

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Treasury Services Division

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: December 7, 2011	
SUBJECT/REPORT NO: Evaluation of the City of Hamilton Purchasing Program Update (FCS09109(c)) (City Wide) (Outstanding Business List Items from Audit, Finance & Administration and General Issues Committees)	
SUBMITTED BY: Antonio D. Tollis City Treasurer Corporate Services Department	PREPARED BY: Rick Male, 905-546-2424, ext. 4157 Angela Mastandrea, 905-546-2424, ext. 2796
SIGNATURE:	

RECOMMENDATION

- (a) That the City of Hamilton Procurement Policy, attached as Appendix "A" to report FCS09109(c), be approved;
- (b) That a by-law to adopt and maintain a Procurement Policy for the City of Hamilton, in substantially the form set out in Appendix "A" to report FCS09109(c), be enacted;
- (c) That the City of Hamilton not adopt any specific procurement policy with respect to applying a preference, or penalty, based on the following:
 - (i) the geographical location of any vendor/supplier, or potential vendor/supplier, of goods and services to the City of Hamilton and its' affiliated entities; or
 - (ii) the Canadian, Ontario and/or Hamilton/local content of any goods and services provided, or to be provided, to the City of Hamilton and its' affiliated entities;

- (d) That Item B respecting “Buy Local – recommendation (b) of FCS09020” be considered complete and removed from the General Issues Committee's Outstanding Business List;
- (e) That Item B respecting Sky Dragon Community Cooperative – Partnership Opportunities be considered complete and removed from the Audit, Finance and Administration Committee's Outstanding Business List;
- (f) That the Purchasing Sub-Committee be renamed the Procurement Sub-Committee to reflect the renaming of the Procurement Section;
- (g) That after the initial implementation period of 12 months, Audit Services be directed to conduct a review to assess City staff adherence to Procurement Policy #19 – Non-compliance with the Procurement Policy and to report their findings to the Audit, Finance and Administration Committee.

EXECUTIVE SUMMARY

A review of the City's procurement program was undertaken in 2010 by an external consultant, The National Institute of Governmental Purchasing, Inc. (“NIGP”). The findings of this review included 58 recommendations for staff to consider and more specifically, the report included proposed amendments to the existing Purchasing Policy.

An important aspect of the proposed changes is renaming the Purchasing Policy to the “Procurement Policy” to reflect the change in direction of the Procurement Section as a collaborative role assisting the client departments to meet their procurement needs at best value for the City.

This report provides a highlight of these changes and staff are presenting the proposed Procurement Policy for approval. In addition, staff are providing an update to the work plan, which is based on the recommendations made by NIGP.

The report also addresses two outstanding business items - Item B “Sky Dragon Community Cooperative – Partnership Opportunities” from the Audit, Finance and Administration Committee and Item B “Buy Local – Recommendation (b) of FCS09020” from the General Issues Committee that relate to the City's Procurement Policy. Staff were requested to review the feasibility of implementing a ‘Buy Local’ policy. Based on the findings, changes are not recommended to the Procurement Policy. Staff were also requested to consider a partnership request from Sky Dragon Community Cooperative

to supply food services. A specific partnership is not recommended at this time as there are other vendors and services can be utilized under the existing Procurement Policy.

Alternatives for Consideration – Not Applicable.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: None.

Staffing: None.

Legal: The changes contained in the proposed Procurement Policy are expected to better clarify roles, streamline procurement processes and minimize the financial and legal risks to the City from vendor claims. To best meet the requirements of the *Municipal Act, 2001*, it is recommended that the proposed Procurement Policy be contained within a by-law.

HISTORICAL BACKGROUND (Chronology of events)

The Operational Review Sub-Committee approved report FCS09109 “Evaluation of the City of Hamilton Purchasing Program” (Report 09-001) which directed staff to hire an external consultant to undertake a review of the City of Hamilton’s Procurement Program.

A staff steering committee known as the Procurement Advisory Committee and chaired by the City Treasurer, was brought together to prepare a Request for Proposals document, evaluate the proposals received and select a successful proponent. This Request for Proposals was awarded to NIGP.

NIGP conducted a review of the City of Hamilton’s Procurement Program in the winter of 2010 and their final report was presented to the May 6, 2010, Operational Review Sub-Committee (report FCS09109(a) “Evaluation of the City of Hamilton Purchasing Program”).

A progress update (report FCS09109(b) was provided to the Operational Review Sub-Committee on September 17, 2010.

This report FCS09109(c) is a further update regarding the implementation of the recommendations of the NIGP report and specifically to seek approval of the revised Procurement Policy. The Procurement Advisory Committee has been working through

the recommendations made by NIGP in their report together with the City Treasurer and Procurement Section staff. Appendix “B” of report FCS09109(c) provides an updated status of the progress of these recommendations.

POLICY IMPLICATIONS

Purchasing Policy (to be renamed the Procurement Policy).

RELEVANT CONSULTATION

The Procurement Advisory Committee has provided input on the NIGP report recommendations, as well as, on the proposed Procurement Policy.

The Audit Services Division has been consulted with respect to the internal audit responsibilities identified in section 2 of the proposed Procurement Policy attached as Appendix “A” to report FCS09109(c).

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The restructuring of the Procurement Section, as described in report FCS09109(b), was completed by the end of 2010. The next major task was to deal with the recommended amendments to the Procurement Policy as detailed in NIGP’s report. This effort was done in collaboration with the Procurement Advisory Committee. The committee, comprised of Directors and Managers from all operating areas, met weekly for two to three hours throughout the months of September 2010 through January 2011.

Other matters for consideration in this report are: Tradebank (reciprocal buying) and Buy Canadian / Buy Local Policy and Sky Dragon Community Cooperative – Partnership Opportunities.

PROCUREMENT POLICY AMENDMENTS

The amendments to the Procurement Policy, outlined in this report, are based on best practices in the public procurement sector. Many of these changes were recommended by NIGP to move Procurement staff away from a “policing” function and towards more of a collaborative role assisting the client departments to meet their procurement needs.

The proposed Procurement Policy amendments also include addressing several housekeeping issues throughout the policy that have not been specifically addressed in this report. These include editing, for better clarity and understanding, and amending the definitions section as appropriate.

The following outlines the primary changes made to the Procurement Policy:

1. The Mission, Vision and Values section was updated to include the Corporate Vision, Mission Statement and Values.
2. The auditing function contained in section 2 of the Procurement Policy (Responsibilities & Prohibition of Procuring Goods and/or Services) will be undertaken by internal Audit Services, whereas previously, the policy stated that this was a procurement function.

The policy has been amended and now reads 'Internal Audit Services shall conduct selected audits to ascertain adherence to the Procurement Policy. The Procurement Section and Council shall receive a copy of the audit results.'

3. **Policy #2 – Approval Authority.**

This was previously Policy # 4 and has been moved to appear earlier in the document. A table summarizing approval authorities has been added to assist in application of the Policy.

Corporate Contracts: The current policy requires that corporate contracts be approved by Council. This requirement has been removed and it is recommended that the contract award process for corporate contracts be made through Centralized Procurement in accordance with the Request for Tenders (RFTs) and Request for Proposals (RFPs) contract documents.

The benefit of this proposed amendment is that the award process is expedited and minimizes the number of contract extensions requested. Since 2001, Council has approved all award recommendations for corporate contracts brought forward by staff. Also, Council will continue to be apprised of the status and awards of RFTs and RFPs through the Procurement Section's monthly information report to Council.

Linear Construction Contracts: The process currently being utilized for awarding linear constructions contracts has also been added to this policy. Linear construction projects are issued in conjunction with the Public Works Department, and are for the construction of projects such as roads, watermains,

sewers, parks and related works. The award of linear construction contracts requires the approval of the General Manager of Public Works. This approval is only used when the award is to the lowest compliant bidder, the project was approved by Council in the capital budget and the lowest compliant bid is within approved budget parameters. This differs from the award of all other contracts where the approvals of both the General Manager and City Manager are required, however it does reflect the past practice for the award of linear construction contracts. This process expedites the award of linear construction contracts, which are always time sensitive due the short construction season that the City experiences.

4. **Revenue Generating Contracts.** The City has added a provision to allow for revenue generating contracts as the current policy is silent for these types of contracts. The policy addresses how revenue generating contracts will be issued and awarded by the City, and is also defined in the Procurement Policy.

Revenue generating contracts are a legal agreement between the City and a third party that yields a financial return for the City. Revenue Generating Contracts include, but are not limited to:

- (a) **“Service Revenue Contracts”** - the sale of Goods and Services by the City to a third party; and
- (b) **“Profit Sharing Contracts”** - contracts whereby the City receives a portion of revenues, sales or profits earned by a third party under contract with the City; and
- (c) **“Mixed Revenue Contracts”** - a combination of various types of Revenue Generating Contracts

Policy #2 – Approval Authority now includes the following provision:

‘The issuance and approval of award of a Revenue Generating Contract of any value requires the approval of the General Manager of the Client Department. It will be at the discretion of the General Manager of the Client Department whether to also seek Council approval on the issuance and/or approval of award of a Revenue Generating Contract.’; and

Policy #5 – Determining the Acquisition Process has the following added provision: ‘Where the estimated gross revenue for a Revenue Generating Contract is \$5,000 or greater, the Revenue Generating Contract shall follow the RFP or RFT process through Centralized Procurement.

Service Revenue Contracts of any value shall be exempt from the public procurement processes outlined in the Procurement Policy, save and except Policy #2 – Approval Authority and Policy #13 – Authority to Execute Contracts. Mixed Revenue Contracts are not exempt.

In the event that a Revenue Generating Contract falls under more than one City Policy, both policies must be adhered to unless that contract and/or the other City Policy is specifically exempted from the Procurement Policy.'

5. Policy #5.1 – Low Dollar Value Procurements

Staff reviewed the feasibility of amending the policy for low dollar value procurements from \$5,000 to \$10,000 or higher. At this time staff is not recommending an increase. The value of \$5000 is consistent with other comparator municipalities and the volume of purchases between \$5,000 and \$25,000 is not substantial enough to warrant an increase.

6. Policy #5.4 – Request for Proposals has been amended to allow for additional evaluation methodologies. The current evaluation methodology is:

- **LOWEST PRICED BID MEETING TECHNICAL BENCHMARK SCORE.** The award of the RFP will utilize a two step evaluation process. The City evaluates the technical proposal received against the evaluation criteria and weightings set out in the RFP. For those technical proposals that successfully meet the benchmark score stipulated in the RFP, the City will open the pricing portion of the proposal and award to the vendor who has lowest priced proposal.

Three additional methodologies for determining 'best value' have been provided for in the proposed Procurement Policy. These methodologies are:

- **FIXED PRICE.** The City establishes a fixed dollar value for the award, and the proposals consist of only a technical submission for that fixed dollar value. The City evaluates the technical proposals received against the evaluation criteria and weightings set out in the RFP. The award shall be made to the highest scoring vendor.
- **PRICE PER POINT.** The evaluation of the RFP will utilize a two step evaluation process. The City evaluates the technical proposals received against the evaluation criteria and weightings set out in the RFP. For those technical proposals that successfully meet the benchmark score

stipulated in the RFP, the City will open the pricing portion of the proposal. The City will then calculate the price per point for each proposal which meets the technical benchmark score and the award will be made to the vendor with the lowest price per point.

- **COMBINATION OF TECHNICAL AND PRICE SCORES.** The RFP will utilize a two step evaluation process. The City evaluates the technical proposals received against the evaluation criteria and weightings set out in the RFP. For those technical submissions that successfully meet the benchmark score stipulated in the RFP, the City will open the pricing portion of the proposal and score the price based on a predetermined calculation set out in the RFP. The price weighting must be a minimum of 25 percent of the technical weighting. Only the General Manager of the Client Department may approve a price weighting of less than 25 percent of the technical weighting. A total evaluation score will be determined by adding the technical score and the price score. The award shall be made to the highest scoring vendor;

Prior to the issuance of the RFP, the client department would select which of the four methodologies would best suit their needs for that particular RFP.

The NIGP report commented that the City's current methodology is a 'good, modern procurement procedure'. However, the report then suggested opportunities for improvement by looking at established best practices in RFP evaluations. It is based on these recommendations and the feedback received from client departments that these three additional evaluation methodologies were added. The change will provide a range of approaches that can be utilized based on the RFP requirements, to ensure a proponent is selected that provides best value to the City.

7. Policy # 7 – Construction Contracts

There is always sensitivity around timing when speaking of construction projects. In some instances, unforeseen circumstances occur that need to be addressed expeditiously in order to deliver the original approved work but which do not expand the scope of the project.

The current process to approve these unforeseen works is to use a Policy # 11 – Non-competitive procurement form and then be approved by either the Director or General Manager of the client department and the Procurement Manager. These requests have always been approved in the past as the work cannot proceed without having these issues addressed. This is always a timing issue

due to the nature of work and impacts to traffic, pedestrians and municipal services and the required levels and diversification of approvals required.

In order to address this timing issue, the proposed policy change mimics the Emergency Policy (Policy #10) process, whereby the client department proceeds under the General Manager's authorization. Details of the work, reasons for the work and any related costs are all reported to the General Manager.

This process does not contemplate changes in the scope of work. Where a change in the scope of the work is involved, that type of request would require the approval of the General Manager before any commitment is made by the City.

8. **Policy # 11 – Non-competitive Procurements (previously named Policy for Use of Negotiations)** was changed significantly as follows. The current process entails a two part approval requiring both the departmental Director or General Manager (depending on the dollar value of the request) and the Procurement Manager signatures.

Based on the feedback received from the client departments, NIGP has recommended an alternative process for approving these requests. This process eliminates the second level of approval by the Procurement Manager, to now requiring the General Manager of the client department to approve these non-competitive purchases, although the General Manager is to do so in consultation with the Procurement Manager. In this way, the non-competitive procurement process will be expedited while maintaining a very senior level review of the justification and purchase.

The current reporting mechanism will be maintained, and Council will receive quarterly information reports from the Procurement Section on the usage of non-competitive procurement requests.

Lastly, the provision for the City to negotiate with the lowest compliant bidder for projects where all bids received exceeded budget or the estimated project cost was incorporated into the formal procurement process. This authority is now included in Policy # 5.3 – Request for Tenders (\$50,000 and greater) and Policy # 5.4 – Request for Proposals (\$5,000 and greater) and may be exercised with the approval of the General Manager of the client department.

Currently, the process for handling non-compliant purchases is handled through Policy #11. The new Procurement Policy will address these types of purchases under Policy #19 – Non-compliance with the Procurement Policy.

9. **Policy # 18 – Vendor Complaint Resolution** now identifies the timelines by which a formal complaint can be made by a bidder during the formal procurement process. The City’s current policy states that the complaint has to be made prior to the award of the contract, and has sometimes resulted in lengthy delays in awarding contracts. The proposed policy now requires a vendor to submit a complaint within three business days of being advised of the results (i.e. either the bid results in a RFT or the evaluation results in a RFP or Request for Pre-qualifications).

If a complaint is received by the City, the vendor and the Procurement Manager will review the matter and if no satisfactory resolution is reached, the vendor will have three business days to elevate the matter. In these instances, the vendor would meet with the General Managers of the client department and Corporate Services. The General Managers will review the matter and make the final decision regarding the vendor’s complaint. This process differs from the current policy which permits the vendor to request to appear as a delegation at Audit, Finance and Administration Committee regarding the vendor’s complaint. In all instances where vendors have appeared as a delegation, committee has supported staff’s decision.

