

# COUNTY OF BRUCE

## PURCHASE AND PROCUREMENT POLICY

Revised November, 2012

### POLICY STATEMENT:

This policy is intended to provide guidelines for the acquisition of goods and services. The policy also authorizes staff and Council Members / Board Members of the County of Bruce in the acquisition and payment for these goods and services.

Definitions .....	2
Purchasing Principles .....	3
Methods of Purchasing .....	4
Goals to be Achieved by Using each Type of Procurement Process.....	5
Purchasing Policies .....	6
Purchasing Process .....	6
Emergency Procedures .....	7
Purchase Orders .....	7
Negotiated Purchases .....	8
Authorities .....	8
Payments and Reports .....	9
Quotation/Tendering Process .....	9
Professional and Consulting Services Requests For Proposals .....	14
On-going Services and Contracts .....	15
Finance Leasing.....	16
Prohibitions .....	16
Ultra Vires .....	16
Appendix “A” - (list of items where a purchase order not required) .....	17
Appendix “B” - Occupational Health & Safety – note to Contractors.....	19
Proof of Registration - .....	20
Appendix “C” - Leasing policies	

# CORPORATION OF THE COUNTY OF BRUCE

## PURCHASING AND PAYMENT AUTHORITIES POLICY

*August 2006*

### 1.0

#### POLICY

##### STATEMENT

This policy is intended to provide guidelines for the acquisition of goods and services. The policy also authorizes staff and the Council of the County of Bruce in the acquisition and payment for these goods and services.

### 2.0

#### DEFINITIONS

- 2.1 **“Approved Budget”** means a budget approved by the Council for the current fiscal year.
- 2.2 **“Authority”** means the legal right to conduct the tasks outlined in this By-Law as directed by Council.
- 2.3 **“Blanket Purchase Orders”** means agreements between the County and one or more suppliers under which the supplier agrees to supply a certain class of items for an agreed period of time. The purpose of a blanket purchase order is to allow an authorized requisitioner to deal directly with a supplier.
- 2.4 **“Chief Administrative Officer”** means the Chief Administrative Officer (CAO) of the Corporation of the County of Bruce.
- 2.5 **“Contract”** means a written binding agreement between the County and the party providing the goods and services at a specified price within a specified time frame.
- 2.6 **“Council”** means the Council of the Corporation of the County of Bruce.
- 2.7 **“County”** means the Corporation of the County of Bruce.
- 2.8 **“Department”** means any department within the County, including any board for which the municipality provides purchasing services.
- 2.9 **“Department Councillor”** means the Chair of the respective department as appointed by Council annually.
- 2.10 **“Department Head”** means the senior manager of a department within the Corporation of the County of Bruce.
- 2.11 **“Emergency”** means a situation where immediate purchase of goods or services is essential to prevent serious delays, further damage, or to restore minimum services.
- 2.12 **“Firms”** means the company, group, business or individuals conducting business and supplying goods and services.

- 2.13 **“Goods and Services”** means supplies, work, equipment, property, construction, etc. which the County is intending to obtain, including the services of consultants.
- 2.14 **“Personal Purchase”** means a purchase of goods and services, the requirement for which is not for the County or any of its purposes, but is personal to the person requesting the purchase.
- 2.15 **“Professional and Consulting Service”** means a person or firm, who by virtue of particular expertise is hired by the County to undertake a specific task or assignment that may include designing specifications and preparing plans, programs, or services.
- 2.16 **“Purchases”** means the acquisition of goods or services for which the County will undertake to pay, regardless of the cost being funded or subsidized by other levels of government.
- 2.17 **“Purchase Order”** means a written contract, on a form provided by the County Treasurer, to purchase goods and services.
- 2.18 **“Tender”** means a written offer received from a supplier of goods and services in response to a public advertisement or to an invitation to bid requesting sealed tenders.
- 2.19 **“Total Acquisition Cost”** means the cost which results in the lowest cost of ownership, operation or purchase or lease to the Corporation. This cost is arrived at after considering all factors such as price, quality, services, terms and conditions and warranties, including taxes and discounts.
- 2.20 **“Quotation”** means a written offer received from a supplier to sell or buy goods and services in response to a direct request.

### **3.0 PURCHASING PRINCIPLES**

The purchasing principles of the County of Bruce shall be:

- 3.1 To purchase, rent or lease goods and services of a quality and quantity required by the County in an efficient and cost-effective manner.
- 3.2 To encourage open competitive bidding on all acquisitions of goods and services.
- 3.3 To consider the total acquisition costs, including life-cycle costs, rather than only the lowest price received.
- 3.4 To recognize the authority of Council on all matters that generally concern the finances of the County.
- 3.5 To ensure compliance with all health and safety regulations.

