

**COUNCIL MEETING**  
**FINANCE DIVISION**

**REPORT FIN-2024-18**  
**July 30, 2024**

**SUBJECT:** Purchasing Policy Update

**AUTHOR:** Adam Beres, Manager of Purchasing

**APPROVING:** Elizabeth Pankoff, CPA, MBA  
City Treasurer

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**RECOMMENDATION:**

THAT THE COUNCIL OF THE CITY OF WELLAND approves the Purchasing Policy as provided in attached Appendix 'A'; and further

THAT Welland City Council directs the City Clerk to amend the Purchasing Policy By-Law.

**RELATIONSHIP TO STRATEGIC PLAN – ECONOMIC GROWTH**

This recommendation is aligned to Council's strategic priority of ensuring "**Economic Growth**" for creating a diverse economy through partnerships and emerging markets to ensure sustainable growth and quality employment.

**EXECUTIVE SUMMARY:**

This report requests approval of updates to the Purchasing Policy as provided in attached Appendix A and amending the Purchasing Policy. Modernizing the Purchasing Policy will streamline processes, bolster accountability, and promote good governance. These updates will position the City to effectively navigate legal complexities, enhance operational efficiencies, and align procurement practices with contemporary standards.

**BACKGROUND:**

The City's Purchasing Policy has not been updated since 2017. Updating the policy will help promote best practices, good governance, and support the integrity of the City's procurement protocols. Mitigating risk while ensuring responsible expenditure of funds authorized during the budgetary process are also cornerstones for the need of a modern policy.

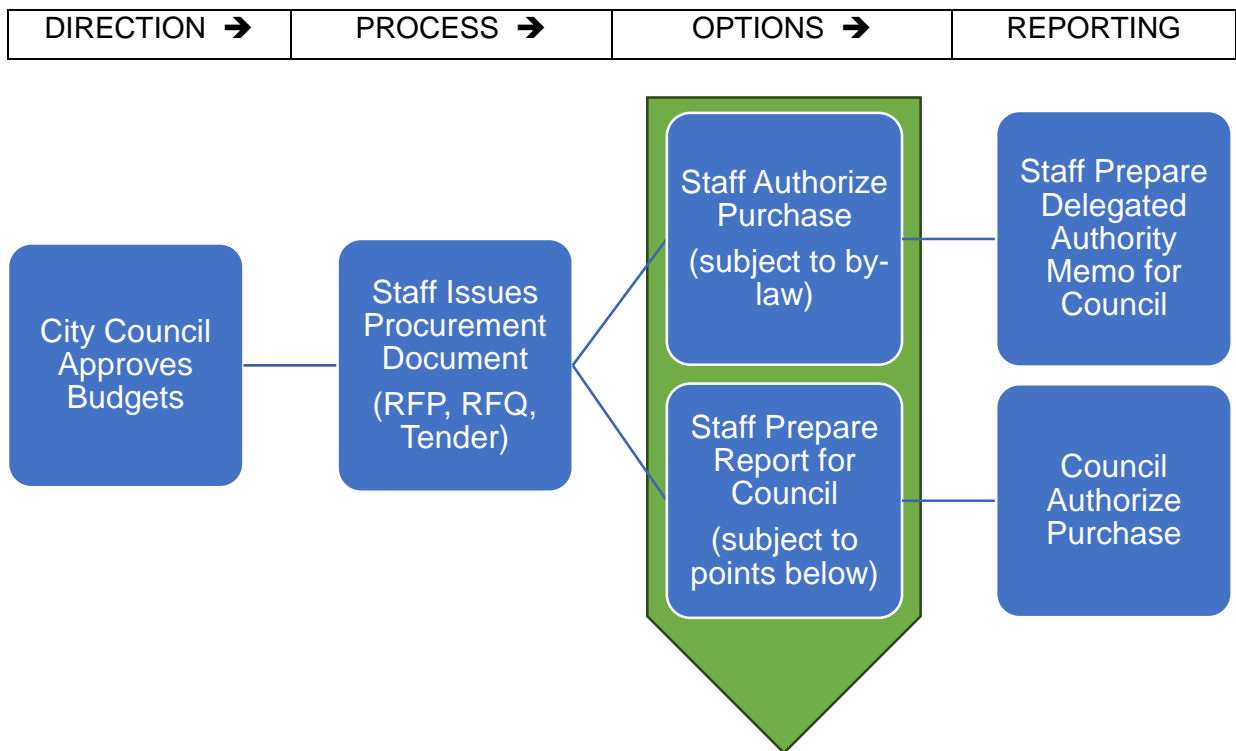
Recently members of Council attended a workshop that featured a presentation, “Municipal Procurement in Ontario” hosted by Ajay Gajaria, Partner of Aird & Berlis LLP. The presentation and lively discussion expressed the importance of regularly updating the City’s Purchasing Policy and By-Law to:

- Reduce legal risks
- Improve operational and financial performance
- Modernize the approach in keeping with benchmarks and best practices

**DISCUSSION:**

Fundamentally, the procurement will remain the same with added efficiencies, checks and balances, and reporting requirements.

As shown in the process below, the process will begin with direction being set up by Council during the budget process. During the budget process, Council will decide and subsequently approve projects that have a well-defined scope, budget amount, and funding sources.



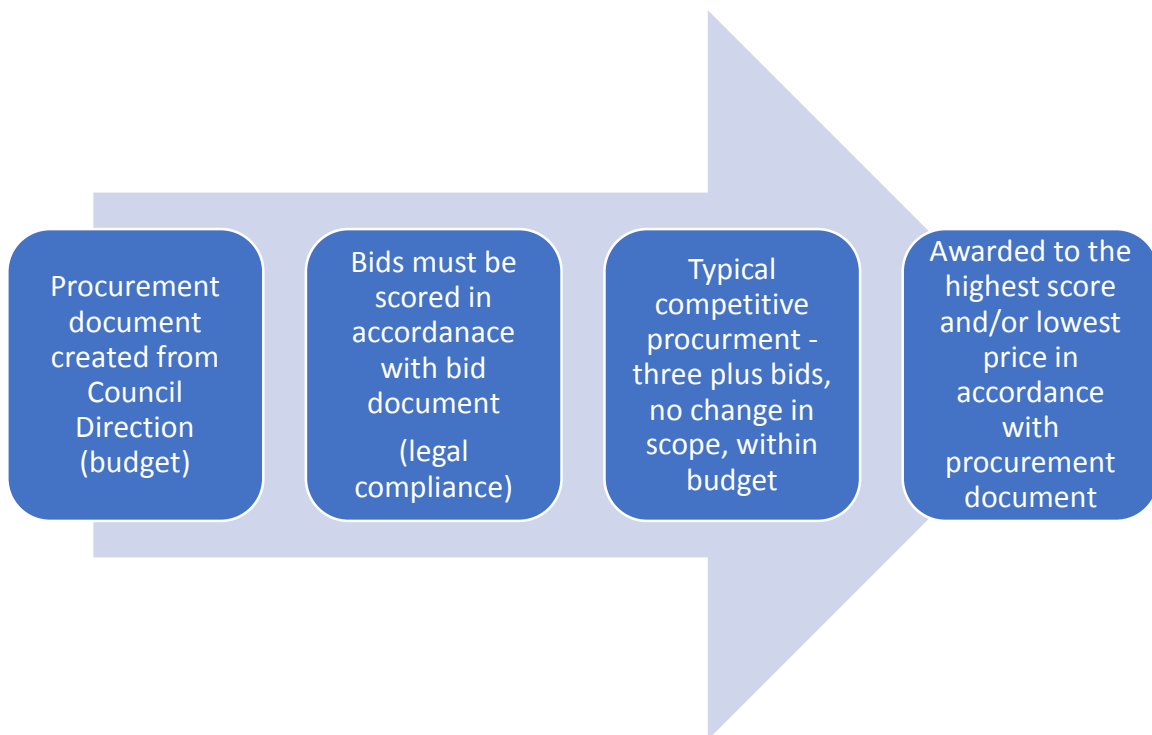
- Requirements when process must come forward to City Council:
- ✓ Single or Sole-sourced – required number of bids not received
  - ✓ Scope of Work changed or updated since budget approval
  - ✓ Pricing is above approved budgetary funding
  - ✓ Recommending a bidder that is not the lowest-priced or highest-scored
  - ✓ Any additional reasons at the discretion of the CAO

