



City of
Peterborough

To: Members of the General Committee

From: Richard Freymond, Commissioner, Finance & Corporate Support Services

Meeting Date: October 28, 2024

Report: Procurement By-law Update, Report FCSMM24-004

Subject

This report seeks Council's approval of the City's updated Procurement Policy By-law.

Recommendations

That Council approve the recommendations outlined in Report FCSMM24-004, dated October 28, 2024 of the Commissioner, Finance and Corporate Support Services as follows:

- a) That the Procurement By-law 22-070 Dated September 26, 2022 be repealed effective December 02, 2024; and
- b) That the new Procurement Policy By-law appended to Report FCMM24-004 as Appendix A be approved and take effect December 02, 2024.

Executive Summary

- The By-law update has had input from the Materials Management Division, Legislative Services Department, and the Financial Services Division;
- The primary goal of the review is to accommodate a Centralized procurement framework while incorporating the City's Strategic Plan and ensuring it is effective and efficient and continues to meet the needs of the City; and

- The review considered all factors outlined in Part 16.2 of the City's Current By-law, 22-070, including: current and future professional practices, industry standards, market conditions, Federal/Provincial Government directions/policies, technological developments and advancements, policies in the By-law where, through application, it becomes apparent that clarification is needed, and the impact that any recommended changes may have on potential Suppliers to the City.

Background

The City's Procurement By-law 22-070 was passed by Council on September 26, 2022, and went into effect November 01, 2022. Section 16.1 of By-law No. 22-070 requires the Treasurer to conduct a detailed review of this By-law on an as required basis, but at a minimum, a report to each Council, prior to the end of its term, with any recommended amendments.

This By-law redevelopment has undergone a fulsome review by the City's Legal Services Division and Materials Management Division with the primary goal of incorporating a Centralized procurement framework based on Staff's recommendation to Council, and on Council's approval of the 2024 budget.

Fundamental purchasing principles remain unchanged:

- Council retains ultimate authority over all procurement through the annual budget approval and through Council's delegated authority outlined within the Procurement By-law; and
- Procurement remains an open, fair, accessible, and accountable process.

There are numerous amendments being proposed. The following highlights those that are significant.

- 1) **Centralized Procurement** – Language surrounding Decentralized Procurement has been removed and replaced with a centralized procurement framework.

In a Centralized framework where the City will rely on specialized, dedicated team of procurement professionals, less instructional language was needed in the By-law, and therefore, removed such as: Part 12: Specifications, and Part 13 In-House Bids.

- 2) **Reassignment of responsibilities** – The work and responsibilities of procurement have been reassigned from the Treasurer to the Director of Materials Management.

- 3) Improved Efficiencies** – Appendix A – Schedule of Approval Authority combines the approval and signing authority and has been restructured for ease of use. It combines authorities for each Procurement Methods, Contracts Amendments, Change Orders, and Contract Renewal Options.

Procedural or instructional language has been removed as the City moves to Centralized procurement and staff rely on the Materials Management Division for the Acquisition of goods and services. The By-law refers to the City's Purchasing Procedures Manual in sections that require instructions to staff.

The Appendix B – Exempt Expenditures has been reviewed and revised. Section 71 has been included to outline applications that the Procurement By-law does not apply to including:

- Inter-municipal service agreements;
- an agreement for the sale, purchase, lease or licence of land or buildings;
- an agreement relating to (i) hiring employees, (ii) employee compensation or (iii) reimbursing an employee for an expense;
- purchasing utilities.

Contract Amendment language has been revised to provide more clarity and ease of use.

- 4) Restructuring** – Sections of the previous By-law have been removed and attached as appendices, such as the Code of Conduct as it relates to public procurement, and Supplier Relations and Contract Management as it relates to processes following the award of contracts.

Headings have been organized to allow for a better workflow and make the document easier to use.

Bids Awarded Under By-law 22-070

Since November 1, 2022 Approximately 160 bid solicitations have been awarded during the last two years, or an average of 80 solicitations per year.

According to Report CLSFS22-024 dated September 6, 2022, it was reported that approximately 216 bid solicitations were awarded under the previous By-law during a four year period, or an average of 54 solicitations per year.

Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Support review / update of City's By-laws to make them effective and efficient, meeting the needs of our growing City.

The recommendations set out in this report align with Governance & Fiscal Sustainability by having developed a Public Procurement framework that ensures; best practices are followed, procurement risk is mitigated, and best value is obtained when City Staff are acquiring goods, services, and construction.

Engagement and Consultation

Commissioner of Legislative Services, Associate City Solicitor, Administrative Staff Committee, and the Treasurer.

Budget and Financial Implications

There are no budget and financial implications stemming from the recommendations, however, by reintroducing a centralizing procurement framework, the City should realize better management of spend that leads to benefits of scale.

Conclusion

As required in the City Purchasing Policy By-Law 22-070, staff have reviewed the Purchasing Policy and recommend an updated Purchasing Policy be adopted

Attachments

Appendix A: Draft recommended Procurement By-law

Appendix B: Current By-law No. 22-070

Submitted by,

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