

The City of Calgary  
Supply Management

# Benefit Driven Procurement

Pilot Summary

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## Purpose

In 2018, Council directed Administration to design, pilot, and assess the potential of a social procurement process for The City of Calgary. Through engagement with internal and external stakeholders, Benefit Driven Procurement has been designed to intentionally leverage The City of Calgary's purchasing to contribute to the success of The City's economic and social goals. Based upon the solid groundwork of policy options, initial program process, and the sound data gathered from the pilots, Supply Management is ready to close the pilot and begin implementation.

The BDP policy results in a local economic investment and creation of social value outcomes, which, integrated with the existing environmental goals, will continue to place The City of Calgary as a global leader in sustainable purchasing.

## How We Got Here

Four key components have contributed to the foundation and future success of BDP:

1. Council's leadership supporting and passing a series of incremental supportive and guiding policy initiatives
2. Administration's and multi-departmental effective and iterative program design and a considered course for change management
3. The utilization of pilots, training, data collection and analysis
4. The establishment and engagement of a multi-stakeholder advisory group comprised of business, construction, community, and City of Calgary representatives
5. Council allocation of necessary staff and financial resources to support a successful process

## Current Status of Benefit Driven Procurement

Historically, procurement has been about choosing the supplier offering the lowest price while still meeting technical requirements of providing high quality products or services with minimal risk. Benefit Driven Procurement, another term for the principles and practice of social procurement, is a means of using our existing procurement dollars to make intentional positive contributions to both the local economy and the overall vibrancy of the community while still complying with trade agreements.

The key economic and social issues that Benefit Driven Procurement will contribute to are:

- A more diverse, stronger, and more resilient small and medium-sized and social enterprises business sector
- Greater economic opportunity and integration for historically marginalized groups

- Increased apprenticeship, work-experience, and entry-level opportunities in the trades and other career-track employment, especially for traditionally marginalized community members, i.e., Indigenous, women and immigrants
- Increased local purchasing where appropriate and allowable within the trade agreement thresholds
- The City of Calgary will be better prepared to respond to Infrastructure Canada’s recent requirement for Community Benefit Employment Agreements for infrastructure investments

Since its inception in 2018, a planned and well executed series of Council policy directives, and Administration procedure design and pilot implementations has prepared The City of Calgary to be positioned to approve and implement the Benefit Driven Procurement Policy and the Benefit Driven Procurement Strategy.

## Influencing Community Outcomes

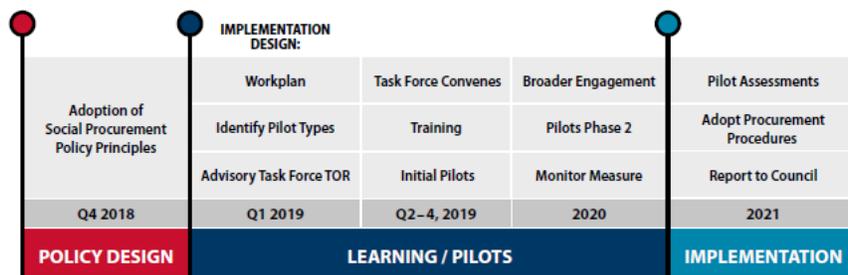
The BDP process is establishing incentives and already influencing an increase in diversity and inclusion throughout The City of Calgary’s supply chain by promoting SME’s, targeted employment, skills training, and diversity in supplier ownership. Recently a large potential contractor reached out to share this story on how the BDP is influencing the development of their social procurement policy and community engagement.

*“When we got the RFP, we asked what does social procurement mean in our company? We knew that we want to do good in the communities where we work, and now we’re learning about another opportunity to deliver value through our contracts and our own sub-contracts.” Buy Social Canada, April 8, 2021*

## Benefit Driven Procurement Project

The BDP project planned, monitored, controlled activities (Figure 1), and completed the deliverables of the pilot based on the initial Council approved timeline and within budget.

Figure 1:



### *Training for Stakeholders*

As approved by Council the initial phases of the BDP process included deployment of both internal and external training modules. The modules were presented to stakeholders through several live webinars and recorded online videos. Both internal and external stakeholder feedback on the program was solicited formally and volunteered. A key element of ensuring stakeholder engagement was the formation of the BDP Advisory Committee.

For the questionnaire, an internal users' training version with instructions has been prepared, and a training program for both internal and external users is under development for implementation in September.

