



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Simone Gourlay, Senior Manager of Purchasing & Risk Management

DATE: May 24, 2022

REPORT NO.: CORPSERV-2022-0015

SUBJECT: Purchasing Policy Changes

RECOMMENDATION:

THAT Report No. CORPSERV-2022-0015, dated May 24, 2022, regarding the Purchasing Policy Changes be received;

AND FURTHER THAT the Purchasing Policy attached to this report as Appendix B be approved:

AND FURTHER THAT Council enact the by-law (Appendix C) to this report.

KEY POINTS:

The following are key points for consideration with respect to this report:

- The Purchasing Policy is reviewed periodically
- Increases to approval limits are recommended for administrative efficiencies and to recognize the increased cost of goods and services since the policy was last updated.

BACKGROUND AND DISCUSSION:

The Purchasing Policy was last revised in September of 2017. Since that time, new procedures have improved efficiency using online tools that are not reflected in the current Purchasing Policy. In addition, as the cost of goods and services have escalated since the last update, approval limits are recommended to be increased for improved effectiveness and reduced administration.

As part of the review, comparator municipalities were surveyed, and the recommendations are in line with the limits others have in place.

The major recommended approval limit changes are as follows:

- An increase in the limit of single item purchases, when no other quotes are required, from \$10,000 to \$15,000. Purchases can be made through the purchasing card or other means of payment.

Due to escalating costs, this increase would capture the majority of common and low dollar purchases. The purchasing card is being used more frequently as a payment method when ordering supplies from vendors that have been awarded contracts such as office supplies, janitorial supplies, and other maintenance-related items. Online purchases, especially during the pandemic, have seen an increase in the use of cards and online purchases where the card is the only acceptable form of payment. The Town receives a rebate from the purchasing card provider of over \$50,000 per year based on the total volume of purchases.

- An increase in the upper limit for informal quotes from the current \$25,000 to \$50,000. This means that for any purchases between \$15,000 and \$50,000, staff are required to solicit 3 vendor quotes. This limit has not been increased in 20 years and costs have increased dramatically during this time.
- An increase in the CAO's approval limit for formal proposals from \$100,000 to \$250,000. Any proposals over \$250,000 would require Council approval for the award. This would reduce the start time of projects by three to four weeks and reduce administrative work by staff. In 2021, five (5) proposals costing between \$100,000 and \$250,000 were awarded. The approvals of formal proposals by the CAO are reported to Council in the annual purchasing report.
- An increase in the CAO's approval limit for tenders from \$500,000 to \$1,000,000. Tenders over \$1,000,000 would require Council approval for the award. This would reduce the start time of projects by approximately three to four weeks and reduce administrative work by staff. In 2021, five (5) tenders costing between \$500,000 and \$1,000,000 were awarded. The approvals of tenders by the CAO are reported to Council in the annual purchasing report.

In all cases, staff would still be required to follow the purchasing process with the award being recommended to lowest compliant bid for tenders or highest ranked proponent for proposals. Any bids that are overbudget by more than the Treasurer's limit of \$25,000 will still require a Council report.

A summary of the recommended changes is attached as Appendix A.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target. However, it assists with informing Staff and vendors of available products & 3rd party certifications that would positively contribute to meeting the Town's net zero target by 2030.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Purchasing worked collaboratively with a staff team consisting of representatives from each department to review and make recommendations. Additionally, the Chief Administrative Officer, Commissioners of all departments and the Treasurer and Director of Finance was consulted.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer