



Subject: Purchasing Policy

To: Council

From: Corporate Services Department

Report Number: 2021-323

Meeting Date: December 13, 2021

Recommendation:

That Corporate Services Department Report 2021-323 be received; and

That the Purchasing Policy attached as Appendix A of Corporate Services Department Report 2021-323 be approved.

Purpose:

The purpose of this report is to introduce and approve a new Purchasing Policy for the City of Port Colborne.

Background:

The current Purchasing Policy was approved approximately four years ago through report 2017-92 on December 11, 2017.

As part of a process of regularly reviewing policies, Corporate Services in consultation with Public Works engaged The Procurement Office to review the City's Procurement Policy. Upon review, The Procurement Office, a firm that works with a significant number of municipalities and other public sector organizations, recommended the City move to a common policy template being adopted by other municipalities and other public sector organizations.

The new and proposed policy is attached as Appendix A – Purchasing Policy.

Discussion:

This policy was developed to support the City in obtaining competitive pricing for purchased goods and services in an efficient, timely and cost-effective manner. Current laws and regulations, including topics of local suppliers and the environment were taken into consideration.

The Purchasing Policy attached in Appendix A outlines “the City is committed to conducting its Procurement operations in accordance with the following principles:

- (a) compliance and consistency with applicable legislation, trade agreements, policies, and procedures;
- (b) open, fair, and transparent processes that afford equal access to all qualified Suppliers;
- (c) reciprocal non-discrimination and geographic neutrality with respect to its trading partners in accordance with trade treaty obligations;
- (d) achieving best value through consideration of the full range of Procurement formats and the adoption of commercially reasonable business practices;
- (e) effective balance between accountability and efficiency; and
- (f) ensuring adherence to the highest standards of ethical conduct.”

Some of the most salient differences between the proposed Purchasing Policy and the current Policy related to:

- Procurement dollar thresholds related to procurement methods (direct, invitation or open competition). The recommendations are specifically made to take into account the goals of the policy change as identified above. The current policy identifies:
 - Direct (also known as low value procurement thresholds) purchases as those purchases below \$5,000, the proposed policy sets this value at \$25,000 for goods and services and \$50,000 for construction.
 - Invitation (requiring 3 quotes) as \$5,000 to \$50,000, the proposed policy sets this value at \$25,000 to \$100,000 for goods and services and \$50,000 to \$250,000 for construction.
 - Open competition threshold (often following a request for proposal model or other related model) as \$50,000 or greater, the proposed policy sets this value at \$100,000 or greater for goods and services and \$250,000 or greater for construction.
- Procurement dollar thresholds related to Council involvement. In the current Purchasing Policy, Council approval is required for purchases ranging from \$50,000 to \$75,000 or higher, despite Council’s previous approval during the

budget process. This secondary approval can add one to two months to the procurement process. The new Purchasing Policy identifies no purchase can occur without available and approved budget. As developed, Council's approval will now focus on non-standard purchases that would otherwise be required to move through an open competition procurement policy. The threshold in the new policy for Council's involvement on goods and services is \$100,000 and for construction is \$250,000. Reasons for a non-standard purchase can be found on pages 79 and 80 of Appendix A – Purchasing Policy. This change recognizes Council manages procurement activity, including related risks, through the Purchasing Policy. The Procurement Office will attend Council as this report is presented to take questions, if any, on Council's role in the procurement process and any other questions Councillors may have regarding the proposed policy.

- Enhanced documentation and process mapping to support the different procurement methods. These can be seen in the various protocols attached to the policy.
- The ability to utilize a modern electronic bidding platform consistent with other municipal entities. The use of an electronic bidding platform will streamline processes, reduce internal administrative labour in the distribution and collection of bids, and encourage more competition on bidding processes.
- A new requirement to submit an annual summary of City procurement activities.

Internal Consultations:

This policy was developed with input from the City's departments. Corporate Services would like to provide a special thank you to the Director of Public Works for the leadership shown during this process.

Financial Implications:

The Purchasing Policy in Appendix A will support the City in obtain competitive pricing for purchased goods and services in an efficient, timely, and cost-effective manner.

Public Engagement:

Staff from the City's Procurement Office supported the development of this policy to ensure compliance with all laws and regulations.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Value: Financial Management to Achieve Financial Sustainability
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Conclusion:

This report recommends that the Purchasing Policy in Appendix A of Corporate Services Report 2021-323 be approved.

Appendices:

- a. Appendix A – Purchasing Policy

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.