10. **Policy # 19 – Non-compliance with the Procurement Policy**

The other notable change in this process is how non-compliant purchases are handled. Non-compliant purchases are identified as acquisitions that have been made by the client department without following the provisions of the Procurement Policy and or where the person acquiring the goods/services did not obtain the requisite approvals. For these types of purchases, the client department will utilize Policy # 19 – Non-compliance with the Procurement Policy. In these instances, City staff will complete a ‘Procurement Policy Non-Compliance Form’ that identifies the circumstances surrounding the non-compliance, the vendor details and the amount owing to the vendor. The General Manager of the client department will review the form, and where appropriate, will authorize the payment of any invoices owing for services rendered. Such violations will be subject to the appropriate disciplinary action up to and including termination of employment depending on nature of the violation in accordance with Corporate Human Resources Policy/Discipline Procedures.

These occurrences will continue to be reported to Council on a quarterly basis, in a similar fashion to the current Policy 11 – Negotiations information report. The records supporting these procurements will be retained with the client department.

11. Policy # 24 – Solicitation of Vendors

Upon review of the current policy, and more specifically Policy # 24 – Solicitation of Vendors, the Procurement Advisory Committee was made aware that there is another policy regarding sponsorship that conflicts with the policy for the Solicitation of Vendors. The Policy for Commercial Advertising and Sponsorship (PW08060 - Item 8.2 of the Public Works Committee Report 08-008) was approved by Council at its June 11, 2008 meeting. This policy applies to all paid advertising and sponsorship recognition of individuals or corporations on City-owned or City-controlled assets, public property, at City events and in City publications.

Based upon the overwhelming support to maintain the Policy for Commercial Advertising and Sponsorship by City staff, the Procurement Advisory Committee recommended the removal of the Policy #24 - Solicitation of Vendors in its entirety from the policy.

- 12. Schedule B of the Procurement Policy** is the exemption list of procurements that do not require a competitive procurement process. This list was reviewed in detail and updated. These updates included the addition of exemptions that are considered to be recurring and non-competitive expenditures.

Implementation of the Procurement Policy

The changes to the Procurement Policy will be communicated City wide. Procurement staff will continue to hold face to face meetings with their client departments to present these changes, as well, the Quarterly Procurement Newsletter and the Procurement Resource Page on eNet will be updated with the new policy and any related updates.

Procurement also holds annual presentations for the vendor community and includes the changes to the Procurement Policy at these presentations, and will ensure that the revised Policy will be posted on the hamilton.ca/procurement webpage.

Procurement Policy Recommendations Update

The Procurement Advisory Committee and Procurement staff have concentrated on addressing those recommendations that pertained to amending or enhancing the Procurement Policy. Staff will continue to work on the recommendations as indicated in the Status of Procurement Review Recommendations, attached as Appendix “B” to report FCS09109(c).

The recommendations are summarized in six main categories:

- procurement by-law amendments - (5 recommendations),
- procedures related - (15 recommendations),
- organization structure/job descriptions – (11 recommendations),

- technology related – (9 recommendations),
- training and education – (13 recommendations), and
- cost effectiveness/efficiency – (5 recommendations)
for a total of 58 recommendations.

To date, 27 of the 58 recommendations have been addressed and are considered complete, with another five recommendations being in progress. Staff will continue to work towards addressing the remaining recommendations.

TRADEBANK

As part of NIGP's review of the City's procurement process, they included a review of the commodity exchange system (reciprocal buying) proposed by Tradebank, as well as, the bartering of goods and services in a municipal context.

In their review, NIGP examined the concept of trading commodities in a public agency. From the inquiries made to the NIGP membership (2,600 member agencies, representing 16,000 public procurement professionals in Canada, US and abroad), there were only a few instances where an agency participated in 'trading' of commodities and this involved the exchange of two or three used items for one new item from the manufacturer or distributor.

From their review, NIGP confirmed that Tradebank does not have any other public agency as a client and that bartering is not the norm, or a best practice in public procurement.

Tradebank provided City staff with a listing of participating vendors. Upon review, it was concluded that the City does not acquire goods or services from the majority of the firms listed.

Tradebank acknowledges the limitations of their current program for the City. Since NIGP's review, Tradebank has provided the City and Hamilton Entertainment Conventions and Facilities Incorporated (HECFI) with a revised unsolicited proposal that requires the participation of both parties. Until it has been decided what changes are being made to the HECFI operations, staff are recommending that this unsolicited proposal be put into abeyance.

Further, Tradebank confirmed that there are other organizations that provide similar services. Therefore, if staff are directed to pursue this type of venture, staff would issue an Expression of Interest to the vendor community to see what interest exists to undertake such an arrangement in order to maintain a fair, open and transparent process.

Therefore, staff are not recommending to implement a bartering system in the revised Procurement Policy at this time.

BUY CANADIAN / BUY LOCAL POLICIES

The issue of the potential implementation of a Buy Canadian or Buy Local policy was first addressed in report FCS09020, whereby it was recommended that the City not implement any such policy. Recommendation (b) of that report was referred back to staff and remains on the General Issues Committee Outstanding Business List. Since that time, the City's purchasing program underwent a comprehensive review. The Buy Canadian/Buy Local issue was one of several issues addressed in that review. As such, this issue is now being dealt with as part of the overall procurement review process.

Since the local preference/buy local policy issue was first discussed at Council on May 13, 2009, in addition to internal changes at the City, there have been some developments with respect to the "Buy Canadian" vs. "Buy American" issue¹, some of which led to short-term calls for protectionist buying strategies. However, in general, the Federal movement has been one towards the opening up of Canadian markets to many different countries via an increase in, and expansion of existing, international free-trade agreements² and an overall "pro-free trade" political climate.³

At the Provincial level, the legislative framework has not changed⁴ and the Agreement on Internal Trade⁵ remains the same with respect to limits on trade in the municipal sphere.⁶

At the municipal level, procurement policies and by-laws are either silent on the matter or expressly prohibit this practice. The Ontario Public Buyers Association, of which the City is a member, addresses this same issue in the 'Statement of Ethics for Public Purchasers'. It states (in part), 'Fair and impartial award recommendations for all contracts and tenders. This means that we do not extend preferential treatment to any vendor, including local companies.'

¹ See, for example: *American Recovery and Reinvestment Act, February 17, 2009*, s.1605; and Agreement between The Government of Canada and The Government of the United States of America on Government Procurement, signed February, 2010. NOTE: Terminates September 30, 2011.

² See Foreign Affairs and International Trade Canada website at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/index.aspx> for an up-to-date list of current agreements and ongoing international trade negotiations.

³ See for example recent statement by the Honourable Ed Fast, Minister of International Trade at http://www.international.gc.ca/media_commerce/comm/news-communiqués/2011/151.aspx?lang=eng

⁴ See *Discriminatory Business Practices Act*, R.S.O. 1990, C.D-12; as amended.

⁵ Agreement on Internal Trade, as amended. Signed on July 18, 1994 by First Ministers. In effect July 1, 1995.

⁶ *Ibid.*, see Annex 502.4

In light of the foregoing, a Buy Canadian policy *may* be defensible within specific parameters, which could vary from international agreement to international agreement. However, in light of the ever-expanding free-trade arena, it would be extremely difficult to craft and remain current with respect to such a policy. Further, it would be very difficult to defend a policy that offered a preference to Ontario, Hamilton and/or “local” vendors and suppliers, as applicable provincial legislation actively seeks to eliminate discrimination based on, among other things, geographical location. Further, public policy has not changed since 2009 in that municipal implementation of local preference procurement policies are discouraged. If the City were to introduce a “Buy Canadian”, “Buy Ontario” or “Buy Hamilton/Local” policy, any of these policies could be subject to legal challenge by any vendor who asserts he/she/it has been disadvantaged as a result of said policy and/or preference.

Not identifying a specific preference within the City’s Procurement policies hedges against potential claims of “unfairness” from vendors, while allowing the City to utilize local and/or Canadian preferences on a case-by-case and as needed basis with Council approval.

SKY DRAGON COMMUNITY COOPERATIVE

Staff were directed to review the opportunity of partnering with Sky Dragon Community Development Cooperative (Sky Dragon) regarding the purchase of coffee and catering services. Sky Dragon states that their produce is locally grown, organic or fair trade products. The review indicated that a specific partnership with Sky Dragon is not recommended, at this time, as it is important to allow all vendors to participate rather than directing a single specific partnership.

Senior Management Team approved the Corporate Healthy Food and Beverage Policy on May 26, 2011. To support the implementation of this policy, Human Resources and Public Health Services staff partnered with local caterers/vendors to develop healthy menus that meet the policy criteria. These approved menus are currently available for use by City staff for catering business and community events.

Services offered by Sky Dragon may be utilized by City staff if the criteria of the Corporate Healthy Food and Beverage and Procurement Policy are met. Further, since the majority of catering and or coffee service requirements by the City are low dollar procurements as defined by the Procurement Policy (i.e. under \$5,000); this allows City staff to select a vendor of their choice without having to go through a competitive bidding process.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

N/A.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ A culture of excellence

Financial Sustainability

- ◆ Financially Sustainable City by 2020

Intergovernmental Relationships

- ◆ Maintain effective relationships with other public agencies

Growing Our Economy

- ◆ Competitive business environment

Social Development

- ◆ People participate in all aspects of community life without barriers or stigma

Environmental Stewardship

- ◆ Aspiring to the highest environmental standards

Healthy Community

- ◆ Plan and manage the built environment

APPENDICES / SCHEDULES

Appendix "A" - City of Hamilton Procurement Policy By-law and Procurement Policy.

Appendix "B" - Status of Purchasing Review Recommendations.

Authority: Item XX, Audit, Finance and
Administration Committee
Report 11-XXX (FCS11XXX)
CM: XXX XX, 2011

Bill No. XXX

CITY OF HAMILTON

BY-LAW NO. 11-XXX

A By-law to Adopt and Maintain a Procurement Policy for the City of Hamilton

WHEREAS paragraph 270(1)3 of the *Municipal Act*, 2001, S.O. 2001, c. 25 provides that a municipality shall adopt and maintain a procurement policy with respect to its procurement of goods and services;

NOW THEREFORE the Council of the City of Hamilton enacts as follows:

1. Schedule "A", which is attached to and forms part of this By-law, is the City of Hamilton procurement policy adopted and maintained in accordance with paragraph 270(1)3 of the *Municipal Act*, 2001.
2. The short title of this by-law shall be the "Procurement Policy By-law".
3. By-law No. 09-230 is repealed.
4. This by-law comes into force on the day it is passed.

PASSED this XXth day of XXX, 2011.

R. Bratina
Mayor

R. Caterini
City Clerk



Hamilton

FINANCIAL SERVICES

PROCUREMENT SECTION

Procurement Policy for the City of Hamilton

Approved By City Council On:

XXX XX, 2011

**CORPORATE SERVICES
PROCUREMENT SECTION**

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**CORPORATE SERVICES
PROCUREMENT SECTION**

MISSION, VISION AND VALUES

Mission

- To ensure that the procurement function meets the current and future needs of the corporation, provides an economical and efficient service and is considered a value-added partner in the securing of Goods and/or Services for the corporation.

Vision

- A team of resourceful skilled professionals, working in partnership with their customers to procure the best Goods and/or Services in the most efficient manner.

Corporate Vision, Mission Statement and Values

Vision:

- To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Mission Statement:

At the City of Hamilton, our mission is to provide high quality services in a fiscally and socially responsible, environmentally sustainable and compassionate manner in order to ensure a healthy, safe and prosperous community (environment).

- We engage our citizens and promote a fair, diverse and accepting community.
- We are a skilled, knowledgeable, collaborative and respectful organization that thrives on innovation and quality customer service.
- We are lead by a forward thinking Council.
- The team shows leadership in carrying out their responsibilities and is valued and appreciated for their contributions and accomplishments.

Values:

Honesty, Respect, Accountability, Leadership, Teamwork, Innovation, Excellence and Equity

City Council also established 7 key priorities for the City of Hamilton:

1. To always act as a team.
2. To be dedicated to excellence in everything that we do.
3. To provide high quality services.
4. To act in a fiscally responsible manner.
5. To ensure a prosperous environment.
6. To be an organization that thrives on innovation.
7. To be a team that is valued and appreciated for their contribution and accomplishments.

Procurement Policy for the City of Hamilton

Approved By City Council On: XXXXXXXXXX XX, 2011

**CORPORATE SERVICES
PROCUREMENT SECTION**

PROCUREMENT GOALS & OBJECTIVES

SECTION 1

- (1) Procure the necessary quality and quantity of Goods and/or Services in an efficient, timely and cost effective manner, while maintaining the controls necessary for a public agency, in accordance with the Procurement Policy as approved by Council.
- (2) Encourage an open and competitive bidding process for the acquisition and disposal of Goods and/or Services, and the objective and equitable treatment of all vendors.
- (3) Ensure the best value of an acquisition is obtained. This may include, but not be limited to, the determination of the total cost of performing the intended function over the lifetime of the task, acquisition cost, installation, disposal value, disposal cost, training cost, maintenance cost, quality of performance and environmental impact.
- (4) Procure Goods and/or Services with due regard to the preservation of the natural environment and to encourage the use of "environmentally friendly" products and services, as supported by Vision 2020 goals and strategies.

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RESPONSIBILITIES & PROHIBITIONS OF PROCURING GOODS AND/OR SERVICES

SECTION 2

(1) General Responsibilities

- (a) All City of Hamilton staff delegated with the authority to procure shall comply with the Procurement Policy for the City of Hamilton. Without limiting the foregoing, such staff shall follow the Statement of Ethics for Public Procurement attached as Schedule A to the Procurement Policy, the City's Code of Conduct for Employees Policy and Policy #17 with respect to conflicts of interest.
- (b) Procurement activities shall be subject to all applicable City of Hamilton policies and by-laws, any specific provisions of the Municipal Act, 2001 and all other relevant Federal and Provincial legislation, as may be in effect from time to time.

(2) Procurement Section Responsibilities

The City's General Manager of Finance and Corporate Services shall operate a Centralized Procurement unit on behalf of the City of Hamilton in accordance with the requirements of the Procurement Policy. In carrying out this responsibility the General Manager of Finance and Corporate Services may appoint certain City staff to act on behalf of the City in entering into Contracts with third parties. The General Manager of Finance and Corporate Services may limit the authority to procure of that City staff, as deemed appropriate. The Procurement Section will therefore have the following specific responsibilities:

- (a) Be responsible for the administration of the Procurement Policy and will continually review the procurement of Goods and/or Services to ensure the City is receiving the best value.
- (b) Ensure that procurement transactions are conducted ethically and professionally in accordance with Schedule A – Statement of Ethics for Public Procurement.
- (c) Advise on the practicability of Specifications to ensure a maximum number of competitive Bids.
- (d) Notify vendors who have expressed an interest in doing business with the City of the availability of the procurement documents.
- (e) Prepare necessary procurement documents and process Purchase Orders.
- (f) Advise and assist in the preparation of Contracts when requested.
- (g) Provide training and documentation on how to use the procurement module to users of the City's financial software application. Make available copies of the Procurement

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Policy and Procurement Procedures and Guidelines to all relevant City staff.

