



Subject: Purchasing Policy Update

Report Number: FIN 22-26

Department: Finance Department

Submitted by: Renato Pullia, Interim Director of Finance/Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, November 21, 2022

RECOMMENDATION

THAT Report # FIN 22-26 Purchasing Policy Update be received as information;

AND THAT a By-law to adopt a revised Purchasing Policy be brought forward for Council's consideration.

BACKGROUND

The Municipal Act, 2001, Section 270 (1), as amended, states that a municipality shall adopt policies with respect to its procurement of goods and services. As per the current policy, and in accordance with sound operating procedures, the Town's purchasing policy is to be reviewed and updated every five years or as deemed appropriate.

Recent discussions among our management team have included leveraging the power of cooperative purchasing to expedite the procurement process while obtaining the best value in a transparent and compliant manner. It is thus desirable at this time to bring forth administrative updates to our current purchasing policy.

DISCUSSION

Group buying is a powerful tool that helps municipalities purchase products and services they regularly use. Municipalities can access high quality, competitively priced goods and services, and free up staff time.

Such cooperative purchasing can occur in a few ways - by combining forces directly with one or more municipalities (joint RFT or RFP) or joining with other public entities through a Procurement Group/Group Purchasing Organization (GPO) or through the Government of Ontario's enterprise-wide Vendor of Record (VOR) arrangements and Volume Licensing Agreements (VLAs).

Ontario's Vendor of Record (VOR)

In Ontario, one of the Province's approach to eliminate redundancies and deliver simpler, faster, better services is to centralize procurement across the Ontario Public Service, and extend those prices to the broader public sector, such as municipalities, hospitals, school boards, universities and colleges.

From the Province's website¹: "Every year, Ontario spends about \$29 billion on goods and services ranging from pacemakers to bandages, to computer and IT hardware. The Ontario Public Service and organizations across the broader public sector - like hospitals and schools – buy those goods and services independently. Imagine how much could be saved if those purchases were purchased in bulk?"

Procurement Group/Group Purchasing Organization (GPO)

There are two main purchasing groups that municipalities can take advantage of – LAS's Canoe Procurement Group, and Kinetic Group Purchasing Organization (Kinetic GPO).

Local Authority Services (LAS) was created in 1992 by the Association of Municipalities of Ontario (AMO), and is incorporated as a not-for-profit organization mandated to work with Ontario municipalities, as well as organizations from the broader public sector. LAS founded the Canoe Procurement Group, which helps municipalities realize lower costs and enhanced staff capacity through co-operative procurement efforts.

Similarly, Kinetic GPO is a cooperative purchasing organization established for the broader public sector entities across Canada, with the specific purpose of reducing procurement cost by leveraging the purchasing power of group buying and saving time by simplifying steps to procure.

Joint Request for Tender (RFT) or Request for Proposal (RFP)

A municipality may join with one or more other municipalities to go through a single bid solicitation process. An example would be Oxford County, Tillsonburg and Ingersoll having sought a vendor to provide consulting services on options for streamlining accounts payable processes, as part of the Modernization grant funding.

Benefits

Group purchasing through any of the noted methods have the following benefits:

1. The Province or the Procurement Group (Canoe or Kinetic) go through the formal RFT or RFP process, leveraging the buying power of thousands of organizations across the Country to obtain superior discounts. They can set up a Master

¹ <https://www.doingbusiness.mqs.gov.on.ca/mbs/psb/psb.nsf/English/index>

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- Agreement with the selected supplier(s), and allow the broader public sector entities to piggyback under the same pricing terms.
2. Follows a competitive bid process, saving municipalities the time of doing their own RFP or tender, which we can still do if none of the vendors of record meet our needs.
 3. The process undertaken ensures full compliance with legal and trade agreements requirements.
 4. Municipalities get access to hundreds of pre-qualified list of vendors across a wide range of supply categories, everything from paper clips to fire trucks.
 5. There are no minimum purchases or membership fees to participate.
 6. The Town can request that the vendor work with local retailers in our area for service and support.

FINANCIAL IMPACT/FUNDING SOURCE

Through leveraging the purchasing power of the public sector, group purchasing has the ability to secure superior discounts, while saving staff time.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient services, information, and opportunities to shape municipal initiatives.

Strategic Direction – N/A

Priority Project – N/A

ATTACHMENTS

1. Appendix A – By-law 2022-073
2. Appendix B – Purchasing Policy 5-006, Redline Version