



Calgary



The City of Calgary
Supply Management

Benefit Driven Procurement

Strategy

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EXECUTIVE SUMMARY

Under the Public Value through Procurement policy, the Benefit Driven Procurement Strategy aims to address the following economic and social issues:

- Increasing access to City contracts to contribute to a more diverse, stronger and more resilient small and medium-sized and social enterprises business sector.
- Procuring locally (where appropriate and allowable to do so).
- Providing greater economic opportunities for historically underrepresented groups.
- Increased apprenticeship, work-experience, and entry-level opportunities in the trades and other career-track employment, especially for underrepresented community members.
- Preparing The City to be able to respond to Infrastructure Canada's requirements for Community Benefit Employment Agreements for infrastructure investments.

Through Benefit Driven Procurement the purchase of goods and services still takes place through a competitive and transparent bidding process. The process is designed to create extra benefits for our community but does not increase the cost of procurement or decrease the quality of what we receive.

Benefit Driven Procurement can be applied in a number of ways in the procurement planning stage by requiring project specific outcomes and targets, in the evaluation stage using the Benefit Driven Procurement Questionnaire, or by simply connecting existing City contractors with enterprises in alignment to desired Benefit Driven Procurement outcomes. Major risks to the Strategy include: internal and external resistance to the Strategy and the perception that the Strategy complicates processes and increases costs. These risks are treated with a change management plan and reporting to track true costs. Consideration should also be given to the risks, both operational and reputational, of not having a social procurement strategy at The City.

The Benefit Driven Procurement Advisory Task Force transition to a Benefit Driven Procurement Committee is a key part of the Benefit Driven Procurement Strategy. Public members are expected to represent a sector voice and perspective to positively contribute to the policy implementation, while internal City members are expected to act as champions for the Strategy. Additionally, communications through different channels as to provide education for potential suppliers, social procurement advocates, and the community in general has been piloted and is planned upon implementation in 2022 Q1. Training resources and communications have already been published to internal and external websites.

To measure the success of the Benefit Driven Procurement Strategy, regular reporting will begin in 2022 Q1.

Additional improvements to the Benefit Driven Procurement Strategy will be made based on regular reports from Supply management, the Benefit Driven Procurement Committee, and other feedback from stakeholders on the progress toward the desired social procurement outcomes, incorporating and testing new evaluation criteria into procurement documents aimed to achieve those goals.

PUBLIC VALUE THROUGH PROCUREMENT POLICY

The City of Calgary (“The City”) recognizes all its procurement creates public value. Through intentional and strategic procurement decision-making in accordance with public procurement law, The City is committed to creating additional public value impact to improve community outcomes for Calgarians.

At all times, The City and its employees and agents, including consultants and contractors, are subject to public procurement law, trade agreements, City bylaws, delegations of authority, Council’s direction, and applicable policies when procuring on behalf of The City. As a municipal government in Alberta, public procurement law requires The City and its employees and agents to act with the highest ethical standards and maintain the integrity of The City’s procurement.

The purpose of this Council policy is to provide a strategy to optimize strategic procurement decision-making at The City of Calgary that creates additional and intentional public value to improve community outcomes for Calgarians. Public value includes The City’s intentional investment through procurement activities in economic, socio-cultural, environmental, and political outcomes valued by citizens and businesses in Calgary.