- 3.6 To recognize the authority of the annual operating and capital budgets approved by Council as providing a framework to Committees and Department Heads for the determination of the goods and services to be purchased.
- 3.7 When preparing the specifications, the originating Department shall consider the requirements of the Ontarians with Disabilities Act, 2001, S.O. 2011, C. 32 and the Accessibility for Ontarians with disabilities Act, 2005, S.O. 2005, C. 11 and apply those requirements with respect to procuring goods and services.
- 3.8 These purchasing principles shall be adhered to by any other agency purchasing goods and services on behalf of the County.

#### **4.0 METHODS OF PURCHASING**

##### **4.1 Direct Purchase**

This method of purchase refers to the direct ordering and purchase of goods and services from a supplier with or without negotiation. This method of purchase will be used primarily for the purchase of low value goods where the cost and administrative burden of other methods of purchase may be equal to or greater than the price or value of the goods purchased. Employees are encouraged to use their own judgment to promote the principles of this policy.

##### **4.2 Negotiated Method**

This method of purchase refers to the negotiation of an agreement for the purchase of goods and services from a supplier where there is no open competition. It is used in the case where the conditions listed in Section 10 - Purchase by Negotiation are present.

##### **4.3 Request for Quotation**

This method of purchase is a competitive method. The specifications for the goods and services and terms of purchase will be established with sufficient particularity to permit comparable quotations to be made by suppliers. A sufficient number of suppliers shall be requested to submit written quotations on the specifications and terms of purchase so that at least three responsive quotations are received, where practical.

#### **4.4 Request for Tender**

This is a competitive method of purchase which may include supplier or contractor pre-qualification. The tender process follows the general procedures set out below.

- Contractor and Supplier Qualification (if applicable)
- Development of Specifications and Contract Terms
- Publication and Solicitation of Tenders
- Receiving and Opening of Bids
- Bid Evaluation and Selection

The specifications and contract terms are detailed within the tender documents in such a degree that there is no prospect of negotiations between the parties. It is intended to accept the lowest priced compliant bid, as all the terms, conditions and specifications must be met by the bidders.

#### **4.5 Request for Proposals**

This method of purchase involves the solicitation of proposals. It may or may not include pre-qualification. In this method of purchase, some or all of the specifications and contract terms may not be finally determined with sufficient certainty to form the basis of a final contract before proposals are solicited and submitted. It may be expected there will be some variation in the final specification and contract terms among and between responsive proponents. The process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms and price.

### **5.0 GOALS TO BE ACHIEVED BY USING EACH TYPE OF PROCUREMENT PROCESS**

5.1 The goals and objectives of all departments in the purchasing of goods and services are as follows:

- a. Establish clear objective specifications for all purchases.
- b. Identify potential sources for purchases
- c. Recommend sole source justification in accordance with the policies.
- d. Select successful bidders and suppliers in accordance with this policy.
- e. Make recommendations to the Council with respect to the award of tenders as required by the policies and procedures.
- f. Designate persons authorized to approve expenditures and their expenditure limits within their departments.
- g. Review purchases upon delivery to ensure compliance with specifications.
- h. Comply with the approved purchasing policies and procedures of the Corporation.

## **6.0 PURCHASING POLICIES**

- 6.1 The County shall acquire its goods, services and works through the application of the highest standards of business ethics.
- 6.2 Acceptance of any supplier will be based on the following considerations: service, guarantee, reputation, availability, quality, expertise, qualifications, expedience, as well as price.
- 6.3 All things being equal, preference will be given, when appropriate, to local firms, Ontario firms and Canadian firms, in that order.
- 6.4 Every effort shall be made wherever and whenever possible, to purchase centrally those goods and services that are of a common nature to Departments concerned, so as to promote lower ultimate costs of goods and services.
- 6.5 The County may participate with other units of government or their agencies or public authorities in co-operative purchasing ventures or joint contracts on the basis of the lowest acceptable overall tender when the best interest of the County would be served thereby, and in keeping with the provisions of the policy.
- 6.6 The process by which all purchases of goods and services are made will be on a competitive basis utilizing either quotations, tenders, or proposals where practical.
- 6.7 The inclusion of any item in a department's operating budget or capital budget shall confer to the Department Head the authority to incur such expenditures in accordance with this policy.
- 6.8 Prior to the Council adopting the operating budget and capital budget, no employee, Committee Member or Member of Council is authorized to purchase any goods or services other than those goods or services required on a recurring basis for the day to day operations of the County, without the prior approval of Council.
- 6.9 Monies that are donated to County Departments and are not included in the annual operating or capital budgets will be spent in accordance with the provisions of the policy. The Department Head will however, be required to provide a quarterly report to the respective committee outlining how the revenue from donations, not included in the budget, were spent.

