



City of Hamilton Report for Consideration

To: Chair and Members
Emergency and Community Services Committee

Date: May 1, 2025

Report No: HSC18026(b)

Subject/Title: Group Purchasing Services

Ward(s) Affected: City Wide

Recommendations

That Council approve the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for food, cleaning and related supplies and equipment, for Macassa and Wentworth Lodges, Recreation Division, Kings Forest Golf Club, Sackville Seniors Centre and Red Hill Family Centers and laundry and linen supplies for Macassa and Wentworth Lodges until May 30, 2030, and that the General Manager, Community Services Department be authorized to negotiate, enter into and execute a contract or amendment(s) to the City's existing agreement and any ancillary documents required to give effect thereto with Complete Purchasing Services Inc. and their vendors, in a form satisfactory to the City Solicitor.

Key Facts

- Staff have completed a comprehensive review of the services offered by Complete Purchasing Services Inc. and those offered by other vendors with similar business models and are making the recommendation to maintain Complete Purchasing Services Inc. through this report to Council.
- Complete Purchasing Services Inc. has a Canada-wide purchasing power of over \$2.4B which benefits the City of Hamilton in obtaining competitive pricing.
- Macassa and Wentworth Lodges (the Lodges) have been satisfactorily using Complete Purchasing Services Inc. to procure food and supplies for their food services departments over the past 25 years.

- In addition to food and related services for the long-term care homes, Recreation's Food Services units, Red Hill Family Centre's meal program and the kitchen at Sackville Seniors Centre have also procured products through Complete Purchasing Services Inc.
- The agreement with Complete Purchasing Services Inc. has been a cost effective and efficient arrangement for the City of Hamilton for many years and the current Council report that provides approval to use their services is set to expire May 30, 2025.

Financial Considerations

Food and related supplies, cleaning and related supplies and equipment, are purchased within the allocated operating budgets at each long-term care home. Complete Purchasing Services Inc. has waived the membership fees for the City of Hamilton. The Recreation division, Red Hill Family Centre, and Kings Forest Golf Club would benefit from reduced product costs and would also purchase products within their allocated budgets.

Using their negotiated pricing, the approximate cost of food and supplies purchased through these distributors over the past year was \$2,045,106 (Macassa Lodge - \$1,281,246 and Wentworth Lodge - \$763,860). The approximate cost of cleaning and related supplies purchased at the Lodges over the past year was \$130,250 (Macassa Lodge - \$81,250 and Wentworth Lodge - \$49,000).

Red Hill spent approximately \$95,000 annually on food and beverages over the past year. Several vendors used by Red Hill Family Centre fall under Complete Purchasing Services Inc., for example, Sysco and Agropur.

The Recreation division's 14 arena concessions, Kings Forest Golf Club and a full-service kitchen at Sackville Seniors Centre spent approximately \$190,000 annually on food and beverage products in 2024.

The membership dues have been waived, thus offering annual savings of \$8,400 for all City of Hamilton sites mentioned in this report. In addition, Complete Purchasing Services Inc. offers a rebate program which offers a 3.5% rebate on all purchases increasing to 4% of all purchases in 2025. The Lodges have received approximately \$96,000 in rebates over the past year.

The cost of obtaining a similar service using in-house staff resources for both the Lodges and the City's Purchasing Section would far exceed the Complete Purchasing Service Inc. fee as noted above.

No staffing implications are associated with this recommendation.

Background

The current Council approval for Group Purchasing Services for food and related supplies (HSC18026a) which recommends Complete Purchasing Services Inc. as the single source purchasing agent, is due to expire on May 30, 2025. Council approved the report after the recommendation that up to two additional years were required to complete a comprehensive market scan and explore offerings from vendors that would better support our future purchases, processes and needs throughout the City. In October 2023, the Senior Project Manager Long-Term care obtained a Policy 11 to support a market scan, to contact other purchasing groups and to identify other products offered on the market and to support this consideration report to Council.

