



City of
Peterborough

To: Members of the General Committee

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

Meeting Date: April 22, 2025

Report: US Tariff Response – Procurement Policy, Report FCSMM25-001

Subject

A Report to summarize Peterborough's response to date and recommend potential further actions that the City can take, including temporary amendments to the City's Procurement Policy, in response to the tariffs levied by the United States Government on Canadian exports to the US as it impacts businesses and residents in the City as well as the Corporation of the City of Peterborough.

Recommendations

That Council approve the recommendations outlined in Report FCSMM25-001, dated April 22, 2025 of the Commissioner, Finance and Corporate Support as follows:

- a) That the US Tariff Response – Procurement Policy, Report FCSMM25-001 be received for information;
- b) That the weighting of the value of the Social Value Questionnaire on procurements through RFPs and RFSQs be increased from a minimum of 5% to 10% to give greater weight to factors such as local presence and local knowledge;
- c) That staff be directed to pause all non-essential conferences and trips to the US until further notice;
- d) That when formulating the City's Economic Development Strategy for 2025 and future years, staff be directed to apply a goal of increasing the resiliency of Peterborough's economy from the impact of external influences;

- e) That Council support and endorse the advocacy and engagement efforts of the City's elected officials and staff to ensure that municipal voices and the concerns of local businesses are effectively represented and understood by the provincial and federal governments regarding the potential tariffs on Canadian goods entering the US;
- f) That staff be directed to continue monitoring potential changes around provincial and federal oversight on municipal purchasing and procurement and bring forward any recommendations to further amend the City's Procurement Policy; and
- g) That staff be directed to continue to engage with local industries and businesses to determine what municipal supports will be needed to alleviate or mitigate the adverse impacts of US tariffs on these local businesses and industries.

Executive Summary

- This Report responds to Council's motion related to recent tariff announcements and how those announcements intersect with the City's procurement framework.
- This Report provides examples of actions being considered by other Ontario municipalities, outlines a number of actions and initiatives ongoing to support Canadian and local businesses and contemplates further actions including:
 - Continuing Advocacy and support to the Community
 - Active engagement with peer municipalities and professional associations
 - Encourage an "avoid buying US products or services" policy where possible.
 - Where possible, pause all non-essential conferences and trips to the US until further notice.
 - Increase the weighting of the value of the Social Value Questionnaire on RFPs and RFSQs from a minimum of 5% to 10%. This will give more points to small businesses and businesses that have a strong knowledge of Peterborough.
 - Review current spending in the US and contracts with US companies during the last year to see if that spending can be redirected.

Background

In consideration of recent announcements of tariffs levied, or threatened to be levied by the U.S. Government on Canadian exports to the US, City Council, at its meeting of February 24, 2025 resolved that:

Whereas the federal government is currently in negotiations with the U.S. government on their proposed 25% tariffs on Canadian goods exported to the U.S.; and

Whereas Premier Doug Ford has outlined several plans to combat the impact the proposed tariffs would have on Ontario including Fortress Am-Can which focus on strengthening trade between Ontario and the U.S. while bringing good jobs back home for workers on both sides of the border; and

Whereas the federal government has also outlined several ways to address the current relationship with the U.S. including establishing the Council on Canada-U.S. relations to support the federal government as it negotiates with the U.S on tariffs; and

Whereas Ontario is the number one or number two customer for at least seven US states including New York, Michigan, Ohio, Illinois, Pennsylvania, Wisconsin, and Missouri, and trade between Ontario and the United States is very important to our residents and local economies and requires all levels of government to work together in the best interest of those residents; and

Whereas according to data from the Association of Municipalities of Ontario, across Ontario municipalities are expected to spend between \$250 and \$290 billion on infrastructure in the next 10 years; and

Whereas municipalities, although currently subject to various trade agreements including the Canada-United States-Mexico Agreement have traditionally treated all procurements from trade partners equally and fairly; and

Whereas municipalities can assist in the Team Canada effort to combat tariffs and support businesses in our procurement for equipment, materials and supplies for both operating and capital infrastructure programs; and

Whereas there are trade barriers between Canadian provinces that add costs and create inefficiencies in the movement of goods.