## **7.0 PURCHASING PROCESS**

Subject to any direction that may be given from time to time by Council, the Department Head shall decide the method which shall be employed to obtain the most favourable price having regard to the nature or importance of the contemplated work, the urgency of the requirement, general trade practice and market conditions. Where it is estimated that goods and/or services will cost:

7.1 It is understood that any purchase under \$5,000 does not require formal tendering or written quotations, provided the item was individually specified in the annual budget. It is understood that the Department Head will attempt to obtain competitive prices.

7.2 More than \$5,000 and up to \$10,000 the Department Head shall have authority to issue the necessary purchase order for such goods and/or services, provided:

- the proposed purchase was budgeted for
- at least three (3) written quotations have been obtained in accordance with provisions of this policy

7.3 More than \$10,000 the Department Head in consultation with the appropriate Department Councillor shall call tenders in accordance with the provisions of this policy.

## **8.0 EMERGENCY PROCEDURES**

8.1 Notwithstanding, the provisions of this policy shall be disregarded for goods and services that may be required in the event of an emergency situation. Where the expenditure relating to the emergency is anticipated to exceed \$5,000, the Department Head must first obtain the approval of the Chief Administrative Officer or the Warden.

8.2 Any purchase of goods or services incurred in the event of an emergency, having a value of greater than \$5,000, shall be reported to the appropriate Department Councillor.

## **9.0 PURCHASE ORDERS (where applicable)**

9.1 The purchase of all goods and services may be through the use of an approved purchase order with the exception of those goods and services listed on Appendix A.

9.2 Blanket purchase orders are issued by the Department Head to cover the purchase of estimated requirements for various goods and services for a specified period of time and a specified dollar limit. All blanket purchase orders are to expire on December 31st of each calendar year, and must be within the approved budget limit.

9.3 The user department is authorized to purchase from the assigned vendors, goods and services covered on the blanket purchase order, subject to any terms and conditions listed on the blanket purchase order.

## **10.0 NEGOTIATED PURCHASES**

The provisions of this policy may be suspended in whole or in part only by the Chief Administrative Officer to allow the Department Head to purchase by negotiation when any of the following conditions apply:

- 10.1 When due to market conditions and in the judgement of the Chief Administrative Officer, the goods and services required are in short supply.
- 10.2 Where there is only one source of supply for the goods and services to be purchased.
- 10.3 Where two or more identical bids have been received.
- 10.4 Where the lowest bid meeting specifications or tender terms and conditions substantially exceeds the estimated cost of the goods or service.
- 10.5 When all bids received fail to comply with the specifications or tender terms and conditions and it is impractical to recall tenders or quotations.
- 10.6 When the extension of an existing contract would prove more cost effective or beneficial.

## **11.0 AUTHORITIES (Transfer of Expenditures)**

Where it appears additional funds will be required to complete a project approved in the budget and where funds appear to be available within the budget appropriation for the department, the transfer of funds may be made if the transfer does not conflict with Council's policies and objectives.

- 11.1 *Department Head* - The Department Head may authorize the transfer to a limit of \$5,000 and report same to respective Department Councillor.
- 11.2 *Chief Administrative Officer* - The CAO may authorize the transfer to a limit of \$10,000 and report same to respective Department Councillor.
- 11.3 *Council* - Council may authorize any transfers in excess of \$10,000.
- 11.4 Transfers and over expenditures which would affect the total limit of the departmental operating or capital budget must be recommended for Council approval by respective Department Head and Department Councillor and follow the requirements of the Notice By-Law.

**12.0  
PAYMENTS AND  
REPORTS**

- 12.1 Each Department shall approve payment of all invoices representing charges to that department indicating the account distribution of the expenditure. The Department Head or designate before approving the payment, shall ensure that the following have been checked and found correct:
- The proper authorized staff members have initialled the invoice or signed the purchase order
  - Quantity and quality of goods received are as invoiced
  - Pricing is correct
  - Calculations are correct
- 12.2 The County Treasurer may pay all accounts for routine purchases of goods and services within the limit of authority of the Department Head including those listed in Appendix "A".
- 12.3 Upon approval of the Department Head, the Treasurer may pay all accounts for properly authorized and budgeted expenditures in addition to those outlined as routine without the prior approval of Council.
- 12.4 The Treasurer shall present regularly a budget report to Council indicating the amount of the approved budget for each account and the amount encumbered and expended. The budget report will include an explanation of material variances between the approved budget and the total encumbrances and expenditures to date.
- 12.5 Within a specific Tender or Quotation, the Department Head has the authority to authorize payment of an invoice containing charges for services and/or materials that exceed the original estimated quantities up to 10%, to a maximum of \$35,000, but does not extend the scope of work or exceed the project's budget; and,**

