



# NIAGARA REGIONAL POLICE SERVICE

## Police Service Board Report

### PUBLIC AGENDA

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**Subject:** Reciprocal Tariffs: Considerations and Potential Impacts for Niagara Regional Police Service Public Procurement

**Report To:** Chair and Members, Niagara Police Service Board

**Report Date:** 2025-05-12

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### Recommendation(s)

**That the Niagara Police Service Board (Board) receive for information.**

### Key Facts

- The purpose of this report is to address the impact of the reciprocal tariffs and its implications on public procurement.
- The Niagara Regional Police Service (Service) is working in tandem with the Regional Municipality of Niagara (Region) to identify strategies that will minimize the impact of tariffs while adhering to public procurement legislation and trade agreements as outlined in CSD 26-2025 (Appendix 1) report submitted to Regional Council on April 24, 2025.
- In 2024, the Service purchased 4.2% of its goods and services or \$937,563.00 from United States (US) suppliers of which approximately 80% were for intangible services related to software licensing and support. The majority of goods are purchased from Canadian vendors that may include Canadian subsidiaries of US firms or Canadian suppliers with sole distribution rights to US-based products.
- On April 17, 2025, law enforcement agencies were granted an exemption from the tariff tax paid on any goods from March 4 through to October 15, 2025, to provide agencies time to adjust their supply chains.
- In addition to adopting a Buy Canada strategy, the Service continues to review its Memorandum of Understanding (MOU) agreements and has adopted a travel ban on any training/conferences offered in the US that are not operationally essential.

### Financial Considerations

The Service is continuing to monitor the tariff discussions between the US and Canadian governments to consider the possible monetary impacts to the 2025 Operating and Capital Budgets as well as future years.

Any significant monetary impacts will be reported in the quarterly financial and forecast report to the Board.

At the time of this report, no material tariff impacts have been identified. On April 17, 2025, custom order United States Surtax Remissions Order 2025 (remission order) administered by the Canadian Border Security Agency intended to minimize the negative effects of the surtaxes on a number of Canadian manufacturing sectors, as well as public health, health care, and public safety sectors including law enforcement agencies. This remission order is provided on a one-time limited basis to provide organizations with additional time to adjust their supply chain and prioritize domestic sources of supply if available. The remission order provides a tariff exemption for goods imported into Canada for a 6-month period from April 16 to October 15, 2025, and retroactively for goods imported since March 4, 2025. Remission can be waived at the time the goods cross the border, and importers may seek a refund for tariffs already paid.

## **Analysis**

The Service in consultation with the Region procurement team have been working on strategies to mitigate the impacts of the tariff situation between the US and Canadian governments. At the April 24, 2025, Regional Council meeting, report CSD 26-2025 Public Procurement and Reciprocal Tariffs: Considerations and Potential Impacts was submitted by Bart Menage, Director, Procurement Services (Appendix 1) outlining key considerations and potential impacts arising from tariffs on the procurement of goods and services.

The report outlines the complexity of the matter as it relates to public procurement, whose guiding principals are founded on ensuring open and non-discriminatory processes and competition through the adherence to trade agreements, and the introduction of tariffs that levies unfair trade practices and restricts market access, affecting the public procurement guiding principles as follows:

- Favours domestic suppliers, potentially reducing competition resulting in awards less competitive.
- Increase costs of goods (both imported or domestically sourced) thereby undermining the value for money principle.
- Disrupt supply chains, leading to shortages of critical goods and/or delays due to budget pressures resulting from potential price increases.

In addition, the report references the series of rules, legal standards, and obligations that arise from common law, trade agreements, legislation that governs public procurement practices, and forms the basis of its own procurement By-Law that may preclude the Region from engaging in unfair procurement practices.

The Region continues to monitor the situation and develop strategies to mitigate the impacts by exploring alternate options including sourcing domestically; however, has recommended to not amend their By-Laws or develop a preferential procurement policy, which might adopt a “Buy Canadian” acquisition strategy for purchases that exceed trade treaty thresholds as noted in the body of the report. The Service is working in

tandem with the Region on these strategies and will continue to adopt a buy Canadian strategy while adhering to the principles of public procurement.