Further external stakeholder training will target local businesses and social enterprises, building their capacity to effectively respond to opportunities across the procurement models. The internal stakeholder training will empower staff to most effectively utilize the procurement tools available to achieve the BDP goals and outcomes.

### *Multi-stakeholder Advisory Task Force*

A multi-stakeholder advisory task force (Figure 2 & 3) has met consistently to provide advice on the BDP program framework and to review program progress. The Advisory group has been instrumental in the design of the implementation process, external training modules, and key to the BDP change management process.

Figure 2:

<b>External Members</b>		
Mayor's Office and Ward 9 Councilor	Calgary Construction Association (CCA)	Alberta Roadbuilders & Heavy Construction Association (ARHCA)
Chamber of Commerce	Buy Social	Momentum
Federation of Canadian Municipalities	Mount Royal University	Imagine Cities

Figure 3:

<b>Internal Members</b>		
Business and Improvement Areas (BIAs)	Resilience & Infrastructure Calgary	Waste & Recycling Services
Indigenous Relations	Environmental and Safety Management	Supply Management
Facilities Management	Calgary Neighbourhoods	Calgary Housing

### *Benefit Driven Procurement Questionnaire, Pilots and Analysis*

A major effort of the project was the development, piloting, and analysis of the BDP process using an integrated weighting and an appendix questionnaire to actual purchasing RFPs. The evidence collected from 52 pilot RFPs issued indicates that The City of Calgary has already successfully leveraged added value from existing procurement. The pilots' baseline data shows that some goals are currently being met and the trends indicated by the pilot data show the potential to improve the outcomes without added cost and no loss of quality to the purchasing of goods, services, and construction.

The initial BDP questionnaire aligned with the BDP goals was included in the report to Council in March 2021. This questionnaire was utilized in the first 52 pilot RFPs issued from last fall through June 1 of this year. Of the 52 RFPs issued, to date there have been 39 contract awards made to companies submitting bids. From the completed questionnaires and contracts awards submitted we were able to collect and analyze the data which is below (Figure 4).

Figure 4:

<b>Social Economic Goal Category</b>	<b>Pilot Outcome</b>
<b>Small or Medium-Sized Company</b>	
Applied	72%
Awarded Contract	74%
<b>Has Apprenticeship Program</b>	
Applied	35%
Awarded Contract	62%
<b>Offers Paid Work Experience</b>	
Applied	51%
Awarded Contract	54%
<b>Inclusive Employment Policy</b>	

Applied	43%
Awarded Contract	56%
<b>Economic Inclusion Policy</b>	
Applied	48%
Awarded Contract	54%
<b>Targeted Paid Work Experience Program</b>	
Applied	35%
Awarded Contract	44%
<b>Employment Readiness Training</b>	
Applied	34%
Awarded Contract	38%
<b>Targeted Apprenticeship Program</b>	
Applied	14%
Awarded Contract	28%
<b>Social Procurement Policy</b>	
Applied	11%
Awarded Contract	15%

The pilot data shows that The City of Calgary currently re-invests 74% of its spending into small and medium-sized businesses (SME). Further, the data on SME engagement implies that most of the suppliers are locally owned or at a minimum a locally based business. As an example, the pilot's baseline of data shows that 72% of RFP respondents are small and medium-sized enterprises and 35% of applicants currently offer apprenticeships.

### *Procurement Procedures*

During the BDP pilot The City was undergoing a change to its procurement policies, frameworks, processes, and some associated tools. The pilot was able to leverage this project to integrate social benefit into the framework, processes, and training for all employees of The City. Part of the Procurement Planning stage now includes the requirement to consider BDP when developing a Procurement Plan, considering requirements and evaluation criteria (BDP Questionnaire) and weighting.

## Pilot Conclusion

Based upon the solid groundwork of policy options, initial program process, and the sound data gathered from the pilot, Administration makes the following recommendations to Council.

That the Priorities and Finance Committee recommends that Council:

1. Approve the closing of the Benefit Driven Procurement pilot;
2. Approve the *BDP Strategy* to guide ongoing implementation and sustainment;
3. Approve the *Public Value through Procurement* policy;
4. Direct Administration to integrate the *Supplier Code of Conduct* referenced from the *CFO-008 Sustainable Environmental and Ethical Procurement Policy (SEPP)* into the *Supplier Code of Conduct Administration Policy*; and
5. Rescind *CFO-008 Sustainable Environmental and Ethical Procurement Policy (SEPP)*