**That in the event the invoiced quantities exceed 10% of the original estimated quantities or \$35,000, but no greater than \$50,000, but does not extend the scope of work or exceed the project's budget, the invoice will be reviewed and approved by the C.A.O., or directed to Committee for approval. (as amended September 13, 2012)**

**13.0  
QUOTATION/  
TENDERING  
PROCESS**

**13.1 Quotation Process: \$5,000 to \$10,000**

Quotation shall be requested for goods and services (excluding professional or consulting services) in the following manner:

- .1 At least three (3) firms supplying the goods or services shall be contacted and provided with all the information available, and shall be requested to submit a quotation by any method of written communication. This requirement shall be excepted in the case of goods or services that can

only be provided by one or two suppliers because of detailed specifications or specialized services, with the written approval of the CAO – Appendix D.

- .2 All firms requested to submit a quotation shall be allowed at least five (5) working days before the deadline of submitting their quotation.
  - .3 When quotations are received, they shall be initialled and dated, and the time shall be noted thereon.
  - .4 Quotations shall be opened in the presence of the Department Head or his designate and the appropriate Manager/Supervisor or, in the absence of either the Department Head or Manager/Supervisor, at least one of the following:
    - the Warden
    - the appropriate Department Councillor
    - the appropriate Committee of the Whole
    - the Chief Administrative Officer
    - the Clerk-Treasurer, Deputy Treasurer, Financial Analyst, **Purchasing Analyst or Purchasing Coordinator (as amended March, 2012)**
- If Treasury staff or the CAO are not in attendance, a signed summary ,with quotes attached is to be forwarded to the Treasurer.
- .5 Any quotation received at the office of the Department after the deadline shall not be considered.
  - .6 The document requesting a quotation shall include the following statement: “the lowest or any quotation not necessarily accepted”.
  - .7 The appropriate Department Head may award the quotation provided the goods and services were budgeted for, if it is the lowest quotation received and all procedures in this policy were followed.
  - .8 If the goods and services were not budgeted for, or permission was not obtained from Council, then the Department Head shall submit a report and recommendations to the appropriate Committee for approval.
  - .9 Keeping the purchasing principles in mind, if the lowest quotation is not recommended, a report shall be submitted, for approval, to the appropriate Committee detailing the reasons.
  - .10 Information respecting all bidders will be made available upon request, only after the quotations have been opened.
  - .11 The County’s “Notice to all Contractors” respecting the Corporate Statement on Occupational Health and Safety (Appendix B) shall

accompany the letter to the successful bidder confirming the awarding of the quotation.

- .12 All Contractors must comply with Workplace Safety and Insurance Board (WSIB) premiums and Provincial Retail Sales Tax requirements when they do business with the County of Bruce. A successful contractor will be required to show proof of registration with the WSIB and compliance with the Provincial Sales Tax requirements before the final awarding of the contract takes place.

### 13.2 ***Tender Process: More than \$10,000***

Tenders shall be requested for goods and services (excluding professional or consulting services) in the following manner.

- .1 Tenders shall be called by one of the following three (3) methods:
  - Advertised in at least one major construction/trade publication
  - Advertised in a newspaper having general circulation in the County. This does not prevent tenders from being advertised in more than one (1) newspaper.
  - By invitation to not fewer than three (3) potential bidders. This requirement shall be waived in the case of goods or services that can only be provided by fewer than three (3) suppliers because of detailed specifications or specialized services. The County shall maintain a bidders list, periodically updated, for this purpose. The Department Head shall require the permission of the CAO to call tenders by this method.
- .2 All tender advertisements shall contain the following information, where applicable:
  - the name of the municipality
  - the contract number, if any
  - the type of good, service, or project
  - the name of the Department Head designated to receive the tender
  - the date and time of the closing of the tender
  - the location where plans, specifications, or other details may be obtained
  - the fee, if any, for contract documents
  - a description of any security which must accompany the tender
  - the time and place at which the tenders will be opened
  - the following statement “the lowest or any tender not necessarily accepted”
- .3 All advertisements for tenders shall provide for at least two (2) full weeks from date of advertising, before the deadline of submitting the tenders.
- .4 The Department Head shall supply to prospective bidders:
  - Notice that the successful bidder will be required to show proof of

registration with the Workplace Safety Insurance Board (WSIB) and compliance with the Retail Sales Tax requirements before the final awarding of the contract takes place.