Niagara Regional Police Service Analytics/Exposure:

In 2024, the Service spent approximately \$22,241,434.00 on goods and services, only 4.2% was purchased from US-based suppliers. Of the US-based suppliers, only 20% (or \$187,921.00) were for the purchase of tangible goods. The majority of contracts with US-based suppliers provided services related to computer software licensing and support, which are not subject to tariffs.

The Service purchases the majority of its goods from Canadian suppliers, which can include Canadian subsidiaries of US firms or Canadian suppliers with sole distribution rights to US-based products. Therefore, the exposure to reciprocal tariffs imposed by the Canadian government on US imported goods remains high for the Service given the nature of our products related to firearms, ammunition, tactical gear, and vehicles, which are mainly purchased from Ford and General Motors originating from the US.

The remission order to October 16, 2025, has provided the Service with some monetary relief and time to identify alternative domestic or foreign suppliers to reduce the Service's dependency on US-based products. In addition, the Service continues to implement the ongoing initiatives as outlined in CSD 26-2025 including engaging in proactive dialogue with our various cooperative groups to identify substitute products, with existing contractors and vendors to assist with early identification of products subject to tariffs to minimize potential cost impacts with the introduction of the remission order. The Service continues to work closely with the Region to identify alternative supply chain channels while maintaining the existing procurement By-Laws that comply with legislative and trade agreements that promotes open and non-discriminatory public procurement.

Other Initiatives:

In addition to our commitment to supporting Canadian companies through a supply chain review, the Service is reviewing all MOU agreements as well as following the direction of the Board to limit travel to the US for operational reasons only. While there is no question that cross-border collaboration, intelligence sharing, and relationship-building are important, the broader context cannot be ignored.

All senior leaders will be reviewing the training and conference requests from their members to ensure any approvals meet the operational criteria. The Service is aligned with the Board that reputational risk outweighs the benefit of participation in conferences in the US. This decision will reflect our commitment to public accountability and sensitivity to the current environment.

In conclusion, the Service will continue to monitor the tariff situation and to seek alternative supply chain avenues that will minimize the risks imposed from the on-going disputes between the US and Canada.

### **Alternatives Reviewed**

Not applicable.

### **Relationship to Police Service/Board Strategic Priorities**

To comply with the provisions of Board By-Law 412-2024 - Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service

### **Relevant Policy Considerations**

By-Law 412-2024 - Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service.

### **Other Pertinent Reports**

Not applicable.

*This report was prepared by Laura Rullo, Director, Finance and Asset Management.  
Recommended by Luigi Greco, Deputy Chief, Support Services.*



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#### **Submitted by:**

Bill Fordy, O.O.M. #9615  
Chief of Police

### **Appendices**

Appendix 1 CSD 26-2025 Report: Public Procurement and Reciprocal Tariffs:  
Considerations and Potential Impacts

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**Subject:** Public Procurement and Reciprocal Tariffs: Considerations and Potential Impacts

**Report to:** Regional Council

**Report date:** Thursday, April 24, 2025

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## **Recommendations**

1. That Report CSD 26-2025 **BE RECEIVED** for information.

## **Key Facts**

- The purpose of this report is to outline key considerations and potential impacts arising from the complex interplay between Niagara Region as a public entity and tariffs, particularly as it relates to the procurement of goods and services.
- The tariff situation is complex and uncertain and while our current risk may be limited, there is the potential for increased exposure.
- Staff are putting safeguards in place for existing and future agreements to mitigate the risk of increasing costs and exploring ways to mitigate financial pressures (operations).
- Staff will continue to monitor the situation but at this time, they are not recommending any changes to our existing procurement by-law and processes, given legislative trade agreement concerns, uncertainty surrounding tariffs and timing, and our commitment to be fiscally responsible.

## **Financial Considerations**

Procurement and Finance Divisions will work together to monitor the tariff impacts and their effects on the 2025 budget as transactions arise. Staff will take a proactive approach to assess these impacts and report back to Council as part of the Quarterly Financial Reporting. While it is extremely difficult to anticipate and account for the precise impact, tariffs would certainly increase the risk of an operating deficit, could require draws on our capital variance project to fund project overruns, and may necessitate budget adjustments to accommodate increased costs.

