

SCHEDULE "A" TO BY-LAW # 2459-04

TOWN OF HANOVER

PROCUREMENT OF GOODS AND

SERVICES POLICY

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SCHEDULE "A" to By-Law #2459-04**TOWN OF HANOVER**
PROCUREMENT OF GOODS AND SERVICES POLICY**PURPOSE****1. LEGISLATIVE AUTHORITY:**

- 1.1 The Municipal Act, 2001, Part VI, Section 271, as amended states that a municipality and a local board shall adopt policies with respect to its procurement of goods and services, including policies with respect to:
- a) The types of procurement processes that shall be used;
 - b) The goals to be achieved by using each type of procurement process;
 - c) The circumstances under which each type of procurement process shall be used;
 - d) The circumstances under which a tendering process is not required;
 - e) The circumstances under which in-house bids will be encouraged as part of a tendering process;
 - f) How the integrity of each procurement process will be maintained;
 - g) How the interests of the municipality or local board, as the case may be, the public and persons participating in a procurement process will be protected;
 - h) How and when the procurement process will be reviewed to evaluate their effectiveness; and
 - i) Any other prescribed matter. 2001, c25, s. 271 (1).

2. PURPOSE OF POLICY

- 2.1 The purpose of this policy is to set out guidelines for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.
- 2.2 An open and honest process shall be maintained that is fair and impartial.
- 2.3 The purchasing policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

IMPLEMENTATION PROCEDURE**3. DEFINITIONS**

- 3.1 For the purposes of this Policy,

- a) “Blanket Order” shall mean an agreement wherein a vendor will sell certain items to the Town for an agreed period of time with established terms and conditions, and at an agreed pricing arrangement.
- b) “Bid” shall mean a submission from a prospective vendor in response to a request (tender or quotation), for the purchase of goods or services issued by the Town.
- c) “Bid Deposit” shall mean a financial guarantee, certified cheque, or other form of negotiable instrument or bond surety issued by a surety company to ensure the successful bidder will enter into an agreement.
- d) “CAO” means the Chief Administrative Officer for the Town of Hanover.
- e) “Certificate of Clearance” from the Workplace Safety and Insurance Board means a certificate issued by an authorized official of the Workplace Safety and Insurance Board certifying that the Board waives its rights under subsection 9(3) of the Work Place Safety and Insurance Act, R.S.O. 1997, Chapter 16, Schedule A, Section 141.
- f) “Committee” shall mean a committee as designated by the Council of the Corporation of the Town of Hanover.
- g) “Contract” shall mean any formal legal agreement for the supply of goods, services, equipment or construction.
- h) “Council” shall mean the Municipal Council of the Corporation of The Town of Hanover.
- i) “Department” means any department within the Corporation.
- j) “Department Head” shall mean a head of a department operating within The Town of Hanover, being the Department Head of: Administration, The Treasurer, Public Works, Parks and Recreation, Building and Planning, Police Services, Fire Services and Library Services.
- k) “Department Head Group” shall mean a committee/working group consisting of the department head of: Administration, The Treasurer, Public Works, Parks and Recreation, Building and Planning, Police Services, Fire Services and Library Services.

- l) “Emergency Purchase” shall mean a purchase made in a crisis situation where immediate action is required, in order to maintain a required public sector service or to prevent the possible loss of life or property.
- m) “Generic” shall mean that no specific brand or name shall be included as part of the specifications unless such a brand or name is required to identify the intent of a purchase, order or proposal.
- n) “Invoice Approval Stamp” shall mean a stamp prescribed by the The Treasurer Department to ensure required approvals are applied to an invoice.
- o) “Insurance Documents” shall mean certified documents issued by an insurance company licensed to operate by the Government of Canada or the Province of Ontario stating that the bidder is insured in accordance with the Town’s insurance requirements as contained in the bid documents.
- p) ”Lease” means a financial arrangement whereby equipment or municipal capital facilities are provided to the Town by a third party in exchange for a series of payments.
- q) “Purchase Order” means the legal document that is the Corporation’s commitment to the supplier for the value of the goods or services ordered. It is also the supplier’s authority to ship and charge for the goods specified on the order.
- r) “Purchasing Designate” shall mean a person designated by a Department Head to exercise any or all responsibilities of the Department Head with respect to this policy.
- s) “Quotation” shall mean a competitive bid process for goods and/or services that is conveyed and received from bidders in a written format by e-mail, mail or fax.
- t) “Sealed bids” are bids submitted in a sealed envelope to a specified location, by a specified date.
- u) “Services” shall mean items such as telephone, gas, water, hydro, janitorial and cleaning services, consultant services, legal surveys, medical and related services, insurance, leases for grounds, buildings, office or other space required by the Corporation and the rental, repair or maintenance of equipment, machinery, or other personal and real property.

- v) "Supplies" shall mean goods, wares, merchandise, material and equipment.
- w) "Tender" means a document which sets out particular specifications for the commodity or service required. This can also refer to an offer in writing to execute some specified work or to provide some specified articles at a specified rate.
- x) "The Corporation of The Town of Hanover" herein is also referred to as the "Town" or the "Corporation".
- y) "Town Clerk" shall mean the Clerk of the Town of Hanover.
- z) "Treasurer" shall mean the Treasurer of the Town of Hanover.
- z1) "Vendor" shall mean any person or enterprise supplying goods or services to the Corporation of The Town of Hanover.

3.2 General Provisions

- 3.2.1 During the purchasing process, in-house bids will not be considered.
- 3.2.2 The Town Clerk has the authority to purchase goods, services and equipment considered necessary or advisable to carry out the requirements of the Municipal Elections Act, R.S.O. 1996. The Town Clerk shall whenever possible be guided by the provisions of this by-law and the Purchasing Policy and Procedures.
- 3.2.3 No appointed officer or employee of the Town of Hanover will have any interest directly or indirectly, as a contracting party, partner, shareholder, surety or otherwise in any contract for goods or services or in any portion of the profits thereof or on any supplies to be used herein, or in any of the monies to be derived therefrom, unless approved by resolution of Council prior to the officer or employee tendering or quoting. If a Department Head has a direct or indirect interest and is responsible for the quote or tender, the process shall be undertaken by a designate appointed by the CAO.
- 3.2.4 No purchase of goods and services shall be authorized unless it is in compliance with the Procurement of Goods and Services Policy. Goods and services that are obtained without following the provisions of the aforementioned will not be accepted and any invoices received will not be processed for payment.
- 3.2.5 Disputes, received in writing, shall be resolved as follows:
 - i. Meeting between the bidder and Department Head responsible

- ii. If (i) does not lead to a resolution, the decision can be appealed to the Treasurer.
- iii. If (ii) does not lead to a resolution, the decision can be appealed to the CAO.