- the official forms of tender
- tendering material, i.e. specifications etc.
- the County's "Notice to Contractors" respecting the Corporate Statement on Occupational Health and Safety (Appendix B)

.5 A list of prospective bidders shall be maintained by the Department. The name, address and telephone or fax number of prospective bidders shall be recorded when tender documents are released. The names of prospective bidders shall not be released to other bidders or the public prior to the tender opening.

.6 All tenders received shall be sealed in the envelope provided with the tender and shall be:

- initialled by the employee receiving the tender
- dated, including the time at which the tender was received, the main clock in the department office shall be used to determine the exact time, and
- placed unopened in a secured location immediately

.7 Any tender received after the deadline shall be initialled, dated including the time, using the main clock in the department, and returned unopened immediately after the tender opening, a covering letter advising that the tender was received after the deadline shall accompany the return.

.8 Tenders may be withdrawn, provided such withdrawal is done in writing, and provided it is requested before the closing date and time. Tenders confirmed as withdrawn will be returned unopened to the bidder after the opening of tenders has been completed. Withdrawal notices will be read at the time the tenders are opened.

The withdrawal of a tender does not disqualify a bidder from submitting another tender on the same competition.

If more than one tender is received from the same bidder, and no withdrawal notice has been filed, the tender contained in the envelope bearing the time closest to the competition closing time shall be considered the intended bid. Any other tenders received from that bidder shall be considered withdrawn, and shall be returned in the prescribed manner.

.9 All tenders shall be opened in the presence of the Department Head or his designate, the Chief Administrative Officer or his designate, or, in the absence of the Chief Administrative Officer, at least one of the following:

- the Warden or Department Councillor
- the appropriate Committee
- the Clerk-Treasurer, Deputy Treasurer, Financial Analyst, **Purchasing Analyst or Purchasing Coordinator (as amended March, 2012)**

- each tender shall be read and the amount announced and recorded
  - each tender shall be referred to the Department Head for review and recommendation, and
  - a record of the proceedings shall be reported to the appropriate Committee for awarding of the tender
- .10 The appropriate Department Head may award the tender provided the goods and services were budgeted for. If the lowest tender is not recommended, a report shall be submitted, for approval, to the appropriate Committee detailing the reasons.
- .11 No tender shall be called unless it represents an approved budget item, or unless Council has approved the goods and services or project prior to calling the tender.
- .12 Where a contract is appropriate it will require the signature of the Warden and Clerk and will therefore require the approval of County Council. (The appropriate Committee will make a recommendation to County Council on the award of the contract according to Section 13.2.13.)
- .13 A report shall be submitted to Council after a tender has been awarded to inform Council of:
- the amount that was budgeted for the tendered goods, services or project
  - the firm which was awarded the tender, if the tender is awarded
  - the amount of the successful tender
  - a full explanation if the tender is not awarded to the firm that tendered the lowest amount, or if the tender is not awarded, and
  - comparison to previous year, if appropriate
- .14 The amount of any non-refundable fee, the deposit and performance bond or a letter of credit for all tenders shall be at the discretion of the appropriate Department Head.
- .15 Notwithstanding the provisions of this policy, any tenders which are late, illegible, incomplete, unsigned, contain restrictions or alterations by the bidder, contain insufficient deposit, or insufficient or no performance bond or security in the form requested, shall be rejected.
- .16 For contracts where a performance bond is required, the deposit cheque of the successful bidder and second low bidder shall be retained by the County until such time as the said performance bond has been supplied in a form satisfactory to the County, and the contract agreement has been executed.

For contracts that do not require a performance bond, the deposit cheque of the successful bidder shall be retained by the County until such time as the goods or services have been received, or completed to the satisfaction of the County. The cheque of the second low bidder shall be retained until the agreement has been executed.

The deposit cheques of unsuccessful bidders shall be returned to the bidders address as shown on the tender form as soon as is practical after the acceptance of the tenders.

- .17 If the successful bidder fails to enter into a contract, or fails to perform the contract, or fails to provide the goods and/or services, the Department Head and/or the Chief Administrative Officer may recommend one of the following to Council:
- that the tender shall be awarded to the second low bidder, or
  - that the original competition shall be cancelled and reopened.

In either case, the deposit of the successful bidder shall be forfeited.