(h) Maintain records of procurement transactions as required.

(3) General Manager Responsibilities

(a) Ensure all purchases are performed in accordance with the Procurement Policy and make required reports to the Council or any other interested party explaining why purchases are not in compliance with the Procurement Policy. The Procurement Section will offer advice and assistance in assuring that the Procurement Policy is adhered to upon request.

(b) Delegate Approval Authority to the appropriate levels and maintain the responsibility for such actions including answering questions raised by such delegation.

(c) Ensure appropriate action is taken on internal Audit Services recommendations.

(4) Internal Audit Responsibilities

(a) Internal Audit Services shall conduct selected audits to ascertain adherence to the Procurement Policy. The Procurement Section and Council shall receive a copy of the audit results.

(5) Prohibitions

The following activities are prohibited, unless specifically approved by Council:

(a) Any attempt to evade or circumvent the requirements of the Procurement Policy including, but not limited to, the division of purchases to avoid the requirements of the Procurement Policy by any method, which includes purchases made using procurement cards.

(b) Purchase by the City of any Goods and/or Services for personal use by or on behalf of any member of Council, employees of the City and their immediate families.

(c) The acceptance of gifts, benefits, money, discounts, favours or other assistance by any member of Council, employees of the City, and their families contrary to the City of Hamilton Code of Conduct for Members of Council (Appendix H to the City's Procedural By-law No. 10-053, as amended, repealed or replaced from time to time), the City's Code of Conduct for Employees Policy or such other similar policy currently in force. The image and integrity of the employee and the City of Hamilton must be preserved at all times.

(d) Purchase by the City from any member of Council or employee of the City, their family members or from any other source, that would result in a conflict of interest, unless that interest has been declared pursuant to the Municipal Conflict of Interest Act or pursuant to the City's Code of Conduct for Employees Policy or such other similar policy currently in force.

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(6) Exemptions

Those items listed in Schedule B - Exemptions, are exempt from the requirements of the Procurement Policy, save and except for Policy #2 - Approval Authority.

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DEFINITIONS AND INTERPRETATION

SECTION 3

Words and phrases used in the Procurement Policy for the City of Hamilton have the following meanings, unless expressly stated otherwise:

"Acquisition Method" means the process by which Goods or Services are procured.

"Approval Authority" means the authority to approve and award procurements, as well as any assignment or corporate change requests related to such procurements, up to the procurement values for the respective body or person(s) set out in Policy # 2 - Approval Authority.

"Approved Products Listing" means the listing of approved Goods for use with road, watermain, sewer, lighting and traffic signal work as maintained by the City's Standard and Approved Products Committee.

"Authorized Delegate" means the person who has been delegated by Council an Approval Authority and includes any other person further delegated such Approval Authority in accordance with the Procurement Policy.

"Bid" means an offer or submission from a vendor in response to a Request for Quotations, Request for Tenders or Request for Proposals issued by the City.

"Centralized Procurement" refers to the activities conducted by the Procurement Section of the City's Corporate Services Department, which facilitates the purchase of all Goods and/or Services in accordance with the requirements of the Procurement Policy.

"Child" means any person under the age of 15, unless local minimum age law stipulates a higher age for work or mandatory schooling, or under the age of 14 if minimum age law is set at that age in accordance with exceptions set out for developing countries under International Labour Organization ("ILO") Convention 138.

"City" means the City of Hamilton.

"City Manager" means the City Manager of the City of Hamilton.

"Client Department" means the City department initiating the acquisition of the Goods and/or Services.

"Consulting and Professional Services" means services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training or direct assistance.

"Contract" means a legal agreement between two or more parties, usually written, or a

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Purchase Order.

"Cooperative Procurement" means coordination of City purchases with purchases of other government bodies, public authorities, conservation authorities, municipalities, academic, schools and hospitals (MASH) sector.

"Council" means the Council of the City of Hamilton.

"Designate" means a person authorized to act on the behalf of an Authorized Delegate.

"Emergency" means a situation, or the threat of an impending situation, which may affect the environment, life, safety, health and/or welfare of the general public, or the property of the residents of the City, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.

"Energy Commodities" means electricity, Green Power, natural gas, methane and all other petroleum based fuel products such as: diesel, bio-diesel, unleaded, fuel oil, propane and any other bulk commodity primarily used by the City for the purpose of heating and cooling of buildings and other structures, electricity generation, cogeneration and the fuelling of City fleets, as determined by the City's Manager of Energy Initiatives.

"Expanded Works" means for approved construction projects in which an unexpected problem arises during construction, the additional work that is required to address the unexpected problem which work does not expand the scope of the project but is necessary in order to deliver the original approved work.

"General Manager" means the head of a City department and includes the Medical Officer of Health and the City Manager.

"Goods" includes supplies, equipment, materials, products, structures and fixtures to be delivered, installed or constructed.

"Green Power" means electricity generated from renewable energy sources, such as certified water power, solar, biogas, biomass and wind. Other terms for Green Power include: Green Power certificates, Tradable Renewable Certificates or "Green Tags". These attributes, embodied in a certificate, may be bought and sold either bundled or unbundled with commodity electricity.

"Low Dollar Value Procurements" means the process of procuring Goods and/or Services with an estimated annual procurement cost of up to but not including \$5,000.

"Lowest Compliant Bid" means a Bid with the lowest price meeting all requirements of a RFQ, RFP or RFT, subject to any rights or privileges reserved by the City contained in the respective procurement document, or unless otherwise approved by Council.

"Mixed Revenue Contracts" has the same meaning as set out in the definition of Revenue

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Generating Contracts.

"Procurement Manager" means the Procurement Manager for the City of Hamilton.

"Procurement Policy" means the procurement policies approved by Council, as amended from time to time.

"Procurement Procedures and Guidelines" means the procurement procedures and guidelines approved by the City's Director of Financial Services, as amended from time to time.

"Purchase Order" means a written offer to procure Goods and/or Services or a written acceptance of an offer, in a form acceptable to the City Solicitor.

"Purchase Requisition" means an internal online request by a Client Department to the Procurement Section for procurement of Goods and/or Services.

"Request for Quotations" or **"RFQ"** means an informal request for prices on Goods and/or Services with an estimated procurement cost between \$5,000 and up to but not including \$50,000, and where comprehensive technical Specifications can be developed. Request for Quotations may be processed by the Client Department.

"Request for Information" or **"RFI"** means a process where information is requested from vendors regarding the feasibility and availability of specific Goods and/or Services in the marketplace and to determine if there are enough suppliers to justify a Request for Proposals or Request for Tenders.

"Request for Proposals" or **"RFP"** means a formal request for prices and details on Goods and/or Services from vendors, where the Goods and/or Services may not be able to be fully defined or specified or when alternate methods are being sought to perform a certain function or service, at the time of the request.

"Request for Roster Candidates" or **"RFRC"** means a procurement document issued by the City requesting pricing and details with respect to category specific consulting services from vendors, with the intent of creating an approved list of vendors known as rostered candidates, and whereby work assignments under a specific cost limit will be offered by the City to said rostered candidates on an as-needed basis over a two-year period.

"Request for Tenders" or **"RFT"** means a formal request for prices on Goods and/or Services from vendors, where the Goods and/or Services are able to be fully defined or specified at the time of the request.

"Revenue Generating Contracts" means a legal agreement between the City and a third party, that yields a financial return for the City. Revenue Generating Contracts include, but are not limited to:

- (a) the sale of Goods and Services by the City to a third party ("Service Revenue Contracts");
- and

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- (b) Contracts whereby the City receives a portion of revenues, sales or profits earned by a third party under contract with the City ("Profit Sharing Contracts"); and
- (c) a combination of various types of Revenue Generating Contracts ("Mixed Revenue Contracts").

"Services" means all professional, consulting, construction or maintenance services, as well as any other services described in a Contract or in a RFQ, RFT or RFP.

"Service Revenue Contracts" has the same meaning as set out in the definition of Revenue Generating Contracts.

"Specifications" means the detailed description of, and written requirements and standards for, Goods and/or Services contained in a RFQ, RFP or RFT to the extent known or available to the Client Department, and also includes any drawings, designs and models.

"Standardization" is a management decision-making process that examines a specific common need or requirement and then selects a Good and/or Service that best fills that need to become the standard.

"Sweatshop" means a facility where individuals manufacture, assemble or produce consumer goods in working conditions that constitute Sweatshop Conditions.

"Sweatshop Conditions" means working conditions that include any of the following:

- (a) employees are not provided with working conditions that: meet or exceed the International Labour Organization ("ILO") Conventions' standards governing forced labour (ILO Convention 29 – Forced Labour Convention, 1930) and (ILO Convention 105 - Abolition of Forced Labour Convention, 1957), child labour (ILO Convention 138 – Convention concerning Minimum Age for Admission to Employment – the "Minimum Age Convention, 1973" and United Nations Convention On The Rights Of The Child – November 20, 1989, Article 32), payment of wages (ILO Convention 95 - Protection of Wages Convention, 1949), hours of work, occupational health, occupational safety, and non-discrimination (ILO Convention 111 – Discrimination {Employment and Occupation, 1958}); and are in compliance with all applicable federal, state, provincial and local laws of the locality of manufacture; and
- (b) employees are compensated by their employer at an hourly rate below the poverty threshold; and
- (c) employees are subject to forced labour practices, whether in the form of involuntary prison labour, indentured labour, bonded labour or otherwise; and
- (d) employees are under the age of 18 are exposed to situations, in or outside the workplace, that are hazardous, unsafe or unhealthy; and

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- (e) employees are not provided with a minimum of one day off for every seven-day period; and
- (f) employees are subject to physical, sexual, psychological abuse or harassment, verbal abuse, or any other form of abuse, including corporal punishment; and
- (g) employees are not provided with a safe and hygienic workplace, including access to clean toilet facilities and safe drinking water.

"Time-Sensitive" means a situation for which the timing to complete the procurement is paramount, but the time available to follow normal procedures is insufficient.

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POLICY # 1 - Vendor Eligibility

SECTION 4.1

- (1) The City will make reasonable efforts to maintain an electronic vendor database of those vendors who have expressed an interest in doing business with the City and who have completed an online registration form.
- (2) Without limiting or restricting any other right or privilege of the City and regardless of whether or not a Bid otherwise satisfies the requirements of a RFP or RFT, the City may reject any Bid from a vendor where,
 - (a) in the opinion of the City, the commercial relationship between the City and the vendor has been impaired by the act(s) or omission(s) of such vendor including but not limited to any one or more of the following having occurred within the five year period immediately preceding the date on which the RFP or RFT is awarded:
 - (i) the vendor being involved in litigation with the City;
 - (ii) act(s) or omission(s) resulting in a claim by the City under any security submitted by the vendor on a RFP or RFT, including but not limited to a bid bond, a performance bond, or warranty bond;
 - (iii) the failure of the vendor to pay, in full, all outstanding payments (and, where applicable, interest and costs) owing to the City by such vendor, after the City has made demand for payment of same;
 - (iv) the vendor's refusal to follow reasonable directions of the City or to cure a default under any Contract with the City as and when required by the City;
 - (v) the vendor's refusal to enter into a Contract with the City after the vendor's Bid has been accepted by the City;
 - (vi) documented poor performance of a vendor as per Policy #8 – Vendor Performance Evaluation, including the vendor's refusal to perform or to complete performance of a Contract with the City;
 - (vii) the vendor having unlawfully or unreasonably threatened, intimidated, harassed, or otherwise interfered with an attempt by any other prospective vendor to bid for a City Contract or to perform any Contract awarded by the City to that vendor;
 - (viii) the vendor having discussed or communicated, directly or indirectly, with any other vendor or their agent or representative about the preparation of the vendor's Bid including, but not limited to, any connection, comparison of figures or arrangements with, or knowledge of any other vendor making a Bid for the same work;
 - (ix) the vendor having unlawfully or unreasonably threatened, intimidated, harassed,

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assaulted or committed battery against, or otherwise interfered with an official, employee, representative, agent or independent consultant or contractor of the City in the performance of his or her duties or in any way attempted to influence such persons;

- (x) the vendor has on one or more occasions, in the performance of a Contract with the City, deliberately, with wilful blindness or negligently, save and except an inadvertent error corrected to the satisfaction of the City within a reasonable time, as determined by the City,
 - 1. over-billed, double-billed and/or retained a known over-payment, or has failed to notify the City of an over-payment or duplicate payment;
 - 2. billed for items not supplied;
 - 3. billed for items of one grade, while supplying items of an inferior grade;
 - 4. made a misrepresentation as to the quality or origin of Goods, their functionality or suitability for a purpose, or their performance characteristics;
 - 5. submitted false or misleading information to the City;
 - 6. acted in conflict with the City's interests;
 - 7. misappropriated any property or right of the City, in any form; or
 - 8. committed any other form of sharp or deceptive practice;

- (b) in the opinion of City and Council there are reasonable grounds to believe that it would not be in the best interests of the City to enter into a Contract with the vendor, including but not limited to:
 - (i) the conviction of that vendor or any person with whom that vendor is not at arm's length within the meaning of the *Income Tax Act* (Canada) of an offence under any taxation statute in Canada;
 - (ii) the conviction or finding of liability of that vendor under the *Criminal Code* or other legislation or law, whether in Canada or elsewhere and whether of a civil, quasi-criminal or criminal nature, of moral turpitude including but not limited to fraud, theft, extortion, threatening, influence peddling and fraudulent misrepresentation;
 - (iii) the conviction or finding of liability of that vendor under any environmental legislation, whether of Canada or elsewhere, where the circumstances of that

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conviction evidence a gross disregard on the part of that vendor for the environmental well-being of the communities in which it carries on business;

- (iv) the conviction or finding of liability of that vendor relating to product liability or occupational health or safety, whether of Canada or elsewhere, where the circumstances of that conviction evidence a gross disregard on the part of that vendor for the health and safety of its workers or customers;
 - (v) the conviction or finding of liability of that vendor under the financial securities legislation whether of Canada or elsewhere, where the circumstances of that conviction evidence a gross disregard on the part of that vendor for its stakeholders.
- (3) For the purposes of subsections (2), (4),(5), (6)(d) and (7) of this Policy #1, a reference to a vendor shall also include: an officer, a director, a majority or controlling shareholder, or a member of the vendor, if a corporation; a partner of the vendor, if a partnership; any corporation to which the vendor is an affiliate of or successor to, or an officer, a director or a majority or controlling shareholder of such corporation; and any person with whom that the vendor is not at arm's length within the meaning of the Income Tax Act (Canada).
- (4) In the circumstances described in subsection (2), the City may, in addition or in the alternative to rejecting a Bid from a vendor, ban a vendor(s) from competing for or being awarded any City Contract for a period of up to ten years. However for the purposes of this subsection, the five year period referred to in subsection (2)(a) shall be the five year period immediately preceding the date on which the ban is approved by Council.
- (5) Without limiting or restricting any other right or privilege of the City, the City may refuse to enter into a Contract with a vendor where any of the circumstances described in (2)(a) or (2)(b) of this Policy #1 have occurred within the five year period preceding the date on which the refusal to enter into the Contract is approved by Council. In addition or in the alternative to refusing to enter into the Contract, the City may ban a vendor(s) from competing for or being awarded any City Contract for a period of up to ten years.
- (6) Where the Contract is awarded to a vendor who has made an unauthorized amendment to the City's pre-printed forms (e.g. *Form of Proposal* or *Form of Tender*) or other documents submitted as part of the vendor's Bid, then within a reasonable time of the City discovering that unauthorized amendment, the City may,
- (a) permit the vendor to withdraw an unauthorized amendment to the City's *Form of Proposal* or *Form of Tender*, at no cost to the City; or
 - (b) cancel or terminate the Contract without any compensation whatsoever to the vendor by giving written notice to that effect to the vendor; or
 - (c) recover from such vendor any amounts the City paid to the vendor and all costs,

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- expenses, damages and losses incurred or accrued by the City as a result of the unauthorized amendment; or
- (d) ban such vendor from competing for or being awarded any City Contract for a period of up to ten years where, in the opinion of Council, the change was made by the vendor as part of a deliberate attempt to deceive and such deception has resulted in an impairment of the commercial relationship between the City and such vendor,
- or any combination of the foregoing.
- (7) Where a vendor has the Lowest Compliant Bid to a RFT or RFP or has the successful Bid in accordance with the evaluation methodology set out in a RFP, which Bid has been rejected due to the vendor's failure to initial a legible change such as an erasure, strike out, white out, cross out or overwriting, within one business day of the City's request, the vendor shall also be banned from competing for or being awarded any City Contract for a period of one year. Only the ban, and not the rejection of the Bid, may be challenged by the vendor in accordance with Policy #18 – Vendor Complaint Resolution.

