

Procurement By-law Review and Proposed Amendments

Committee of the Whole
February 6, 2025

Agenda

- A. The Review Process and Resulting Opportunities
- B. Proposed Substantive Amendments
- C. What these proposed modernizations mean operationally
- D. Next Steps – Timing



Review Process – Why is this Important?



Review Process - Work Effort

Corporate Leadership Team commissioned a working group of senior management from across organization

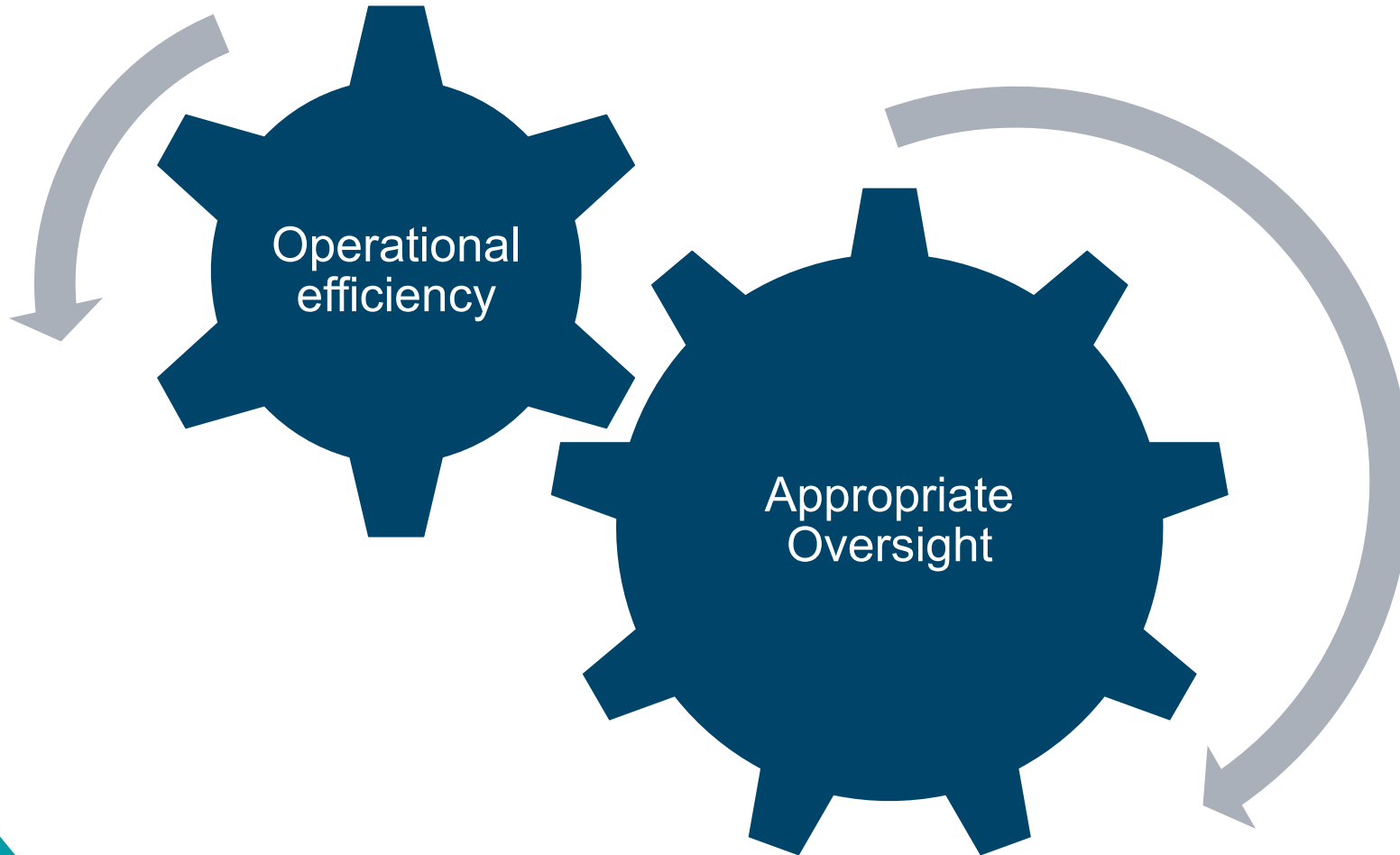
Understand the challenges and opportunities through principles-based discussion

“Why” is a change necessary and “how” it will positively impact service delivery

Identify whether a challenge or possible improvement requires a ‘by-law’ vs. other process change

Benchmarking – considered change in the context of peer group

Review Process - Opportunities



1. By-law Structure
2. Re-aligning values for procurement methods
3. Approval Authorities
4. Contract Amendments and Extensions
5. Schedule "A" Exemptions
6. Social Procurement

1. “New” By-law Structure



Vision = Separating Policy vs. Procedure



Introduction of suite of procedures to accompany by-law



Delegated authority to Director of Procurement to develop procedures to be approved by CAO

Procedural Document List...

