



Committee of the Whole Report For the Meeting of April 3, 2025

To: Committee of the Whole **Date:** March 21, 2025

From: William Doyle, Acting Director, Engineering and Public Works
Sheldon Johnson, Director, Communications and Engagement
Susanne Thompson, Deputy City Manager and Chief Financial Officer

Subject: Report Back on Council Member Motion on Response to U.S. Trade War

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

This report responds to Council's request regarding potential procurement policy adjustments and moving to other social media platforms in reaction to recently imposed U.S. tariffs.

As highlighted by the American Public Works Association (APWA), a nonpartisan organization advocating for public works on both sides of the Canada/U.S. border, the threat of tariffs and trade wars may negatively impact all residents through increased costs of goods and services needed to build and maintain infrastructure. At this point, the magnitude of the potential impact is not known.

The City's Purchasing Policy is the guiding document for procurement, and it complies with applicable trade agreements and procurement law. The applicable trade agreements relate to trade within Canada and with Europe. No trade agreement with the U.S. is applicable to the City. Therefore, the City's current Policy already allows excluding direct purchases from the U.S.

For context, it is important to note that only a very small portion of the City's procurement (about 1% in 2024) is directly from the U.S. However, staff do not have data on the entire supply chain; therefore, it is not clear how much of the City's purchases have U.S. components or have been produced, wholly or partially, in the U.S. before being imported by a Canadian distributor.

While it is possible to add explicit language to the City's Purchasing Policy to exclude direct purchases from the U.S., it is not recommended at this time because the impact is not fully understood and there may be situations where alternative products or services are not readily available. Instead, without any changes to the Policy, staff can implement procedural changes to give preference to Canadian goods, services, or suppliers for procurements below Canada-European Union Comprehensive Economic and Trade Agreement (CETA) thresholds and add a weighted evaluation criterion of up to 10% for Canadian 'value-added' procurements below CETA thresholds.

The City is now active on Bluesky and Threads and will build these communities to replace our 66,000 followers on X who engage with our account for traffic advisories, weather alerts, news and emergency communications. A Vic-Alert promotional campaign is also underway to encourage the public to register for critical alerts and emergency information. Once we have a comparable reach on these other platforms, we can cease activity on X.

PURPOSE

The purpose of this report is to follow up on Council's request for information on potential options and impacts of policy measures concerning procurement practices in response to U.S. tariffs, ensuring compliance with applicable trade agreements while continuing to enhance support for local and Canadian businesses. In addition, the report provides information regarding social media platforms the City uses.

BACKGROUND

On March 6, 2025, Council passed the following resolution:

That Council:

1. *Directs staff to report on options and implications of the City of Victoria addressing the U.S. trade war, including for example:*
 1. *Adjusting our policies where possible to avoid purchasing U.S. goods and services;*
 2. *Moving to other social media platforms, and closing the City's X/Twitter account;*
 3. *Continuing the City's ongoing work in identifying and pursuing opportunities to diversify and strengthen our economy, particularly small businesses; and*
 4. *Identifying any additional opportunities; and,*
2. *Voices its support for an all-government, Team Canada response to a U.S. trade war, and calls on the federal and provincial governments to take any measures that would further increase the capacity of municipalities to respond effectively using procurement or other means; and,*
3. *Requests the Mayor to write to the Prime Minister, and BC Premier, the Federation of Canadian Municipalities, Union of BC Municipalities, and Association of Vancouver Island Coastal Communities to share these actions and positions.*

The recent imposition of tariffs by the U.S., has prompted immediate response by the Federal and Provincial governments, however, the trade environment remains uncertain and is evolving. In addition, the Federation of Canadian Municipalities is actively monitoring and evaluating the situation and have stated their intent to represent municipalities in any discussions about tariffs, retaliation measures, or direct support from federal and provincial governments.

ISSUES & ANALYSIS

U.S. tariffs present immediate economic implications for Canadian municipalities, creating a need for responsive procurement practices. As the APWA has noted, these tariffs run counter to our asset management strategies and objectives, potentially increasing costs for infrastructure projects and maintenance.

Trade Agreements

The City's procurement is subject to obligations under national and international trade agreements for purchases above specific thresholds, as well as procurement law. Applicable trade agreement details are outlined in the table below.

