

**Municipality of Chatham-Kent**

**Chief Administrative Office**

**Legal Services**

**To:** Mayor and Members of Council  
**From:** David Taylor, Director, Legal Services  
**Date:** June 9, 2025  
**Subject:** Update on Municipal Tariff Response

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**Recommendation**

It is recommended that:

1. Amendments to the Chatham-Kent Purchasing Bylaw 205-2023 attached as Appendix A and the corresponding amending by-law attached as Appendix B be approved.

**Background**

This report is submitted on behalf of a group of divisions that are most impacted and involved in the municipal response to tariffs. The following is a list of staff that were part of a committee that reviewed this issue and determined the approach being recommended to Council:

- Audrey Ansell- Director, Community Culture & Connections
- Ryan Brown- Director, Public Works
- Marissa Mascaro Amyotte- Director, Engineering
- Stuart McFadden- Director, Economic Development and Tourism Services
- Polly Smith- Director, Employment & Social Services
- Matt Torrance, Director, Financial Services
- Matt Smith- Manager, Purchasing & Accounts Payable
- Eric Labadie- Manager, Corporate Communications
- Lynn Kalp- Law Clerk
- Dave Taylor- Director, Legal Services

On March 6, 2025, in response to the trade war started by the US government, Council held a special meeting to discuss the matter, and provide directions to staff. The following motion was passed:

***Whereas Canada is facing an unfair trade war based on tariffs from the Trump administration;***

***And Whereas tariffs have the prospect of negatively impacting our citizens, businesses, and community organizations;***

***And Whereas Chatham-Kent Council is ready and prepared to stand up for our businesses and citizens, and to support Team Canada in this fight;***

***And Whereas the approaches taken to respond to tariffs need to consider all potential impacts of the decision, including unintended consequences;***

***And Whereas Council strenuously objects to the ongoing attempts to undermine Canadian sovereignty by the Trump Administration;***

***And Whereas Council encourages the Federal government to continue work toward negotiations on ending this Trade War;***

***Therefore, Chatham-Kent Municipal Council directs administration to continue its work to address the impacts of this trade war, to immediately work on the following list of actions, and to work on any other matters that could be relevant to address the impact of these unfair tariffs:***

- 1. Administration continue its work on addressing tariff impacts, including the review of:***
  - a. Approaches taken by other municipalities to ensure Chatham-Kent is adopting best practices;***
  - b. Supply chains for major purchases and products that may be impacted by tariffs;***
  - c. Legal options for adjusting contracts and procurement processes to reduce Chatham-Kent exposure to tariffs;***
  - d. Employment and support services for citizens whose jobs may be impacted by tariffs;***
  - e. Opportunities to advance major projects to assist in economic stimulus;***
- 2. Economic Development continue to:***
  - a. Connect with local businesses to understand impacts that tariffs are having;***
  - b. Enhance existing Buy Local campaigns to help support local businesses and provide citizens with information about their purchasing decisions;***
  - c. Be prepared to assist businesses with accessing senior government programs that may become available.***
- 3. Administration be directed to support upper levels of government's "Team Canada" approach, including participating in municipal association work, and preparing advocacy to senior levels of government to address any barriers Chatham-Kent faces, and to advance the needs of our local companies;***
- 4. Administration continue to update the [www.Chatham-Kent.ca/TariffSupport](http://www.Chatham-Kent.ca/TariffSupport) webpage to keep citizens updated on the impacts of tariffs and relief programs that become available;***

5. **Administration report to the Mayor and Council regarding any opportunities for political collaboration between Chatham-Kent and other municipalities, municipal associations and cross-border initiatives;**
6. **Administration return to Council for any necessary funding requests and with updates on progress on each of the items in this motion.**
7. **Administration be directed to send a letter to the Federal and Provincial Governments to consider all means to decrease costs to Canadians.**
8. **Administration be directed to share this resolution with local MP's, MPP's, AMO, FCM, ROMA, OBCM, Border Mayor Alliance and all Ontario Municipalities.**

To ensure this matter was fully investigated, and to consider potential operational and financial impacts of alternative approaches, administration established a working group. This group has been in contact with other municipalities to learn from their approaches, reviewed directions and information from the Province, and reviewed materials provided by the Association of Municipalities for Ontario (AMO). The most recent AMO materials on this issue, and the impacts that tariffs can have on municipal governments, is a report by Oxford Economics which can be found at: [Tariff Impacts on Ontario Municipalities](#)

### **Comments**

Below are comments about the work being done in relation to tariffs within the areas of Purchasing, Legal Services, Economic Development and Tourism Services, Community, Culture & Connections, Employment & Social Services, and Infrastructure & Engineering Services.