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POLICY # 2 - Approval Authority

SECTION 4.2

- (1) Any person delegated Approval Authority pursuant to this Policy #2 shall ensure that an approved budget exists for the proposed procurement and that such procurement does not violate any City policies or any applicable law. Any such procurement shall also satisfy any applicable audit requirements of the City.
- (2) The following body and persons shall have the respective Approval Authority as set out below:
 - (a) **Council** must approve budgetary funding for any procurement of a value of \$250,000 or greater.
 - (b) **City Manager** must approve any procurement of a value of \$100,000 up to but not exceeding \$250,000. The City Manager may further delegate such Approval Authority to his/her staff, who are referred to as an Authorized Delegate in the table below, at the procurement values he/she deems appropriate. Staff who have been further delegated Approval Authority from the City Manager to approve procurements **shall have no authority to** delegate this Approval Authority to any other person. The City Manager may also exercise the Approval Authority of a General Manager.
 - (c) **General Managers** are authorized to approve procurements of a value up to but not including \$100,000, save and except in an Emergency wherein Policy #10 shall apply. **Only** General Managers may further delegate such Approval Authority to their staff, who are referred to as an Authorized Delegate in the table below, at the procurement values they deem appropriate. Staff who have been further delegated Approval Authority from their General Manager to approve procurements **shall have no authority to** delegate this Approval Authority to any other person.
 - (d) **The above approval authorities are summarized in the following table.**

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ESTIMATED PROCUREMENT VALUE (\$, Canadian Funds, exclusive of applicable taxes)	APPROVAL AUTHORITY POLICY #2	PROCUREMENT PROCESS POLICY
Up to \$4,999	General Manager or Authorized Delegate	Policy #5.1 – Low Dollar Value Procurements
\$5,000 or greater	General Manager or Designate	Policy #10 – Emergency Procurements Policy #7 – Construction Contracts
\$5,000 – \$49,999	General Manager or Authorized Delegate	Policy #5.2 – Request for Quotations Policy #11 – Non-competitive Procurements
\$5,000 – \$49,999	General Manager or Authorized Delegate unless any of the conditions in subsection (3) of this Policy #2 apply, then Council approval is required.	Policy #5.4 – Request for Proposals Policy #11 – Non-competitive Procurements
\$50,000 - \$99,999	General Manager or Authorized Delegate unless any of the conditions in subsection (3) of this Policy #2 apply, then Council approval is required.	Policy #5.3 – Request for Tenders Policy #5.4 – Request for Proposals Policy #11 – Non-competitive Procurements

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ESTIMATED PROCUREMENT VALUE (\$, Canadian Funds, exclusive of applicable taxes)	APPROVAL AUTHORITY POLICY #2	PROCUREMENT PROCESS POLICY
\$100,000 - \$249,999	<p>General Manager and City Manager or Authorized Delegates unless any of the conditions in subsection (3) of this Policy #2 apply, then Council approval is required.</p> <p>For linear construction Contracts issued in conjunction with the Public Works Department, the General Manager of Public Works or Authorized Delegate unless any of the conditions in subsection (3) of this Policy #2 apply, then Council approval is required.</p>	<p>Policy #5.3 – Request for Tenders</p> <p>Policy #5.4 – Request for Proposals</p> <p>Policy #11 – Non-competitive Procurements</p>
\$250,000 or greater	<p>Council – previously approved budget for the procurement.</p> <p>For linear construction Contracts issued in conjunction with the Public Works Department, the General Manager of Public Works or Authorized Delegate unless any of the conditions in subsection (3) of this Policy #2 apply, then Council approval is required. For all other Contracts, the General Manager and City Manager or Authorized Delegates unless any of the conditions in subsection(3) of this Policy #2 apply, then Council approval is required.</p>	<p>Policy #5.3 – Request for Tenders</p> <p>Policy #5.4 – Request for Proposals</p> <p>Policy #11 – Non-competitive Procurements (single source)</p>

- (3) The Client Department in conjunction with the Procurement Section shall submit a report to Council and the appropriate standing committee recommending award of a RFT or RFP if **ANY** of the following conditions apply:

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- (a) the value of the Bid being recommended for award and any contingency allowance are in excess of the Council approved budget including any contingency allowance, or
 - (b) for capital projects, when the final cost of the proposed project exceeds the amount provided in the Council approved capital budget for that project by more than 10 percent or \$250,000, whichever is less, or
 - (c) for RFTs, the award is not being made for the Lowest Compliant Bid, or
 - (d) for RFPs, the award is not being made in accordance with evaluation methodology set out in the RFP, or
 - (e) where in the opinion of the City Manager, the Client Department's award recommendation is not in the best interest of the City, or
 - (f) there are Provincial or Federal government requirements for Council approval.
- (4) Council may delegate further Approval Authority as it considers necessary from time to time, including but not limited to, any extended time periods during which Council does not meet.
- (5) The City's Director of Financial Services shall prepare a monthly status report to Council on any procurement of a value in excess of \$100,000, which shall identify those procurements:
- (a) which have been issued, but not yet closed,
 - (b) which have closed and are under review, and
 - (c) which have been awarded or cancelled,
- since the previous monthly status report.
- (6) The issuance and approval of award of a Revenue Generating Contract of any value requires the approval of the General Manager of the Client Department. It will be at the discretion of the General Manager of the Client Department whether to also seek Council approval on the issuance and/or approval of award of a Revenue Generating Contract.

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POLICY # 3 - Specifications

SECTION 4.3

- (1) The preparation of the Specifications for Request for Quotations, Request for Proposals or Request for Tenders shall be the responsibility of the Client Department. Specifications shall be approved by the Client Department Authorized Delegate and shall be forwarded directly to the Procurement Section with approval attached.
- (2) The Procurement Section shall have the authority to review and recommend improvements to the Specifications when deemed necessary. The Client Department shall cooperate with the Procurement Section in the finalization of the Specifications. Should the Procurement Section and the Client Department not be able to reach agreement on Specifications within the allotted timeline, the General Managers of the Client Department and the Corporate Services Department will attempt to resolve the matter.
- (3) The City may issue a Request for Information (RFI). A RFI can be used to determine if there is sufficient vendor interest to justify proceeding with a competitive procurement process and/or to gain additional information on the Good and/or Service from the vendor community. The RFI would request detailed information such as, but not limited to, the background of the vendor and its key personnel, relevant experience, and what the vendor can offer the City. Any resulting competitive procurement process will be issued in accordance with Policy #5 – Determining the Procurement Process.
- (4) The following requirements shall be followed in the preparation of the Specifications:
 - (a) Specifications are to be detailed but not brand specific, unless standardized in accordance with Policy #14 – Standardization to maintain a competitive procurement process.
 - (b) Where the Specification requirements of the Client Department will result in a single source purchase, the Client Department shall follow Policy #11 – Non-competitive Procurements.
 - (c) Where the Specifications relate to matters that are addressed under the Corporate Energy Policy, they shall be approved by the City's Manager of Energy Initiatives to ensure that they meet the requirements of said policy.
 - (d) Vendors or potential vendors shall not be requested to expend time, money or effort on design or in developing Specifications or otherwise to help define a requirement beyond the normal level of service expected from vendors. Where such services are required,
 - (i) the Procurement Manager must be advised;
 - (ii) the contracted vendor will be considered a consultant and will not be allowed to make an offer of the supply of the Goods and/or Services;

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- (iii) a fee shall be paid, the amount of which shall be determined and agreed upon by the vendor before the services commence; and
 - (iv) the detailed Specifications shall become the property of the City, and can be used in obtaining Bids.
- (e) Notwithstanding any assistance in the preparation of the Specifications by a consultant, the Specifications shall be and remain the property of the City.
- (f) Where it is not possible to prepare precise Specifications to issue a Request for Tenders, a Request for Proposals shall be issued. The Client Department, in cooperation with the Procurement Section, shall prepare evaluation criteria and weightings for the criteria. The RFP shall clearly distinguish those requirements that are deemed mandatory and non-mandatory and shall clearly outline how these items will be evaluated.
- (g) When preparing the Specifications, the Client Department shall be knowledgeable of the Ontarians with Disabilities Act, 2001, the Accessibility for Ontarians with Disabilities Act, 2005 and their regulations thereunder, as amended, re-enacted or replaced from time to time, and the City's Barrier Free Design Guidelines 2006 or the most recent version and apply those requirements with respect to procuring Goods and/or Services and in the development of the Specifications.
- (h) When preparing the Specifications, the Client Department shall consider the amount of packaging that would be associated with the procurement of a Good. If the required level of packaging is felt to be too excessive, then the Specifications for those Goods will require the vendor to be responsible for and bear the cost for the removal and disposal of the packaging materials.

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POLICY # 4 - Pre-Qualification of Vendors

SECTION 4.4

- (1) The purpose for pre-qualification of vendors is to ensure that each vendor intending to submit a Bid can demonstrate its ability to provide the necessary expertise and resources to satisfactorily complete the work required.
- (2) Pre-qualification of vendors will only be considered in the following circumstances:
 - (a) the work will require substantial project management by the City if the vendor is not appropriately experienced and could result in a substantial cost to the City;
 - (b) the Goods and/or Services to be purchased must meet national safety standards;
 - (c) the work involves complex, multi-disciplinary activities, specialized expertise, equipment, materials, or financial requirements;
 - (d) there could be a substantial impact on City operations if the work is not satisfactorily performed the first time;
 - (e) where time requirements necessitate efficient use of time and expertise;
 - (f) any other circumstances deemed appropriate by the Procurement Manager.
- (3) Pre-qualification requires vendors to provide such information as, but not limited to:
 - (a) experience on similar work (firm and staff assigned);
 - (b) references provided from other customers for similar work;
 - (c) verification of applicable licences and certificates;
 - (d) health and safety policies and staff training; and
 - (e) financial capability.
- (4) Vendor submissions will be evaluated and ranked, and a list of pre-qualified vendors will be established.

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POLICY # 5 - Determining the Procurement Process

SECTION 4.5

- (1) Sales taxes, excise taxes, value added taxes, duties and shipping shall be excluded in determining the procurement limit of Authorized Delegates and the type of procurement process to be followed.
- (2) The dollar values identified in Policies #5.1 through to #5.4 represent the annual estimated procurement value for a Good and/or Service to be procured. The annual estimated procurement value is the cumulative value of a particular Good and/or Service in one calendar year. For multi-year Contracts, the estimated total procurement value over the term of the Contract shall be used as the basis for determining which procurement process applies.
- (3) It should be the intent of the Client Department to procure Goods and/or Services of like nature as a combined effort.
- (4) Where Provincial and/or Federal Governments impose unique requirements in order to qualify for funding, the City's procurement documents will be amended to include those provisions.
- (5) Where there is an incumbent vendor on a corporate City Contract which is of a highly sensitive nature due to the risk associated with financial loss, confidentiality or the handling of sensitive information, a report shall be forwarded to the applicable standing committee of Council and Council to seek direction on the type of procurement process to be followed for the acquisition of the Good and/or Service.
- (6) Where the estimated gross revenue for a Revenue Generating Contract is \$5,000 or greater, the Revenue Generating Contract shall follow the RFP or RFT process through Centralized Procurement.

Service Revenue Contracts of any value shall be exempt from the public procurement processes outlined in the Procurement Policy, save and except Policy #2 – Approval Authority and Policy #13 – Authority to Execute Contracts. Mixed Revenue Contracts are not exempt.

In the event that a Revenue Generating Contract falls under more than one City Policy, both Policies must be adhered to unless that Contract and/or the other City Policy is specifically exempted from the Procurement Policy.

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**POLICY # 5.1 - Low Dollar Value Procurements
(up to but not including \$5,000)**

SECTION 4.5.1

- (1) All Low Dollar Value Procurements shall utilize all applicable City Contracts and shall otherwise be in accordance with the Procurement Policy.
- (2) The General Managers may delegate Approval Authority to their staff for Low Dollar Value Procurements. This procurement function has been de-centralized and therefore, it is the responsibility of the respective General Manager to ensure that the Procurement Policy is adhered to.
- (3) Neither a RFQ, RFP nor RFT is required for Low Dollar Value Procurements.

**CORPORATE SERVICES
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**POLICY # 5.2 - Request for Quotations
(\$5,000 – up to but not including \$50,000)**

SECTION 4.5.2

- (1) All Request for Quotations shall utilize all applicable City Contracts and shall otherwise be in accordance with the Procurement Policy.
- (2) For procurements where there are no applicable City Contracts, a Request for Quotations process is used by the Client Department in the following manner:
 - (a) a minimum of three compliant Bids shall be obtained by any method of written communication unless otherwise approved by the Procurement Section;
 - (b) in seeking the vendors for Request for Quotations, staff shall also use the electronic vendor database;
 - (c) Bids must be received from a minimum of three separate vendors;
 - (d) a "No Bid" response shall not be considered a valid Bid;
 - (e) all vendors shall receive the same Request for Quotations written information;
 - (f) the Request for Quotations shall be awarded to the Lowest Compliant Bid; and
 - (g) all written Bids shall be retained in the Client Department files in accordance with City By-law No. 11-040 (To Establish Retention Periods for Records of the City of Hamilton), as amended, re-enacted or replaced from time to time.

The Procurement Manager may waive the requirement for three Bids, but will only do so where the Client Department has demonstrated to the satisfaction of the Procurement Manager that a minimum of three Bids cannot be obtained.

- (3) Staff are encouraged to seek more than the minimum three written Bids to ensure a more competitive process and to utilize any Request for Quotations template provided by the Procurement Section.
- (4) In the event that two or more identical Bids are received and are the Lowest Compliant Bids, best and final offers will be solicited from each of these vendors in order to break the tie. If this effort is unsuccessful, then a draw will be held to determine the successful vendor.
- (5) The Procurement Section shall assist when requested by the Client Department, or when deemed necessary, with the Request for Quotations process.
- (6) An authorized online Purchase Requisition shall be utilized to initiate a Purchase Order and/or formal Contract process.
- (7) When a Client Department would like to issue a RFP in lieu of a Request for Quotations, the RFP shall be issued by Centralized Procurement in the same manner as for Requests for Proposals in Policy #5.4 of the Procurement Policy.