3.2.6 This By-Law will be reviewed and revised on a periodic basis. It is anticipated that reviews will be conducted every five years or more frequently as required.

4. PURCHASING RESPONSIBILITIES

4.1 Expenditure Authorization

4.1.1 Hanover Council has ultimate authority for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolution. The Treasurer cannot pay for any item that has not been authorized by Council through budget appropriation or specific resolution. This purchasing policy provides guidelines outlining how spending authority is to be used.

4.2 Department Head Authorization and Responsibilities

4.2.1 The Department Head shall be responsible for approval of accounts within the approved budget for such division or any amendment to same as approved by Council. Unspecified capital expenditures in the annual estimates require prior Council approval by resolution.

4.2.2 Resolutions approving budget amendments, capital expenditures or special appropriations shall contain purpose of expenditure, cost estimates or expenditure limitation, and the fund in which an appropriation has been provided. All staff reports recommending such resolutions shall contain the Department Head's and CAO endorsement.

4.2.3 A Department Head may appoint a purchasing designate or subordinate to exercise any or all responsibilities assigned to that Department Head by this policy.

5. PURCHASING MECHANISMS

5.1 Small Purchase Orders

The Department Head shall be authorized to make Small Order Purchases of goods and services up to an amount of \$10,000 from such vendor and upon such terms and conditions as the Department

Head deems appropriate. The purchase shall be authorized by the Department Head. The Department Head is not precluded from obtaining a minimum of three quotations.

5.2 Quotation Purchases

5.2.1 The Department Head shall be authorized to make Quotation Purchases for goods and services for estimated expenditures exceeding \$10,000 and less than \$50,000 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by resolution of Council for a particular transaction. All attempts must be made to obtain at least three (3) bids whenever possible. A request for quotation can be issued to vendors by fax, e-mail or mail, and bids received from vendors by the same methods.

5.2.2 When the preferred Quotation exceeds the approved budget appropriation by 10% of the total project budget, the Department Head shall submit a report to Council for direction.

5.3 Tender Purchases

5.3.1 The Department Head shall not order goods or services exceeding \$50,000.00 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by a resolution of Council for a particular transaction. At least three (3) bids must be obtained whenever possible.

5.3.2 Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below, or to a transaction specifically authorized by resolution of Council to be exempt from this tendering policy.

5.3.2.1 Purchases for consulting services for a program where services (eg. bridge inspection/evaluation) have been awarded to a consulting firm on an on-going basis when clearly identified in the budget.

5.3.2.2 Purchase of replacement parts where the original equipment manufacturer is the sole provider of that equipment (eg. transmission for Champion road grader).

5.3.2.3 Single source supply. Goods and Services available from only an appropriate supplier.

5.4 Request For Proposals (RFP)

5.4.1 The Department Head may use a Request for Proposal in place of a tender or quotation when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services.

5.4.2 For estimated expenditures not exceeding \$30,000.00, the evaluation criteria and process shall be approved by the Department Head prior to the issuance of the Request for Proposal. For expenditures exceeding \$30,000.00, the evaluation criteria and process shall be approved by Council resolution prior to the issuance of the Request for Proposal.

5.4.3 When the preferred proposal (i) exceeds the approved budget appropriation and/or (ii) exceeds \$30,000.00, the Department Head shall submit a report to Council for direction.

5.5 Lease of Capital Facilities and Equipment

In Certain circumstances, it may be economically advisable for the Municipality to enter into a financing lease to acquire the rights to use capital property and equipment rather than an outright purchase. (see Schedule D for further details)

6. BLANKET ORDERS

6.1 The Department Head may establish Blanket Orders using the applicable bid mechanism based upon the estimated annual expenditure. Blanket Orders may also be coordinated and issued by The Treasurer for all Town departments as applicable.

- 6.2 For services including the following, but not limited to; equipment repairs and equipment rentals, mechanical and electrical services, lawyers, consultants, locksmith or computer services, in amounts not exceeding \$10,000.00, the Department Head shall be authorized to select vendors without first obtaining quotations. Basis of consideration for selection shall not be limited solely to cost. Consideration will also be given to ability, quality or workmanship, service, availability, overall performance and experience.
- 6.3 Blanket Orders shall be issued for a specific time period with all ordering departments responsible for maintaining purchases within budget allocations.

7. PURCHASE OF USED FLEET EQUIPMENT

- 7.1 The Department Head of Public Works/designate is authorized to purchase used fleet equipment that is sold by other municipalities by private sale or public auction; sold through a vendor licensed to sell used equipment; by sealed bid; or by negotiation providing that:
- 7.1.1 The equipment meets or exceeds the departmental equipment requirements.
- 7.1.2 It is documented that it is fiscally responsible to purchase a used piece of equipment rather than purchase new.
- 7.1.3 If the total expenditure per piece of equipment exceeds \$20,000.00, a report will be forwarded to Council detailing purchase information and expenses.
- 7.2 The Director of Pubic Works/designate is exempt from the Town's quotation/tender/RFP process when purchasing used fleet equipment by any of the methods detailed in 9.1.

8. EMERGENCY PURCHASES

- 8.1 The Department Head shall be authorized to make emergency purchases in excess of \$10,000.00 upon the approval of the CAO. The Department Head shall present a report to Council at its next meeting.