Analysis

Founded in Hamilton, Ontario in 1975, Complete Purchasing Services Inc. is a proudly Canadian company serving the senior living market in Canada for 50 years. Complete Purchasing Services Inc. has been the endorsed purchasing group of AdvantAge Ontario for over 25 years. Municipal members of AdvantAge Ontario who use Complete Purchasing Services Inc. include many municipal homes (e.g. Regional Municipality of Niagara, Regional Municipality of Peel, City of Ottawa, Huron County, York Region, Region of Waterloo, Northumberland County, and County of Simcoe). On our behalf, Complete Purchasing Services Inc. leverages their considerable market presence and negotiates with a range of suppliers, both manufacturers and distributors, to obtain best pricing and value for the City of Hamilton taxpayer. The company tenders with 450+ manufacturers through over 75 distributors to establish national and regional contracts. Products available are suited to a long-term care environment that must comply with the standards and regulations set by the Ministry of Long-Term Care. Since 1999, the purchasing arrangement has been very satisfactory and has allowed the Long-Term Care division to control food service costs while maintaining the quality of resident meals. Through the province, the Ministry of Long-Term Care provides \$13.07 per resident per day to provide meals, snacks and supplements to all Long-Term Care residents. Without joining a group purchasing organization, it would be near impossible to cover the costs to feed our Long-Term Care residents.

Vendors and products provided are specific to long-term care needs and businesses that provide food services. Using the Complete Purchasing Services Inc. negotiated pricing, long-term care purchased their food service supplies through four major distributors: Sysco Canada Inc., GFS Canada Company Inc., Agropur Cooperative (Division Natrel) and Canada Bread Company Ltd.

There are additional distributors that the City of Hamilton sites uses to a lesser extent which include: MIP Inc., George Curry Inc., Russell-Hendrix, Partstown Canada, Wood Wyant Canada Inc., Coca Cola refreshments Canada, Abell Pest Control, and Hubert Food Service Equipment.

In addition, CPS provides value-added services in the following areas:

1. Risk Management Protocol
All approved food vendors must be Hazard Analysis and Critical Control Point (HACC) or International Organization for Standardization (ISO) certified. Without exception, only federally inspected meat suppliers are used. There is a stringent re-call system and regular distribution inspections and audits.
2. An on-line, web-enabled menu management and production program is available that allows customization of menus to meet resident preferences. The program includes long-term care specific menus, recipes, therapeutic guidelines, and nutrient and costing information.
3. An on-line, web-enabled ordering and inventory management system is provided.
4. Education resources are available at no additional charge including:
 - Education course modules (video-based).
 - A professional development series focussing on general management and leadership skills of nursing, food services and environmental service managers.
 - A symposium series of workshops on relevant facility operations.
5. Complete Purchasing Services Inc. is committed to offering a variety of products that have been locally sourced (from Ontario producers). Currently 35% of all products purchased by the Lodges are local.

Given the recent political change in the United States, Complete Purchasing Services Inc. has informed us of their mitigation strategies related to the potential impacts of tariffs in Canada. These 5 strategies include:

1. Proactive mitigation strategies: For categories that may experience tariff activity, Complete Purchasing Services Inc, in partnership with their suppliers, are actively identifying alternatives. The decision to transition product lines will depend on the tariff levels and the current premiums of these alternatives. Their sourcing professionals are conducting ongoing discussions within their supplier network to determine the best options.
2. Contractual protections against unjustified price changes: Their contracts safeguard Complete Purchasing Services Inc. members against unwarranted price adjustments. Suppliers must substantiate any tariff-related pricing impacts that may require contract amendments. Complete Purchasing Services Inc. members will be notified in advance of any price modifications due to tariffs.
3. Commitment to price stability and client communication: Complete Purchasing Services Inc. currently source more than 70% of their recommended products from within Canada and do not anticipate immediate price increases. Should material changes occur in specific products or categories, they are committed to addressing them collaboratively and will communicate promptly with Complete

Purchasing Services inc. members to help facilitate seamless transitions to alternatives.