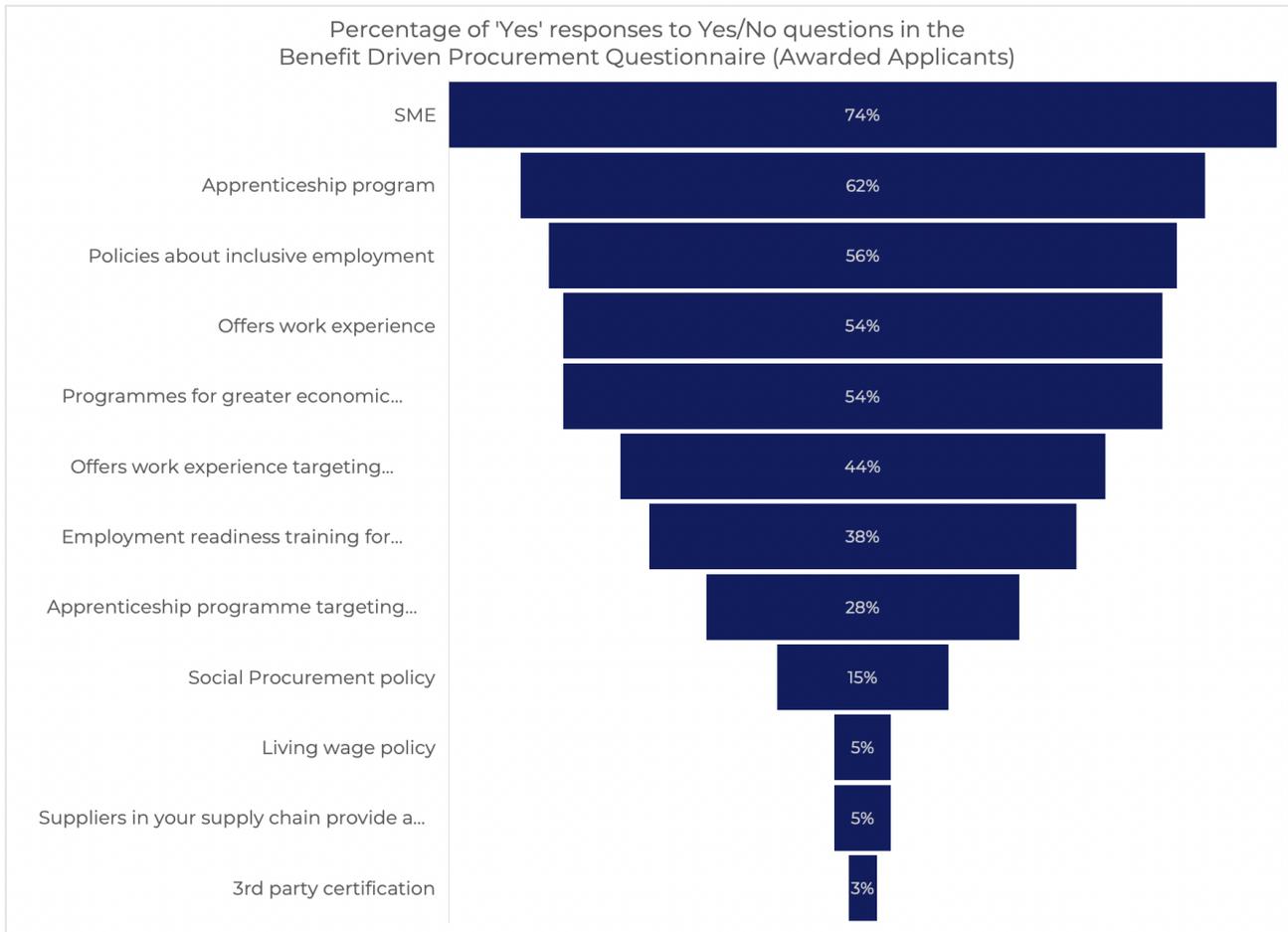
## Appendix A – Pilot Data

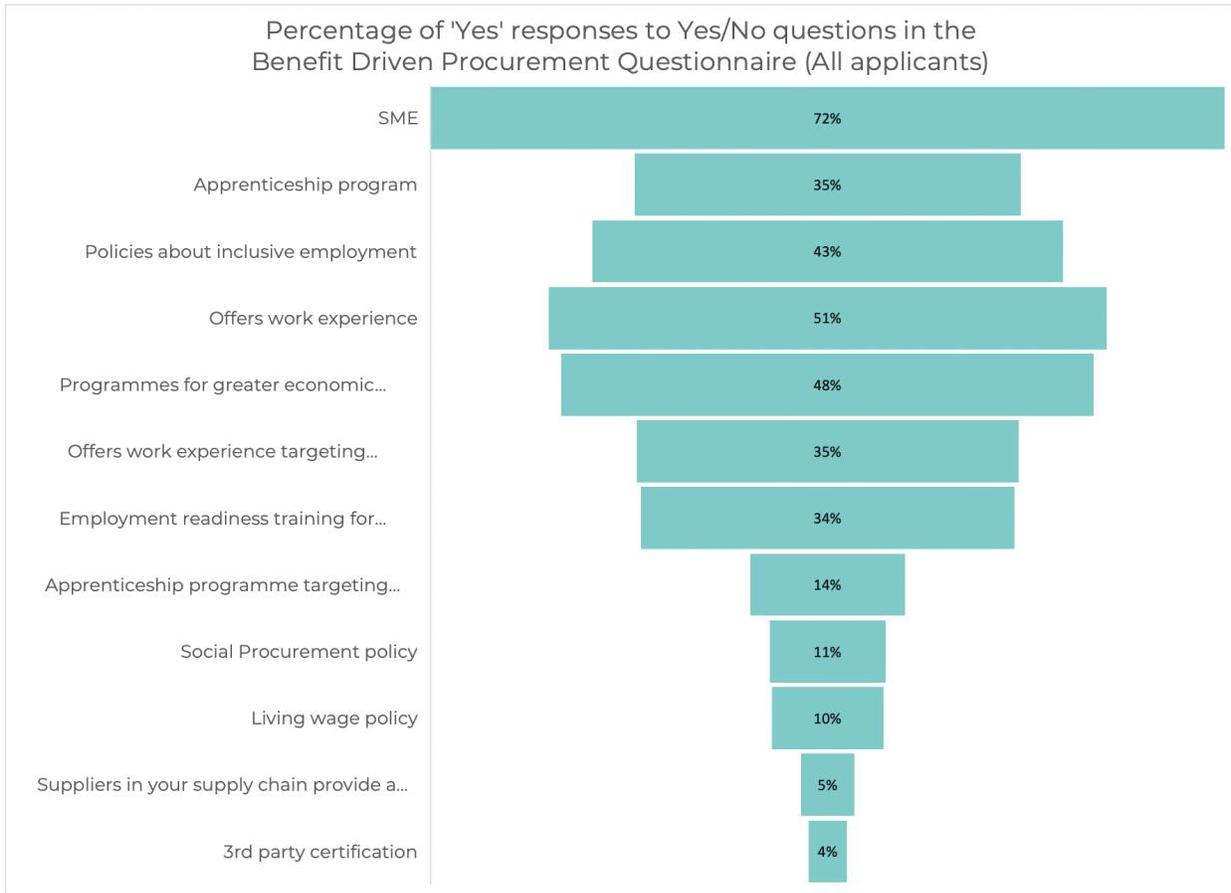
### General Characteristics

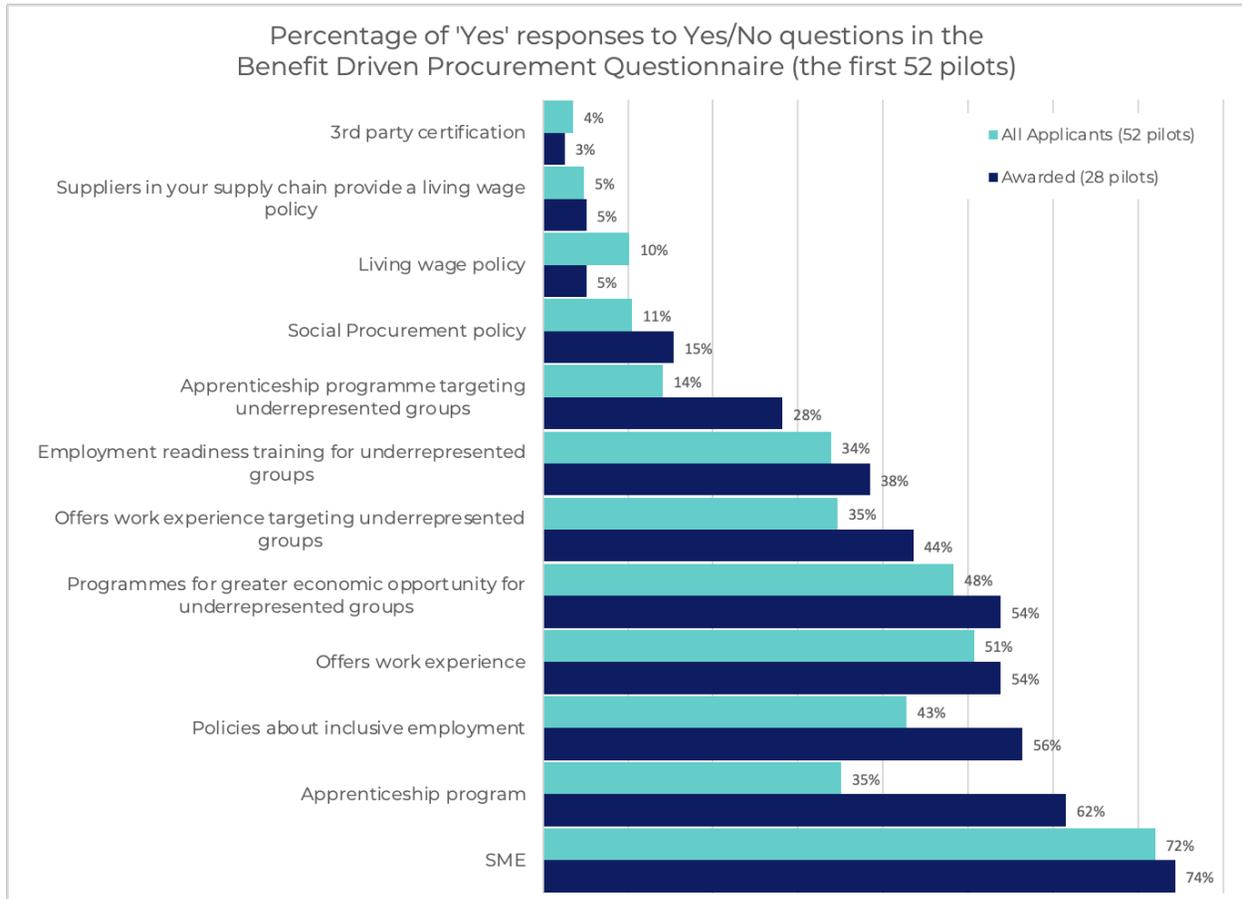
- The information presented is based on an analysis of the first 52 pilots
- In which, 28 pilots have been awarded
- Four of which having awarded contracts to 2, 3, 4 and 6 applicants equaling a total of 39 contracts awarded
- This means that 39 awarded organizations were considered
- The general scoring goes from 1 to 10

### Highlights

- The awarded applicants present a higher percentage of benefit driven activities/policies ('Yes') than the applicants
  - Except in two aspects:
    - 3rd party certification
    - Living wage policy
