



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Strategic Priorities and Policy Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date: June 4, 2024
Report Number: COR-2024-009
Council Meeting Date: June 26, 2024
Subject: **Procurement Policy Update**

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1. Recommendation:

THAT Council receive this report for information purposes; and

FURTHER THAT Council approve the Town of Cobourg updated Procurement Policy with implementation effective July 1, 2024.

2. Executive Summary:

The purpose of this report is to recommend updates to the Purchasing Policy to take effect July 1, 2024. The previous Purchasing Policy was last adopted by Council on March 19, 2012. The new Purchasing Policy will provide greater clarity, efficiency, and consistency, when interpreting and administering procurement processes.

The amendments to the Purchasing Policy streamline the procurement of goods, services, and construction. The attached draft Procurement Policy provides clarity and modernizes the procurement process while ensuring open, fair, and transparent procurement practices.

Division heads are responsible for participating in the development of template specifications, quality requirements, scope of work, and other requirements including contract documentation. Further, sustainability criteria are developed by divisions, which would include managing compliance with any sustainability requirements.

3. Background

The Procurement Policy, after being passed and becoming a By-Law, aims to set out a consistent and standard approach for the Town's procurement processes and reinforces the principles of fairness, openness, transparency, and integrity.

The Procurement Policy was last reviewed and approved in 2012. Further, as noted in the Organizational Review prepared by KMG in October 2021:

“The Town’s current procurement policy limits the purchasing authority of directors to \$5,000, with the requirement for procurements with higher values to be approved by the CAO or Council. This increases both the level of reporting necessary for procurement approvals and the time for approvals, both of which create inefficiencies. We also note that this level of approval is significantly lower than that adopted by other similar-sized municipalities, some of which have established director-level approval thresholds at \$50,000.”¹

Further, as noted in the Organizational Review, the Town is expected to experience significant growth pressure in the short to medium term, which will require increased resources for procurement. Consequently, it's essential that the Procurement Policy be modernized to create efficiencies, alleviate pressures, and take advantage of procurement opportunities that are in the best interest of the Town as they arise.

4. Discussion:

The Procurement Manager has been working with departments to review the current policy and processes, meet with staff, and develop an updated Procurement Policy.

The following are the major revisions in the Procurement Policy:

1. Updates as part of the Organizational Review for efficiency, including more flexibility for departments to manage their procurement activities.
2. Administrative updates to clarify interpretation and improve readability.

¹ KPGM, Town of Cobourg Organizational Review, October 21, 2021, page 7

3. Additional oversight of the procurement process, with the overall goal of ensuring open, fair and transparent procurement practices.
4. Reducing the risk of bid disputes and other challenges, due to the perception of increased impartiality in the assessment of adherence to the procurement process, including award.
5. Aligning procurement thresholds to be consistent with the Ontario Broader Public Sector Directive and with other Municipalities.

Threshold

As noted, the current thresholds require significant use of resources, consuming staff time, discouraging bidders, and may reduce competition where it can be most effective. The following compares the threshold for comparison pricing, Request for Quotes (RFQ), and Request for Proposals/Tenders (RFP/RFT).

Details	Current Policy	Updated Policy
Comparison pricing	\$0 to \$5,000	\$0 to \$25,000
Request for quotes (RFQ)	\$5,001 to \$50,000	\$25,000 to \$100,000
Request for proposal (RFP)/Tenders	>\$50,000	>\$100,000

With rising supply chain costs and shortages of materials, this will allow the Municipality to be more agile while also remaining fair, open, and transparent. Further, the updated thresholds offer staff the ability to solicit bids directly from suppliers or contractors and/or from local providers close to the Town of Cobourg.

Oversight

Section 3.4 of the updated Procurement Policy details provisions that would require Council approval. The update recognizes the need for a clear separation of political and administrative functions in relation to the Town's procurement operations while still maintaining Council's oversight role and interest with respect to significant projects. In essence, in the absence of the provisions listed in section 3.4, budget operating/capital items are not required to be approved by Council.

That is, if an operating/capital item was budgeted as \$100,000, if the actual costs are less than \$120,000 (20%) or \$50,000, then staff will not require Council approval to proceed. The requirements for Council approval remain for all non-standard procurement that are outside or exceed the approved budget by 20% or \$50,000.

5. Financial Impact and Budget

There are no financial implications arising from the recommendations in this report.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☐ Thriving Community

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☐ Service Excellence

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☒ Sustainability

The Procurement Policy demonstrates the Town's commitment to enhancing its financial plan and ensuring long-term stability. The policy ensures that the Town of Cobourg has appropriate controls to ensure the acceptable use of corporate funds.

7. Public Engagement:

Public engagement is not considered necessary for the Procurement Policy updates.

8. Attachments:

Procurement Policy - Draft