9. PURCHASE BY NEGOTIATION

- 9.1 A Department Head/designate may purchase by negotiation with one or more vendors under which a formal bid process may be waived under the following conditions:

- 9.1.1 When market conditions and in the judgment of the Treasurer and the Department Head, the goods are in short supply.
 - 9.1.2 When there is only one source of supply for the goods or services.
 - 9.1.3 When two or more identical lowest bids have been received, the Department Head/designate may negotiate with the lowest bidders, keeping all negotiations fair and ethical.
 - 9.1.4 When the lowest bid meeting specifications exceeds the estimated costs by at least 10% and it is not viable or in the best interest of the Town to re-bid.
 - 9.1.5 When compatibility with an existing product, facility or service is required.
 - 9.1.6 When no bids are received in a bid call.
 - 9.1.7 When only one bid is received in a bid call.
 - 9.1.8 When 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.
- 9.2 Any expenditure exceeding \$30,000.00 for a one time purchase or over an annual basis must be reported to Council.

10. LOCAL PREFERENCE

- 10.1 The Town will endeavour to achieve Best Value in its commercial transactions. As a consequence the town will not practise local preference in awarding purchases. This will allow the Town to comply with the Discriminatory Business Practices Act, R.S.O. 1990, Chapter D12.

11. EXCEPTIONS

- 11.1 A Department Head may request exemption from any or all the purchasing methods outlined in this policy by submission of a report requesting the same to Council. Such exemption may be granted by resolution.

12. EXCLUSIONS

12.1 Competitive bids shall not be required for goods or services provided by any of the following when such goods or services are not available elsewhere, including, but not limited to:

12.1.1 Utilities, government agencies (statutory orders, environmental, public health, workplace safety compliance orders), Crown corporations, legal services, electrical/mechanical contractors/services, computer software maintenance, traveling expenses, meals, conferences, seminars, memberships, subscriptions, medical exams, licenses, in-house services and any other goods or services as approved by Council.

12.1.2 As identified elsewhere in this policy.

13. ADVERTISING

13.1 Where effective in the opinion of the Department Head, information regarding the bid document shall be advertised in the local newspaper and/or applicable publications necessary to comply with all existing statutory regulations. All bids with an estimated expenditure exceeding \$50,000.00 must be advertised.

14. CONDITIONS APPLICABLE TO ALL BID SUBMISSIONS

14.1 The following conditions apply to all bid submissions:

14.1.1 Bid documents must be submitted and received in the manner as specified in the bid document. No exemptions will be permitted.

14.1.2 Bids received by the designated Town location later than the specified closing date and time will be returned to the bidder. In the case of sealed bids, the bid will be returned to the bidder unopened. No exemptions will be permitted.

14.1.3 A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time, provided that they withdraw all previously submitted bids.

14.1.4 A bidder may withdraw a submitted bid at any time up to the official closing time by letter bearing their signature.

14.1.5 All departments must document the receipt of all submissions over \$10,000.00 including the bidders name,

date/time of receipt of bid and initials of the employee accepting the bid.

- 14.2 Bids may be rejected for any of the following reasons:
 - 14.2.1 Bid received after the specified closing date and time as specified in the bid document. No exceptions.
 - 14.2.2 Bid does not comply with the requirements at time of closing as specified in the bid document. No exceptions.
 - 14.2.3 Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.
 - 14.2.4 Does not meet specification requirements.

15. BID CLOSING AND OPENING

- 15.1 Purchasing procedures will establish appropriate bid closing and opening procedures. (see Schedule C)
- 15.2 All bids anticipated to exceed \$50,000.00 will be opened at a public opening.

16. BID DEPOSITS

- 16.1 Bid deposits shall be required to accompany bid submissions for the following circumstances:
 - 16.1.1 All bids for municipal construction projects in excess of \$50,000.00.
 - 16.1.2 Special contracts or scope of work as deemed appropriate by the Department Head.
- 16.2 A bid deposit shall be provided in one of the following formats:
 - 16.2.1 A bid bond or an agreement to bond issued by a bonding agency currently licensed to operate in the Province of Ontario naming The Corporation of The Town of Hanover as the payee.

- 16.2.2 A certified cheque or money order in Canadian currency, made payable to The Corporation of The Town of Hanover.
- 16.2.3 An irrevocable letter of credit naming The Corporation of The Town of Hanover as the beneficiary .
- 16.3 The Town does not pay interest on any bid deposits.
- 16.4 All bid deposits must be original documentation, signed and sealed as appropriate. No faxed or photocopies will be accepted.
- 16.5 The Town is authorized to cash and deposit any bid deposit in the Town's possession that is forfeited as a result of non-compliance with any of the terms, conditions and/or specifications of a sealed bid.

17. BONDING REQUIREMENTS

- 17.1 Performance security is a guarantee of the full completion of all work as required in the bid document. Acceptable formats for performance security include: Agreement to Bond; Performance Bond; Labour and Materials Bond; Irrevocable Letter of Credit; and Certified Cheque. Performance Bond and Labour and Materials Bond are required for all construction projects exceeding \$100,000.00 for a minimum of 50% of the bid amount. For all other requirements, the Department Head shall determine the financial amounts of the performance security.
- 17.2 All bonds must be originals, signed and sealed. No faxed or photocopies will be accepted.

18. INSURANCE

- 18.1 The standard insurance minimums are as follows:
- \$2 million – general liability policy ;
 - \$2 million - automobile liability policy ;
 - \$2 million – homeowners (e.g. for rental of facilities) ;
 - \$5 million – general liability and automobile liability policies – for contract work done for the Corporation of the Town of Hanover;
 - \$2 million – professional errors and omissions liability ;
 - Builder's Risk – the amount of the project cost ;

Certificate of Workplace Safety and Insurance Compliance

Bid documents must clearly indicate insurance requirements to be provided by the successful bidder.

- 18.2 The successful bidder must furnish the Town at his/her cost a “certified copy” of a liability insurance policy covering public liability and property damage for no less than the minimum amounts stated in 17.1 to the satisfaction of the Town and in force for the entire contract period. The policy must contain:
- 18.2.1 a “Cross Liability” clause or endorsement;
 - 18.2.2 an endorsement certifying that The Corporation of The Town of Hanover and the successful bidder are included as an additional named insured;
 - 18.2.3 an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty days prior written notice to The Town of Hanover.
- 18.3 Contractor’s Liability Insurance Policy shall not contain any exclusions of liability for damage, etc. to property, building or land arising from:
- 18.3.1 the removal or weakening of support of any property, building or land whether such support be natural or otherwise;
 - 18.3.2 the use of explosives for blasting;
 - 18.3.3 the vibration from pile driving or caisson work, provided that the minimum coverage for any such loss or damage shall be \$5,000,000.00

19. ADMINISTRATION

- 19.1 No contract or purchase shall be divided to avoid any requirements of this policy.
- 19.2 In all purchases, price shall be the prime selection criteria prior to any special provisions or add/delete calculated into the bid price, providing that all specification requirements are met. Such specifications are to be generic or “as equivalent”. All factors influencing the purchasing decision are to be included in the specifications.
- 19.3 The Town of Hanover may participate with other units of government, their agencies or public authorities in co-operative purchase ventures when the best interest of The Town of Hanover will be served. Where such participation is at variance with the

Town's Purchasing policy, Council shall first authorize any participation.

- 19.4 Performance evaluations may be undertaken on suppliers and providers of service.
- 19.5 All invoices and accounts from vendors shall be authorized prior to payment. Authorization in the form of signatures of the Department Head and staff denoting clerical accuracy, budgetary or specific resolution approval and indication that goods and services were received in good order must be in place. These required signatures will be deemed to authorize payment.
- 19.6 Between the last regular meeting of Council in any year and the adoption of estimates for the next year, the Treasurer is authorized to pay the accounts of any ordinary business transactions of the Municipal Corporation that are required to maintain services. This shall include the payment of accounts or previously approved capital items and projects.
- 19.7 After the adoption of estimates, the Treasurer is authorized to pay the accounts approved by the appropriate Department Head and to pay contract accounts upon receipt of evidence of value received and which are approved by the appropriate Department Head.
- 19.8 Notwithstanding the provisions of this procedure, the Town shall have the right to reject the lowest or any bid at its absolute discretion. The Town also reserves the right to reissue the bid document in its original format or modified as best suits the requirements of the Town.

20. RETENTION OF DOCUMENTATION

- 20.1 All background information, information submitted by vendors, purchase orders and other relevant information involved in obtaining prices for goods and services exceeding \$10,000.00 shall be retained in the department/division for the entire budget year and seven (7) years in records retention.

21. PURCHASING PROCESS REVIEW

- 21.1 The Department Head/designate and/or the Treasurer and/or the CAO may randomly review departmental purchasing related files on an on-going basis to review the effectiveness and integrity of the processes and policy adherence.

22. PURCHASING PROCEDURES

- 22.1 Purchasing procedures approved by the Department Head Group are to be used as a guideline and for information on purchasing goods and services in compliance with this policy.

- 23. The Corporation of the The Town of Hanover reserves the right to reject any or all bids for any reason whatsoever and to accept any bid considered best for its interest.

SCHEDULE “B” to By-Law # 2459-04

**TOWN OF HANOVER
PURCHASING PROCEDURES**

PURPOSE

1. PURPOSE OF PURCHASING PROCEDURES

- 1.1 To provide Department Heads and purchasing designates with uniform purchasing procedures for the purchase of goods and/or services that are consistent and in compliance with the Purchasing Policy.
- 1.2 To maintain the integrity and promote the effectiveness of the purchasing processes.
- 1.3 To protect the municipality, its employees and the public when participating in the purchasing process.

2. OBJECTIVE OF PURCHASING PROCEDURES

- 2.1 To obtain quality goods and/or services, at the right price from qualified vendors.
- 2.2 To maximize the value of the dollars spent.
- 2.3 To maintain purchasing processes and controls that will ensure the integrity of the system.

3. AUTHORITY

- 3.1 Authority for Town purchasing is governed by the Procurement of Goods and Services By-Law. The purchasing procedures are approved by the Department Head Group.

IMPLEMENTATION PROCEDURE

BID DOCUMENT PROCEDURES

4. PURCHASING MECHANISMS

- 4.1. The estimated expenditure value of the good and/or service requirement will determine the purchasing mechanism to be used as per the following table.

Expenditure	Purchasing Mechanisms
Up to \$10,000.00	Small Order Purchases - The Department Head shall be authorized to make Small Order Purchases of goods and services up to an amount of \$10,000 from such vendor and upon such terms and conditions as the Department Head deems appropriate. The purchase shall be authorized by the department head. The department head is not precluded from obtaining a minimum of three quotations.
\$10,000.00 - \$50,000.00	Quotation Purchases - The Department Head shall be authorized to make Quotation Purchases for goods and services for estimated expenditures exceeding \$10,000 and less than \$50,000 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by resolution of Council for a particular transaction. All attempts must be made to obtain at least three (3) bids whenever possible. A request for quotation may be issued to vendors by fax, e-mail or mail, and all bids may be received from vendors by the same methods.
\$50,000.00 +	Tender Purchases - The Department Head shall not order goods or services exceeding \$50,000.00 without requesting and obtaining sealed tenders for the goods and services unless specifically authorized to do so by a resolution of Council for a particular transaction. At least three (3) bids must be obtained whenever possible. See Schedule A-5.3.2 (1,2,3) for further details.
Varies	Request for Proposals (RFP) - The Department Head may use a Request for Proposal in place of a tender or quotation when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services. See Schedule A-5.4 (2,3) for further details.

4.2 TENDERS

The overall objective is to obtain the right goods and/or services at the right price by a qualified vendor. The bid document shall include the following main requirements:

- 4.2.1. Instruction to Bidders: This includes all of the procedures for the process that includes but not limited to:
 - Town contact name and phone number for queries

- Addenda issuance procedures
- Closing date, location and time
- Town processes for acceptance, rejection, payment terms, delivery terms, etc.
- Requirements at time of closing (bid deposit)
- Terms and conditions as per Town of Hanover purchasing policy

4.2.2. Scope/Specifications (as applicable)

- If the product/work requirement can be generally described for information purposes and does not require the bidder to indicate their compliance, the information can be stated in the bid document under Scope.
- If the product/work requirement is specific in technological requirements, measurements, etc. that requires the bidder to comply with or state the actual, then specifications are required. (Example, the purchase of a vehicle). Specifications must be specific enough to give all bidders sufficient information to provide a bid that will meet or exceed the requirement but general enough that it allows an equal opportunity to bid.

