing
24. **Procure** means to acquire by purchase, rental or lease
25. **Professional and Consulting Services** includes architects, engineers, designers, surveyors, management and financial consultants, brokers, legal representation, and any other professional and consulting services rendered on behalf of the Town
26. **Proposal** means an offer to provide goods and services, where it is not practical to prepare precise specifications, or where 'alternatives' to detailed specifications will be considered, which may be subject to further negotiation
27. **Purchase Order** means a written offer to purchase goods and services or a written acceptance of an offer where such offer has been made on forms prescribed by the Town
28. **Quotation** means an offer to sell goods and services or an offer to purchase surplus goods from the Town
29. **Real** means land or buildings
30. **Responsive and Responsible Vendor** means one who complies with the provisions of the bid solicitation, including specifications, contractual terms and conditions, and who can reasonably be expected to provide satisfactory performance on the proposed contract based on reputation, references, performance on previous contracts, and adequate financial and other resources
31. **Regular and Routine** means as regular course of procedure
32. **Senior Management Team** means the Department Heads and the Chief Administrative Officer
33. **Standardize** means to compare products or services with an established standard that conforms to the requirements of quality of products or services that are regularly widely used, and available
34. **Tender** means an offer received in response to a detailed request, advertised to the public, in a sealed envelope.
35. **Town** means the Corporation of the Town of Milton

## General conditions

- a) Wording used in this by-law that denotes the singular is assumed to include the plural of the same.
- b) In the absence of the Manager, Purchasing, the Director of Corporate Services, shall act as the authorized designate.
- c) Where a Department Director is authorized to do any act pursuant to this Policy, such act may be done by such Department Director's authorized designate.
- d) Where it is recommended that a contract other than a purchase order be executed, It will be authorized:
  - I. if \$50,000 and over by the Mayor and the Clerk after being approved by Council.
  - II. ii) If under \$50,000 by the Director of Corporate Services.
- e) All acquisitions made by the Town must be carried out in accordance with this Policy.
- f) No expenditure or commitment shall be incurred or made and no account shall be paid by the Town for goods and services, except as approved by Council or as otherwise authorized in accordance with this policy.
- g) The Manager, Purchasing in consultation with the Director of a requisitioning department may remove a vendor's name from the list of bidders for a period of up to two years on the basis of documented poor performance, non-performance or conflict of interest. A written notice of a vendor removal will be provided to the supplier by the Manager, Purchasing.
- h) All Town employees shall follow the guidelines of this by-law and the Code of Conduct provided in the Personnel Administration Manual.

## Methods of acquisition

1. Notwithstanding any other provision of this Policy, the acquisition of the items listed in Appendix "A" do not fall under these guidelines of the purchasing policy and shall be subject to applicable Policies and Procedures established from time to time.
2. Request for Quotation/Tender

Where it is estimated that the annual/aggregate value of the goods and services, inclusive of all charges and taxes, or either of them will cost:

- a. \$10,000 or less, and such goods and services are not covered by an existing contract, they shall be acquired directly by the user department.
- b. More than \$10,000 but less than \$50,000, Purchasing, in consultation with the initiating department, shall issue a formal quotation.
- c. More than \$50,000, Purchasing in consultation with the requisitioning Department shall issue a public tender for the requirements.

3. Requests for Proposals (Including Consulting and Professional Services)

Where goods and/or services are required and it is not practical to prepare precise specifications which permit bids or readily comparable products, or when 'alternatives' to detailed specifications will be considered, a Request for Proposal may be issued as an alternative to the Request for Tender or Quotation.

The Request for Proposals will be acquired through a selection process based on a detailed description of the project through the terms of reference. Awards of Requests for Proposals will be based on an established list of evaluation criteria.

## Revenue generating contract

The same conditions and limits outlined above for goods and services will be applied to revenue generating contracts.

## Bid irregularities

- a) Each sealed bid received in response to a bid request will be reviewed to determine whether a bid irregularity exists.
- b) Appendix "B" establishes the action that will be taken if an irregularity exists.

## Volatile market conditions

Notwithstanding the Limitations expressed in this section, where market conditions are such that long term price protection cannot be obtained for goods and services, the Manager, Purchasing will obtain competitive prices for short term commitments until such time as reasonable price protection and firm market pricing is restored. The Manager, Purchasing may also in consultation with the user department and subject to Council approval, extend a current contract until market conditions stabilize.

## Negotiation

Acquisition by negotiation may be adopted, if in the judgment of the Manager, Purchasing and in consultation with the user department any of the following conditions apply:

- a) Goods and services are in short supply due to market conditions,
- b) The source of supply is restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:
  - i) components or replacement parts for which there is not a substitute,
  - ii) compatibility with an existing product,
  - iii) specific standards have been adopted by Council.
- c) Two or more identical bids have been received;
- d) All responsive bids meeting the specifications and the terms and conditions exceed the approved budget of the goods and services and it is impractical to re-bid.
- e) All bids received are found to not meet the specifications or terms and conditions and it is impractical to re-bid.
- f) There is documented evidence that the extension or reinstatement of an existing contract would provide most cost-effective or beneficial;

- g) Work is required at a location where a contractor has already been secured through a bid process, with established unit prices and it is considered to be beneficial and cost effective to extend the unit prices for the work to be completed.
- h) When the requirements have been bid twice and no responsive bids have been received.

### **Emergency purchasing**

Notwithstanding the provisions of this by-law, the following shall only apply in case of an emergency:

- a) Wherever feasible, the Manager, Purchasing, upon recommendation of the user Department Director, shall secure by the most open market procedure at the lowest obtainable price, any goods or services required up to \$10,000.
- b) In the event of an emergency situation requiring expenditures in excess of \$10,000, the Manager, Purchasing and the user Department Director shall obtain the prior approval of the Director of Corporate Services.
- c) In the absence of the Manager, Purchasing and the Director of Corporate Services, the user Department Director must advise the Chief Administrative Officer, if available, or they may purchase directly the goods and services which require immediate action to prevent further damage, to restore minimum service or ensure the safety of the public.

### **Cooperative purchasing and/or joint ventures**

The Town of Milton may participate with other government agencies or public authorities in the cooperative acquisition ventures where it is determined to be in the best interest of the Town to do so.

### **Specifications**

- 1. The department whose budget provides for the acquisition of goods and services shall be responsible, in consultation with the Manager, Purchasing and any other Town Department as appropriate for the preparation and approval of all specifications to be used for the acquisition of such goods or services.
- 2. Wherever practical, specifications should be considered, that are not detailed and leave room for potential suppliers to provide alternatives in the event of equal or better proven product or method is available.
- 3. Suppliers or potential suppliers shall not be requested to expend time, money or effort on design or in developing specifications or otherwise help define a requirement beyond the normal level of service expected from suppliers.
- 4. When such services are required, of a consultant for defining specifications as noted above the following actions should take place;
  - a) the Manager, Purchasing shall be advised,
  - b) the contracted vendor will be considered a consultant and unable to make an offer for the supply of the goods and services,
  - c) a fee shall be paid,
  - d) the detailed specification shall become property of the Town of Milton for use in obtaining competitive bids.

### **Standardization**

It shall be the policy of the Town of Milton, wherever possible to standardize goods and services purchased to allow for:

- a) reducing the number of goods and services required,
- b) increased volume on common items or service,
- c) maximizing volume buying opportunities,
- d) providing economics of scale,
- e) reducing handling, training and storage costs,
- f) minimizing maintenance costs,
- g) cooperative purchasing activities
- h) competitive bid results.

### **Analyzing of bids**

All bids shall be tabulated by the Manager, Purchasing and analyzed in conjunction with the initiating Department staff for compliance to the specifications.

## **Disposal of surplus goods**

1. Department heads shall submit a list of surplus goods or equipment annually to the Manager, Purchasing for disposal.
2. The Director of the user department will compile a list of surplus items and advise the Director of Corporate Services of the surplus. The Director of Corporate Services is to approve the sale of surplus items. Once approved, the sale of the items shall be coordinated through Purchasing.
3. All goods declared surplus should be disposed of by a means to derive the best value for the Town. Examples of disposal would include auction, formal bid, trade in and public sale.
4. The Manager, Purchasing will work with the user departments to prepare all goods for disposal.

## **Reporting**

Goods and Services/Professional and Consulting Services

1. Where the value of the goods and services is less than \$50,000 and the purchasing policy has been followed, the acquisition is within the approved budget amount, the lowest responsive bid is being recommended:
  - a) no report is required and the Manager, Purchasing shall execute a purchase order or arrange for a contract to be signed by the Director of Corporate Services.
2. Where the value of the goods and services is \$50,000 or more, or the purchasing policy is being waived, or the acquisition exceeds the approved budget amount by more than 15%, or the lowest responsive bid is not being recommended :
  - a) a report shall be issued to Council
  - b) Manager, Purchasing shall execute a purchase order and a contract will be executed by the Mayor and Clerk in accordance to the report.

## **Negotiations**

1. When any condition in the Negotiation process applies and the value of the goods and services to be negotiated exceeds \$10,000 or an extension of an existing contract exceeds twenty percent (20%) of the original contract value a report shall be submitted to Council.

## **Emergency**

When any emergency purchase has been made, and:

1. The value of the goods and services were \$10,000 or less the Manager, Purchasing shall execute a purchase order.
2. The value of the goods and services exceeds \$10,000 the Manager, Purchasing shall execute a purchase order and an information report shall be submitted to council explaining the actions and the reason(s) therefore.