PUBLIC VALUE THROUGH PROCUREMENT MODEL

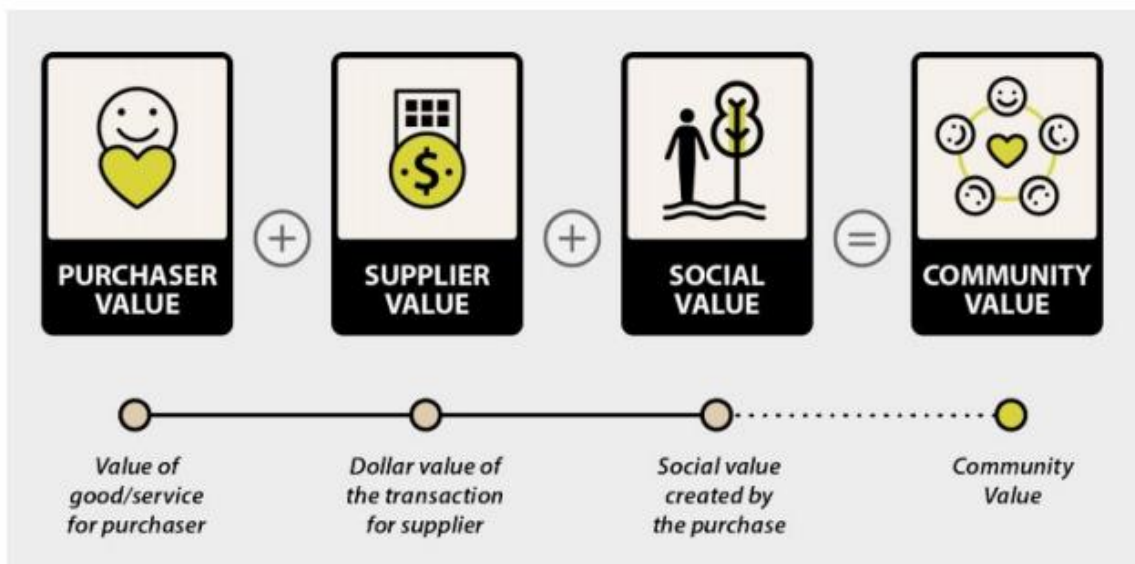
Public Value through Procurement Model at The City of Calgary is a strategy that broadens and deepens strategic procurement planning through collaborative conversation across the community to inform procurement decision-making during program and project procurement planning to guide the community forward to achieving an improved quality of life of Calgarians.



BENEFIT DRIVEN PROCUREMENT

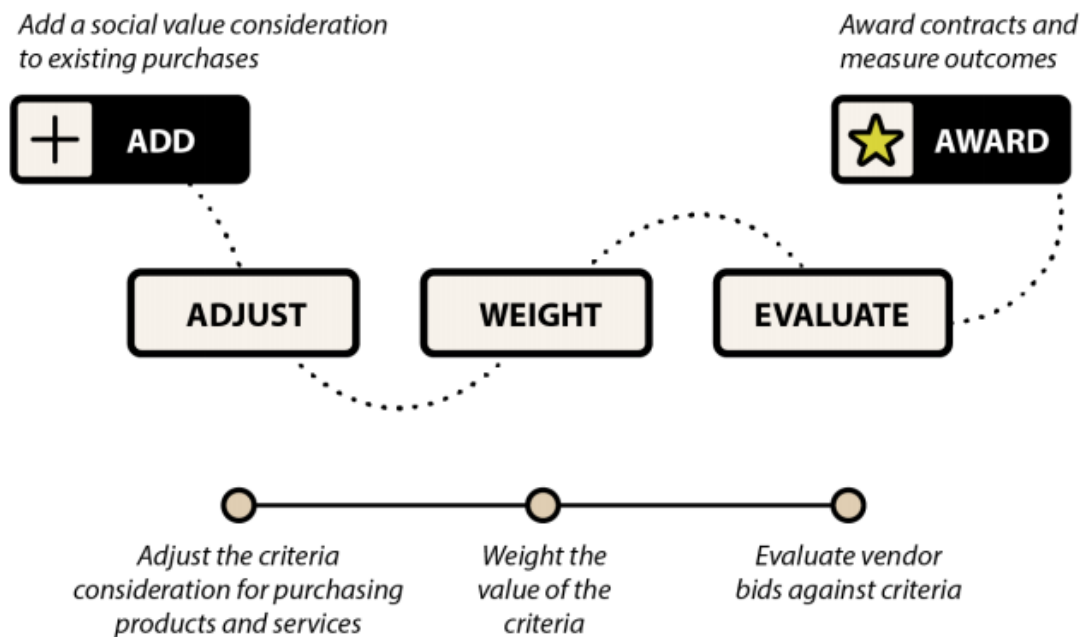
As one outcome identified in the Public Value through Procurement policy, Benefit Driven Procurement means adding **social value** from our purchases. Benefit Driven procurement is not about purchasing new goods or services to benefit the community, but rather about capturing the Benefit Driven impacts and seeking to make intentional positive contributions to the community from our existing purchasing needs.