### **Purchasing**

Chatham-Kent's procurements are subject to several trade agreements, most notably the Canada Free Trade Agreement (CFTA) and the Comprehensive and Economic Trade Agreement (CETA). The CFTA is an intergovernmental trade agreement signed by Canadian Ministers that governs trade between provinces, territories and the federal government. The CETA regulates trade between Canada and member European countries. Both of these agreements contain thresholds through which Chatham-Kent must comply with open market competition. Those thresholds are summarized below:

<b>Trade Agreement</b>	<b>Procurement</b>	<b>Threshold (CAD)</b>
CFTA	Goods & Services	\$133,800
	Construction	\$334,400
CETA	Goods & Services	\$353,300
	Construction	\$8,800,000

Except under certain exemptions, Chatham-Kent's existing procurement by-law requires a competitive process for goods and services above \$5,000 through quotes, tenders, RFPs and the use of rosters. Some municipalities in Ontario use an invitation to quote

(ITQ) policy below certain thresholds. This requires them to contact a stipulated number of suppliers for quotation purposes. In response to US tariffs some Ontario municipalities are raising their thresholds on ITQs to those thresholds stipulated in the trade agreements above.

Since Chatham-Kent uses an open competitive process for quotes, tenders and RFP's above \$5,000, these procurements are posted publicly through Bids&Tenders and any business who registers as a supplier can respond. This ensures Chatham-Kent receives pricing that is competitive in the open market and is a transparent process that is open to all businesses in the market. As a result of this existing process, some of the methods used by other municipalities to address this tariff threat from the US, by increasing the thresholds for invitations to quote (ITQs), is not feasible in Chatham-Kent.

Considering the unfair and anti-competitive trade approach being taken by the US government, the Canadian Federal Government has implemented reciprocal tariffs. As outlined in the bylaw amendment attached as Appendix A, administration is proposing that Chatham-Kent institute an approach to purchasing from the US which provides that during any time that reciprocal tariffs are in place by the Canadian Federal Government, the procurement by-law will prohibit the eligibility of "USA Supplier" to bid on procurements up to \$500,000.

A "USA Supplier" means a Supplier that conducts its activities on a permanent basis in the United States of America ("USA") which:

- A. has its headquarters or principal place of business in any state or territory of the USA; or
- B. has at least 70% of its employees in the USA at the time of the release or submission date for the Solicitation.
- C. USA Based Supplier does not include a Non-American Business Subsidiary.

Any business responding to a Chatham-Kent bids would be required to complete an attestation that they do not meet the definition of a "US Supplier" as defined above.

For procurements above \$500,000 administration recommends that when the lowest compliant bid or highest ranked bid is from a US Supplier, and a Non-US Supplier is within 20% of the price of the US Bidder, that the Chief Administrative Officer and Chief Financial Officer can recommend the awarding of the contract to the Non-US Supplier. This approach is intended to balance the need to encourage bidding from countries that are following trade agreements with Canada, and from other Provinces, while still allowing for US bids on high value projects to address the budget risks of excluding all US bids.

It should be recognized there may be circumstances where a product or service may only be available from a US supplier. Some products or services that may only be available from US Suppliers include:

- Data server storage
- Software
- Fire equipment
- Police firearms and tasers
- EMS equipment
- Heavy machinery (ie fire trucks, ambulances, snowplows, garbage trucks)
- Water and waste water components

The proposed bylaw amendment includes an exemption for Emergency, Single Source and Sole Source purchases. These exemptions are necessary to reflect that in emergency situations, a quick supply of a good or service may be needed, and that under sole source and single source purchases, only one provider may be available.

### **Legal Services - Contracts**

While tariffs have the potential to impact costs for various contracts that the Municipality enters into, there are few options that can be done to mitigate this impact under those contracts. While the Municipality could require all parties entering into contracts with the Municipality to assume the risk for any tariff increases, that would introduce uncertainty for those opposite parties and could still introduce additional risks for the Municipality in administration and fulfillment of these contracts and costs. Their most likely commercial response would be to “price in” that uncertainty, which drives up costs for the Municipality. As a result, after internal discussion, it has been determined that the best approach is to have contractual terms that provide the following:

- 1) Any tariffs already in place at the time that a bid process is completed (or contract is negotiated, where there is no bid process), is considered included in the bid price and is the responsibility of the company entering into a contract with the Municipality. If there is a subsequent reduction or cancellation of that tariff, the municipality may get a credit.
- 2) Any new tariffs that are introduced after a bid is closed, or contract is negotiated, is paid by the municipality. This may result in extra expenses for projects, but the municipality will at least know that it is only paying the actual tariff costs, rather than some predicted cost.
- 3) Bidders who face a tariff that arises after a bid is closed, or contract is entered in to, must submit a change order and provide reasonable proof to the Municipality that a tariff applies.
- 4) If a change order is submitted, the Municipality will have the right to require the contractor/bidder to seek alternative supplies that have lower tariffs.

