



## Report to Committee of the Whole

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**To:** Mayor Linton and Members of Council

**Report:** COR2021-57

**Prepared By:** Dan Wilson, Managing Director of  
Corporate Services & Treasurer

**Date:** 07 Sep 2021

**RE:** Manager of Purchasing & Risk

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### **Recommendation:**

THAT the Council of the Township of Centre Wellington approve the hiring of a Manager of Purchasing & Risk.

### **Summary:**

Subsequent to amalgamation in 1999, the Municipal Act was amended to require municipalities to adopt policies with respect to procurement of good and services. These policies were required to be in place before January 1, 2005. This Municipal Act change was considered significant from a staff resourcing perspective, therefore a restructuring of the Township's Finance department was initiated in 2004, which resulted in the creation of a staff position dedicated to purchasing (and risk management) without the need to increase the overall staffing complement.

In 2004, the Township passed it's first Purchasing By-law (By-law 2004-044), outlining a centralized procurement process to be followed by all departments, and administered by this new purchasing position, under the guidance and management of the Treasurer.

The Township's Purchasing By-law has been amended and updated since this initial by-law. The current Purchasing By-law (By-law 2013-093) has been in place since 2013. Staff are currently working on another update to this by-law.

From 2004 to 2021, Township staff resourcing with respect to purchasing administration has remained at one purchasing staff position, reporting directly to the Treasurer. During this time, the complexity and amount of purchasing administration effort has increased significantly.

### **Report:**

This report outlines a request for Council to approve the hiring of a Manager of Purchasing & Risk.

The Township has changed significantly since the first purchasing staff position was created in 2004:

- The Township's overall budget has grown from approximately \$28 million to \$60 million.
- The number of Township staff that require purchasing administration services has increased from 9 to 19. This includes Managing Directors, Managers and other Project Managers that require assistance in the issuing of quotations, tenders, proposals, etc.

In addition, legislation has become more complex. In addition to the Municipal Act, municipalities must ensure compliance with other evolving purchasing legislation, including:

- The Construction Act
- Canada Free Trade Agreement (CFTA)
- Comprehensive Economic and Trade Agreement - Canada and the European Union (CETA)

In summary, an increase in capital projects (including some operational items) are now requiring more purchasing administration assistance, with more Township staff requesting this assistance. This is expected to increase further as the Township grows and implements updated asset management procedures. In addition, the increasing complexity of purchasing related legislation has caused a significant increase in workload. Currently, projects that are required to go through a formal quotation, tendering or proposal process are prioritized, often resulting in delays in issuing and ultimately purchasing goods and services.

The current purchasing position is also responsible for Township Risk Management including insurance coverage and claims, contracts and agreement review, and bid/performance securities. Risk Management is also growing in effort and complexity, requiring additional staff resourcing.

Hiring a "working manager" that will both manage and be directly involved in day-to-day purchasing and risk activities has a number of benefits, including:

- The administration of purchasing and risk related activities in a timely manner.
- Much needed assistance to the existing purchasing position with existing workload (from prior budgets) and planned new workload to be approved in the 2022 Budget and beyond.
- More expertise to assist departments with complex purchasing matters, such as proposals, vendors of record, and vendor rosters, ensuring compliance with the Township's Purchasing By-law and other legislation.
- Assistance with the completion of the updated draft purchasing by-law, to be reviewed and approved by Council.
- Assistance with the creation of staff procedures to be used in support of the new purchasing by-law.

- Assist the Managing Director of Corporate Services & Treasurer with complicated purchasing and risk matters, policy development, purchasing approvals, Tender Award Committee meetings, and report writing.

With purchasing activities ramping up in January 2022 (due to the passage of the 2022 Budget in December 2021), it is proposed that the hiring of the Manager of Purchasing & Risk occur immediately, so that the position can be filled by the end of 2021, and ready to contribute in early 2022.

In comparing Centre Wellington to other municipalities from a purchasing resourcing perspective, all other lower tier municipalities in Wellington County either have one purchasing position or have the purchasing function rolled into other Finance positions. However, Centre Wellington is much larger, provides more services, and is more complex in comparison to these municipalities.

The following list of other comparators are provided for Council's reference. Please note that comparing purchasing resourcing between municipalities is complicated, given the approach used by each municipality (i.e. centralized vs. decentralized purchasing methods):

	Approx. <u>Population</u>	<u>Purchasing Positions</u>
Bradford West Gwillimbury	35,000	Manager + 1 other position
New Tecumseth	41,000	Supervisor + 1 other position
Georgina	45,000	Manager + 2 other positions
Halton Hills	61,000	Manager + 2 other positions + 2 part time

As outlined with the comparators above, Centre Wellington staff believes moving to 2 purchasing positions not only addresses currently workload, but assists in planning for future growth of the Township, and the resulting impacts on purchasing resource needs.

#### **Corporate Strategic Plan:**

Good Financial Management

Good Government

#### **Financial Implications:**

Any 2021 salary/benefit costs associated with hiring this position are expected to be minor as it is anticipated that the position will be filled in November/December 2021. Given that the Finance division has operated under capacity for part of 2021 (due to staff turnover), there will be remaining budget to accommodate this cost.

The anticipated impact on the 2022 Budget for this new position is estimated at \$95,000 plus benefits.

It is proposed that a "purchasing fee" be introduced in the 2022 Budget to assist in funding purchasing related activities. This fee would be charged to capital projects and department accounts where purchasing related assistance is requested. Staff propose implementing 3 separate fees:

Simple Fee	- purchasing processes that are minor, straight forward, with minor effort.
Moderate Fee	- purchasing processes that are moderate, with some complicated matters, and moderate effort.
Complex Fee	- purchasing processes that are complex, with many complicated matters, and significant effort.

Currently, purchasing related salary/benefit costs are charged 80% to the tax supported operating budget and 20% to the water/wastewater supported operating budget. By introducing a new purchasing fee, purchasing related costs will be distributed based on actual work incurred, which would include not only tax supported and water/wastewater supported activities, but also:

- Growth related projects (funded from Development Charges);
- Developer driven projects, or components of projects, funded from developers; and
- Other External Partner driven projects, funded from partner contributions.

Given that the purchasing fee will be charged externally to the Township, these charges will be calculated and included in the Fees and Charges By-law that Council approves annually. A preliminary range of estimated fees are as follows:

Simple Fee	- \$1,000 to \$2,000
Moderate Fee	- \$3,000 to \$5,000
Complex Fee	- \$6,000 to \$8,000

With this approach, it is anticipated that the revenue earned from the purchasing fee will offset the increase in costs associated with the new purchasing position.

This funding approach can be reviewed and revised in future Budget processes.

**Consultation:**

This report was prepared in consultation with the CAO / Managing Directors Group.

**Approved By:**

Andy Goldie, Chief Administrative Officer