As part of our 2024 yearend strategy, staff did retain higher than usual balances in the capital variance projects to allow more flexibility to address inflationary impacts and the economic uncertainty within the capital program. Should additional funds be required to

support operating budgets, the Region would need to leverage its stabilization reserves, which are currently below the target of 10-15% of total operating expenditures for transit, general levy, and wastewater. This would reduce flexibility in managing any other unanticipated costs. The Water and Waste Management stabilization reserves are within target which will provide more flexibility to address in those lines of business.

## **Analysis**

The purpose of this report is to outline key considerations and potential impacts arising from the complex interplay between Niagara Region as a public entity and tariffs, particularly as it relates to procurement of goods and services.

## **Background**

Canada and the United States (US) share one of the world's most successful partnerships, built on a foundation of shared history, common values, and strong ties, and are each other's largest trading partners, with deeply integrated economies. However, this relationship has been disrupted by the recent trade policies of the current US administration.

As of April 10, the US has imposed tariffs on a range of Canadian products, including the following:

- 10% on non-CUSMA (Canada–United States–Mexico Agreement) energy products and potash;
- 25% on non-CUSMA compliant automobiles;
- 25% on steel and aluminum; and,
- 25% on other non-CUSMA goods.

Canada is not affected by the reciprocal tariff announcement made by the US administration on April 2, nor by the 90-day global tariff pause and 10% universal rate across all US imports (other than from China) announced on April 9. However, these developments mark a significant shift in the international trading system.

In response, Canada has introduced a series of countermeasures, including tariffs on the following:

- 25% on US goods such as orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and certain paper products.

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- 25% on steel, aluminum, tools, computers, monitors, sports equipment, and cast-iron products.
  - 25% on non-CUSMA compliant automobiles, and an equivalent tariff on the non-Canadian and non-Mexican content of CUSMA-compliant automobiles imported from the US.

Niagara is particularly vulnerable to both US tariffs and Canadian countermeasures. According to recent Statistics Canada data, 532 Niagara-based firms export \$6 billion in goods to the US, while 1,328 firms import \$1.7 billion in goods. Trade with the US supports over 30,000 jobs in the region. As such, the ongoing tariff situation poses a significant threat to the health of the local economy.

To address these concerns, Team Niagara, comprised of Niagara Economic Development, local economic development officers, and partners including the Chambers of Commerce and the Niagara Industrial Association (NIA), have been holding weekly meetings to monitor developments, support local businesses with information and resources, and advocate for protective measures.

Additionally, Niagara Region, in partnership with local municipalities, launched a "Buy Local" campaign to encourage community support for regional businesses. The initiative includes awareness efforts through reviews and social media engagement, as well as print and digital materials, business kits with window decals, and supporter stickers. Approximately 85% of the campaign's efforts will target local media, with the remaining 15% focused on social media outreach.

While the situation remains fluid, there is hope that a resolution to the US tariffs can be achieved through diplomacy.

### **Niagara Region's Public Procurement By-law and Process**

Public procurement, the process by which Niagara Region acquires, goods, services, and construction, represents a substantial portion of our expenditures. Tariffs, imposed by the United States and by Canada in response to the trade policies of other countries, can significantly influence the accessibility and cost-effectiveness of our public procurement processes.

Niagara's procurement is guided by the following principles which ensure a transparent, equitable process that achieves:

- Value for Money: Achieving the best possible outcome for public funds.

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- Transparency and Fairness: Ensuring open and non-discriminatory processes.
  - Competition: Promoting a competitive market to drive efficiency and innovation.
  - Market Opportunity: Where low and medium value acquisitions provide the opportunity to support local industries and businesses.

While legislation and trade agreements aim to promote open and non-discriminatory public procurement, the introduction of tariffs levied in response to unfair trade practices or market access restrictions, can undermine these agreements, directly impact public procurement, and adversely affect the guiding principles in the following ways:

- Create an uneven playing field, which favours domestic suppliers, potentially reduces competition, and results in awards which are less competitive.
- Increase not only the costs of imported goods and services but also adversely affect existing contracts resulting in budget pressures, that undermine the "value for money" principle.
- Disrupt supply chains, leading to shortages of critical goods, and increased uncertainty in public procurement projects where the timing or completion of projects could be impacted by potential price increases.