4.2.3. Form of Quotation/Form of Tender (as applicable)

- This provides the bidder with an adequate format to provide unit or lump sum prices matching to the description of the product requirement. Clearly indicate on the Form of Quotation/Form of Tender if taxes are/are not applicable and if they are to be included or not included in the unit or lump sum price.
- The bid form shall also provide an area to provide for the bidder's signature, company name, company address, telephone number, fax number and e-mail address.

4.2.4 All prospective bidders shall be supplied with one copy of the official bid document, and a set of plans and/or specifications as applicable. A complete list of prospective bidders, including address, phone and fax numbers is to be maintained to facilitate the distribution of potential written addenda.

4.2.5 Closing times for sealed bids will be before 2:00 p.m. on specified date submitted to Department Head/designate

responsible for the quotation or tender, at the designated location.

4.3 REQUESTS FOR PROPOSAL (RFP)

- 4.3.1 If a good or service cannot be specifically stipulated; an alternative method is required; or the suitability of the deliverable is dependant upon the knowledge and expertise of a bidder; then a RFP may be issued. This is inclusive of but not limited to architects, engineers, consulting services, financial services etc.
- 4.3.2 An evaluation team should be organized consisting of those parties that have an interest or expertise in the project and its requirements.
- 4.3.3 The RFP should include the following but is not limited to:
- 4.3.3.1 Introduction – some general statements regarding the purpose of the RFP, general background information, historical data, etc.
- 4.3.3.2 Information for Bidders: This includes all of the procedures for the process but is not limited to:
- Town contact name and phone number for queries
 - Closing date, location and time
 - Addenda Issuance
 - Town processes for acceptance, rejection, payment terms, delivery terms, etc.
 - Requirements at time of closing, submission details (number of copies of the bid to be submitted)
- 4.3.3.3 Scope of Work or Deliverable – outline the objectives, goals, deliverable requirement, etc.
- 4.3.4 Evaluation Criteria – detailing an outline of the evaluation criteria will assist the bidders with outlining their submission. The actual weighted ratings do not need to be provided in the RFP document. The evaluation criteria cannot be changed after the bids have been submitted.

4.3.5 All prospective bidders shall be supplied with one copy of the official bid document, and a set of plans and/or specifications as applicable. A complete list of prospective bidders, including address, phone and fax numbers is to be maintained to facilitate the distribution of potential written addenda.

4.3.6 Closing times for sealed bids will be before 2:00 p.m. on specified date submitting to Department Head/designate responsible for the RFP, at the designated location.

5. REPORTS TO COUNCIL

5.1 Reports to Council seeking direction are to be submitted when any of the following criteria apply.

5.1.1 Quotation: The preferred bid exceeds the approved budget appropriation by 10% of the total project budget.

5.1.2 Tender: All tender award recommendations to be submitted to Council.

5.1.3 Request for Proposal:

5.1.3.1 If the estimated expenditure of the RFP exceeds \$30,000.00, the evaluation criteria and process must be approved by Council resolution prior to the issuance of the RFP.

5.1.3.2 After the closing of the RFP, if the preferred proposal exceeds the approved budget or exceeds \$50,000.00, a report must be submitted to Council.

6. ADVERTISING

6.1 Advertising of any available bid document is solely up to the Department Head responsible for issuing the bid document. All bids with an anticipated expenditure exceeding \$50,000.00 must be advertised.

7. PROCEDURES FOR ACCEPTANCE OF BIDS

7.1 Quotations, Tenders, Requests for Proposal and Other Formal Requests for Information (pre-qualification of bidders, expression of interest, etc.) must abide by the following procedures:

7.1.1 All formal bids must be properly signed and sealed or witnessed, placed in a sealed envelope and submitted to the

Department Head/designate, at the designated location, closing before 2:00 p.m. on the specified date.

- 7.1.2 All sealed bids submitted shall have the date and time of receipt noted on the face of the envelope.
- 7.1.3 Sealed bids received later than the time specified will not be opened and will be returned by regular registered mail or picked up by the owner from the Department Head of the department issuing the bid document.
- 7.1.4 All sealed bids, except quotations, will be opened at a time announced by the Department Head responsible/designate as soon after the closing as is practical. Such bid submission opening, with the exception of quotations, shall be open to the public. The Department Head/designate, and one additional Town employee/engineer or witness shall attend. The names of those in attendance shall be recorded.
- 7.1.5 Upon opening, only the bid prices will be provided unless otherwise noted in the bid document. The Town reserves the right to verify all bid submissions for requirements and extended prices after the public opening and may reject any non-compliant bid after the bid opening. No announcement concerning the successful bidder will be made at the bid submission opening.
- 7.1.6 The Department Head issuing the bid document is responsible for notifying the Treasurer of the bid call, bid opening date and time, and for supplying a copy of the documentation and any addenda issued as made available to the public.

8. PROCEDURES FOR REJECTION OF BIDS

- 8.1 Bids may be rejected for any of the following reasons:
 - 8.1.1 Bid received after the specified closing date and time.
 - 8.1.2 Bid does not comply with the requirements at time of closing as specified in the bid document. (Example, bid deposit)
 - 8.1.3 Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.

- 8.1.4 Does not meet or exceed specification requirements.
- 8.1.5 It is not in the best interest of the Town to accept the bid (Example, but not limited to: over budget, does not meet the objective of the bid document, etc.)
- 8.2 Bid rejections must be documented as for reason for rejection and retained with bid file.