**14.0  
PROFESSIONAL  
AND  
CONSULTING  
SERVICES  
REQUESTS FOR  
PROPOSALS**

**(\$5,000 and Up)** 14.1 Professional consulting services shall be secured through a competitive Request for Proposal (RFP) process as follows:

- .1 Request for Proposals (RFP's) shall be sent to at least three (3) qualified firms
- .2 Where fewer than three (3) qualified firms can be identified, the Chief Administrative Officer may authorize the Department Head to proceed with the distribution of RFP's.
- 3 Where a large number of qualified firms can be identified, the firms may be asked to submit a letter of interest which summarizes their qualifications. RFP's would then be sent to a limited number, at least three (3) of the most qualified firms.
- .4 An RFP shall include:
  - Notice that the successful Bidder will be required to show proof of registration with the Workplace Safety Insurance Board (WSIB) and compliance with the Retail Sales Tax requirements before the final awarding of the contract takes place.
  - description of service required
  - a date and time by which proposals are to be submitted

- the location to which proposals are to be submitted
- address, phone number and fax number of the initiating Department, and
- the County’s “Notice to Contractors” respecting the Corporate Statement on Occupational Health and Safety (Appendix B).

14.2 Proposals shall be evaluated & ranked by initiating Department Head according to the following criteria. Specific variations or elaborations may be employed depending on the Department and the nature of the services requested. The criteria includes, but is not limited to:

- experience of the firm doing similar projects
  - experience of the firm in Bruce County or Southwestern Ontario
  - qualifications of personnel assigned to the work
  - approach to the work and methodology
  - commitment of firm’s resources to the work
- total fees, upset limits, per diem or hourly fees, and disbursements

14.3 If the lowest priced Proposal is not recommended, a report shall be prepared for the appropriate Committee providing a ranking of the qualified firms, and a recommendation. That report shall include:

- the names of the firms that submitted proposals
- the name of the recommended firm
- the total fee for the project
- the criteria used in the selection process
- the amount budgeted for the project, and
- the purpose of the project.

## **15.0 ON-GOING SERVICES AND CONTRACTS**

This section is intended to deal with on-going services and contracts the County has with various suppliers. Examples include the following:

- Audit services;
- Banking services;
- Laundry and food management services;
- Provision of property and liability insurance;
- Provision of health care benefits;
- Maintenance and cleaning contracts

15.1 Some of the above services have annual renewals and at the time of renewal the Department Head may recommend to his/her Committee/Board, that the services be tendered or that quotations be obtained.

15.2 In the event that the service does not have an annual renewal, the Department Head shall, at least every three years, and sooner if necessary, recommend to his/her Committee/Board that the service be continued, or that it be tendered or quotations obtained.

**16.0  
FINANCE  
LEASING**

16.1 General Policies governing purchase of the goods and services shall also apply to lease and rental agreements.

16.2 Following the completion of the Tender of Request for Proposal process, the respective Department Head shall follow the steps as defined in the Statement of Lease Financing Policies and Goals, attached to this policy as Appendix “C”.

**17.0  
PROHIBITIONS**

17.1 No employee, elected official, Committee Member or Member of Council of the County shall purchase goods or services, request quotes, proposals or tenders, or enter into contracts and agreement on behalf of the County except in accordance with the provisions of this Policy.

17.2 No employee, elected official or Committee Member of the County is authorized to purchase any goods or services or award contracts included in the operating budget or capital budget without the prior approval of Council notwithstanding Section 8.0 of this policy “Emergency Procedures”.

17.3 No contract or purchase shall be divided to avoid the provisions of this By-Law.

17.4 No personal purchases shall be made by the county on behalf of elected members or employees of the County (unless otherwise authorized by Council).

**18.0  
ULTRA VIRES**

Any Provincial Statutes or Regulations thereof will supersede and take precedence over this policy.

## COUNTY OF BRUCE

### *APPENDIX “A”*

The items listed in this Appendix are those for which a purchase order is not required unless specifically requested by the requisitioner and for which other purchasing procedures of this Policy are waived where their application is impractical.

1. Petty Cash Items
2. Training and Education
  - Conferences
  - Courses
  - Conventions
  - Magazines
  - Memberships
  - Periodicals
  - Seminars
  - Staff Development
  - Staff Workshops
  - Staff Reports
  - Subscriptions
3. Refundable Employee Expenses
  - Advances
  - Meal Allowances
  - Miscellaneous - Non-Travel
  - Travel Expenses
  - Entertainment Expenses
4. Employer’s General Expenses
  - Payroll Deduction Remittances
  - Medicals
  - Licenses (Vehicles etc.)
  - Debenture Payments
  - Insurance
  - Grants to Agencies
  - Damage Claims
  - Petty Cash Replenishment
  - Building Lease Payments
  - Tax Remittances
  - County Charges to and from Area Municipalities
  - Sinking Fund Payments
  - Preventative Maintenance and Repairs to Vehicles
  - Newspaper Advertising and Public Notices
  - Promotional Material and Supplies for County Sponsored Charitable Campaigns