This structure is consistent with approaches being taken by other municipalities, and as a result it is anticipated that contractors will be encouraged to seek Canadian or non-tariffed alternatives where appropriate.

### **Economic Development and Tourism Services**

A valuable lesson learned during COVID, was that having a “one stop shop” webpage was appreciated by the businesses across all sectors. Prior to tariffs being implemented it was decided to create a similar information repository for Chatham-Kent businesses to access in order to stay current with policies and programs that could impact their business. With decisions being made frequently and impacts sometimes changing hourly, it’s important to have a trusted site that is updated as news becomes available.

Beyond the webpage, the Municipality has also increased social media awareness through various campaigns such as “Shop Local”, “Made in CK” and “Made in Ontario”. Advocating on behalf of local businesses through various organizations and government agencies has also been part of our tariff support program so these organizations are aware of Chatham-Kent’s business concerns. We have promoted on-line training and webinars with experts so businesses can register to hear about programs and policy changes when they become available. While Business Retention and Attraction has always been a foundational function of the Economic Development and Tourism Services Department, we have increased the program to better understand local tariff impacts while also sharing the most up-to-date and relevant information we have available.

The following is a summary of the key areas of work that Economic Development and Tourism Services have taken in response to the threat from tariffs, and Council’s direction to administration.

#### **1) Tariff Support Webpage (<https://www.chatham-kent.ca/EconomicDevelopment/businessresources/Pages/Tariff-Support.aspx>)**

Highlights of what is featured on webpage:

- ✦ Latest Tariff News & Updates
- ✦ Canada Tariff Finder – Check import/export tariffs
- ✦ Trade Support & Resources – Expand into global markets
- ✦ Live Info Sessions – Webinars & workshops
- ✦ Ontario Manufacturing Directory – Strengthen supply chains
  - ✦ Support Local Directories – Find Ontario & Canadian-made products
- ✦ Showcase Your Business – Join Ontario Made & [hashtag](#) #MadeInCK (How to participate in the #MadeInCK marketing campaigns featuring local business spotlights)
- ✦ Funding & Financial Assistance – Tariff-related programs, funding and resources
- ✦ Sector-Specific Support – Manufacturing & automotive updates

#### **2) Social Media Awareness: #MadeInCK (Support Local) marketing campaigns:** This campaign features local businesses which produce, make/manufacture products within CK, helping to bring awareness and potentially align future partnerships in the supply chain. The Chatham-Kent Small Business Centre also

initiated a targeted campaign featuring small businesses located in various downtowns.

### 3) Advocacy and Industry Connections

The following are a list of advocacy and municipal industry connections that administration is involved in, which supports the broader approach to combatting the impacts of tariffs.

- [Economic Developers Council of Ontario \(EDCO\)](#) Board of Directors representation, which includes tariff roundtables with provincial economic development professionals. This has provided insight in relation to interprovincial Trade Barriers, trade strategies, developing new programs, etc.
- WOWC Advocacy- Partnership with Tariff Support Survey (Includes Chatham-Kent)
- Meetings with provincial and federal government representatives to work on tariff related solutions (i.e. **MEDJCT, Invest in Canada, Global Affairs Canada/Trade Commissioner Services, Invest Ontario**)
- Participation in [Economic Developers Association of Canada \(EDAC\)](#) Tariff Roundtables which involved economic development representatives across Canada.