9. BID DEPOSITS

- 9.1 Bid deposits shall be used at the discretion of the Department Head. A bid deposit is a financial guarantee that if a bidder is successful in the award of the bid, the bidder:
 - 9.1.1 Will enter into an agreement within a specified amount of time.
 - 9.1.2 Will provide the specified security as required.
 - 9.1.3 Will provide additional documentation as noted in the bid document
- 9.2 If a bidder awarded a contract does not oblige to any of the above within the time specified in the bid document and the Town is required to obtain another bidder and/or is required to issue another bid document, the bid deposit is forfeited.
- 9.3 Bid deposits are required to accompany any bid submission for construction work exceeding \$50,000.00 or as deemed appropriate by the Department Head.
- 9.4 Bids from \$50,000 to \$100,000 require a minimum 5% deposit and over \$100,000 requires a minimum 10% deposit.
- 9.5 Acceptable forms of bid deposits include certified cheques, irrevocable letters of credit, money orders or other forms of negotiable instrument or bond surety issued by a surety company, and shall name the Corporation of the Town of Hanover Town as the payee.

- 9.6 All bid deposits with the exception of the two lowest bids are to be returned to the bidders within ten (10) days after bid closing unless some anomalies are found in the analysis of the two lowest bids in which case the third lowest bid deposit will be retained. The remaining bid deposits to be released after execution of the contract agreement and submission to the Corporation of all documents required for the contract.
- 9.7 No interest will be paid on any bid deposit.

10. PERFORMANCE SECURITY

- 10.1 Performance security is a guarantee of the full completion of all work as required in the bid document. Acceptable formats for performance security include: Agreement to Bond; Performance Bond; Labour and Materials Bond; Irrevocable Letter of Credit; and Certified Cheque. Performance Bond and Labour and Materials Bond are required for all construction projects exceeding \$100,000.00 for a minimum of 50% of the bid amount. For all other requirements, the Department Head shall determine the financial amounts of the performance security.
- 10.2 Performance security is required for but not limited to construction, renovation, demolition, service contracts (when working on Town property), supply and installation of equipment for expenditures exceeding \$30,000.00.
- 10.3 All performance security must be in ORIGINAL FORM, signed, and sealed as applicable. No faxed or photocopies will be accepted.

11. INSURANCE

- 11.1 Any time that a successful bidder is required to complete any type of work on or at a Town of Hanover location, a certificate of insurance is required. The Town's minimum requirement for all insurance types is \$2 million. The certificate insurance requirements are detailed in the Purchasing Policy and the terms and conditions of these procedures. The bid document shall clearly indicate the insurance requirements that are to be provided by the successful bidder.

- 11.1.1 General Liability - whenever a successful bidder is being used to perform work for the Town. For larger projects, the Town requires \$5 Million General Liability (eg. Public Works projects).
- 11.1.2 Automobile Liability: whenever a successful bidder's vehicle(s) is being used to perform work for the Town or on Town property
- 11.1.3 Umbrella Policy: Provides excess insurance on top of the primary insurance policy. (eg. a successful bidder carries \$1 million general liability coverage and \$1 million umbrella coverage) This means on every insurance policy the contractor carries, there is an additional layer of coverage of \$1 million, therefore in this case, the contractor would have \$2 million liability coverage.
- 11.1.4 The bidder shall provide a Workplace Safety Insurance certificate including confirmation that premiums are current.

12. INFORMATION FOR BIDDERS

- 12.1 All tender bid documents issued must include Form P01, Purchasing Procedures for Bidders. (*see Schedule C*)
- 12.2 If a consultant (eg. architect, engineer) is preparing the bid document, it is the responsibility of the department hiring the consultant to provide a copy Form P01 to be included with the bid document.
- 12.3 A form will provide all bidders with policy and procedural information on the bidding process. Departments issuing bid documents are required to stipulate within the bid document actual bid submission requirements.

13. STATEMENT BY BIDDER

- 13.1 All tenders must require that Form #P02, Statement by Bidder, is completed in full and signed by an authorized representative of the company submitting the bid.

14. PROCEDURES - MONITORING AND REPORTING

- 14.1 To maintain the integrity of the process and to ensure adherence to the Purchasing Policy, staff will randomly review departmental procurement documentation. Any inappropriate purchases will be documented and reported to the CAO.
- 14.2 The Treasurer will issue an annual report to Council as prescribed by the Ministry Municipal Performance Measures Program and any other information as deemed appropriate by the CAO.

ATTACHMENTS

Purchasing Procedures For Bidders (P01)
Statement by Bidder (P02)

SCHEDULE "C" to By-Law # 2459-04

TOWN OF HANOVER PURCHASING PROCEDURES FOR BIDDERS SUBMITTING TENDERS

The following are the general purchasing procedures for The Town of Hanover that are to be included as an attachment to all bid documents. All bidders must adhere to the following procedures.

1. The following procedures shall be followed explicitly. Changes to any of these procedures shall be done only in writing by the Department Head/designate responsible for such bid document, to be given to all persons bidding. Copies of these procedures shall be given to every person intending to submit pricing for goods or services and a statement shall be signed and submitted with every bid submission that these procedures have been read and understood by the bidder.
2. All bid submissions must be properly signed and sealed or witnessed and placed in an envelope and submitted to the Department Head/designate to the location detailed in the bid document, before 2:00 p.m. local time on the specified date as stated in the bid document.
3. All submitted bids shall have the date and time of receipt noted on the face of the envelope.

4. Bids received later than the time specified will not be accepted, regardless of any postal seal date and such bids will not be opened and will be returned by regular registered mail or picked up by the owner from the office where bid was received.
5. All bids shall be submitted in one envelope and shall contain all of the bid documents required at time of closing as stated in the bid document. The Submission Label must be completed in full by the bidder. Envelopes will not be supplied.
6. All bids will be opened at a time announced by the Department Head responsible/designate as soon after the closing as is practical. Such bid opening shall be open to the public and the Department Head/designate responsible and the Treasurer/designate shall attend at such opening.
7. Upon opening, if the envelope does not contain the appropriate documentation as required, the bid will be declared as informal. The Department Head/designate and the Treasurer/designate will review the bids immediately after bid closing. If it is confirmed that the bid does not comply with the requirements at time of closing, the bid will be rejected. Written confirmation of the bids rejected will be forwarded to the bidder by the Department Head.
8. When the Department Head /designate checking bid submission compliance is satisfied that the bid submission contains the proper forms and information, the total price bid will be quoted publicly. All bid compliancy will again be reviewed by the Department Head.
9. No announcement concerning the successful bid will be made at the opening. A complete report and analysis shall be prepared by the appropriate Department Head or Consultant as the case may be, to be submitted to Committee and/or Council for a decision.
10. Bidders shall carefully examine and study all of the bid documentation, drawings, specifications, site of the work (if applicable) etc., in order to satisfy themselves by examination as to all conditions affecting the contract as the detailed requirements to fulfill the contract.
11. The Corporation of the Town of Hanover reserves the right to reject any or all bids for any reason whatsoever and to accept any bid considered best for its interest.
12. Any bidder will be permitted to withdraw his/her unopened bid submission after it has been deposited with the Department Head, provided such request for withdrawal is received in writing prior to the time appointed by the Department Head for the opening of such bids.