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POLICY # 5.3 - Request for Tenders (\$50,000 and greater)

SECTION 4.5.3

- (1) Client Departments shall utilize all applicable City Contracts and shall otherwise be in accordance with the Procurement Policy.
- (2) For procurements where there are no applicable City Contracts,
 - (a) the Request for Tenders process is to be used for Goods and/or Services with an estimated procurement value of \$50,000 or greater and where comprehensive technical Specifications can be developed;
 - (b) the Request for Tenders process shall be carried out by Centralized Procurement;
 - (c) all Requests for Tenders shall be issued and awarded in accordance with the tendering procedures as determined by the City's Director of Financial Services;
 - (d) the Request for Tenders shall be awarded based on the Lowest Compliant Bid. In the event that two or more identical Bids are received and are the Lowest Compliant Bids, best and final offers will be solicited from each of these vendors in order to break the tie. If this effort is unsuccessful, then a draw will be held to determine the successful vendor.
- (3) When no compliant Bids are received in response to a Request for Tenders, and
 - (a) where time permits in the opinion of the General Manager of the Client Department, the Request for Tenders shall be re-issued with the appropriate revisions; or
 - (b) where only one Bid has been received, the Procurement Manager in conjunction with the Client Department may proceed to negotiate the changes required to achieve an acceptable Bid, provided that such changes will not alter the general nature of the procurement described in the Request for Tenders; or
 - (c) where time does not permit the re-issuance of the Request for Tenders in the opinion of the General Manager of the Client Department, and the Request for Tenders is not otherwise being revised, all vendors who secured the Request for Tenders shall be given the opportunity to submit a new Bid. The Procurement Section will communicate to each vendor who previously submitted a Bid, any deficiencies that resulted in its Bid being deemed non-compliant. This process may utilize a post-closing addendum; or
 - (d) where time does not permit the re-issuance of the Request for Tenders, and the Request for Tenders is being revised to correct an inaccuracy, all vendors who secured the Request for Tenders, shall be given the opportunity to submit a new Bid. The Procurement Section will communicate to each vendor who previously submitted a Bid, any deficiencies that resulted in its Bid being deemed non-compliant. This process may

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utilize a post-closing addendum. The General Manager of the Client Department shall approve this process prior to implementation.

- (4) Where one or more Bids have been received and are in excess of budgeted funds, the General Manager of the Client Department in consultation with the Procurement Manager may enter into negotiations with the vendor submitting the Lowest Compliant Bid, where it is agreed that the changes required to achieve an acceptable Bid will not change the general nature of the requirement described in the RFT.
- (5) The Goods and/or Services shall be procured through a Purchase Order and/or Contract process. Where a formal Contract is necessary, such Contract shall be in a form satisfactory to the City Solicitor.
- (6) Where a Time-Sensitive situation occurs, the Procurement Manager may authorize the Client Department to utilize the Policy #5.2 - Request for Quotations in lieu of the Request for Tenders process.

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POLICY # 5.4 - Request for Proposals (\$5,000 and greater)

SECTION 4.5.4

- (1) The Client Departments shall utilize all applicable City Contracts and shall otherwise be in accordance with the Procurement Policy.
- (2) For procurements where there are no applicable City Contracts,
 - (a) the Request for Proposals process is to be used for Goods and/or Services with an estimated procurement value of \$5,000 or greater and where comprehensive technical Specifications cannot be fully defined or specified, or when alternate methods are being sought to perform a certain function or service, at the time of the request;
 - (b) the Request for Proposals process must be implemented through Centralized Procurement;
 - (c) the Request for Proposals shall be issued and awarded in accordance with the RFP procedures as determined by the City's Director of Financial Services;
 - (d) the Request for Proposals shall clearly set out the evaluation criteria and weightings upon which an award of the Request for Proposals may be made. The evaluation methodologies that may be employed, unless specific Council approval is obtained for a particular procurement, are:
 - (i) **FIXED PRICE.** The City establishes a fixed dollar value for the award, and the Bids consist of only a technical Bid for that fixed dollar value. The City evaluates the technical Bids received against the evaluation criteria and weightings set out in the RFP. The award shall be made to the highest scoring vendor; or
 - (ii) **PRICE PER POINT.** The evaluation of the RFP will utilize a two step evaluation process. The City evaluates the technical Bids received against the evaluation criteria and weightings set out in the RFP. For those technical Bids that successfully meet the benchmark score stipulated in RFP, the City will open the price Bid received. The City will then calculate the price per point for each Bid meeting the technical benchmark score and the award will be made to the vendor with the lowest price per point; or
 - (iii) **COMBINATION OF TECHNICAL AND PRICE SCORES.** The RFP will utilize a two step evaluation process. The City evaluates the technical Bids received against the evaluation criteria and weightings set out in the RFP. For those technical Bids that successfully meet the benchmark score stipulated in RFP, the City will open the price Bid received and score the price based on a predetermined calculation set out in the RFP. The price weighting must be a

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minimum of 25 percent of the technical weighting. Only the General Manager of the Client Department may approve a price weighting of less than 25 percent of the technical weighting. A total evaluation score will be determined by adding the technical score and the price score. The award shall be made to the highest scoring vendor; or

- (iv) **LOWEST PRICED BID MEETING TECHNICAL BENCHMARK SCORE.** The RFP will utilize a two step evaluation process. The City evaluates the technical Bids received against the evaluation criteria and weightings set out in the RFP. For those technical Bids that successfully meet the benchmark score stipulated in RFP, the City will open the price Bid received. The award shall be made to the vendor who has successfully met the technical benchmark score and has the lowest priced Bid.
- (3) the Procurement Section will facilitate the RFP evaluation process. An evaluation committee will be formed with a minimum of three evaluators and be comprised of at least one representative from the Client Department. The evaluators shall review all compliant Bids against the established criteria, reach consensus on the final rating results, and ensure that the final rating results with supporting documents are kept in the procurement file. The Procurement Section representative shall not participate in the scoring of the Bid;
- (4) all Bids that meet the required terms, conditions and Specifications outlined in the Request for Proposals document shall be evaluated based on the evaluation criteria and weightings, subject to any rights or privileges reserved by the City;
- (5) any award shall be made in accordance with the evaluation criteria and weightings contained in the Request for Proposals document, subject to any rights or privileges reserved by the City or as otherwise approved by Council; and
- (6) the Goods and/or Services shall be procured through a Purchase Order and/or Contract process. Where a formal Contract is necessary, such Contract shall be in a form satisfactory to the City Solicitor.
- (7) When no compliant Bids are received in response to a Request for Proposals, and
- (a) where time permits in the opinion of the General Manager of the Client Department, the Request for Proposals shall be re-issued with the appropriate revisions; or
- (b) only one Bid has been received or has successfully passed the technical proposal requirements, the Procurement Manager in conjunction with the Client Department may proceed to negotiate the changes required to achieve an acceptable Bid, provided that such changes will not alter the general nature of the requirement described in the Request for Proposals; or
- (c) where time does not permit the re-issuance of the Request for Proposals in the opinion

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of the General Manager of the Client Department, the Request for Proposals is not otherwise being revised, and the non-compliance is associated with the pricing portion of the two step evaluation process, all vendors who have successfully passed the technical proposal requirements of the Request for Proposals shall be given the opportunity to submit a new price Bid only. The Procurement Section will communicate to each of these vendors, any Bid deficiencies that resulted in its Bid being deemed non-compliant. This process may utilize a post-closing addendum.

- (8) Where one or more Bids have been received and are in excess of budgeted funds, the General Manager of the Client Department in consultation with the Procurement Manager may enter into negotiations with the vendor submitting being recommended for award, where it is agreed that the changes required to achieve an acceptable Bid will not change the general nature of the requirement described in the RFP.
- (9) The Goods and/or Services shall be procured through a Purchase Order and/or Contract process. Where a formal Contract is necessary, such Contract shall be in a form satisfactory to the City Solicitor.

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POLICY # 6 - Unsolicited Proposals

SECTION 4.6

- (1) No award of a Contract may be made for an unsolicited proposal.
- (2) If it is determined that there is a legitimate need for the Goods and/or Services offered by way of an unsolicited proposal, then an acquisition process shall be conducted in accordance with the Procurement Policy.

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POLICY # 7 - Construction Contracts

SECTION 4.7

- (1) Where the procurement of Goods and/or Services involves construction, such construction Contracts must also meet the requirements of the Procurement Policy. However, construction Contracts of \$100,000 or greater also require both a Purchase Order and a written legal agreement, in a form satisfactory to the City Solicitor.
- (2) The City's Fair Wage Policy and Fair Wage Schedule shall be applied to all construction Contracts of \$100,000 or greater. The Fair Wage Policy and Fair Wage Schedule can be accessed on the City of Hamilton website under the Procurement Section.
- (3) Request for Tenders for linear construction Contracts and related works may be issued in conjunction with the City's Public Works Department.
- (4) Where in the opinion of the General Manager of the Client Department or Designate, Expanded Works are required for an approved construction Contract, the General Manager of the Client Department or Designate shall authorize the payment for such work and approve any required purchase acquisition document.

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POLICY # 8 - Vendor Performance Evaluation

SECTION 4.8

- (1) At the completion of every Contract for Goods and/or Services of \$50,000 or greater, the Client Department shall complete a *Vendor Performance Evaluation Form*. The General Manager of the Client Department shall ensure this performance evaluation is completed for these Contracts. Such evaluation shall be completed and a copy will be forwarded to the Procurement Section.
- (2) In the event of poor performance or non-performance of a vendor at any time during the term of any City Contract, the General Manager or Designate of the Client Department shall complete and forward a copy of the *Vendor Performance – Incident Reporting Form* as soon as reasonably possible after the occurrence.
- (3) Documented poor performance or non-performance on any City Contract will be used to determine the eligibility of a vendor to continue to provide Goods and/or Services to the City on a current Contract and to determine their ability to participate on future City Contracts. Any vendor may be excluded from a bidding process due to documented poor or non-performance, where in the opinion of the City, the commercial relationship between the City and such vendor has been detrimentally affected.
- (4) The City's Public Works Department shall be responsible for the vendor performance evaluation process with respect to linear construction Contracts issued by that department under Policy #7 – Construction Contracts in a format which includes feedback from area residents and elected officials.
- (5) In the event of a vendor's breach of a multi-year City Contract, the Procurement Manager in consultation with the Client Department shall have the discretion to either:
 - (a) re-issue the RFT or RFP; or
 - (b) negotiate and enter into a new Contract for the remaining years of the Contract with the second lowest bidder of the original RFT or RFP,

whichever is in the best interests of the City.

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POLICY # 9 - Consulting and Professional Services

SECTION 4.9

- (1) Unless otherwise provided, Consulting and Professional Services shall be acquired in accordance with the Procurement Policy.
- (2) A Consulting and Professional Services Roster will be established every two years through a formal Request for Rostered Candidates process. Work assignments presented to vendors on an approved list (rostered candidates) will be distributed on a rotational basis as well as a "best fit" basis and having an estimated procurement cost of less than \$100,000. The General Manager or Designate of the Client Department shall award such works by direct appointment through the applicable roster captain. The applicable roster captain shall ensure that there is a reasonably equitable distribution of the works, based on the total dollar value of the work. This method allows the City to employ a number of different consultants while matching the particular talents of a consultant to the project needs.
 - (a) The General Manager of the Client Departments and the Procurement Manager, or their Designates, shall approve the appointment of rostered candidates and any acceptable subsequent change in any rostered candidate in accordance with the RFRC document.
 - (b) The General Managers of the Client Departments shall be responsible to prepare a joint annual information report to Council on all assignments awarded including consultants used and a breakdown of the total cost utilized by each roster category.

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POLICY # 10 –Emergency Procurements

SECTION 4.10

- (1) Where in the opinion of the General Manager of the Client Department or Designate, an Emergency exists, Goods and/or Services shall be acquired by the most expedient and economical means. The Procurement Section will provide cooperative assistance when requested to expedite any procurement documents necessary to deal with the Emergency. The General Manager of the Client Department shall provide the reasons for his or her opinion that an Emergency exists and shall approve any purchase acquisition document issued under such conditions. For amounts exceeding \$250,000, the General Manager shall issue an information update to the City Manager and to Council.
- (2) Subsequent to the resolution of the Emergency, all transactions require a Purchase Requisition to be entered to complete the procurement process. The Client Department shall complete the *Non-competitive Procurement / Emergency Reporting Form* and forward it to the Procurement Manager for informational purposes.

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POLICY # 11 - Non-competitive Procurements

SECTION 4.11

- (1) Subject to Policy # 2 - Approval Authority, the General Manager of the Client Department or Designate, in consultation with the Procurement Manager, will approve the *Negotiation Policy Authorization Form*, justifying the need to use this Policy #11 prior to City staff entering into any discussions with any vendor. This process may be adopted when any of the following conditions apply:
- (a) when Goods and/or Services are judged to be in short supply due to market conditions (short supply);
 - (b) where there is only one source of supply of particular Goods and/or Services in the open market (sole source);
 - (c) when a single source for the supply of a particular Good and/or Service is being recommended because it is more cost effective or beneficial for the City (single source);
 - (d) where a City Contract has expired or will very shortly expire and unforeseeable circumstances have caused a delay in issuing a new RFP or RFT so that a Contract extension is required (contract extension).
- (2) Council must approve any requests for negotiations with a single source as set out in subsection (1)(c) of this Policy #11, where the value of the proposed procurement is \$250,000 or greater.
- (3) All approved forms shall be forwarded to the Procurement Manager. The Procurement Manager will be responsible for reporting the use to Council on a quarterly basis.

ESTIMATED PROCUREMENT VALUE (\$, Canadian)	APPROVAL TO INITIATE POLICY #11 PROCESS	APPROVAL TO ENTER INTO CONTRACT
\$5,000 or greater	General Manager or Designate, in consultation with Procurement Manager	Policy #2 – Approval Authority
\$250,000 or greater for single source type purchases	Council	Council as per Policy #2 – Approval Authority

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POLICY # 12 - Cooperative Procurements

SECTION 4.12

- (1) The City may participate with other government agencies or public authorities in cooperative acquisition ventures for Goods and/or Services when it is in the best interest of the City to do so. Such Cooperative Procurements shall require the prior written approval of the Procurement Manager.
- (2) The procurement procedures and policies of the government agency or public authority initiating the procurement process will be followed.
- (3) The City and each government agency or public authority will issue its own purchase order or contract for their respective Goods and/or Services in all cases of Cooperative Procurement.
- (4) In the absence of an applicable City Contract and with the approval of the Procurement Manager, the Client Department may purchase from another government agency or public authority's vendor for a particular acquisition. The selection of the vendor by the government agency or public authority must have been made through a competitive procurement process and the resulting contract must permit the City to purchase from that vendor under the same terms and conditions.
- (5) Where the Province of Ontario requires the City to meet a provincial standard for any Goods and/or Services, and has established a "Vendor of Record" arrangement for such Goods and/or Services, the City may use such arrangements in accordance with subsection (4) of this Policy #12.

