

Staff Report



Financial Services Department

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REPORT TO: Committee of the Whole

DATE OF MEETING: April 7, 2025

SUBMITTED BY: Ryan Scott, Chief Procurement Officer

PREPARED BY: Ryan Scott, Chief Procurement Officer
Lesley MacDonald, City Solicitor

WARD(S) INVOLVED: N/A

DATE OF REPORT: March 27, 2025

REPORT NO.: FIN-2025-159

SUBJECT: Procurement By-Law Threshold Update

RECOMMENDATION:

That Council approve amendments to Procurement By-law No. 2022-109, as per Attachment A, to align with the Canadian Free Trade Agreement (CFTA) dollar thresholds, to allow for the expanded procurement of local and Canadian goods, services and/or construction, as outlined in Financial Services Department report FIN-2025-159, as previously presented on March 17th, Chief Administrative Officers report CAO-2025-135; and further,

That the proposed by-law being considered read a first and second time and be referred to the third reading on the agenda this date.

REPORT HIGHLIGHTS:

- The purpose of this report is to obtain approval for proposed amendments to the Procurement By-law No. 2022-109 thresholds as outlined in this report.
- This report supports the delivery of core services.

BACKGROUND:

On March 17, 2025, the Chief Administrative Officer on behalf of the City of Kitchener Tariff and Trade Task Force presented the City's response to US Tariffs and Trade. One of the actions was to amend the procurement by-law thresholds to align with the Canadian Free Trade Agreement (CFTA) dollar thresholds which will allow for the expanded procurement of local and Canadian goods, services and/or construction.

REPORT:

Municipalities in Ontario and Canada are required to comply with the Canadian Free Trade Agreement (CFTA), and the Canadian European Trade Agreement (CETA). CFTA sets

minimum dollar thresholds where a formal competitive procurement process must be conducted that is open to all interested parties regardless of where they are located. These prescribed thresholds currently prevent municipalities from fully supporting buy Canadian, buy local for goods, services or construction activities. For procurements that fall below these limits, there is more flexibility to conduct targeted procurement activities that prioritize Canadian purchases.

The City's Procurement By-law is updated periodically (typically every 5 years) where limits are reviewed and updated. The City's Procurement By-law was last updated in 2022 and the thresholds in the current by-law reflect the prescribed CFTA limits that were identified at that time. In an effort to support a buy Canadian, buy local approach, staff recommend updating the thresholds in the Procurement By-law to mirror current CFTA prescribed limits, which have increased since 2022 and to automatically update them when new limits are published.

The proposed changes to the thresholds are as follows:

Invitational Competition procurement is proposed to increase the upset dollar threshold from \$120,001 to \$133,800 for goods and/or services and from \$120,001 to \$334,400 for construction work. There are also proposed changes to the thresholds internally to support a buy Canadian, buy local approach which are identified in Attachment A. Open competitive procurement is conducted for projects exceeding the stated upset dollar threshold.

In addition to these changes, staff recommend increasing delegated authority to the Chief Procurement Officer for sole source awards from \$120,000 to \$250,000. This increase will allow for greater flexibility in supporting buy Canadian, buy local, and will allow for quicker procurements of items such as fleet vehicles, that may become available in Canada within existing inventory as way to mitigate the impacts of immediate tariffs.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

The recommendation has no impact on the capital budgets.

The recommendation has no impact on the operating budgets.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- CAO-2025-135 City of Kitchener Response to U.S. Tariffs and Trade

APPROVED BY: Jonathan Lautenbach, Chief Financial Officer, Financial Services Department

ATTACHMENTS:

Attachment A – Amendment to Procurement By-law 2022-109