Supplier Code of
Conduct

Supplier
Performance
Evaluation

Supplier
Suspension

Contract
Management

Bidder Debriefing

Procurement
Protest

Informal
Procurement

Document Drafting

Procurement
Planning

Qualified Supplier
Roster

Surplus Disposal

Format Selection

Formal
Procurement

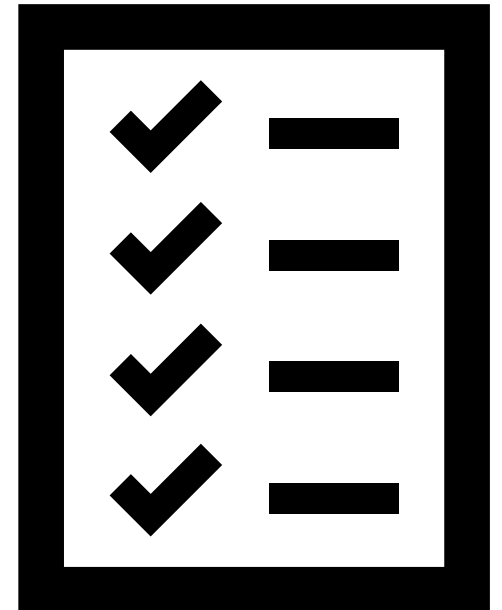
Enhanced
Consensus Scoring

Informal
Procurement

Negotiation

Vendor Performance

- Supplier Code of Conduct
 - Sets expectations re: legal/unethical practices, conflict of interest etc.
- Supplier Performance Evaluation
 - Establishes clear expectations, monitoring/evaluation requirements re: supplier performance
- Contract Management
 - Provides guidance to staff and sets out roles and responsibilities for the management of contracts
- Supplier Suspension
 - Sets out criteria and process of suspension



2. Methods of Purchasing

Low Value:

Niagara Region:

Current	Proposed
10k	25k

Jurisdictional:

Burl	Miss	Peel	Ham	Wat	York	Hal	Dur	Tor
10k	25k	10k	10k	25k	25k	15k	10k	50k

Informal:

Niagara Region:

Current	Proposed
10k – 25k	25k-100k

Jurisdictional:

Burl	Miss	Peel	Ham	Wat	York	Hal	Dur	Tor
10k-50k	25k-100k*	10k-100k	10k-100k	25k-150k	25k-100k*	15k-100k*	10k-100k*	50k-100k

*process is run by the department and not procurement; note: in the case of Halton, between 15-35k department solicits the quotes

Methods of Purchasing

Method	Current Threshold	Revised Threshold
Low Value	Up to \$10,000	Up to \$25,000
Informal Quote	\$10,000 - \$25,000	\$25,000 - \$100,000
Formal Quote (RFQ) (goods/services)	\$25,000 - \$100,000	\$100,000 – \$133,800*
Formal Quote (construction)	N/A	\$100,000 – \$334,400*
Request for Tender (RFT)	>\$100,000	> \$133,800*
Request for Proposal (RFP)	> \$10,000	> \$25,000

*Current Open Threshold which is a concept tied to CFTA and is adjusted every 2 years.

3. Purchasing and Document Execution Authorities

- Introduction of Associate Director and Deputy CAO Roles
- Proposed changes to the purchasing methods approval authorities to, generally, be shifted down one rung in Schedule “B”

Previous Purchasing Authority	Proposed Purchasing Authority
Director	▶ Manager
Commissioner	▶ Director

Previous Execution Authority	Proposed Execution Authority
Director	▶ Manager
Commissioner	▶ Director

Going to Council Post Award?

Current State:

Competitive processes (Rfx) - \$5M+ Council is the purchasing authority “approval” required (current process is to go to Council at the conclusion of the Bid Solicitation Process for approval to award)

*Safeguards: regular reporting of awards above dollar threshold; where portions of by-law being waived; not awarding in accordance with process set out in Rfx (e.g., bypass low bid);

Municipality	Requirement to go to Council after Award
York	NO*
Durham	NO*
Peel	NO*
Waterloo	>\$1M
Halton	NO*
Hamilton	NO*
Toronto	NO*

Best Practice

“Best practices in municipal procurement include the clear separation of political and administrative functions in relation to the municipality’s procurement operations. In accordance with best practices, elected officials should not be involved in the award of contracts in a competitive procurement process.