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POLICY # 13 - Authority to Execute Contracts

SECTION 4.13

- (1) The General Manager of the Client Department and the City Manager, or their respective Designates, shall execute acquisition Contracts and all necessary associated documents on behalf of the City for all RFT and RFP awards approved in accordance with Policy #2 – Approval Authority.
- (2) Where a Contract is required for a procurement which was not initiated by a RFT or RFP, but was otherwise authorized and approved in accordance with Policy #2 – Approval Authority, the person having the applicable Approval Authority for the procurement shall also have the authority to execute the Contract and all necessary associated documents on behalf of the City.
- (3) For all other Contracts that received Council approval, the City officials named in the Council resolution shall execute such Contracts on behalf of the City. Where City officials have not been named in the Council resolution, the Mayor and Clerk shall execute such Contract.
- (4) The person(s) who have executed a Contract on behalf of the City in accordance this Policy #13 shall also have the authority to execute any documents for an assignment or corporate change request related to such Contract.
- (5) All Contracts shall be in a form satisfactory to the City Solicitor and shall contain content which is acceptable to the Client Department.
- (6) All Authorized Delegates will complete the *Notification of Signing Authority Form*, which shall not be effective until approved and executed by the General Manager or City Manager, as the case may be, and forwarded to the City's Financial Services Division for reference.

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POLICY # 14 - Standardization

SECTION 4.14

- (1) No standard shall be established unless approved by Council or by the Standards and Approved Products Committee.
- (2) Despite subsection (1) of this Policy #14, where the estimated annual value of the Good and/or Service is less than \$50,000, the Procurement Manager may approve a standard for such Good and/or Service. In such cases, the approval of the standard will expire on December 31 of the applicable calendar year, unless renewed.
- (3) Where the establishment of a standard will result in a single source purchase, that purchase shall also be approved by the Procurement Manager in accordance with subsection (2) of this Policy #14, by Council or by the Standards and Approved Products Committee.
- (4) The Procurement Manager shall have the authority to negotiate with the original equipment manufacturers and licensed distributors of approved standardized products.
- (5) The Standards and Approved Products Committee shall be responsible to prepare an annual information report to Council outlining the rationale for any Standardization of Goods added to the City's Approved Products Listing, the number of Goods standardized and any standardized Good resulting in a single source purchase.

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POLICY # 15 - Procurement Cards

SECTION 4.15

- (1) City staff shall not use a procurement card to purchase Goods and/or Services unless appointed and authorized by the General Manager or the City Manager to do so. Any use of a procurement card shall be in accordance with the Procurement Policy and all other applicable City by-laws and policies.
- (2) The procurement card will be issued once the employee has read, signed and submitted the *Procurement Card Agreement Form*, to the City's procurement card administrator, which sets out in writing the employee's responsibilities and restrictions regarding the use of the procurement card.
- (3) All procurement cards issued will have a predetermined "single transaction limit", a "monthly credit limit" and "blocked commodities" as determined and authorized by the General Manager. The foregoing limits for procurement cards for General Managers will be determined and authorized by the City Manager. All procurement cards will be blocked from obtaining cash advances.
- (4) The program will be administered by the City's Director of Financial Services or designate, who will maintain a master file of all procurement cards and card limits.
- (5) The procurement card shall not be used:
 - (a) when a City Contract is in effect for the Good and/or Service, unless pre-authorized in writing by the Procurement Manager;
 - (b) for personal purchases of any nature;
 - (c) for computer hardware/software, unless pre-authorized in writing by the Procurement Manager and the City's Director of Information Services;
 - (d) for any long-term lease, license or rental agreement which is deemed material as defined by the City's Lease Financing Policy, being Appendix I to FCS04014 on Corporate Administration Committee Report # 04-005, approved by Council on February 25, 2004, as amended or replaced from time to time;

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POLICY # 16 - Disposal of Surplus Goods

SECTION 4.16

- (1) A Director of the Client Department shall declare a good as surplus to the needs of the City before the good may be disposed of in accordance with this Policy #16.
- (2) The Procurement Manager, in conjunction with the City's Director of Financial Services, shall have the authority to sell, exchange, or otherwise dispose of goods declared as surplus to the needs of the City, and where it is cost effective and in the best interest of the City to do so, items or groups of items may:
 - (a) be offered for sale to other City departments, other government agencies or public authorities; or
 - (b) be sold by external advertisement, formal request, auction or public sale (where it is deemed appropriate, a reserve price may be established); or
 - (c) be sold or traded to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than following other procedures; or
 - (d) be donated to a non-profit agency; or
 - (e) be recycled; or
 - (f) in the event that all efforts to dispose of the goods by sale are unsuccessful, be scrapped or destroyed if recycling is unavailable.
- (3) No disposition of such good(s) shall be made to employees of the City, members of Council, or their family members unless such good(s) are sold through external advertisement, formal request, auction or public sale and no conflict of interest exists. Prior to any such disposition, the employee shall declare their interest in writing to their General Manager, who will confirm whether any conflict of interest exists. In the case of an elected official, the elected official shall declare their interest in writing to the City Manager. Family members include those defined by the City's Code of Conduct for Employees Policy, Code of Conduct for Members of Council or such other similar policy currently in force.
- (4) The Procurement Manager shall submit an annual report to the General Manager of Finance and Corporate Services summarizing the disposal of all surplus goods pursuant to this Policy #16.
- (5) The value of any declared surplus good cannot be used to offset the value of a procurement when determining the procurement process. For example, any trade-in value or salvage value recoverable from a project cannot be used to offset, reduce or change the value of the procurement for purposes of determining the appropriate procurement process to be followed under the Procurement Policy.
- (6) The disposal of artefacts is exempt from the requirements of the Procurement Policy.

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POLICY # 17 - Conflicts of Interest

SECTION 4.17

- (1) Employees of the City shall not have a pecuniary interest, either directly or indirectly, in any City Contract or with any person acting for the City in any Contract for the supply of Goods and/or Services for which the City pays or is liable, directly or indirectly to pay unless such interest has been declared pursuant to the Code of Conduct for Employees Policy, as amended or replaced from time to time, and the employee otherwise complies with such policy.
- (2) In addition to complying with the Code of Conduct for Employees Policy as set out under s 4.17(1), employees of the City are required to declare any pecuniary interest, either direct or indirect, in writing to their General Manager with a copy to the Procurement Manager indicating the specific nature of the conflict.
- (3) Members of Council are required to declare any pecuniary interest direct or indirect, and its general nature, which may result in a conflict of interest pursuant to the Municipal Conflict of Interest Act and the member of Council shall otherwise comply with that Act.
- (4) Any Contract with the City may be voided in which a member of Council or any employee of the City has an undeclared direct or indirect pecuniary interest.
- (5) All City employees and others participating in the development of the Specifications and/or evaluation of any Bid will be required to complete and sign a *Conflict of Interest Form*.

**CORPORATE SERVICES
PROCUREMENT SECTION**

POLICY # 18 - Vendor Complaint Resolution

SECTION 4.18

- (1) The City of Hamilton encourages the most open, competitive bidding process for the purchase of Goods and/or Services acquired, through the RFQ, RFT and RFP procurement processes and the objective and equitable treatment of all vendors.
- (2) The City, however, recognizes that mistakes and misunderstandings may occur; vendors may feel aggrieved and may seek to dispute the recommendation of an award of a Contract. To maintain the integrity of the process, vendors who believe they have been treated unfairly may take the following steps, prior to the award of the Contract:
 - (a) Request a meeting with the Procurement Manager within three business days after the applicable date set out below has occurred:
 - (i) for RFTs, the date that the vendor was notified by the Procurement Section that the status of each Bid submitted in response to the RFT has been posted on the City's website; and
 - (ii) for RFPs, the date that the vendor was notified by the Procurement Section that the results of the RFP evaluation has been posted on the City's website.

The vendor's request shall be in writing and shall provide a detailed statement of the grounds of the complaint, including copies of relevant documents, and identify the form of relief requested; and

- (b) If no resolution satisfactory to both parties has been achieved, the vendor will have three business days from the date of the meeting with the Procurement Manager to make a formal written request to meet with the General Managers of the Client Department and of Finance and Corporate Services regarding the vendor's complaint. The General Managers will make the final decision regarding the vendor's complaint, which decision may be made orally or in writing. If the General Managers' decision means that the City can proceed with the award of the Contract, then the award may occur at any time after such decision is made.
- (3) Where a vendor has been banned from competing for or being awarded any City Contract for a period of one year in accordance with subsection 4.1(7) of Policy #1- Policy for Vendor Eligibility:
 - (a) the vendor may challenge the one year ban to the appropriate standing committee of Council where there are extenuating circumstances respecting why the initialling was not done within one business day of the City's request; and
 - (b) the appropriate standing committee will provide to Council a recommendation with respect to the vendor's complaint.

Procurement Policy for the City of Hamilton

**CORPORATE SERVICES
PROCUREMENT SECTION**

POLICY # 19 – Non-compliance with the Procurement Policy

SECTION 4.19

- (1) Subject to Policy #2 - Approval Authority, the General Manager of the Client Department in consultation with the Procurement Manager will authorize the use of a *Procurement Policy Non-Compliance Form* which outlines the circumstances behind the non-compliance issue. This process is to be used when there is a violation of the Procurement Policy consisting of one or more of the following:
- a) the contracting of a vendor to provide Goods and/or Services, not in accordance with the requirements of the Procurement Policy;
 - b) the receipt of an invoice by the City from a vendor, for Goods and/or Services previously acquired outside the procurement process required under the Procurement Policy;
 - c) where it can be proven that the actions of an employee, or employee group results in the requirement to initiate a procurement process pursuant to Policy #10 – Emergency Procurements or Policy #11 – Non-competitive Procurements;
 - d) any and all other violations of the Procurement Policy
- (2) Notwithstanding subsection (1) of this Policy #19, an employee who fails to act in accordance with the provisions of the Procurement Policy, will be subject to appropriate disciplinary action up to and including termination of employment.

The General Manager of the Client Department will review such violations (through the *Procurement Policy Non-Compliance Form*) and may consult with Human Resources for consideration of any disciplinary action to be taken as appropriate.

- (3) The Procurement Manager will be responsible for reporting the use of all *Procurement Policy Non-Compliance Forms* to Council on a quarterly basis.

**CORPORATE SERVICES
PROCUREMENT SECTION**

POLICY # 20 – Review of the Procurement Policy

SECTION 4.20

- (1) The Procurement Manager shall submit to the appropriate standing committee of Council an annual report recommending any changes to the Procurement Policy to meet the needs and requirements of the City to operate in an efficient and cost effective manner and in accordance with all applicable laws.
- (2) All changes to the Procurement Policy require the approval of Council.
- (3) Changes to Procurement Procedures and Guidelines require the approval of the City's Director of Financial Services
- (4) On a periodic basis the City's Internal Auditor will review the Procurement Policy to assess its effectiveness.

**CORPORATE SERVICES
PROCUREMENT SECTION**

POLICY # 21 – Anti-Sweatshop Procurement

SECTION 4.21

- (1) The City of Hamilton does not encourage the use of consumer goods or products manufactured, assembled or produced in factories where persons and, in particular, children are used as slave or forced labour or in other exploitive manners which restricts the person's freedom or impedes the child's development. The City will consider the supply of consumer goods or products manufactured under such exploitive manners as a negative practice of the vendor.
- (2) The City will not knowingly accept consumer goods or products manufactured, assembled or produced in a Sweatshop or under Sweatshop Conditions.
- (3) The determination of compliance with this Policy #21 shall be in the absolute discretion of the Procurement Manager. The Procurement Manager may, but is not obligated to, request further information and documentation from the vendor to confirm compliance; and may base his or her determination on information provided by Canadian or international certification or compliance agencies or groups, workers or labour unions or organizations, manufacturers, consumer groups, international organizations, ILO or United Nations sources and other parties.
- (4) If any consumer goods or products supplied under a RFQ/RFP/RFT are determined by the Procurement Manager to be manufactured, assembled or produced in contravention to this Policy #21 and/or the certificate required hereunder, the City reserves the right, at its absolute discretion, to:
 - (a) return all the goods to the vendor and require the vendor to replace, within 30 days from the date of notification by the City, the non-compliant goods or products with goods or products, of at least equal value, complying with this Policy #21 and all other requirements and specifications of the RFQ/RFP/RFT, all at no cost to the City; or
 - (b) require the vendor, within 30 days from the date of notification by the City, to provide the City with conclusive evidence that the consumer goods or products have not been manufactured, assembled or produced in contravention of this Policy #21, failing which the City may terminate the Contract without any compensation and without notice to the vendor.
- (5) If the City terminates a Contract with a vendor as a result of a breach of this Policy #21, the City shall cease to be liable to the vendor or to any other person for any unpaid amounts that would otherwise have been payable under the terms of the Contract and shall not be under any obligation to return to the vendor any product supplied by the vendor under the Contract.

Procurement Policy for the City of Hamilton

**CORPORATE SERVICES
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(6) Child Labour Produced Goods Unacceptable

The City fully subscribes to the United Nations Convention on the Rights of the Child and, in particular, Article 32 of the Convention that requires that a Child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the Child's health or physical, mental, spiritual, moral or social development. The City reserves the right to terminate any Contract unconditionally and without liability or compensation whatsoever to the City in the event that consumer goods received from a vendor are discovered to have been manufactured, produced or assembled in a Sweatshop or in non-compliance with the national labour laws and regulations with respect to child employment and/or non-compliance with the United Nations Convention on the Rights of the Child.

(7) A vendor shall certify the following on the Form of Quotation/Form of Proposal/Form of Tender to be included in an RFQ/RFP/RFT, as the case may be:

"We hereby represent and certify the foregoing:

- (a) all goods or products supplied under this RFQ/RFT/RFP have not been manufactured, assembled or produced, either wholly or in part, in a Sweatshop, as defined in the City of Hamilton's Procurement Policy or by child labour;
- (b) that any goods or products found to be supplied in contravention of the City's Anti-Sweatshop Policy will be returned to us, at our cost and at no cost whatsoever to the City, and that the City has the option to have the goods or products replaced by us with product of at least equal value, meeting specifications of the RFQ/RFT/RFP, or the City may terminate the Contract without any compensation whatsoever to us.

We hereby acknowledge that the City has been induced to consider this RFQ/RFT/RFP on the basis of this representation and certification.

We further acknowledge that the City shall have the right to reject our Quotation, Bid, or Proposal, terminate any Contract made, and collect any of its losses or damages arising out of our breach of the City of Hamilton's Procurement Policy."

**CORPORATE SERVICES
PROCUREMENT SECTION**

POLICY # 22 – In-House Bid Submissions

SECTION 4.22

- (1) In-house Bid submissions will be considered when contemplating a transfer of services from internal services to external services or vice versa.
- (2) The General Manager of the Client Department submitting an in-house Bid shall obtain Council approval prior to submitting such a Bid. The Client Department's report to Council seeking such approval shall include as a minimum:
 - (a) the members of the in-house Bid submission team;
 - (b) which costs will be included in the Bid and how costs will be determined; and
 - (c) the rationale for submitting an in-house Bid.
- (3) The RFP or RFT documents to be utilized, as applicable, shall clearly indicate:
 - (a) an in-house Bid is being considered for the RFP/RFT; and
 - (b) any advantages that the in-house Bid will have over other bidders by virtue of it being an in-house Bid.
- (4) The integrity of the evaluation process will be maintained when evaluating an in-house Bid as follows:
 - (a) no member of the in-house Bid submission team nor any employee whose employment is affected by the transfer of services shall have any communications with a member of the evaluation team or an elected official concerning the subject RFP or RFT, as the case may be, except in accordance with the communication and any interview provisions contained in the applicable RFP/RFT;
 - (b) no member of the evaluation team or an elected official shall have any communications with a member of the in-house Bid submission team nor any employee whose employment is affected by the transfer of services, except in accordance with the communication and any interview provisions contained in the applicable RFP/RFT;
 - (c) no member of the in-house Bid submission team nor any employee whose employment is affected by the transfer of services shall participate in the development of the subject RFP/RFT nor shall such persons have any communications with any person participating in the development of the subject RFP/RFT;
 - (d) the same rules shall govern the submission of the in-house Bid as will apply to any other bidder, unless expressly provided otherwise in the RFP/RFT document; and
 - (e) the evaluation of Bids shall be objective and the process shall avoid any unfair bias towards either the in-house or external Bids.

