



Financial Services Staff Report

Report Number: F19-2023
Report Title: Purchasing By-law Update
Author: Richard Petherick, Director of Finance & Treasurer
Meeting Type: Committee of the Whole Meeting
Meeting Date: December 5, 2023
eDocs or File ID: eDocs #125246
Consent Item: No
Final Version: Yes
Reviewed By: SMT
Final Review: Senior Management Team

Recommendation:

That the Council of the Township of Woolwich, considering Report F19-2023 respecting Purchasing By-law Update adopt the Purchasing By-law as per Attachment 1.

Background:

The Township's Purchasing By-law sets out the guidelines under which the Township will purchase goods and services. The current By-law has been in effect since December 2015. With the passage of time and process changes, a review was conducted by Finance staff of the existing Purchasing By-law with proposed amendments to reflect administrative changes to create greater efficiencies in the procurement process, reflect current practices, and to provide better clarity in the Township's procurement activities.

Comments:

The Township's existing Purchasing By-law has served the Corporation well over the past eight years by providing clear guidelines for purchasing activities. The Municipal Act requires that all municipalities adopt and maintain policies with respect to procurement of goods and services. Both the Township of Woolwich's current and proposed new By-law, attached to this report, address these requirements.

The proposed By-law contains amendments to how the Township's conduct procurement competitions (i.e. tender, proposal, etc.) as the Township is utilizing an eBidding platform, as well purchasing limits and the requirements related to the number of quotes to be obtained in various circumstances has been updated.

Since the last Purchasing By-law update the Township utilizes an eBidding platform called Bids & Tenders. This platform is an online bidding portal that is used widely by municipalities across the country but most notable in Ontario. As such changes on how tenders, certain quotations, and proposals, are administered needed to reflect the Township's current practice. It is important to note that while the Draft Purchasing By-law describes how the Township will utilize eBidding it is not specific to any one vendor which gives flexibility to switch providers, if need be, without having to update the By-law.

In general, purchasing limits have been adjusted upwards to allow for cost increases over the past eight years and to provide greater efficiencies. In proposing these adjustments staff has had regard for the historical volume of purchases in each range.

One of the most significant purchasing limit change relates to the tender threshold, which has been increased from \$75,000 to \$150,000. With cost escalations in a number of the Township's "basket of goods and services", in staff's view, these purchases, by nature, can be handled more efficiently through a formal sealed quotation process, rather than a tender. For this reason staff has proposed that the procurement of goods and services between \$75,000 and \$150,000 must be done by a formal sealed quotation. By doing so there is a heightened sense of accountability when conducting a more formal process. For Council's benefit, the most common purchases in this range are replacements of full-size service vehicles and minor road maintenance such as pavement marking and crack sealing. While the changes in purchasing thresholds always for a more efficient process it is also important to mention that expenditures still needs to be contained in a Council approved Budget.

The other significant change corresponds to consultants where the threshold for a more formal process is proposed to increase from \$40,000 to \$75,000. The change allows for greater efficiencies in municipal operations given the majority of consultants in this range are for geotechnical work on construction projects or engineers for minor road and bridge projects. Also by amending the threshold to \$75,000 there is better alignment in the purchasing by-law for formal competitions, the other being the proposed threshold for formal quotations as indicated above. Council should be aware that the need and justification for consultants is discussed and debated during budget deliberations. The proposed threshold is for administrative efficiencies in implementing the Council approved budgets.

To assist Council in understanding the various changes in procurement thresholds and the related procedures attached to this report is a Reference Guide to Methods of Procurement (see Attachment 2).

In addition the draft By-law includes Purchasing Guidelines that reflects the Township's commitment to consider environmental factors when engaging in procurement activities. While there are no specifics on how this guiding principle will be applied in the Draft

Purchasing By-law, as more research needs to be done on whether it is appropriate to be this prescriptive in a by-law. At the very least, staff wanted to acknowledge that the Township's purchasing decisions need to include the environment as a factor in determining the goods and services that will be procured.

Interdepartmental Impacts:

All staff members with administrative duties and/or involvement in procurement activities will require an orientation on the By-law and related procedures.

Financial Impacts:

While there is no direct financial impact associated with the proposed by-law, as it deals with administrative and operational issues, the proposed amendments will help streamline the process creating workflow efficiencies.

Strategic Plan Impacts:

By having a practical, functional and effective Purchasing By-law it directly meets the Township's Strategic Plan Focus Area of being Fiscally Responsible in ensuring high performance standards are in place which will best serve the Township and its rate payers.

Conclusion:

Staff recommends that Council adopt the Purchasing By-law (Attachment 1). The amendments proposed in the draft by-law have been included to recognize current purchasing practices at the Township as well as introducing greater efficiencies in municipal operations.

Attachments:

1. Draft Purchasing By-law
2. Reference Guide to Methods of Procurement