Therefore, be it resolved that, the City of Peterborough supports Team Canada and the provincial and federal governments on the measures they have put in place in response to the proposed U.S. tariffs on Canadian goods and ask that they take any and all measures to protect the interests of Ontario in any upcoming trade negotiations;

And that federal and provincial governments remove any impediments to municipalities preferring Canadian companies and services for capital projects and other supplies;

And that the provincial and federal governments take action to remove trade barriers between provinces as a response to US tariffs and support Canadian businesses.

And that the Commissioner of Finance and Corporate Support Services be directed to bring back a report detailing a temporary procurement policy that integrates and addresses these concerns to the greatest extent possible;

This report responds to the above motion.

Additional Context

Since late January 2025 and up until the writing of this Report, there continues to be a series of announcements imposing or threatening to impose tariffs on Canadian exports to the U.S. For example, on March 4, 2025, U.S. tariffs of 25 per cent on Canadian goods, and 10 per cent on energy exports from Canada imported into the U.S. from Canada, came into effect. The U.S. indicated at the time that this action was in response to national security concerns, particularly related to illegal immigration and the flow of fentanyl and other drugs into the U.S. And again, on March 12, 2025, the U.S. imposed tariffs of 25 per cent on Canadian steel and aluminum products. Further announcements were made on April 2, 2025 that could have implications for the Canadian auto sector and businesses that support it.

Canada has responded with its own countermeasures all designed to compel the U.S. to remove its tariffs.

An import tariff is a charge imposed by a government on an imported good and becomes a source of revenue for the government that can be used to protect domestic interests from foreign competition.

Given that Canada and the U.S. have historically had a very robust trading relationship, which supports millions of jobs in both countries, businesses on both sides of the border will be impacted as they rely on cross-border supply chains. Canadian companies, including some local businesses will likely see a reduced demand for their product due to increased prices and economic growth in Canada will be impacted as a result. Municipalities, including the City of Peterborough will be impacted as goods and services will, under certain circumstances, cost more.

An overview of the City's US-supplier base using data from the 2024 calendar year as a reference would be as follows:

- The City spent approximately \$987K on products and services both in and from the U.S.
- Of the total spend, the largest single area related to information technology (IT) software, support and related services in the amount of approximately \$445K.
- Of the total spend approximately \$94K was cleared through customs brokerage firms.

As of the writing of this Report, tariffs do not apply to IT software and support services as these are considered intangible property - software or technology licenses and cloud-based services.

Further impacts from U.S. tariffs will emerge from indirect costs when the City needs product such as vehicles and heavy equipment where raw materials purchased from the US with tariffs were used to produce that product. As the City procures goods and services as a consumer from providers who have been impacted by tariffs, they will then pass on those costs on to the City. Given the threat and the widespread impact these tariffs are likely to have on local businesses, jobs and affordability of products manufactured and exported from Peterborough, it's incumbent that the City align with other levels of government in responding.

The primary focus of this report is on future procurements.

Public Procurement Trade Agreements

The City's procurements are governed by several trade agreements, notably the Canada Free Trade Agreement (CFTA) and the Comprehensive and Economic Trade Agreement (CETA). CFTA governs trade within Canada. CETA governs trade between Canada and member European states.

Table 1 outlines the current thresholds for applicability for each trade agreement, which are updated every 2 years, with the next update scheduled for January 1, 2026. This means that procurements that exceed the identified thresholds are required to follow the provisions within that trade agreement through open market competition.

Table 1 Trade Agreements

Trade Agreement	Procurement Type	Threshold
CFTA	Goods	\$133,800 CAD
	Services	\$133,800 CAD
	Construction	\$334,400 CAD
CETA	Goods	\$353,300 CAD
	Services	\$353,300 CAD
	Construction	\$8,800,000 CAD

The City, as a municipality, is not directly subject to the provisions of the Canada-United States - Mexico Agreement that is currently being affected with impending tariffs. However, the City's procurement is influenced by how that agreement is applied.