Trade Agreement	Parties	Key Obligations	Thresholds Applicable to the City (MASH sector)
New West Partnership Trade Agreement (NWPTA)	British Columbia, Alberta, Saskatchewan, Manitoba	Open, fair, and transparent procurement access for suppliers in BC, Alberta, Saskatchewan and Manitoba.	Procurements over \$75,000 for goods and services, \$200,000 for Construction.
Canadian Free Trade Agreement (CFTA)	All Canadian provinces and territories, federal government	Non-discriminatory access for all Canadian suppliers.	Procurements over \$100,000 for goods and services, \$250,000 for Construction.
Comprehensive Economic and Trade Agreement (CETA) and Canada-UK Trade Continuity Agreement	Canada and the European Union and the UK	Fair access for EU and UK suppliers. No preference for domestic goods or suppliers. Transparent bidding and equal treatment.	Procurements over \$353,300 for goods and services, \$8.8 million for construction (subject to exchange rates).

For municipalities in BC, because the above trade agreement obligations do not apply to the U.S., the City can exclude direct purchasing from the U.S. While there are requirements related to the EU and the UK, staff can implement procedural changes for procurements below CETA thresholds to give preference to Canadian goods, services, or suppliers, and add a weighted evaluation criterion of up to 10% for Canadian ‘value-added’ procurements.

Historical Spending

As a result of the City’s emphasis on social procurement in recent years, and likely also in part due to Victoria’s location, historical spend patterns show that the majority of procurement is local or from Canadian companies. In 2024, less than 1% of purchases were directly imported from the U.S.

Due to the integrated nature of supply chains, it is not clear how much of the City’s purchases have U.S. components or have been produced, wholly or partially, in the U.S. before being imported by a Canadian distributor. Due to this lack of data, it would be challenging to exclude all purchases that include U.S. components or production.

In addition, there may be situations where alternative products or services are not readily available, such as software licencing.

City’s Purchasing Policy

The City’s Policy (attached as Appendix A) includes policy statements related to community benefit and social procurement criteria. Furthermore, current practices encourage local purchase below the NWPTA thresholds. ‘Buy Canadian’ procurement policies can enhance local economic stability and resilience, supporting Canadian businesses that may be adversely impacted by international trade

tensions, but policy flexibility is needed to recognize that the Canadian and U.S. supply chains are in many cases intertwined. Therefore, explicitly excluding purchases from the U.S. is not recommended at this time.

However, in addition to the current focus on social procurement criteria, the City can change its procedures, for procurements below CETA thresholds, to give preference to Canadian goods, services, or suppliers and add weighted evaluation criterion of up to 10% for Canadian 'value-added' procurements.

Furthermore, the City may consider additional contract language that allows flexibility in reacting to the current tariff environment and potential price volatility. This approach would also protect the City from receiving inflated bids from risk-averse vendors, and help maintain vendor interest in working with the municipality.

Social Media Platforms

The City's X (formerly Twitter) account has approximately 66,000 followers. Staff have historically used the platform to post traffic advisories, weather alerts, news, emergency communications and information about City services.

The City now has accounts on Bluesky and Threads as alternative text-based platforms. Staff have promoted the City's presence on these channels on all our current platforms and have updated the footer on the victoria.ca web site to include these accounts.



VicAlert, the City's free emergency notification system, is another avenue to provide critical alerts and emergency information to the public. Staff have initiated a promotional campaign that includes a mix of digital ads on Spotify, Reddit and Meta to promote new subscriptions to Vic-Alert.

The City continues to post information on X while we build the community of users on these newer platforms. Once the City has a suitable reach, staff will discontinue posts on X, notify the public that the account is no longer active and provide information on where to find current updates.

OPTIONS & IMPACTS

Option 1 – Receive this report for information (Recommended).

As outlined in this report, the current Purchasing Policy and applicable trade agreements already provide the ability to give preference to Canadian goods, services, or suppliers and use a weighted evaluation criterion of up to 10% for Canadian 'value-added' procurements below CETA thresholds. In addition, the Policy includes Social Procurement considerations, and efforts to purchase local goods and services below trade agreement thresholds have been in place for many years.

Furthermore, staff have activated additional social media platforms with a goal to discontinue posts on X in the future.

Option 2 – Provide alternate direction to staff.

Council may wish to provide further direction to staff.

Accessibility Impact Statement

No accessibility barriers have been identified related to these process adjustments.

2023 – 2026 Strategic Plan

The activities outlined in this report support strategic objectives for economic health and community vitality as outlined in the City's Strategic Plan.

Impacts to Financial Plan

Minimal financial impact expected at this time. However, staff will continue to monitor impacts of evolving tariff changes.

Official Community Plan Consistency Statement

The recommendation aligns with OCP objectives for supporting the local economy.

CONCLUSIONS

The approach outlined in this report balances responsible international trade conduct, local economic support, and risk mitigation. Staff will closely monitor ongoing developments related to tariffs and adjust actions as necessary.

Respectfully submitted,

William Doyle
Acting Director, Engineering and Public Works

Sheldon Johnson
Director, Communications and Engagement

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager.

List of Attachments:

Appendix A: Purchasing Policy