### 4) Local Tariff Support Webinar and Training

- Alignment with Provincial and Federal government for funding support and resources related to diversifying businesses, exploring new markets and becoming less reliant on the U.S.
- Featuring the Ministry of Economic Development, Job Creation & Trade (MEDJCT), Trade Commissioner Services/Global Affairs Canada, Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA)

### 5) Increased Business Retention and Expansion response related to tariff support for companies:

- Business Site Visits to discuss tariff related challenges and find solutions.
- Support Programs and tariff resources provided to businesses during visitations.
- MEDJCT rep participating in partnered local site visits in Chatham-Kent with EDO's.
- Continued visitations to explore business expansion plans and potential investment

### Tourism Services

Chatham-Kent Tourism continues to work to understand and react to how the trade war is unfolding, as it pertains to tourism regionally, provincially and nationally. It's important

to note the U.S. market represents 22% of tourism spending in Ontario, making cross-border travel and trade essential to our industry's health. (source: Tourism Industry Association of Ontario, TIAO).

For this reason, Ontario continues to be a top destination for travellers on both sides of the border. CK Tourism works proactively with TIAO and the Southwestern Ontario Tourism Corporation to reach all markets in an effort to increase economic growth, including the US. Anecdotally, we have heard that visitors are looking for Ontario made vacations and even staycations, and as a result CK Tourism continues to provide marketing support for those audiences.

At VisitCK.ca, website users will find content related to Chatham-Kent with a new portal as for those looking specifically for “Staycation Ideas”

- Staycation Ideas - <https://www.chatham-kent.ca/visitck/tripinspiration/tripstarters/Pages/Trip-Starters.aspx>

To date, the following opportunities for tourism operators to take part in have been held and shared on the Municipal Tariffs Support Webpage, via Small Business Centre social media, and through email invitations to tourism operators. CK Tourism took part in both opportunities.

- March 12, 2025 - Understanding & Navigating U.S. Tariffs: Potential Impacts on Tourism in Ontario (webinar)
- April 7, 2025 - Tourism Opportunities Forum (Toronto, in-person)
- Marketing opportunities to assist tourism operators continue to be shared at <https://www.chatham-kent.ca/EconomicDevelopment/businessresources/Pages/Tourism-Business-Resources.aspx>

On April 25 and 26, 2025, CK Tourism took part in the Tourism Windsor Essex Pelee Island (TWEPI) Staycation Expo at the Devonshire Mall in Windsor. The display was visible to more than 50,000 guests visiting the mall over the two-day period. VisitCK staff spoke with potential day-trippers and overnight guests promoting the proximity and short drive to Chatham-Kent from the Windsor-Essex region to experience the many things to see and do in CK.

### **Community Culture & Connections (CCC)**

Community Culture & Connections will support the community as it navigates the tariff uncertainty through various initiatives targeted at those impacted by tariffs, and this change in historic relationships between Canada and the US.

Ongoing communication work will continue to underscore CK's status as Canada's first Welcoming Community, an a great place to live. This includes ongoing collaboration on talent attraction initiatives:

- Family physicians – working in collaboration with the CKOHT and sector working groups and task forces;
- Health care sector – supporting the CKHA and the CKOHT in attracting sector talent;
- Maintaining strong relationships with local ethno-cultural communities and exploring opportunities to build international connections through the global networks of CK residents; and
- Keeping abreast of labour market data and sharing with the community through monthly newsletters and [www.ckworkforce.ca](http://www.ckworkforce.ca).

As a part of the increasing interest in local alternatives, and connecting to the “staycations” that Canadians are being increasingly interested in, CCC continues to promote the range of service offerings available to all residents, including;

- Art Galleries – free entry to the Thames Art Gallery and ArtSpace;
- Museums – free entry to the CK Museum in the Chatham Cultural Centre as well as to Ridge House Museum and Milner Heritage House;
- Libraries- 11 branches offering free access to books (paper, audio and ebooks), journals, WiFi and public computers, and WiFi hotspots, programming that is free for all ages across the 11-branch network.

Libraries also offer Gale Courses offering skills upgrading and Brainfuse offering career prep, resume and interview prep, essential computer skills, curriculum links, newcomer assistance e.g. ESL, life skills, college admission help and standardized test prep specific to Canada/Ontario. Within Libraries, Community Navigators (in partnership with Employment and Social Services) are also available in branches to assist with accessing resources and supports.

### **Employment & Social Services**

Employment & Social Services is the municipal department most responsible for responding to economic impacts that can result in loss of employment for our citizens. There have been several such periods in the past that have resulted in significant impacts to the employment of our citizens, such as major employer shut downs, recessions and the COVID-19 pandemic. As a result of these experiences, the Employment & Social Services team is well prepared to pivot to address the unique needs that could arise from economic impacts of the trade war. The Employment and Social Services division is able to respond by providing:

- **Emergency financial assistance:** The division offers immediate financial aid during crises such as unexpected job loss, community or family emergencies, aiming to prevent severe financial distress and homelessness among residents.
- **Employment support and retraining:** Programs are in place to help residents find alternative employment and facilitate re-training, ensuring that individuals can adapt to changing job markets and maintain their livelihoods.