13. More than one bid submission from an individual firm, partnership, corporation or association under the same or different names will not be considered. Collusion between bidders will be sufficient cause for rejection of all bids so affected.
14. The bidder may submit alternative prices on any item for consideration. The Corporation reserves the right to waive informalities at its discretion. The Corporation shall be the sole judge of such matters.
15. Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind, may be rejected as informal. The bidder may, however, submit alternative prices on any item for consideration. The Corporation reserves the right to waive informalities at its discretion.
16. Bids containing prices that are unbalanced and are likely to affect adversely the interest of the Corporation, may be rejected. The Corporation shall be the sole judge of such matters.
17. Should a bidder find discrepancies in, or omissions from the bid documents, or should he/she be in doubt as to meaning, he/she shall clarify them with the appropriate Department Head or Consultant as the case may be, who may send an addendum to all bidders. No oral explanation or interpretation.
18. All bids must be on the form supplied by the Town and be signed and sealed by the bidder. A bid submitted by a Corporation shall bear the Corporation Seal and the signature of a duly authorized officer or officers who may be required to present evidence of his/her or their authority to sign. Where a bid is a joint venture, they shall comply individually with this direction.
19. Where sub-trades are to be used, a complete list showing sub-trade name, owners, phone numbers and addresses shall accompany the bid submission. The amount of indebtedness to the sub-trade for works to be performed shall be clearly shown on the list. Sub-trades may be changed by the main contractor but only on written approval by the appropriate Department Head or the Consultant of the Town.
20. The Contractor shall insert the firm's WSIB account number in the space provided on the Bid Form (as applicable). This number is required in order to verify the firm's standing with the Board at the time of the recommendation to award this contract.
21. Any contingency allowance to be included shall be stated by the Town and no bidder shall include any contingency allowance in any bid.
22. The estimate of quantities as shown in the bid document shall be used as a basis of calculation upon which the award of contract will be made. These quantities

- are not guaranteed to be accurate and are furnished without any liability on the part of the Corporation.
23. Whenever in a bid submission the amount bid for an item does not agree with the extension of the estimated quantity and the bid unit price, the unit price shall govern and the amount of the total bid price shall be corrected accordingly.
24. The unit price or lump sum price for all items in the Schedule of Quantities and Unit Prices shall be deemed to be full compensation for all the works including all necessary labour, equipment and materials specified in the Special Provisions, standard specifications and supplemental specifications.
25. The appropriate Department Head will notify the successful bidder of the contract award within two to five business days after the Council meeting that considers the bid.
26. When bid deposits are a requirement of the bid document, they must be submitted in full compliance of the bid and in adherence with the following:
- 26.1 It is noted that the bid deposit cheque, money order or bid bond is a guarantee that the contractor or supplier will execute a contract agreement with the Town for the delivery of the services, material or equipment provided for in the applicable bid document. In the event that a bidder or contractor fails to execute a contract agreement or supply the requested documentation with the Town when requested to do so, the bidder shall be deemed to be in default and the Town will have full unencumbered right to cash any bid deposit cheque or money order or act upon a bid bond in its possession relating to the specific bid document for default of the bidder and the Town has full, unfettered rights to use the funds in its sole discretion and any bidder who has defaulted as herein shall have no claim whatsoever against the Town for such action taken by the Town.
- 26.2 All cheques, bonds, letters of credit or money orders shall be payable to the Corporation of The Town of Hanover. The Town of Hanover, within ten (10) days after the close of the bids shall return all bid deposits except the lowest bid and the next lowest bid unless some anomalies are found in the analysis of the two lowest bids in which case the third lowest bid deposit will be retained. The bid deposits retained by the Town shall be released after execution of the contract agreement and submission to the Corporation of all documents required for the contract. If the bidder refuses or neglects to execute the contract agreement or to submit the required documents as specified by the Town in its bid documents within three weeks after

the date of contract award, the Corporation at its sole discretion, may cash the deposit and such deposit shall be subject to forfeiture.

- 26.3 Bidders shall note that no interest will be paid on any bid deposit.
- 26.4 Agreement to Bond shall be in a form established by The Town of Hanover if a format is provided in the bid document. If not, the format provided by the bonding company is sufficient.
27. After notification of award, the successful bidder will be responsible for adhering to the following as applicable to the bid document requirements.
- 27.1 The successful bidder shall be bound to execute the contract agreement and to file satisfactory bonds, insurance policies and WSIB clearance letter, as required herein, with the Corporation within three weeks of the date of contract award and shall be maintained until contract completion.
- 27.2 Failure to execute the contract or to file satisfactory bond, insurance policies and WSIB clearance letter as required by the bid document within the specified time period shall be just cause for the cancellation of the contract award and the forfeiture of the bid deposit to the Corporation, not as penalty, but in liquidation of damages sustained. The Corporation shall then have the right to award the contract to any other bidder or to reissue the bid document.
- 27.3 Upon award of the contract, and where required the Contractor must furnish to the Corporation, at his/her cost, a Performance Bond in the amount specified in the bid documents. Such bond must be satisfactory to the Corporation.
- 27.4 The Performance Bond shall unconditionally guarantee that the work will be satisfactorily completed or materials supplied or both within the terms of the contract up to the face value of the bond. In other words, the bonding company will be liable whenever the Contractor is liable. Without limiting the generality of the foregoing, such bond shall cover extensions to the contract, modifications thereof, and twelve month maintenance guarantee. The bonding company shall NOT replace a prime Contractor or Sub-Contractor without prior approval of the appropriate Department Head or Consultant of the Town.
- 27.5 Upon award of the contract, the Contractor must furnish to the Corporation, at his/her cost, a CERTIFIED copy of a liability

insurance policy as detailed in the bid document. All minimum coverage is detailed below:

- \$2 million – general liability and automobile liability policies ;
- \$2 million – homeowners (e.g. for rental of facilities) ;
- \$5 million – general liability and automobile liability policies – for contract work done for The Corporation;
- \$2 million – professional errors and omissions liability ;
- Builder’s Risk – the amount of the project cost .