**DIRECTION: Scope of Work Enhancement (Budget Process):**

Discussion during the workshop included budgetary approval by City Council and how that begins the purchasing process and subsequent award. The discussion revealed how updating the approval process will maintain responsible decision-making for project awards while introducing greater efficiency. To do this, a major step in achieving this is by enhancing the scope within the capital budget support sheets with sufficient information to understand what the project entails. This will help ensure the project outcomes are clear to the public (Appendices B&C).

As illustrated above, the wheels are set in motion once the budget receives final approval. Budget deliberation is the optimum time for Council to consider the project, ask questions, and make recommendations. If the proposed deliverables should be amended, this is the opportunity to do so prior to bid document creation. The detailed capital project support sheets which include key objectives, project deliverables, and expected outcomes along with budgetary and funding sources to be used as a reference for discussion to ensure the public, staff, and Council have a clear picture of the project outcomes.

**PROCESS:** A review of legal compliance and process flow:



**OPTIONS:**

As noted in the diagram above, the option to be processed by City or return to Council for approval requires adherence to the specific criteria established.

For staff to process, approvals must be performed by the Director, CFO, and CAO and ensure:

- ✓ Scope of Work has not changed since budget approval
- ✓ Three or more bids received
- ✓ Within approved budgetary funding
- ✓ Awarding to the lowest-priced or highest-scored bidder

Provided the above criteria are met, it may be approved for award as indicated in Schedule 'B' of the updated Purchasing Policy that accompanies this report. If any of the criteria above are not met, a report shall come before Council outlining the circumstances which will include a recommendation from Staff for consideration.

**REPORTING:**

Council will receive quarterly summaries of the project award outcomes awarded by Staff as a memo. These reports shall include the Project Title, Type of RFX, Project Number, Number of Bidders, Awarded Bidder, and Bid Amounts (Scores and awarded bid amount for RFP). A sample of this quarterly report is shown below for reference.

Quarterly Summary Report, Awarded Bids							
Type of Bid	Project No.	Project Title	Bids Received	Bidder Info	Bid Amount	Awarded	Score
RFP	RFP24-02	Sidewalk Review	3	King Sidewalk	\$55,000	Yes	82
				Queen Sidewalk			2nd
				Prince Sidewalk			3rd

RFT	RFT24-03	Sidewalk Installation	3	123 Company	\$78,000	No	N/A
				XYZ Concrete	\$105,000	No	N/A
				EIO Precast	\$67,000	Yes	N/A

Should Council have questions or concerns regarding a project shown within the capital projects delegated authority memo, a direct connection with the department head could be initiated to help answer the question. Capital progress reports also come to Council during the year which provide status updates to in-progress projects.

**To Note:**

Additional topics discussed during the workshop included Social Procurement initiatives where bid documents may be written to ask questions such as investment in apprentices in skilled trades. Staff recommend a separate policy for matters pertaining to social issues, paying fair wages, and making sure

purchases are ethical and sustainable. This is noted within the updated Appendix A.

**CONCLUSION:**

The updated purchasing policy and use of best practices will promote an expedient procurement approach that will assist in modernizing the process while being fiscally responsible with the procurement process and subsequent approval by appropriate staff. The delegation of approvals to staff will help to make the process more efficient and can lead to better pricing. The budget process provides a thorough discussion of proposed projects, and the new policy will ensure the best decisions are made.

Approving this modernized Purchasing Policy and companion By-Law sets the stage for efficiency, accountability, and good governance.

**ATTACHMENTS:**

Appendix A- City of Welland Purchasing Policy, July 2024  
Appendix B- 2023 Capital Support Sheet Pre  
Appendix C-2023 Capital Support Sheet Post