## **Surplus goods**

The quarterly Purchasing variance report will outline the disposed items.

## **Cooperative ventures**

Report for expenditures that have been included in a cooperative bid will be reported the same as if a call had not been a cooperative venture.

## **Miscellaneous**

Notwithstanding the requirements of this section;

- a) In case of pending litigation or other situations where it is deemed necessary, the Chief Administrative Officer may authorize a private proposal with an in camera report on the results.
- b) The Chief Administrative Officer may request a report to Council under any circumstances.
- c) The Manager, Purchasing shall submit a report to Council on a quarterly basis identifying all bids issued and awarded for that quarter.

## **Conflict of interest**

All consultants (i.e., engineers, architects) retained by the Town of Milton shall disclose to the Town prior to accepting an assignment, any potential conflict of interest. If such a conflict of interest does exist, the Town of Milton as directed by the Director of Corporate Services, may, at its discretion, withhold the assignment from the consultant until the matter is resolved. And further, that if during the conduct of a Town assignment,

a consultant is retained by another client giving rise to a potential conflict of interest, then the consultant shall so inform the Town. If a significant conflict of interest is deemed by the Director of Corporate Services to exist, then the consultant shall refuse the new assignment or shall take such steps that are deemed necessary to remove the conflict of interest or risk forfeiting the Town's contract without penalty to the Town.

### Litigation and bidders

Any bidders with active or pending litigation associated with prior contracts against the Town will not be given consideration on any bid submitted or awarded a contract.

### Prohibitions

1. No employee, elected official or volunteer acting on behalf of the Town of Milton shall purchase or offer to purchase, on behalf of the Town any good or services, except in accordance with this by-law.
2. No employee, elected official or volunteer acting on behalf of the Town of Milton shall be considered for an award of contract without prior approval of:
  - a. Under \$50,000 the Director of Corporate Services
  - b. \$50,000 and over Council
3. No contract or purchase shall be divided to avoid the requirements of this by-law.

### Bid irregularities

Irregularity	Consequence
Late bids (by any amount of time)	Automatic rejection
Bids completed in pencil	Automatic rejection
Execution of Agreement to Bond: <ul style="list-style-type: none"> <li>• Bond company corporate seal or equivalent proof of authority to bind company or signature missing</li> <li>• Surety company not operating in the province of Ontario</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic rejection</li> <li>• Automatic rejection</li> </ul>
Execution of Bid Bonds: <ul style="list-style-type: none"> <li>• Corporate seal or equivalent proof of authority to bind company or signature of the bidder or both missing</li> <li>• Corporate seal or equivalent proof of authority to bind company signature of bonding company missing</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic rejection</li> <li>• Automatic rejection</li> </ul>
Other Bid Security: <ul style="list-style-type: none"> <li>• Uncertified cheque</li> <li>• Cheques drawn on other than approved Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic rejection</li> <li>• Automatic rejection</li> </ul>
Unsealed tender envelopes	Automatic rejection
Proper response envelope or label not used	Acceptable if officially received in time
Qualified bid (bids qualified or restricted by an attached statement)	Acceptable unless specified otherwise in the request
Bids received on documents other than those provided in request	Acceptable unless specified otherwise in the request.
Corporate seal missing or inappropriate on Bid Documents	Other proof of authority to bind offering entity is acceptable.
Insufficient Financial Security (i.e., no deposit or bid bond or insufficient deposit)	Where security is required and amount is not specified in request, automatic rejection unless insufficiency is de minimus (trivial or insignificant).  Where security is required and amount of security is specified in request, automatic rejection.
Part Bids (all items not bid)	Acceptable unless complete bid has been specified in the request

Bids containing minor clerical errors	2 working days to correct initial errors. Town reserves right to waive initialing and accept bid.
Uninitiated changes to the request documents which are minor (i.e., the bidder's address is amended by overwriting but not initialed)	2 working days to correct initial errors. Town reserves right to waive initialing and accept bid.
Alternate items bid in whole or in part	Available for further consideration unless specified otherwise in request.
Unit prices in the schedule of prices have been changed but not initialed	2 working days to correct and initial changes. Town reserves right to waive initialing and accept bid.
Other mathematical errors which are not consistent with the unit prices	2 working days to initial corrections as made by the Purchasing, Corporate Services.
Pages are missing	2 working days to supply unless specified otherwise in the request. Town reserves the right to waive the extra pages and accept bid or to reject bid outright.
Bid documents which suggest that the Bidder has made a major mistake in calculations or bid	Consultation with a Solicitor on a case-by-case basis And report to General Committee and Council.

\* Where "working days" are specified, this is from the time the Bidder is notified by Town staff of the irregularity.