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Communication

CW(1) – March 4, 2025

Item No. 10

Procurement Strategies: Response to Tariffs –

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March 4, 2025

VAUGHAN CITY HALL

Quick Recap

- **February 1, 2025** – US Executive Order 14193
 - 25% tariff on “products of Canada”, as defined by the *Federal Register* notice (to be determined by the Secretary of Homeland Security)”
 - 10% tariff on “energy or energy resources”, as defined in Executive Order 14156
- **February 4, 2025** – Further to discussions between US and Canada, tariffs under EO 14193 paused until March 4, 2025
- **February 5, 2025** – Council directed staff to “explore all options” and bring forward a procurement strategy that would “prioritize buying Canadian goods and services in response to US tariffs”
- **February 10, 2025** – Proclamation ending tariff exemptions for steel and aluminum imports effective March 12th
 - 25% tariff on aluminum and steel

Legal Landscape

- Procurement Principles: **Open, Fair** and **Transparent**
 - **Open = No Discrimination Based on Source of Origin or Geographical Location**
- Municipal Procurement is governed by legislation, trade agreements, caselaw and municipal by-laws, policies and procedures
- Comprehensive Economic and Trade Agreement (“**CETA**”) – Canada – European Union
- Canadian Free Trade Agreement (“**CFTA**”)
 - Prohibits providing preference to goods or services based on source of origin
 - Applies to procurements above a \$ threshold

Proposed Approach

Utilize CFTA Thresholds as follows:

Procurements Valued Below CFTA Thresholds	Procurements Valued Above CFTA Thresholds
<p>Increased Low Dollar Purchase Value to \$25,000</p> <ul style="list-style-type: none"> • Low-cost, low-risk procurements • Direct purchase • Preference given to Canadian goods and services 	<p>Open, Competitive Procurements, using Evaluation Methods that favour suppliers outside of the United States</p>
<p>Increased threshold for Invitational Procurements up to \$133,800 for Goods & Services, and up to \$334,400 for construction</p> <ul style="list-style-type: none"> • Limited number of potential vendors are solicited based on defined requirements (e.g., source of supply) • Competitive process ensures Best Value • Preference given to Canadian goods and services 	
<p>Continued use of Collaborative Procurement Organizations who list Canadian suppliers and suppliers outside of the United States</p>	

Ongoing Work

Identifying High Risk Procurements

- i. Limited alternative sources of goods due to nature of the goods i.e., vehicles
- ii. Required to maintain the operations in the City i.e., salt, steel, etc.
- iii. Price increases due to the scarcity of the goods

Require flexibility to determine which procurements will require American goods or services, despite tariffs (i.e., software, Fire equipment, etc.)