5. Professional and Special Services

- Committee Fees
- Counselling Services
- Homemakers Services
- Laboratory Services
- Legal Fees
- Nursing Services
- Payment to Social Agencies for Purchasing Services
- Physician Fees
- Purchased Food Services
- Elevator Services
- Temporary Help
- Banking and Underwriting Services, where covered by Agreements
- County's Agent of Record (Health Benefits)
- County's Auditors
- Marketing Promotion included in approved budget.
- Tradeshow / Exhibit Space

6. Utilities

- Postage
- Water
- Hydro
- Gas
- Telephone
- Fuel Oil
- Propane

7. Road construction and maintenance projects

- material
- equipment rental

*APPENDIX 'B'*

**NOTICE TO ALL CONTRACTORS**

**CORPORATE STATEMENT  
OCCUPATIONAL HEALTH AND SAFETY**

The Corporation of the County of Bruce is committed to ensuring that a high standard of health and safety is provided and maintained for all employees visitors, guests, contractors, agents and others on our premises.

Accordingly, a corporate health and safety policy and procedure manual has been adopted and implemented and shall be adhered to.

**ALL CONTRACTORS SHALL:**

1. Demonstrate establishment and maintenance of health and safety program with objectives and standards consistent with applicable legislation and with the Corporation of the County of Bruce's health and safety policies and requirements.
2. Submit a copy of past accident records and Workers' Compensation Board Number.
3. Include health and safety provisions in their management systems to reach and maintain consistently a high level of health and safety.
4. Ensure that workers in their employ are aware of hazardous substances that may be in use at their place of work and wear appropriate personal protective equipment as may be required.
5. Upon request at any time from award to completion of contract, submit proof of fulfilment of above responsibilities.
6. Must comply with Workplace Safety Insurance Board (WSIB) premiums.

Your co-operation and assistance in this matter is appreciated and vital to the Health and Safety of all.

## Proof of Registration

**Name of Contractor:**

**Date:**

**Tender/Quote:**

**I agree that upon request, I will provide proof of registration with the Workplace Safety Insurance Board (WSIB) and that I agree to comply with the Retail Sales Tax requirements.**

**Contractor/Supplier Signature**

## APPENDIX "C"

# COUNTY OF BRUCE Statement of Lease Financing Policies and Goals

### INTRODUCTION

In certain circumstances, it may be economically advisable for the County to enter into a financing lease to acquire the rights to use capital property and equipment rather than an outright purchase. This policy establishes the procedures regarding the evaluation of potential financing lease agreements and the requirements for reporting the results of those procedures to County Council as required under the Municipal Act, 2001, as amended, and Ontario Regulation 46/94, as amended, more particularly by Ontario Regulation 266/02. Annual reporting of financing lease agreements and transactions is also included.

### STATEMENT OF POLICY AND GOALS

In accordance with the County's procurement policy, a procurement decision must always ensure that the prices paid for goods and services make optimum use of County resources. When staff considers the option of a financing lease agreement, their evaluation of the option must ensure that this goal is achieved.

Adherence to the policies and procedures herein will result in a report presented to County Council which clearly gives an opinion as follows:

- X whether or not the costs of the financing lease agreement are lower than other methods of financing available to the County and
- X whether the risks associated with the financing lease are reasonable.

### SCOPE

This policy applies to all Financing Leases for Municipal Capital Facilities: see definitions below.

### DEFINITIONS

In this Policy:

**Financing lease** means a lease allowing for the provision of municipal capital facilities if the lease may or will require payment by the municipality beyond the term for which the council was elected. Financing leases include both material leases and non-material leases.

**Material lease** means a financing lease which would result in a material impact for the municipality, which is hereinafter defined as a financing lease in excess of \$100,000.

**Non-material lease** means a financing lease which would not result in a material impact or a combined material impact for the municipality.

**Material impact** means costs or risks that significantly affect, or would reasonably be expected to have a significant effect on, the debt and financial obligation limit prescribed under Ontario Regulation 799/94, as amended.

**Combined material impact** means the costs or risks of a proposed non-material lease which, when combined with all other non-material leases entered into or proposed to be entered into in a particular year by the municipality, would result in a material impact.

**Municipal capital facilities** include land, works, equipment, machinery and related systems and infrastructures.

### **PROCESS FOR APPROVAL OF A MATERIAL LEASE**

A financing lease agreement must include a schedule of all fixed amount of payment, if any, required under the lease and that may be required under any possible extensions or renewals of the lease.

### **TREASURER'S REPORT**

Before entering into a material lease, the County Treasurer must present a report to County Council which:

- evaluates the financial costs of the lease and
- evaluates the potential risks of the lease.