- **Community navigation services:** The Community Navigator Program assists residents in accessing community services, applying for programs, and managing taxes, thereby assisting with financial stability and well-being.

These programs are funded in large part by the Ministry of Community and Social Services and the Ministry of Immigration, Labour, Training & Skills Development. As both the caseload and unemployment rate in Chatham-Kent has risen significantly in the past year, it is hoped that the Province will implement new responses or enhance current approaches by increasing program support for the division and allowing a pause certain activities to provide emergency financial assistance, re-training and job placement. These responses would align with Provincial approaches take in response to other economic issues that have arisen in the past.

### **Infrastructure and Engineering**

Divisions within the Infrastructure & Engineering department have taken steps to address the threat that tariffs reflect to municipal operations. Due to the nature of the work done in these areas, the majority of work will not have significant direct impacts from tariffs. However, the procurement of vehicles and repair parts has a high risk of impacts.

Fleet has a variety of vehicle procurements in the 2025 budget book including vehicles for Police, Fire, EMS, PUC and the municipality. Administration has temporarily paused new procurements to understand the impacts of the tariffs and work with the departments to plan next steps. Next steps could include; delaying procurements, rationalization of assets, seeking Canadian made alternatives or right sizing budgets to accommodate any unavoidable tariffs. As outlined in many media articles regarding vehicle assembly, the manufacturing of vehicles and their parts is a highly integrated supply chain with often only one manufacturer producing parts for many makes of equipment. As such, as procurements will have to proceed some tariffs will be unavoidable as no Canadian manufacturer of a certain vehicle or product exists in Canada. In these cases, budgets may be reviewed and adjusted with the anticipated tariffs. It should be noted that some fleet procurements such as Transit vehicles continue to proceed through existing contracts in place and are subject to those terms and conditions.

Staff are continuing to advance capital construction projects as planned. As outlined above under Legal Services, a process is in place to manage tariff-related risks through procurement, contract execution and contract administration practices. Additionally, project contingencies are being reviewed prior to tendering to ensure that sufficient allowances are incorporated into construction budgets to manage unforeseen items during construction as well as the potential for cost impacts due to tariffs.

### **Council Term Priorities**

This report supports the following Council Term Priorities:

			
<b>Deliver Excellent Service</b>	<b>Promote Safety &amp; Well-Being</b>	<b>Grow Our Community</b>	<b>Ensure Environmental Sustainability</b>
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**Consultation**

Administration has been in consistent contact with other municipalities regarding approaches being taken to address the threat of a trade war, and the response to tariffs at the local level.

Internal consultation has occurred between divisions most connected to this issue, including Economic Development and Tourism Services, Purchasing & Accounts Payable, Corporate Communications, Employment & Social Services, and Infrastructure & Engineering Services.

Economic Development and Tourism Services has been in regular contact with many local businesses regarding the impacts of tariffs on their operations, is in regular contact with the Chamber of Commerce about this issue, and is in contact with Federal and Provincial agencies and advocacy groups regarding these issues.

**Communication**

Communication is proposed to be through the inclusion of this report on the Council agenda and related communications.

Communications to bidders about changes in purchasing process will occur through the Bids and Tenders website used for releasing competitive bidding processes.

**Diversity, Equity, Inclusion and Justice (DEIJ)**

It is important to recognize that while impacts from economic slow downs can hurt then entire population, those impacts are often disproportionately borne by persons with lower socio-economic standing. As a social services provider for the community, Chatham-Kent is ready to respond to impacts felt by citizens through programs that are offered by senior levels of government.

### **Financial Implications**

There are no specific financial impacts of this report. However, the impacts that a trade war can have on the economy may result in various impacts to Municipal finances. The scope of these is not something that can be known at this time.

Restricting the bidding options available for municipal procurements may impact budgets and project costs. However, it is important that Chatham-Kent support the “Team Canada” approach to combating this unfair trade war, while balancing the needs of financial sustainability. The recommendations in this report attempt to strike that balance.

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Gord Quinton, General Manager, Finance, Budget and Information Technology Services

Michael Duben, Chief Administrative Officer

Attachment(s):

Appendix A - Amendment to Purchasing Bylaw- USA BASED SUPPLIERS

Appendix B – Purchasing By-law Amendment