4. Supplier adjustments: Complete Purchasing Services Inc. have partnerships with multiple suppliers in many categories; this diversification provides Complete Purchasing Services Inc, with sourcing options to reduce risk. They will assess opportunities to change the manufacturing locations of current supply partners to help avoid tariff-related costs.
5. Distribution network: Currently, tariffs are not expected to impact the current distribution network. They will continue to monitor and evaluate any changes that could affect distribution logistics.

Through our market scan, it was identified that Silver Group Purchasing Company, which provides a similar business model, was able to provide costs savings of approximately 1.66%. which could relate to an annual savings of \$30,000 to \$35,000. However, this was based on a snapshot in time (October to November 2024) and unable to determine if this would hold for the next 5 years. In addition, Silver Group Purchasing Company claimed a savings on food of 3% - 5% and savings on non-food of 5% - 15%. However, based on our research there was only a 1.66% savings overall. Although there seems to be a potential cost savings, we feel comfortable in recommending Complete Purchasing Services Inc. and their known value and service quality which the City of Hamilton has benefitted from over the last 25 years.

- Legal implications: Macassa and Wentworth Lodges have an obligation under the Fixing Long-Term Care (Act 2021) and Regulations to ensure that the dietary services component of the nutritional care and dietary services program includes the availability of supplies and equipment for food production and dining and snack service. Sec. 76 (d). We also have an obligation to ensure that the homes have institutional food service equipment with adequate capacity to prepare, transport and hold perishable hot and cold food at safe temperatures; and institutional food service equipment with adequate capacity to clean and sanitize all dishes, utensils and equipment related to food production and dining and snack service. O. Reg. 246/22, s. 78 (6).
- Corporate policy implications: City of Hamilton's Procurement Policy By-law, Section 4.11 – Policy for Negotiations (single source) Policy 11 provides for the recommending of a single source vendor for the supply of a particular Goods and/or Service because it is more cost effective or beneficial for the City.

Alternatives

Request for Proposal

There is concern that alternate purchasing groups might not submit for a Request for Proposal resulting in a loss of competitive pricing and ability to receive spending rebates.

The Long Term Care division, Recreation division, Red Hill Family Centre, and Children's and Community Services division would be provided access to tendered pricing with 450+

manufacturers and over 75 distributor relationships including significant participants with Canadian and Ontario food service supply chains. The City of Hamilton would not have the same purchasing power if it negotiated alone.

Relationship to Council Strategic Priorities

See [2022-2026 Council Priorities, Outcomes & Measures of Success | City of Hamilton](#) for more information on Council's Priorities.

1. Sustainable Economic & Ecological Development

1.1. Reduce the burden on residential taxpayers:

On our behalf, Complete Purchasing Services Inc. leverages their considerable market presence and negotiates with a range of suppliers, both manufacturers and distributors, to obtain best pricing and value for the City of Hamilton taxpayer.

Previous Reports Submitted

- Report HSC18026(a)
- Report HSC18026

Consultation

The Directors of Food Services and Supervisors of Housekeeping and Laundry for both Lodges were consulted related to the food product sourcing market, services required, cost and operational issues.

The Recreation division, Red Hill Family Centre, and Children's and Community Services division were consulted and support the recommendations in this report.

Healthy and Safe Communities: Alex Madjeric, Manager Early Years, Karly Brush, Manager Sport Services, Christine Gallagher and Jennifer Young, Supervisors Housekeeping and Laundry services, Rola Shewayhat and Jaimie Journeaux, Directors of Food Service.

Procurement Division was consulted regarding adherence to the procurement policy.

Appendices and Schedules Attached

Appendix A: Complete Purchasing Services Inc. Distribution Network

Appendix B: Tariffs and Mitigation Strategies for Complete Purchasing Services Inc. members.

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**Submitted and
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