

# Supply Chain Management

Addressing Request for a Local Preference Policy

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Council Meeting, January 26, 2016



## **Local Preference Policy**

- Council requested local preference language be added to Policy PUR-100.
- Supply Chain Management (SCM) subsequently conducted research on local preference policies across Canada.

## **Local Preference Policy**

- Previous policies PUR-040 and PUR-080, reflecting local preference, were rescinded by Council.
- Unable to locate relevant local preference policies in other comparable cities/municipalities in Canada.

## **Social Procurement Framework**

- In the course of research, SCM discovered an emerging trend towards social procurement.
- SCM contacted an external consultant who specializes in creating social procurement frameworks.

## Social Procurement Framework

- A social procurement framework would drive significant benefit to the local business community.
- The Municipality would not be in violation of trade agreement legislation with the implementation of a social procurement framework.

## Social Procurement Framework

Recommend adding community benefit clauses to bid documents for large infrastructure projects, for example:

- 10-15% subcontracting to local vendors.
- Opportunities for apprenticeships, disadvantaged youth or homeless.
- M.E.A.T. Criteria (**M**ost **E**conomical **A**dvantageous **T**ender).

## **Social Procurement Framework**

SCM would engage more departments to explore the greater benefits of social procurement, such as:

- Community Strategies
- Parks
- Sustainable Operations

Work together collaboratively to increase the social value within the Municipality.

## Can I buy from local vendors?

- Yes, with the intent of strategically leveraging spend for community benefits
- No, if you are restricting bidding based solely on geographic location



## Build a Clear Framework

- **Focus on social value – not geography**
- **Consider timelines**  
Short timelines benefit the incumbent and stifle innovation.
- **Consider the ask: Contract language and structure**  
Adding clauses to templates and re-engineering our procurement strategies.

## Build a Clear Framework

- **Community Benefit Agreements - CBA**  
Vancouver, Cumberland, Winnipeg, Toronto, and Ontario Bill 6.
- **Evaluation criteria**  
Ensure 5% or 10% of award is based on Social Value.

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## **Social Procurement Framework**

How does the Municipality want to be seen to the rest of the Province and globally?

- Socially responsible.
- Better leveraging of tax dollars to achieve local community benefits.

## **Social Procurement Framework**

- Aligning procurements with community values and strategic priorities.
- Leading the Province of Alberta by being the first public entity to adopt a social procurement framework.

## In Summary

### **Social Public Procurement:**

- Aligns spend in support of strategic economic, social and environmental community goals.
- Promotes innovation and small business growth.
- Seeks community benefit agreements.



## In Summary

### **Social Public Procurement:**

- Meets the principles of fairness, integrity, accountability and transparency.
- Imposes a duty to explore opportunities to better leverage spend for community benefit.

## Consultation with Stakeholders

NAABA/FMCA leadership expressed full support and desire to proceed with the proposed framework as presented.

The following positive feedback was received:

- Membership is currently operating under the same principles and is therefore excited to see the Municipality proposing to move in the same direction.

## Consultation with NAABA & FMCA

- The framework benefits the membership locally. Their leadership maintained that this concept is groundbreaking and were surprised that it is uncommon in other communities across Canada.

## Consultation with Stakeholders

- We need to work with both NAABA and FMCA and other stakeholders to establish a method to measure the benefit to the region.
- Interpretation of contract language is crucial and collaboration between Procurement and the memberships is essential.

## Next Steps

- Seek Council's approval for Administration to formulate a social procurement framework.
- Identify a pilot project/bid to implement the framework, followed by a pilot which will involve monitoring and reporting results.
- Apply for certification through Buy Social Canada.

## Next Steps

- Implement the relevant changes to our procurement processes (solicitation documents and contracts).
- Continued engagement with the internal and external organizations to provide education on social procurement and identify future community benefit opportunities.