

## Local preference can't be factor in Town purchases

By Bill Rea

The Town of Caledon is looking to update its purchasing policies, but there are some questions as to whether things are going too far. There were specific calls for more of a shop-local approach, along with warnings that might violate Provincial legislation. The policy revision was the subject of a public information meeting at Town Hall last week. Amedeo Valentino, manager of purchasing and risk management for the Town, said the plan is to have a report ready for the Sept. 3 council meeting, and to have the revised policies in effect for Jan. 1, 2014.

Valentino told the meeting there is a purchasing policy in place, with requirements that they be reviewed every four years. These policies are required by the Municipal Act, and Valentino said the aim is to make sure the Town's acquisition processes are efficient, effective, objective and accountable, as well as making sure the municipality gets best value for its money.

Under the current policy, only one quotation is needed for a purchase of \$5,000 or less, and Valentino said there are no plans to change that. Currently, if the purchase is between \$5,000 and \$20,000, three quotations are required, and Valentino said the plan is to increase that threshold to \$25,000.

That puts us in line with many small municipalities in our area," he said.

Any purchases in excess of that would require following a formal procurement process.

That would involve the manager of purchasing issuing two reports to council annually on the single and sole source purchases up to \$25,000. Currently, single-source purchases have to be approved by council, and the proposal is to send them to council if they are in excess of \$25,000. In the case of sole-source purchases, the plan is to have the manager of purchasing and chief financial officer okay them. As well, he said the current process allows staff to make purchases of up to \$250,000 if council has already approved them, through the budget, etc. The proposal is to increase that ceiling to \$2 million.

Valentino said the hope is to save time for council and allow staff to act faster, especially on road work projects, etc. He added this would be a benefit in summer, when council doesn't meet often.

Valentino stressed several times that the Municipal Act does not allow for preference to be shown for local suppliers. He said the logic behind that is local preference limits competition, thus impacting choices involving value, quality, etc. He added it violates other legislation, such as the Discriminatory Business Practices Act.

Councillor Doug Beffort had a problem with that, pointing out part of the Town's job is to work with local businesses and residents. Even if the Municipal Act doesn't allow for showing local preferences, he said that's something council should endorse. He also pointed out the Town has a truck in its fleet made by Mercedes-Benz, but he wasn't aware of a dealership in town. Valentino said the Town does depend on local businesses too, but stressed the Municipal Act restricts what he can do. He also advised against violating the Act, pointing out it could lead to litigation.

He added there's also a definition of what is local. He wondered if an Orangeville business would comply.

As well, he said warranty work on vehicles is often done locally, and those businesses would likely make more profit that way than if they had sold them in the first place.

Beffort wondered what kind of message that sends to the dealers.

Councillor Nick deBoer agreed there should be more of a mechanism to support local suppliers.

Valentino told Councillor Rob Mezzapelli companies that have done business with the Town before would understand the local needs, and that would come through in the proposals and bids. He said the Town hears from companies that refer to Caledon as a "city."

But he added even local businesses have to be competitive. "No other business will pay because you're local," he observed.

He also pointed out Caledon is regarded as a "green" community, and the plan is to encourage that through purchasing by encouraging green options. Also, in considering requests for proposals, he said five per cent of the scores would be based on how green a supplier is. Valentino said Caledon would be the only municipality he knows of that would do that.

Mezzapelli added that would be another reason to encourage local businesses. Being closer, they can respond to needs faster. And there would be fewer emissions from vehicles, which should make them eligible for more green points.

Airport Road resident Wayne Noble pointed to some problems that the Caledon Day committee has run into. He said the committee needs to raise money, but that's hard to do unless there's a headline act they can announce, and the policies don't allow them to go that far.

"All we did is alienate a bunch of volunteers," he said.

Valentino explained with Caledon Day, they have to work with the actual performers, staging companies and agents. "It's a tedious

process,? he observed, adding the plan is to exclude such entertainment from the policy.

?As a taxpayer, I want my dollars well-spent,? Noble added, while pointing out that shouldn't always mean going to the most inexpensive option. ?Cheapest isn't always the best.?

Councillor Allan Thompson wondered if there would be any way to simplify the paperwork involved in some purchases. He observed there can be more than 60 pages of material involved in buying a pick-up truck.

Valentino said they are looking for ways make things more concise, but that's complicated by the details that are required according to legislation.

He also said they are looking at ways to standardize the Town's fleet of vehicles. Thompson had pointed out there are a number of different brands of vehicles involved, meaning a variety of different makes of parts. Valentino agreed standardizing would mean less of a parts inventory would be needed, with another advantage being the Town's mechanics would have to be familiar with fewer types of vehicles.

Councillor Richard Whitehead was concerned that the \$5,000 ceiling for direct purchases was too low. He wondered what happens if something has to be bought in an emergency. Valentino said the policy allows for the Town CAO to authorize such a purchase, and the report it to council.

Whitehead was also concerned about the Town losing really good contractors and suppliers just because someone else would come in with a lower bid, and then prove not to be as good. He said he could remember an occasion when the Town saved about \$2,000 on a purchase, but things were so bad that it cost something like \$75,000 in the long-run.

Valentino told him there is an exit clause to get out of bad deals. When it comes to avoiding bad deals, he said there are things that can be done, such as checking references, etc. He also pointed out that just because the Town has been dealing with a good vendor doesn't mean there aren't other good vendors out there.

Beffort wasn't pleased with the \$5,000 ceiling either, pointing out that amount doesn't go too far these days. He wondered if bureaucracy was superceding common sense.

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