Such policy shall contain:

- 27.5.1 a “Cross Liability” clause or endorsement;
 - 27.5.2 an endorsement certifying that The Town of Hanover and (insert bidder) is included as an additional named insured;
 - 27.5.3 an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty days prior written notice to the Corporation.
- 27.6 The Contractor’s Liability Insurance Policy shall not contain any exclusions of liability for damage, etc. to property, building or land arising from:
- 27.6.1 the removal or weakening of support of any property, building or land whether such support be natural or otherwise;
 - 27.6.2 the use of explosives for blasting;
 - 27.6.3 the vibration from pile driving or caisson work, provided that the minimum coverage for any such loss or damage shall be \$5,000,000.00
- 27.7 The Liability Insurance Policy and/or endorsements shall be satisfactory to the Corporation.
- 27.8 If required upon award of contract, the Contractor shall maintain and pay for a Builder’s All Risk Policy satisfactory to the Corporation in the joint names of the Corporation and the Contractor, in the amount of 100 percent of the total value of the contract. All monies paid under such insurance shall be received by the Corporation, which shall pay as much of it as may be required for the purpose of replacing, rebuilding, or repairing the work and all such material which has been damaged, or destroyed according to the appropriate Department Head or Consultants certificate and the balance, if any, shall be paid to the Contractor on completion. Such replacing, rebuilding, repairing and completion shall be carried out in every way subject to the terms and conditions of the contract. The

Builder's All Risks Policy shall remain in the custody of the Corporation and shall be kept in force by the Contractor until the work has been completed and accepted in writing by the appropriate Department Head of the Town.

- 27.9 The successful bidder must submit the necessary performance bond and certified copies of insurance policies in accordance with the contract requirements prior to any construction on site. No work is to commence until the required documentation is received and approved by the Town.
- 27.10 The Contractor shall provide and maintain the necessary first aid items and equipment as called for under the First Aid Regulations of the Worker's Compensation Act and Occupational Health and Safety Act as applicable to the scope of work.
- 27.11 The successful bidder shall deal with claims of any nature immediately including insurance claims, complaints from subtrades, etc. If a claim is settled to the satisfaction of the claimant, the successful bidder shall submit to the appropriate Department Head, a copy of the claimant's release.
- 27.12 Occupational Health and Safety Act and amendments thereto.
- 27.13 Payments to the Contractor, holdbacks and their release, and certificate of substantial performance and completion under this contract shall be in full compliance with the provisions of The Construction Lien Act, R.S.O. 1990.
- 27.14 In his/her bid price, the Contractor shall be deemed to have made due allowance for the publication of a copy of the certificate of substantial performance of the contract in the Daily Commercial News within seven days of receipt of the said certificate, in order to facilitate the hold back release under the substantial performance certificate.
- 27.15 Successful bidders shall be responsible for all permits.
- 27.16 The contract must be completed by the time specified in the bid submission or as agreed upon in the contract.

Form P02

STATEMENT BY BIDDER

BID DOCUMENT NAME: _____

BID DOCUMENT NUMBER (IF APPLICABLE): _____

1. I/We have reviewed all terms and conditions of all forms included as part of this bid package.
2. I/We have read and understand all of the terms and conditions of the forms included as part of this bid package.
3. I/We understand that if our bid is successful, all requirements of the successful bidder as outlined in this bid document will be completed by the time and in the format required.

Dated at _____ this _____ day of _____, 20 _____.

Witness

Signature of Authorized Person

Position

SCHEDULE "D" to By-Law # 2459-04**TOWN OF HANOVER
STATEMENT OF LEASE FINANCING POLICIES AND GOALS****INTRODUCTION**

In certain circumstances, it may be economically advisable for the Municipality 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 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 Municipality's procurement policy, a procurement decision must always ensure that the prices paid for goods and services make optimum use of Municipality 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 Council which clearly gives an opinion as follows:

- i) Whether or not the costs of the financing lease agreement are lower than other methods of financing available to the Municipality and
- ii) 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 Treasurer must present a report to 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 Treasurer to Council must include a report and evaluation of the Schedule of Financing Lease Payments included in the Financing Lease Agreement. This report must include:

1. 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,
2. a comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing,
3. 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 Municipality,

- including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities,
4. 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,
 5. A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations, and
 6. 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 Council.

If circumstances exist which indicate that a financing lease is the only method of financing available, the 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:

1. Effective interest rate implicit in the lease (as compared to current and estimated future market interest rate fluctuations)
2. 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
3. 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.
4. Lease term The lease is a contractual agreement and generally non-cancelable prior to its expiration.
5. 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 Municipal Solicitor on the provisions of the proposed financing lease agreement. In addition, if, in the opinion of the Municipal Solicitor, the scope of the proposed transaction warrants obtaining legal advice independent of the Corporation, the report should recommend the same to 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 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 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 Treasurer and presented to 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 Treasurer as to whether, in the opinion of the Treasurer, all financing leases were made in accordance with this Statement of Leasing Policies and Goals.
4. Any other information that Council may require or that, in the opinion of the 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 Municipality and is therefore a non-material lease. This includes the following types of leases:

1. Any lease entered into in accordance with the Municipality'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 Treasurer that they intend to enter into a lease and request the 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 (versus other methods of financing) should still be utilized. See pages 33 and 34 of this Statement for guidance.