Procurement Policy for the City of Hamilton

**CORPORATE SERVICES
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**POLICY # 23 – Participation of Elected City Officials in the
Procurement Process**

SECTION 4.23

- (1) Elected City officials may participate in the procurement process in the narrowly defined circumstances described in this Policy #23 for those specific procurement projects identified by Council.
- (2) Elected City officials may participate as members of a steering committee for significant procurement projects identified by Council.

When Council identifies a significant procurement project for which elected City officials are to participate as members of a steering committee, Council will also address the following issues:

- (a) the extent of the elected City officials' involvement in the procurement process to ensure that they are able to provide input prior to the issuance of the procurement documents and to oversee the procurement process, but not function in a decision-making capacity;
 - (b) the selection of elected City officials who are able to comply with Policy # 17 - Conflicts of Interest and who do not otherwise have a perceived or actual conflict of interest that would impair their ability to be impartial; and
 - (c) the number of elected City officials to participate.
- (3) Elected City officials may not participate in the procurement process where they are required to be in an evaluation capacity. Their involvement in the approval capacity of the procurement process is limited to what is stipulated in Policy # 2 - Approval Authority.

**CORPORATE SERVICES
PROCUREMENT SECTION**

SCHEDULE A – Statement of Ethics for Public Procurement

The following ethical principles should govern the conduct of every City employee delegated with the authority to procure.

- Believes in the dignity and worth of the service rendered by the organization, and the societal responsibilities assumed as a trusted public servant.
- Is governed by the highest ideals on honour and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the organization and the public being served.
- Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable.
- Keeps the governmental organization informed, through appropriate channels, on problems and progress of applicable operations by emphasizing the importance of the facts.

Responsibility to the City:

- Follow the lawful instructions or laws of the employer.
- Understand the authority granted by the employer.
- Avoid activities which would compromise or give the perception of compromising the best interest of the employer.
- Reduce the potential for any chances of preferential treatment by actively promoting the concept of competition.
- Obtain the maximum benefit for funds spent as agents for the City.

Relationship with vendors:

- Maintain and practice, to the highest degree possible, business ethics, professional courtesy and competence in all transactions.
- Purchase without prejudice, striving to obtain the maximum value for each dollar of expenditure.
- Preclude from showing favouritism or be influenced by vendors through the acceptance of gifts, gratuities, loans or favours.
- Adhere to and protect the suppliers business and legal rights to confidentiality for trade secrets, and other proprietary information.

Relationship with the City:

- Remain free of any and all interests and activities, which are or could be detrimental or in conflict with the best interests of the employer.
- Refrain from engaging in activities where a City employee has a significant personal or indirect financial interest.
- Exercise discretionary authority on behalf of the employer.
- Avoid acquiring interest or incurring obligations that could conflict with the interests of the City.

Procurement Policy for the City of Hamilton

**CORPORATE SERVICES
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SCHEDULE B – Exemptions

Items listed below are exempt from the requirements of the Procurement Policy, save and except for Policy #2 - Approval Authority.

A Purchase Order is to be issued for those procurements made under this Schedule B wherever possible.

(1) Employer's General Expenses

- (a) Insurance premiums.
- (b) Debt payments.
- (c) Grants, loans and levies.
- (d) Licenses (for example, vehicle, elevators, radios).
- (e) Real property payments including land, buildings, leasehold interests, easements, encroachments and licenses, or the like.
- (f) Insurance claims, legal settlements and grievance settlements. This exemption does not apply to the procurement for Goods to be replaced.
- (g) Adjusting services for the investigation of liability and property claims.
- (h) Binding orders, judgments or decisions of an arbitrator, tribunal or court. Given that these payments are mandatory, approval from the General Manager of the department which is funding the payment is required instead of the approvals set out in Policy #2 – Approval Authority.
- (i) Refundable travel expenses.
- (j) Temporary staffing agencies and services.
- (k) Assessments and tools where positions and/or individuals are assessed for recruitment and selection purposes, including tools and assessments which would assist in the accommodation of individuals.
- (l) Payments required by Council approved compassionate programs.
- (m) Other employee related expenses, such as: memberships in professional organizations, staff attendance at seminars, workshops, courses, trade shows or conferences. This shall not include any training specifically designed for the City.

(2) Professional Services

- (a) Medical Professional Services.
- (b) Experts retained for the purposes of litigation.
- (c) Confidential Items (for example Forensic Audits).
- (d) Outside Legal Counsel on an individual file basis; however where the City Solicitor or the Director of Employee & Labour Relations proposes to provide multiple files in an area of law to select outside legal counsel for a defined period of time, a competitive procurement process is to be followed in accordance with the provisions of the Procurement Policy.
An annual report shall be issued to Council by the City Solicitor and the Director of Employee & Labour Relations detailing outside legal counsel pursuant to (2)(d).
- (e) Mediators and Arbitrators.

Procurement Policy for the City of Hamilton

**CORPORATE SERVICES
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(3) Special Services

- (a) Providers of community services (including counselling, individual assessments, training, community support services, day care, Domiciliary Hostels Program, nursing, homemakers, funeral services, planned parenthood and prenatal care and education, as part of City-approved programs and projects).
- (b) Accommodations provided as part of City-approved programs and projects for the homeless and others living in poverty.
- (c) Vouchers provided by Community Services and Public Health Services as part of City-approved programs and projects.
- (d) Financial reviews conducted on a contingency basis for the purposes of recovering amounts paid and/or owed, such as tax recovery services.
- (e) Public/guest speakers.

(4) Utility Billing

- (a) Electricity.
- (b) Postal services.
- (c) Water and Wastewater.
- (d) Natural gas.
- (e) Communications, for example: telephone, cable.
- (f) The removal, relocation, identification or engineering related to utility infrastructure that exists on road allowances, right of ways and other City properties. This includes sub-surface and above-surface infrastructure.
- (g) Railway companies related to removal, relocation, construction supervision (flagging) and maintenance.
- (h) The purchase, sale, delivery and storage of Energy Commodities and the consideration of price hedging for Energy Commodities shall be in accordance with the City's Energy Commodity Policy.

(5) Government Agencies and other public authorities to which the City is required to remit to or pay a fee.

(6) Other

- (a) Antiques and artifacts (shops, sales, repairs, but not including restoration).
- (b) Acquisition of art (but not including commissioned works of art).
- (c) Publications (including newspapers, periodicals, magazines or books), CDs, DVDs and all copyrighted material.
- (d) Maintenance of software and hardware for systems previously acquired. (This exemption does not apply to new or additional licenses.)
- (e) Purchases of Goods for the purpose of retail sales (re-sale) by the City (not including items that bear the City of Hamilton logo or insignia).

**CORPORATE SERVICES
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- (f) Media advertising, including trade shows.
- (g) Commodity purchases using a commodity price hedging agreement in accordance with the City's Commodity Price Hedging Policy.
- (h) Venues (including food and beverage where off site catering is not permitted) for banquets, meetings, events, receptions and training.
- (i) Hosting, sponsorship and/or rights fees for conventions or sports events incurred by Tourism Hamilton Inc.

	Completed as of September 2011				
PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
PURCHASING BY-LAW AMENDMENTS					
A	Recommendation 1: Revise some of the wording in the City's Procurement Bylaw as indicated on Appendix A. (Medium Term)	Procurement Section Legal Services Procurement Advisory Committee and SMT	Identify potential changes to the current Procurement Policy By-law through discussions with Procurement Advisory Committee (PAC).	Draft completed. To be presented to Committee & Council.	\$0.00
A	Recommendation 2: Revise the City's Procurement Bylaw by adding the items below as indicated above and on Appendix B. (Medium Term)	Procurement Section Legal Services Procurement Advisory Committee and SMT	Present changes to SMT	Draft completed. To be presented to Committee & Council.	\$0.00
A	Recommendation 5: Implement the suggested policy changes to the City's Purchasing Bylaw as indicated in this section. (Medium Term)	Procurement Section Legal Services Procurement Advisory Committee and SMT	Present revised By-law to Council for approval.	Draft completed. To be presented to Committee & Council.	\$0.00
A	Recommendation 8: Thoroughly analyze the issue of imposing local preference policies. Examine the desire and need for such policies. Ask your legal department to assess the legality of such policies. Importantly too, examine the cost and process/staff implications of these policies. (Short Term)	Procurement Section Legal Services Procurement Advisory Committee and SMT External Stakeholders		Consulted with Legal. To be presented to Committee & Council.	\$0.00
A	Recommendation 15: Carefully analyze the need to impose the Fair Wage Policy as well as the administrative burdens it places on staff and vendors. (Short Term)	Procurement Section Legal Services Procurement Advisory Committee and SMT External Stakeholders		Completed. No changes proposed.	\$0.00
PROCEDURES RELATED					
A	Recommendation 3: Develop a comprehensive Procurement Procedures Manual that encompasses the full procurement cycle including all aspects of the process needed for Purchasing Section Staff. This is important so that there is consistency in their actions and authority. (Medium Term)	Procurement Section	Working with all Procurement Staff to develop procedures for each policy.	In progress, to be completed by December 2012.	\$0.00
A	Recommendation 4: Develop a comprehensive Customer Purchasing Guide based on the current purchasing practices with easy to follow procedures and with a FAQ section to assist the Customers. Posting the Customer Purchasing Guide on the Intranet will provide maximum exposure and cost reduction. (Short Term)	Procurement Section Procurement Advisory Committee	Determine content with PAC to develop Customer Procurement Guide.	In progress, to be completed by December 2012.	\$0.00
A	Recommendation 9: Establish requirements for gathering and maintaining performance measurements to facilitate the transition from a reactive procurement process to a more strategic process. Then implement strategies for measuring the efficiency, effectiveness and quality within the Purchasing Section (Short Term)	Procurement Section Procurement Advisory Committee		Not started, to be commenced in 4th Quarter 2011 as part of Service Level Agreements.	\$0.00
A	Recommendation 11: Analyze the efficiency of having Public Works use Form 5D so that additional time is not added to the process after the award. (Short Term).	Procurement Section Public Works	In progress, to be rolled out corporate wide if pilot is successful.	First pilot project to be issued in Q4 2011.	\$0.00
D	Recommendation 12: Cease having Buyers "thumb through" tenders to mark which pages to copy front to back and to indicate which color paper to use for different sections. (Short Term).	Procurement Section	An electronic requisition method was investigated and it was determined and confirmed that the current method was still the 'best'. Will reevaluate need once online documents are developed and available for purchase.	Reviewed with Procurement Team and determined that no change was required.	\$0.00
A	Recommendation 37: Establish annual requirements contracts for those products for which standards can be created and for which there is a reasonably predictable demand. (Medium Term)	Procurement Section Client Departments	Review existing standards to confirm use and whether a contract exists. Will look at further opportunities through review of sole and single source policy 11 - negotiations	Ongoing.	\$0.00
C	Recommendation 53: Upon the adoption of a procedures manual, implement office procedures training for all members of the Procurement Section in order to ensure consistency in application and process. (Medium Term)	Procurement Section	Working with all Procurement Staff to develop procedures for each policy.	In progress. Training occurs as each module is developed.	\$0.00

PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
ONGOING	Recommendation 14: Investigate and stay on top of the Broader Public Section (BPS) Supply Chain Secretariat's plans for public procurement. (Long Term)	Procurement Section	The Ministry of Finance establishes contracts for various goods and services that are available to the Broader Public Sector to 'piggyback' on. This ability to 'piggyback' on existing contracts was added under Policy # 12, Policy for Cooperative Procurement in the last Procurement Policy revision (November 11, 2009). This City has utilized these contracts on an ad hoc basis, but will look at formalizing a procedure to monitor and advise Client Departments of these opportunities.	Ongoing.	\$0.00
D	Recommendation 23: Perform a spend analysis on commodities that are being used across the City and use strategic sourcing methods to procure the commodities for the entire City. (Long Term)	Procurement Advisory Committee Procurement Section	Will engage the Procurement Advisory Committee to identify opportunities for these commodities.	Not started, to be reviewed in 2012.	\$0.00
D	Recommendation 24: Consider adopting an environmental stewardship policy that establishes the priorities of the City. Such a policy provides guidance to staff while also notifying the community of the City's commitments to the environment. (Long Term)	Procurement Advisory Committee Public Works Public Health	This initiative would not be lead by the Procurement Section, but rather the Client Departments; have identified Public Works and Public Health as primary leads. Reference Section 5.5 of NIGP report	Not started. Long term initiative.	To be determined
C	Recommendation 29: Move away from simply processing transactions to value added purchasing by using strategic sourcing methods. (Medium Term)	Procurement Section Procurement Advisory Committee	Will investigate with the Ontario Public Buyers Association membership to survey their experience with strategic sourcing methods not currently being used by the City.	To be determined.	\$0.00
A	Recommendation 34: Determine which option works best for the handling of Sole and Single Source procurements and implement it. (Medium Term and on going)	Procurement Section Procurement Advisory Committee	Review with Procurement Advisory Committee to identify alternatives to single and sole sourcing. Take alternatives to SMT for review and approval. Incorporate changes into By-law for Council approval. Have Internal Audit Review proposed changes in process and policy	Draft completed. To be presented to Committee & Council.	\$0.00
A	Recommendation 35: Establish a Product Evaluation and Standardization Committee to determine and approve standardized goods and services for use within the City. Purchasing chairs the committee. (Medium Term)	Procurement Section Procurement Advisory Committee and SMT	Investigate options with Procurement Advisory Committee, including the option of expanding the Public Works model that currently exists. Would require Council approval of By-Law change.	To be determined.	\$0.00
ONGOING	Recommendation 36: Establish standard specifications for those repetitive goods and services required. (Medium Term)	Procurement Section Procurement Advisory Committee and SMT	Standard specifications will be developed for any good or service as approved by the Standardization Committee.	Ongoing. Will continue to look for further opportunities as contract specifications are developed.	\$0.00
D	Recommendation 43: Adopt and promulgate tender issuance (not tracking lists which the Purchasing Section already has in place) checklists as a method to ensure consistency in work products as well as reducing the bottleneck in the tendering process. (Medium Term)	Procurement Section Procurement Advisory Committee	The Procurement Section is presently capturing information that they feel will be useful to the Client Departments. Procurement will need to confirm with the Procurement Advisory Committee that this is the correct information and will need to confirm frequency and format of the information to be presented.	Procurement continues to capture contract information, but have not yet tabled this with the PAC.	\$0.00
ORGANIZATION STRUCTURE/JOB DESCRIPTION					
B	Recommendation 6: Develop Service Level Agreements between the Purchasing Section and the various departments of the City. See Appendix C for a sample. (Short Term)	Procurement Section Procurement Advisory Committee and SMT	To be developed.	To be determined.	\$0.00
D	Recommendation 13: Include the requirement for gathering and maintaining Buyer performance measures to measure the cost savings and cost avoidance being achieved by each Buyer. (Short Term)	Further discussion warranted.	To be discussed with Procurement Advisory Committee for feedback.	To be determined.	\$0.00
B	Recommendation 16: Establish monthly site visits/meetings with the key City Customers. The monthly Customer meeting agendas should include:	Procurement Section Procurement Advisory Committee and SMT	Look to copy current model used with Operations and Waste Management with the rest of Public Works as a pilot project.	Senior Procurement Specialists are scheduled to meeting with F&A and Client Department DMTs on a quarterly basis.	\$0.00
<p>Ø Pending procurements and/or issues</p> <p>Ø Requirements planning, upcoming procurements</p>					

PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
	Ø Commodity/service purchasing history review, updates Ø Questions/answers on purchasing policies and procedures (Short Term)				
A	Recommendation 42: Re-title the Purchasing Section as the Procurement Section. This is part of the effort to move thinking beyond the "paper pushing" and "bureaucratic" mindset and push it toward strategic support. (Medium Term)	Procurement Section Tony Tollis	To make it effective January 2011 to coincide with the Procurement Section restructuring.	Completed. Effective January 2011.	\$0.00
A	Recommendation 44: Adopt and promulgate the proposed job descriptions. (Medium Term)	Procurement Section Tony Tollis Human Resources	Currently working on draft job descriptions. Target posting date: September 2010	Completed. Job descriptions have been updated for Senior Procurement Specialists and Procurement Specialists.	\$10,000
B	Recommendation 45: Establish a Client Account Executive Program. (Short Term)	Procurement Section Tony Tollis	Job descriptions are being revamped and developed as appropriate, and the Procurement Section is looking to adopt model offered in NIGP report.	Completed.	\$0.00
B	Recommendation 46: Develop an understanding of the value of appropriate relationships with clients, suppliers and stakeholders. Create a process to ensure monthly meetings to discuss/review upcoming needs between the Procurement Section staff and their clients. (Short Term)	Procurement Section Procurement Advisory Committee and SMT	This recommendation will be incorporated in the pilot project to be rolled out in Public Works as identified in Recommendation 16.	Q4 2011	\$0.00
D	Recommendation 47: Consider the option of re-establishing the Procurement Section as the agent for all formal tenders including those for linear construction. (Long Term)	Procurement Section Procurement Advisory Committee and SMT	In progress. Procurement and Public Works is working on amalgamating processes.	Q4 2011 / Q1 2012	\$0.00
A	Recommendation 49: Implement the revised Procurement Section re-organization. (Medium Term)	Procurement Section Tony Tollis	Completed.	Jan. 2011	\$0.00
ONGOING	Recommendation 57: Implement an Individual Employee Performance Improvement Plan structure tailored to Procurement Section staff. (Medium Term)	Procurement Section	Will continue timely performance reviews and incorporate Service Level Agreement and Procurement Tracking Form	Completed.	\$0.00
D	Recommendation 58: Establish an employee incentive program (Medium Term)	Tony Tollis Human Resources	Treasurer to discuss feasibility with Human Resources.		To be determined
TECHNOLOGY RELATED					
D	Recommendation 7: In conjunction with electronic posting of tenders and proposals, review the necessity of charging for them. However, retain a mechanism so that vendors who do not conduct business electronically can still participate. (Short Term)	Procurement Section Information Systems	The City will be using Biddingo to post contracts electronically.	Q4 2011	\$0.00
D	Recommendation 10: Use the PeopleSoft e-mail/fax feature to automatically e-mail or fax purchase orders to the vendor. (Medium Term)	Procurement Section Application Support	Pilot has been completed. Need to review results and ensure that system is capable and able to do. Vendor Records need to have email addresses added and or verified.	To be determined.	To be determined
ONGOING	Recommendation 17: Further develop the Purchasing Intranet site to be a one-stop-shop for all purchasing related information. All applicable policies, procedures, forms, approved cooperative agreements and term contracts and agreements should be easy to find and current for Customers to access. Additionally training materials (such as videos, PowerPoint, et cetera,) should be present on the e-net. (Short Term)	Procurement Section Procurement Advisory Committee	As procedures, policies and any other procurement related material is developed, it will be posted to the City's eNet. Consult with PAC to identify any additional material that is required.	Ongoing.	\$0.00
B	Recommendation 18: Develop a Frequently Asked Questions area on the Purchasing Intranet website as a reference point for Customers. Also, develop a Purchasing Quick Reference Guide. (Short Term)	Procurement Section Procurement Advisory Committee	This information is currently presented in the quarterly Procurement Newsletter. An FAQ webpage will be developed using the information contained in these newsletters and will be updated on a regular basis.	Q4 2011	\$0.00
D	Recommendation 32: Establish both an overall strategic plan and a technology plan for the Procurement Section. (Medium Term)	Procurement Section Information Systems Tony Tollis Procurement Advisory Committee	Analysis of e-solutions has resulted in the decision for the City to use Biddingo.	Completed.	\$0.00
D	Recommendation 38: Analyze the possibility of implementing on line tendering. (Long Term)	Procurement Section Information Systems Legal Services	Biddingo currently has a beta software version with this functionality that is being tested.	To be determined.	To be determined
D	Recommendation 39: Develop an Internet/Intranet strategy for the Purchasing Section. Examine what can be performed electronically and thus free up staff time. Develop electronic features to communicate effectively with external and internal customers. (Medium Term)	Procurement Section Procurement Advisory Committee	The City of Hamilton will be using Biddingo to communicate with external clients. Procurement will continue to enhance the offerings/information available on eNet.	Q4 2011	\$0.00
ONGOING	Recommendation 40: Create a truly interactive Internet Web site that can be used to communicate with potential bidders. Include downloadable solicitations, Vendor Guides on how to do business with the City and other important information. (Medium Term)	Procurement Section Information Systems	The City of Hamilton will be using Biddingo to communicate with external clients and will include the ability to download solicitations.	Q4 2011	\$0.00

PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
ONGOING	Recommendation 41: Include requirements for on-line catalogs in future solicitations for term contracts. (Short Term)	Procurement Section	The City currently uses online catalogs and ordering for certain corporate contracts. The ordering of office supplies is online and has been since 2003. Other contracts that use online ordering are paper and medical supplies. Where online catalogs are not available, the City has created item files in PeopleSoft, which has the same functionality as an online catalog, without the benefit of a visual picture. Item files include product description, order quantity, unit of measure and price. All this information is loaded into PeopleSoft and a requisitioner can do a search on the item files to find the correct product they are looking for.		To be determined
			The City will look at further opportunities to expand the use of online ordering from vendor sites, but would lose the ability to conduct queries on these products as compared to using an item file which has all the historical data on product saved within the PeopleSoft system. The City will also look at expanding the functionality of using item files in PeopleSoft to include images with the item file.		
TRAINING AND EDUCATION					
ONGOING	Recommendation 19: Further develop the existing Supplier training program to communicate "How to do Business with the City of Hamilton."		For the past several years, the City has held presentations throughout the City of Hamilton. These presentations have been specifically geared toward the vendor community to educate potential and existing suppliers on how to do business with the City. These presentations have also provided a forum for vendors to ask questions and meet staff. These presentations have been well received by the vendor community and the City has received both written and verbal positive feedback in this regard.	Ongoing.	To be determined
	Ø Host the Vendor training at a minimum on an annual basis.	Procurement Section	Procurement has also been invited and held presentations for the Hamilton Chamber of Commerce, the Hamilton – Brantford, Ontario Building & construction Trades Council, the Hamilton Halton Construction Association and the Carpenter's Union, Local 18, to name a few.	Ongoing.	\$5,000
	Ø Systematically participate and present at local Chamber of Commerce and other business outreach opportunities throughout the region. (Medium Term)	Procurement Section	Procurement will continue to meet with associations as requested.	Ongoing.	
D	Recommendation 20: Develop a Customer Training Suite for all individuals involved in the purchasing process within the organization. The Customer Training Suite should include:	Procurement Section Procurement Advisory Committee.			To be determined
	Ø A general background in public procurement, procurement ethics, purchasing policies, procedures and processes, specification development, P-Cards, communication/information tools and resources, and Citywide contract specifics and contract administration	Procurement Section	To be developed by Procurement Staff.	2012	
	Ø A refresher course should be conducted every 2 years for all individuals still involved in the purchasing process (Medium Term)	Procurement Section	Procurement staff meets with their Client Departments on a regular basis. Procurement has developed training material regarding various aspects of the procurement policy and corresponding procedures to present to their departments during 'rollout meetings'. In 2009, Procurement held 20 rollout meetings with Client Departments, with 198 City staff in attendance. In 2010, there have been 13 rollout meetings held which were attended by 115 staff members.	Ongoing	\$0.00
A	Recommendation 21: Establish a mechanism so that Client Departments promptly and effectively report new hires who have procurement responsibilities. This will enable the training recommended above to be offered in a timely manner. (Medium Term)	Procurement Advisory Committee Treasurer Procurement Section Human Resources	Process to be developed in conjunction with Procurement Advisory Committee and this process will be incorporated into the Service Level Agreement.	To be determined.	\$0.00

PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
ONGOING	Recommendation 22: Develop a comprehensive long-range professional development plan for Purchasing staff to include:		Annual performance reviews for procurement staff include individual and specific goals and objectives. Certification and obtaining a procurement designation has been fundamental in the development in the procurement team. There are several certifications available for procurement, but the Universal Public Purchasing Certification Council (UPPCC) is recognized for being tailored to the requirements in public procurement. There are two designations available through the UPPCC; Certified Professional Public Buyer (CPPB) and Certified Public Procurement Officer (CPPO).	Ongoing.	\$0.00
	Ø Training requirements for each position in Purchasing, including administrative and support staff personnel	Procurement Section	Since 2006, there have been eight staff members in procurement who have successfully received their certification; where previous to this there were two members to hold these designations.	Ongoing.	
	Ø Prepare individual training/education plans into each employee's annual performance review to ensure a focus and continuance in professional development, tied to the Purchasing Section's overall strategic plan	Procurement Section	Procurement will continue to include training and education requirements as part of each employee's annual performance.	Ongoing	No cost impact, existing budget of \$10,000.
	Ø Training opportunities should focus on the following: business writing, ethics, public purchasing practices, and general office software (Medium Term)	Procurement Section			
B	Recommendation 31: Examine the various methods to evaluate vendor performance and determine the best methods for the City to use. (Short Term)	Procurement Section Procurement Advisory Committee Public Works	Review existing process with Procurement Advisory Committee and amend as required.		\$0.00
A	Recommendation 33: Establish a program of quality specification writing for the purchasing staff. (Medium Term)	Procurement Section Procurement Advisory Committee	Specification development guide is being developed in the Procurement Section to be used City wide.	Completed Q3 2011	\$0.00
D	Recommendation 48: Consider the option of leaving linear construction in Public Works by establishing a "Procurement Academy" and requiring those performing procurement functions to successfully complete this training before conducting procurement activities. (Long Term)	Procurement Section Procurement Advisory Committee and SMT	Procurement and Public Works are working together to amalgamate the two processes. Logistics are being discussed to plan the transition.	Q4 2011 / Q1 2012	\$0.00
ONGOING	Recommendation 50: Establish an individual training and development plan for each member of the Procurement Section. (Short Term)	Procurement Section	Annual performance reviews include education and training for Procurement Staff.	Ongoing	\$0.00
ONGOING	Recommendation 51: Continue to provide funding to support identified training needs. (Short Term and On-Going)	Council	Funding for identified training will be requested in current budget for Council approval.	Ongoing	\$0.00
ONGOING	Recommendation 52: Deliver basic and intermediate public procurement training to procurement staff. (Short Term)	Procurement Section	In house training will continue on various public procurement topics as required. The Ontario Public Buyers Association Training Modules for 'Introduction to Public Purchasing', 'Competitive Bidding', 'Risk Management', 'Purchasing and the Law', 'Electronic Purchasing', and 'Cooperative Purchasing' are available to the Procurement Staff to read and refer to as needed.	Ongoing	\$0.00
ONGOING	Recommendation 54: Provide funding for and encourage procurement staff to participate actively in professional associations related to their work. (Short Term)	Council	Procurement staff are members of both the National Institute of Governmental Purchasing, Inc. (NIGP) and the Ontario Public Buyers Association (OPBA). Membership benefits of both associations include strong networking forums; garnering solutions from across North America and locally within Ontario.	Ongoing	\$0.00
D	Recommendation 55: Provide training and certification for Client Department Contract Officer Technical Representatives. (Long term)	Procurement Section	Training needs to be determined with Procurement Advisory Committee.	2012	To be determined
A	Recommendation 56: Contracting authority should be directly linked to job performance and competency (Medium Term)	Procurement Section Tony Tollis	Work on transition plan to allow Procurement Specialists to assume this approval process.	Ongoing.	\$0.00
	COST EFFECTIVENESS / EFFICIENCY				
D	Recommendation 25: Move to value-added supply chain management. (Medium Term)			To be determined	To be determined

PRIORITY RANKING		RESPONSIBILITY	DESCRIPTION OF IMPLEMENTATION METHODOLOGY	Status	COST
B	Recommendation 26: Transfer the purchasing focus to vendor relationships and high value, complex high-risk purchases. Eliminate the focus on low dollar/low risk items. Use mechanisms such as P-Cards and on-line catalog ordering to reduce the amount of time and effort spent on such procurements (Medium Term)	Procurement Section Procurement Advisory Committee Treasurer Council	Identify process improvements with Procurement Advisory Committee. If they require Procurement Policy amendments, the amendments will be reviewed by Procurement Advisory Committee. Policy amendments will require Council approval.	2012	\$0.00
ONGOING	Recommendation 27: Embrace the "Lean Thinking" concept and eliminate waste where it occurs in the procurement process. (Long Term)	Procurement Section Procurement Advisory Committee	The concept of "Lean Thinking" as it applies to the Procurement Section is to ensure that rules, regulations and procedures are reviewed on a regular basis to ensure that the procurement program is as efficient as possible. This is not a new concept for the Procurement Section as we are continuously trying to do things better. Procurement Policy # 20 – Policy for the Review of the Procurement Policy has been in place for many years and speaks to an annual review being conducted and any changes resulting from that review will be approved by Council. Internal audit has also conducted several audits on various aspects of the Procurement Policy and any recommendations and findings brought forward from these audits have been addressed.	Ongoing. Ongoing.	\$0.00
D	Recommendation 28: Analyze using "reverse auctions" in order to drive costs down for customers (Long Term).	Procurement Section	Will look at industry best practices to determine suitability for the City of Hamilton. Will survey the Ontario Public Buyers Association membership.	2012	To be determined
ONGOING	Recommendation 30: Examine the surplus management paradigm and determine if the current method is the most effective and efficient. Investigate and analyze the various technology suppliers and ascertain which provides the best value to the City. (Medium Term)	Procurement Section Procurement Advisory Committee	Procurement utilizes various sources for the disposal of surplus goods in an effort to maximize efficiency and best value to the City.	Ongoing.	\$0.00