Best Practice continued

Subject to accountability controls (e.g. the contract value is within budget and the process was conducted in accordance with governing rules), the authority to award the contract to the top-ranked proponent should be delegated to staff and neither Council nor any committee of Council should be involved in the award process.” – Paul Emanuelli

Lifecycle of a \$5M+ Contract Award

Current:

- RFT Closes February 3, 2025
- Procurement completes administrative review to confirm compliant Bids (1 week) – February 10, 2025
- Report deadline for March cycle is January 31, 2025
- Report Goes to April 8, 2025 PW Committee and then Council on April 24, 2025
- Contract Award Notice Circulated to Successful Bidder in April 25, 2025
- Successful Bidder to satisfy preconditions of Award and Contract Execution (3 weeks) – May 16, 2025
- Commencement of Work in May

Lifecycle of a \$5M+ Contract Award

Proposed:

- RFT Closes February 3, 2025
- Procurement completes administrative review to confirm compliant Bid (1 week) – February 10, 2025
- Contract Award Notice Circulated to Successful Bidder on February 11, 2025
- Successful Bidder to satisfy preconditions of Award and Contract Execution (3 weeks) – March 4, 2025
- Council Informed in weekly correspondence in March
- Commencement of Work in March

4. Contract Amendment Regime

Table of Authority if Total Cumulative Value of Increase is Less than 20% of Original Procurement Value

Total Cumulative Increase	Authority
< Open Competition Threshold	Department Manager
> Open Competition Threshold	Associate Director (or Director where there is no AD)

Table of Authority if Total Cumulative Value of Increase is Equal to or More than 20% of Original Procurement Value

Total Cumulative Increase	Authority
< Open Competition Threshold	Director
> Open Competition Threshold	Commissioner

Additional Safeguards:

1. Must be sufficient budget;
2. Nexus of Additional Work to Project/Initial Scope; (3) Report to Council where total value of increase(s) exceed \$1M

Current Impacts & Proposed Benefits

Current:

- Montrose Road EA and Design:
PW-32-2024
- Casablanca Road Engineering and Contract Administration Services:
PW-18-2024

Proposed:

- Allows Project Work to Continue uninterrupted
- Approval Authority appropriately tied to Risk Level
- Continued oversight - Regular Reporting to Council

7. Schedule “A” – Exemptions



Additions include things like indigenous consultation; certain specialized community services



By-law still applies to these categories, but purchasing methods set out in the by-law are not applicable.



Signing authority for these is the same as “Single Source”

8. Social Procurement

“**Community Benefit(s)**” means additional physical, social, economic and/or environmental benefits for local communities that can be leveraged through funds already being spent on Deliverables and land development projects.

“**Social Procurement**” means using Bid Solicitations to generate positive social outcomes which may include job creation, training, or apprenticeships for a historically disadvantaged community, or reducing carbon emissions, in addition to the efficient delivery of goods and services and may include other benefits as defined by the local community or the Region.

Social/Sustainable Procurement:

“Niagara Region is committed to responsible and sustainable procurement. Encouragement is given to the adoption of sustainable products and services, with consideration for their impact on social, environmental, and economic factors.

Staff must ensure that Bid Solicitation documents reflect sustainability attributes, integrating provisions aimed at environmental responsibility. This includes consideration of practical and appropriate implementation tools, such as full lifecycle assessments, energy efficiency, and the promotion of reusable and recyclable products, without compromising usability.

Social/Sustainable Procurement continued

To the extent practicable, the Region shall endeavour to promote and incorporate Social Procurement opportunities and Community Benefit approaches into its Procurements, having regard to the requirements of all applicable legislation and trade treaties, and in accordance with any applicable procedures.

Council may approve or provide direction on complementary by-laws/policies to guide the Region's procurement practices. This may include but is not limited to policies on topics such as social procurement, living wage employment and ethical/sustainable purchasing.”

Next Steps



Summary

- By-law Structure – separation of policy (by-law) from procedure; clear nexus between by-law and procedures with role clarity; ensuring standardization of a number of current practices
- Re-aligning Values for Procurement Methods – increase to low value; change in responsibility for informal quotes
- Purchasing and Document Execution Authorities – alignment of authorities to revised methods of purchasing and to better reflect increased cost of goods/services in the market; reporting obligation to Council for >\$5M contract awards
- Clarity around contract amendments and extensions with approval authority appropriate to level of risk
- Schedule “A” Updates
- Introduction of Social Procurement

Thank you