Benefit Driven procurement does not diminish the economic value of fulfilling a purchasing need, but rather it increases the total value of the transaction. When we include a Benefit Driven value component in our supplier selection criteria, then the market transaction creates value for the community. We refer to this value as Community Capital, which describes the total asset of a community that the community benefits from and can be invested into community development.



BENEFIT DRIVEN PROCUREMENT STRATEGY

The Benefit Driven Procurement Strategy is the procedural document in which City Administration conducts procurement activities under the Procurement Policy. The Benefit Driven Procurement considerations pillar of the Public Value through Procurement policy is Council's endorsement of the Benefit Driven Procurement Strategy. The Benefit Driven Procurement Strategy highlights the fundamental principle of considering the social benefits of a procurement decision at the onset of the procurement process for City of Calgary purchases.



BENEFIT DRIVEN PROCUREMENT OUTCOMES

The key local economic and social issues that the Benefit Driven Procurement Strategy will contribute to addressing through Benefit Driven Procurement are:

- Increased access to City contracts will contribute to a more diverse, stronger and more resilient small and medium sized and social enterprises business sector
- Procure local where appropriate and allowable to do so, below trade agreement thresholds
- Greater economic opportunity and integration for historically underrepresented groups
- Increased apprenticeship, work-experience, and entry-level opportunities in the trades and other career-track employment, especially for traditionally underrepresented community members, i.e. Indigenous, women and immigrants
- The City of Calgary will be better prepared to respond to Infrastructure Canada's recent requirement for Community Benefit Employment Agreements for infrastructure investments

Through Benefit Driven Procurement the purchase of goods and services still takes place through a competitive and transparent bidding process. The process is designed to create extra benefits for our community but **does not increase the cost of procurement or decrease the quality of what we receive.**

The Benefit Driven Procurement outcomes are in alignment with other City strategies such as;

Policy Objectives	More diverse more resilient, and more socially inclusive small and medium sized business sector.	Greater economic opportunity and integration for marginalized groups.	Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment.	Increased preparedness to respond to Infrastructure Canada's investments.
CITY OF CALGARY ALIGNMENT				
One Calgary	✓	✓	✓	✓
Council Directives	✓	✓	✓	✓
Calgary 2020	✓	✓	✓	
Triple Bottom Line Policy	✓	✓	✓	
Municipal Development Plan	✓		✓	
Imagine Calgary	✓	✓	✓	✓
Capital Infrastructure Investment Principles			✓	✓
Sustainable Environmental & Ethical Procurement Policy (SEEPP)	✓			
White Goose Flying	✓	✓	✓	
Capital Infrastructure Investment Principles			✓	✓
Community Economic Development Neighbourhood Framework	✓	✓		✓
Welcoming Community Policy	✓	✓		
Social Well-being Policy	✓	✓		
Indigenous Policy	✓	✓		

Public Value through Procurement Policy	✓	✓	✓	✓
Policy Objectives	More diverse more resilient, and more socially inclusive small and medium sized business sector.	Greater economic opportunity and integration for marginalized groups.	Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment.	Increased preparedness to respond to Infrastructure Canada's investments.
PARTNERSHIP STRATEGY ALIGNMENT				
Resilient Calgary	✓	✓	✓	✓
Calgary Economic Development Strategy	✓	✓	✓	
Enough for All		✓	✓	
CLIP Community Action Plan	✓	✓	✓	

BENEFIT DRIVEN PROCUREMENT APPLICATION

Benefit Driven Procurement may be applied as:

- Strategic Procurement Planning
- Project specifications and deliverables
- Sharing opportunities through alternative streams that include underrepresented groups
- A 'local' quote requirement in below threshold procurement
- RFX language in the form of project deliverables or special conditions
- The Benefit Driven Procurement Leadership questionnaire evaluated in a competitive bid document
- Specific procurement outcomes
- Other evaluation and scoring criteria that incorporate social values
- The requirement for suppliers to meet specified targets for the contract management procurement gate
- Connecting City contractors with enterprises in alignment to desired Benefit Driven Procurement outcomes

UNDER THRESHOLD PROCUREMENT

The under-threshold procurement is the process when Procuring Entities conduct procurement on their own when their total procurement valuation is under trade agreement threshold.