Other Municipal Responses

Municipalities are demonstrating support for local suppliers in a number of meaningful ways based upon their size and dependency on U.S. Suppliers:

- Directing that all procurements below certain thresholds (e.g. CETA thresholds) be awarded to domestic suppliers
- Cease making purchases on Amazon
- Increase low value thresholds to allow for single sourcing to domestic or local suppliers
- Increasing medium value acquisition thresholds (e.g. >\$100,000) to be more in line with CETA thresholds

Regardless of whether any municipality chooses to favour Canadian suppliers or avoid procurements from U.S. suppliers, a key challenge in any response is defining what specifically is a U.S. Supplier or Bidder and what or who is a Canadian Supplier. For instance, this may involve:

- making an assessment based on what portion of its activities are conducted on a permanent basis in the U.S or the proportionate number of full-time employees inside the U.S on the closing date of the bid request.
- Assessing whether or not the company has its head office or a production facility within Canada
- Determining the portion of project delivery expenses for services provided that are Canadian based
- Assessing the number of full-time staff employed in Canada at the time of the procurement process.

All this to say that making determinations on whether a supplier is Canadian, or a non-U.S. Supplier is often murky and can be subjective.

To suggest an “avoid American” approach vs. a “buy Canadian” approach better aligns with current trade agreements requirements. Further, it is crucial to ensure that any strategy does not adversely affect the local market, as many American-owned companies operate in Canada as subsidiaries employing Canadians.

City’s Procurement By-law 24-077

The City’s Procurement By-law and related procedures are built on the framework of the trade agreements to ensure open, fair and barrier free trade.

In addition, a sustainability lens is embedded within the framework whereby all City Departments, in conjunction with the Materials Management Division, will seek to achieve the City's strategic goals through each procurement, and wherever possible and economically feasible, include specifications which will assist the City to meet its goals. These efforts strengthen the local economy and support the City's Economic Development initiatives.

To respond to the US tariff situation, Peterborough has existing tools at its disposal, including Social Procurement, to meet Council's objectives. Consider the following:

1. For procurements of <\$10k, staff are encouraged to use the City's Vendor Registry first. There are currently over 70 vendors that are registered and they've been able to register as long as they comply with at least one of four criteria, which include:
 - a. Local Business
 - b. Diverse owned business
 - c. Social Enterprise certified
 - d. Their business or the products that they sell are certified sustainable
2. For procurements >\$10k and <\$100k, the City can use an invitational solicitation, where at least one supplier is to be considered local, social, or diverse owned company if they exist for the product or service being acquired.
3. Procurements >\$100k in an Request For Proposal (RFP) or a Request For Supplier Qualification (RFSQ) are required to complete a Social Value Questionnaire and the evaluation is worth 5-25% of the final scoring.
4. The City is currently in the process of re-engaging Buy Social Canada to assist in using the City's new Community Benefit Agreement (CBA) in construction projects >\$5 million. The CBA was completed and supplied to the City late in 2024.

Advocacy Actions and Business Engagement to date

Throughout the ongoing tariff issue, the City of Peterborough Economic Development team has collaborated with all levels of government and industry organizations to help businesses navigate these changes and explore strategies for maintaining resilience by connecting them with resources to mitigate tariff impacts, explore trade agreements, and identify new global opportunities.

Examples include:

- Working to support and collaborate with local organizations, such as the Kawartha Manufacturers Association, that strengthen Peterborough's business sectors.
- Launching a Tariff "[resource hub](#)" for businesses on the City of Peterborough website connecting them with recent news, information and supports available to businesses, funding opportunities, and more.
- Leading stakeholder engagement through regular bi-weekly touchpoints with #teamPeterborough, including the City, Peterborough County, Peterborough and the Kawarthas Chamber of Commerce, the Peterborough Downtown Business Improvement Area, and Community Futures (including the Business Advisory Centre) to ensure collaboration amongst all community stakeholders and that all business voices are heard.
- Regular ongoing communication with Economic Development colleagues across Ontario and Canada to share best practices, resources and more.
- Participation in roundtables, and stakeholder engagement sessions with community partners.
- In-person meetings with local businesses to understand specific industry and business challenges to help align support strategy.
- Leading multi-level meeting with provincial and federal government agencies to explore all options available to support businesses including funding and operational support measures.