- The total value of awarded contracts under the BDP is \$30,984,053.70
- 74% of awarded applicants are SME
- 62% of awarded applicants have apprenticeships programs
- The average ranking of the awarded applicants versus the rest is a second place
- The average score difference between the highest ranked and the awarded applicant is of -2







## Appendix B – How the Funds were utilized

The table below shows how the \$505,000 Pilot Budget was utilized. COVID-19 restrictions and other circumstances made The City utilize the funds differently than originally planned (such as in-person facilitation and events), but overall the pilot was delivered under budget:

Purpose	Resources	Project Cost	Three Year Allocation	2019 Spend	2020 Spend	2021 Spend + committed	Total Spend
Secretariat for Advisory Committee	City Staff Position 50% FTE	\$ 75,000 Annually	\$ 225,000	\$ 61,806	\$ 37,204	\$ 69,973	\$ 168,983
Support for Advisory Committee	Facilitation, Hospitality	\$ 50,000 Annually	\$ 150,000				\$ -
Outcome Analysis	Measurement	\$ 20,000 Annually	\$ 60,000	\$ 44,080	\$ 18,375	\$ 40,863	\$ 103,318
Internal Staff Training	Trainers	\$15,000 Year 1 \$10,000 Year 2	\$ 25,000	\$ 15,000	\$ -	\$ 25,000	\$ 40,000
Supplier Purchaser Engagement Events	Event Coordination Hospitality, Space	\$ 15,000 Annually	\$ 45,000	\$ 78	\$ 208	\$ -	\$ 286
<b>TOTAL</b>			<b>\$ 505,000</b>	<b>\$ 120,965</b>	<b>\$ 55,787</b>	<b>\$ 135,836</b>	<b>\$ 312,587</b>