Despite the uncertainty of the ongoing announcements related to tariffs and their impact to Niagara Region, staff are not only monitoring the situation closely, but have worked diligently to understand the scope and scale of the impact that tariffs present to the organization; and have undertaken actions to mitigate risks associated with increased costs for current and future contracts, explored the benefits associated with lower value contracts and opportunities to continue to leverage cooperative procurement opportunities with Group Purchasing Organizations (GPO's), other municipalities, Supply Ontario and the federal government.

### **Niagara Region Analytics/Exposure**

Staff have been utilizing the Region's historical spend data to identify the proportion of goods and services acquired from US based vendors to better understand the potential financial risk exposure associated with the recently announced tariffs. Direct expenditures to US based suppliers are as follows:

- In 2023, of the approximately \$566M in goods and/or services procured on 14,541 POs, only \$9M (1.6%) was acquired from US based suppliers.
- In 2024, of the approximately \$488M in goods and/or services procurement on 14,902 POs, only \$7.8M (1.6%) was acquired from US based suppliers.



(Note: these PO value amounts reflect the maximum value allocated to a PO and may not reflect the total value spent).

This preliminary analysis of the goods purchased for these past two years suggests that the Region's direct impact or dependency on US based suppliers is relatively low (under 2%) when compared to purchases from Canadian suppliers. It is also important to note that in some cases there are no other sources (e.g. Canadian based) or cost-effective sources for the goods that are critical to Regional operations and services (e.g., vigorously trialed, and tested chemicals which are utilized in our wastewater facilities and large snow removal equipment utilized for winter maintenance).

The larger exposure is the potential indirect impact of tariffs imposed on the Canadian based supply chain who are either distributors of US product or purchasers of US goods. Staff are exploring various modeling techniques which will enable a better understanding of this indirect spend. This work is particularly challenging given the high degree of uncertainty.

### **Ongoing Initiatives**

To mitigate risk associated with any current or future procurements, the following items have been initiated:

- In collaboration with Legal Services, new language has been prepared and included in any new bid solicitations and associated contract documents to provide the market with clarity on Niagara Region's expectations for entitlement to, and the process for claiming increases to a contract price because of the introduction of, or change to, a tariff post bid close.
- Both Procurement and Legal Services have issued communications to Directors and Senior Leadership corporate-wide to promote early engagement and due diligence on any emerging tariff claims advanced on existing contracts to ensure all such claims are tracked and responded to in an organized, considered, and consistent manner that achieves cost containment/mitigation to the extent possible.
- Staff, supported by Procurement and Legal Services, are engaging in proactive and open dialogue with existing contractors and vendors to assist with early identification of potential increased costs flowing from tariffs and, where possible, explore alternatives to minimize the potential for pass-through cost increases.
- Procurement Services and operating departments have initiated reviews of their 2025 procurement plans with the lens of: downstream supply chain impacts (i.e. raw materials); and competition pool availability (i.e. new IT solutions), to consider

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deferring projects that will be heavily impacted by tariffs if they are not urgent, essential and/or tied to external funding.

### **Monitoring Municipal Comparators: Challenges to formulating a response to perceived unfair trade practices.**

In addition to the above noted actions, Regional Staff continue to participate in focused discussions with procurement leaders and legal professionals from other municipalities across Ontario, specific to the municipal response to the dynamic tariff situation and in some cases a desire to limit procurement to non-US based sources. Best practices and current initiatives are shared, as well as the challenges associated with implementing a nationalistic response in their procurement process while continuing to maintain an equitable, fair, and transparent process which respects legislative requirements and trade agreements.

### **Legislation and Trade Agreements specific to Municipal Public Procurement**

Public procurement is governed by a series of rules, legal standards, and obligations that arise from common law, trade agreements, legislation and, in the case of a municipality, its own procurement by-law, policies and procedures (collectively, the “Public Procurement Rules”). Together, these Public Procurement Rules require that public institutions acquire goods, services, and construction in a manner which adheres to the principles of transparency, fairness, competition, accountability, and value for money.