In March 2024, the Eastern Ontario Mayors' Caucus (EOMC) joined the Eastern Ontario Leadership Council (EOLC) and Eastern Ontario Wardens Caucus (EOWC) in releasing a public-facing statement to "condemn the United States government's decision to impose trade tariffs on Canadian products that were implemented today. These measures will have immediate consequences for businesses, workers, consumers, and people in both the United States and Canada." Mayor Leal is currently the Chair of the EOLC and represents the City of Peterborough on the EOMC. Combined, the three groups represent Eastern Ontario's communities and over 1.1 million residents. The groups are also lobbying for the need to remove inter-provincial trade barriers to allow for more intra-Canada trade.

Engagement has occurred at the staff level with the Federation of Canadian Municipalities (FCM) regarding the organization's active advocacy on behalf of Canadian municipalities. High-level input was shared about potential impacts within the City of Peterborough and offers of support were shared with FCM for ongoing shared advocacy opportunities. Examples of FCM advocacy in March 2025 include FCM's partnership with the U.S. Conference of Mayors and a delegation of Mexican mayors for

a tri-national trade summit of local leaders in Washington, D.C. According to FCM releases, the summit provided the opportunity for direct exchanges with their counterparts, Canadian mayors shared local experiences and data on the economic toll these measures are taking. Together, local leaders issued a united call to bring an end to the damaging tariffs.

Economic Development Strategy

It is recommended that as the City embarks on its Economic Development Strategy for 2025 and future years, staff be directed to apply a goal of increasing the resilience of Peterborough's economy from the impact of external influences. The review will be taken in consultation with local business and stakeholders.

What can be done:

1. Continuing Advocacy and support to the Community
2. Active engagement with peer municipalities and professional associations
3. Encourage an “avoid buying US products or services” policy where possible.
4. Where possible, pause all non-essential conferences and trips to the US until further notice.
5. Increase the weighting of the value of the Social Value Questionnaire on RFPs and RFSQs from a minimum of 5% to 10%. This will give more points to small businesses and businesses that have a strong knowledge of Peterborough.
6. Review current spending in the US and contracts with US companies during the last year to see if that spending can be redirected.

Strategic Plan

Strategic Pillar: Growth & Economic Development

Strategic Priority: Review and renew how we manage the Economic Development of our City.

Increasing resiliency in the local economy will encourage business development, innovative and foster sustainable policies, practices, and partnerships.

Strategic Pillar: Governance & Fiscal Sustainability

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

This review has been mindful not to seriously disadvantage the municipality through any policy amendments which may restrict the City from buying the best product. Additionally, the Procurement Division will continue to manage cost control, explore opportunities to diversify the municipal supply chain and leverage Group Purchasing power.

Engagement and Consultation

City representatives have been engaging and continue to engage with individual businesses, business associations, and other business sector representatives on the US tariff conditions. While the interactions have not been specific to this report, the input from those groups has informed the writing of this report.

There will be broader consultation on economic development direction in the process to create the Economic Development Strategy, which will inform recommendations to Council.

Budget and Financial Implications

There is no direct Budget or Financial Implications to receiving this Report.

The City will incur additional costs for certain goods and services as tariffs are imposed.

Conclusion

In response to the announcement that the US government will be applying tariffs to a variety of Canadian goods and materials this Report outlines a number of actions taken to date and a series of recommendations on how the City can support and protect the local economy.

Submitted by,

Richard Freymond
Commissioner, Finance and Corporate Support Services

Contact Name:

Richard Freymond

Commissioner, Finance and Corporate Services

Phone: 705-742-7777 Ext. 1863

Toll Free: 1-855-738-3755

Email: rfreymond@peterborough.ca