### **Evaluating the Financial Costs of the Lease**

#### **A. Summary of Financing Lease Payments**

The report of the County Treasurer to County Council must include a report and evaluation of the Schedule of Financing Lease Payments included in the Financing Lease Agreement.

This report must include:

- X A summary of all fixed amounts of payment, if any, required under the lease and that may be required under any possible extensions or renewals of the lease,
- X a comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing,

- X A summary of any contingent payment obligations under the lease that, in the opinion of the treasurer would result in a material impact for the County, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities,
- X A summary, as may be applicable, of the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary, and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease,
- X A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations, and
- X any other matters that the treasurer or Council consider advisable

**B Evaluating the Payment Schedule**

To evaluate the Payment Schedule, the total costs must be compared to the costs of other methods of financing. This comparison may include an estimation of the costs of borrowing funds to finance an outright purchase or the cost of interest income foregone as a result of purchase. All assumptions made in preparing this comparison must be stated in the report to County Council.

If circumstances exist which indicate that a financing lease is the only method of financing available, the County Treasurer must indicate this fact in his evaluation and state the reasons that this is the case.

**Evaluating the risks of the lease**

The report must include an assessment and recommendation indicating whether the risks associated with the financing lease are reasonable. The risks evaluated may include:

- X effective interest rate implicit in the lease (as compared to current and estimated future market interest rate fluctuations)
- X risk of obsolescence, rapidly changing technology may cause an asset to become obsolete before the lease expires. A lease may provide options to permit exchanges for more advanced equipment as it becomes available.
- X residual value If an asset is expected to have a residual value at the end of the lease term, any future benefit of this residual value is lost if the asset is lease.
- X lease term The lease is a contractual agreement and generally non-cancelable prior to its expiration.
- X the risks associated with the proposed lease as compared to those associated with other methods of financing.

The costs and risks associated with a proposed financing lease in the report shall be assessed as of the date the report is made. The summary of information in the report shall include all information required for the entire term of the financing lease, including any possible extensions or renewals.

### **Legal Advice**

The report shall include legal advice from the County Solicitor on the provisions of the proposed financing lease agreement. In addition, if, in the opinion of the County Solicitor, the scope of the proposed transaction warrants obtaining legal advice independent of the Corporation, the report should recommend the same to County Council.

### **Change in Circumstances**

At any time after a report regarding a potential financing lease agreement has been made, but before the agreement is entered into, if the County Treasurer becomes of the opinion that a changed circumstance with respect to the proposed lease may result in a material impact for the municipality, the Treasurer shall as soon as is reasonably possible update the report and present the updated report to County Council.

### **COUNCIL'S ROLE**

Council is responsible for determining whether the costs of financing for the proposed financing lease agreement are lower than other methods of financing available to the municipality, and whether the risks associated with the financing lease agreement are reasonable.

Council is responsible for ensuring that legal and financial advice has been obtained, and must consider whether the scope of the proposed lease warrants further legal or financial advice from an independent source.

## **ANNUAL REPORTING REQUIREMENTS**

In addition to the aforementioned reporting requirements for new financing lease agreements, an annual report shall be prepared by the County Treasurer and presented to County Council if the Corporation has any financing leases subsisting in the fiscal year.

The report shall contain the following:

1. A description of the estimated proportion of the total financing arrangements of the municipality that have been undertaken through financing leases to the total long-term debt of the municipality .
2. A description of the change, if any, in that estimated proportion since the previous year's report.
3. A statement by the County Treasurer as to whether, in his opinion, all financing leases were made in accordance with this Statement of Leasing Policies and Goals.
4. Any other information that County Council may require or that, in the opinion of the County Treasurer should be recorded.

## **EXEMPTIONS - NON- MATERIAL LEASES**

A financing lease agreement is exempted from the requirements of this policy if it will not result in a material impact for the County and is therefore a non-material lease.

This includes the following types of leases:

1. Any lease entered into in accordance with the County's Procurement Policy, including, but not limited to, leases of: office equipments; automobiles; communications equipment; machinery and equipment
2. Any building or property lease entered into in accordance with approved policies and procedures;
3. Any leases in place at the time of Council approval of this policy.

### **Process for Approval of a Non-Material Lease**

Prior to entering into a financing lease in this category, all Department Heads shall advise the County Treasurer that they intend to enter into a lease and request the County Treasurer's opinion and approval that the proposed lease is within the exemption category and its costs and risks, in combination with all other leases of that category entered into or proposed to be entered into in that year by the municipality, would not result in a material impact or combined material impact, as defined in this policy.

Although the reporting requirements differ, the staff process of evaluating the financial costs and the risks of the lease (vs other methods of financing) should still be utilized. See pages 3 and 4 of this Statement for guidance.