To remove barriers to trade and, in turn, enhance value-for-money for Canadian taxpayers, a number of trade treaties have established protocols for “reciprocal non-discrimination” requiring signatories to provide equal access to suppliers from all other jurisdictions as it does to suppliers from its own jurisdiction. Two such trade treaties, the Canadian Free Trade Agreement (CFTA) and Canada-European Union Comprehensive Economic Trade Agreement (CETA) require that public purchasing institutions do not discriminate against goods/services from across Canada and the EU, respectively, where the procurement is above certain monetary thresholds. The current thresholds noted below are updated every two years, with the next update scheduled for January 1, 2026.

- CFTA (Goods and Services - \$133,800 and Construction - \$334,400)
- CETA (Goods and Services - \$353,300 and Construction - \$8,800,000)

Below these threshold values Niagara Region can undertake an informal invitational procurement process to award contracts for goods and services, which provides more flexibility to select or scope the bidders that would compete or be considered for these procurements without offending the non-discriminatory provisions of the trade treaties.

It should be noted that of the amendments to the Region's Procurement By-law presented at Committee of the Whole on February 6, 2025, the proposed increase to the formal quotation threshold, from \$100,000 to the CFTA open threshold of \$133,800, will afford the Region further flexibility in sourcing goods/services without the need for an open competitive process.

Ontario's *Discriminatory Business Practices Act* also contains a potential statutory bar against the adoption of discriminatory purchasing rules. Specifically, the Act provides that no person shall engage in a discriminatory business practice and goes on to deem it to be a discriminatory business practice where a person refuses to engage in business with a second person where such refusal is based "...on the ground of race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of persons employed in or engaging in business". This statute creates a complaint process as well as a right to seek a court order to strike down a discriminatory practice and recover damages. While on its face this legislation appears to be dealing with discrimination as commonly understood in the human rights context, a broader interpretation of the terms "place of origin" and "geographic location", taken literally, could mean any form of discrimination based on a supplier's location. Unfortunately, and notwithstanding the fact that the Act has been around since the 1970s, there are no reported decisions that have considered its application in the context of a public procurement process. Importantly, the Act does not apply to discriminatory business practices engaged in accordance with a policy of the Government of Canada directed toward trade with a country other than Canada or persons in a country other than Canada or of the Government of Ontario directed toward person in Provinces or Territories other than Ontario. To that end, the Ontario Government has released a Procurement Restriction Policy, effective March 4, 2025, which requires that certain public sector entities exclude US business from procurement (with some exceptions). While municipalities are not expressly covered by this policy it may be possible to advance an argument that, given the provincial policy in place, the Act should not apply to a purchasing policy that excludes US supplies adopted by a municipality; however, the success of this position is untested.

## **Additional Considerations**

Staff are also assessing additional issues and considerations including:

- The challenges of implementing preferential procurement policies including administration of the policy, establishing procedures, defining “Canadian” and award methodology.
- How the protection of domestic industries could lead to inefficiencies and higher costs, which undermine the objective of best value for taxpayers.
- How to manage circumstances where after considerable testing and trialing the best value goods are only available from US and acquiring them from other sources could be both cost prohibitive and not considered best value.
- How tariffs may disproportionately impact small and medium sized enterprises which often rely on access to global supply chains and international markets to supply needed goods.
- The indirect and unintended potential consequences that an exclusionary (non-US) policy might have on local businesses who rely, at least in part, on US made products to, in turn, supply goods/services to the Region.

Given the challenges outlined herein coupled with tariff uncertainty, staff at this time are not recommending the development of a preferential procurement policy, or amendments to the By-law which might adopt a Buy Canadian acquisition strategy for purchases which exceed trade treaty thresholds or an award methodology which favours Canadian and other non-US suppliers as these would not align with the legislative and trade agreement requirements to promote open and non-discriminatory public procurement.

## **Alternatives Reviewed**

N/A given the purpose of this report is for information purposes.

## **Relationship to Council Strategic Priorities**

This report engages the priority of Effective Region, Objective 1.1 Implement continuous improvement and modernized processes to ensure value-for-money in Regional services and programs. Procurement policies and processes are critical in maintaining taxpayer affordability.

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**Prepared by:**

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Corporate Services

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**Recommended by:**

Dan Carnegie  
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Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Melissa Raquion, Director, Financial Management and Planning/Deputy Treasurer, Donna Gibbs, Director, Legal and Court Services, George Spezza, Director, Economic Development, Brian Wilson, Senior Legal Counsel, and reviewed by Michelle Sergi, Deputy CAO.