For procurements of \$5,000 or less, the Procuring Entity should use a City issued corporate credit card in accordance with the Corporate Credit Card (CCC) Policy and procedures. As part of the Benefit Driven Procurement Strategy it is recommended that the Procuring Entity 'Support Local'.

If using a City issued corporate credit card is not feasible, or if the value of the procurement of a good or service is between \$5,000 and \$75,000, or for construction valued from \$5,000 to less than \$200,000, the Procuring Entity should obtain at least three written quotations of which at least one is from a local supplier, where possible. If Supply Management assists in the process for obtaining quotations, Procuring Entities are required to request a Benefit Driven procurement outcome to be included in the quotation in order to make their decision for purchase.

COMPETITIVE PROCUREMENT

For competitive procurement activities, the Procurement Buyer will work with the Procuring Entity to help determine which Benefit Driven value procurement outcome will be included in the evaluation criteria. Including the Benefit Driven value criteria is recommended for all competitive procurements for goods and services \$75,000 or greater, and for construction \$200,000 or greater, including a Benefit Driven Procurement questionnaire with a minimum five per cent evaluation weighting. Once the Benefit Driven procurement outcome is selected, the Procurement Buyer and Procuring Entity will determine:

- RFX language
- Project deliverables and Special conditions
- Weighting
- Scoring and Evaluation Criteria

NON-COMPETITIVE PROCUREMENT

As the intent of Benefit Driven procurement is to drive additional value from existing procurement activities, application of Benefit Driven Procurement outcomes is not required but recommended for non-competitive procurements where there is only one contracting decision.

COMMUNITY BENEFIT AGREEMENTS

For infrastructure projects that have funding tied to other orders of government with a community benefit agreement requirement, this will be considered Benefit Driven Procurement. For other infrastructure construction projects, the Procuring Entity can determine if a community benefit agreement would be an additional requirement. The Benefit Driven value criteria for the community benefit agreement will be included in the competitive procurement process with targets clearly identified.

RISK, OPPORTUNITIES, AND INNOVATION

Risk Assessment:

The chart below is an update of the initial Benefit Driven Procurement risk assessment and related issues. All items remain under consideration in moving from pilots to permanent policy.

Risk Identification	Level of Risk	Risk Treatment
Resistance from Procuring Entities who may have, or may perceive to have, an additional workload to implement a new policy and procedures.	Medium	<p>Change management issue.</p> <p>Staff may identify implementation barriers that need addressing or program adjustments.</p> <p>Recognition of cultural shift and new procedures, internal information sessions, training and engagement of department personnel is available.</p> <p>Internal ‘champions’ identified and supported across procuring entities.</p> <p>Outcome measurements shared across The City may support the policy implementation.</p>
Existing vendors, suppliers and contractors may negatively view a new policy.	Medium	<p>This process must be part of promoting an open, fair and transparent procurement process for local small and medium sized and social enterprise businesses.</p> <p>Monitoring and reporting on contract results required.</p> <p>Vendors, suppliers, and contractors training will need to be continual processed.</p>
The new policy will slow down and complicates The City’s procurement process increasing costs.	Medium	<p>Change management issue.</p> <p>Changes will require departmental training.</p>

<p>The City's reputation as fiscally responsible municipality may be 'tarnished'.</p> <p>Consideration of The City's reputation if policy is not adopted.</p>	<p>Medium</p>	<p>Monitoring of the project media coverage and communications strategy reinforcing continued emphasis on price and quality will alert of any issues.</p> <p>Being a global leader of a municipal social procurement strategy, which includes measuring and reporting on local, social and economic outcomes, should strengthen The City's position of responsibility to using taxpayers' dollars in best possible way.</p>
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Opportunities/ Innovation Assessment:

Moving forward and building upon the learnings and pilot program assessment there are several opportunities to further the impact of Benefit Driven Procurement.

Opportunity	Process	Priority
Continue to expand, develop, and align objectives	Expand Benefit Driven Procurement practices to below threshold purchasing as planned.	High
Set targets for Community Employment Benefits	Utilize the priorities of the Benefit Driven Procurement to establish Community Employment Benefit and Community Benefits Agreement employment, training / apprenticeship, small/ medium businesses, and supply chain opportunities.	High
Continue with a multi-stakeholder engagement process	Maintain the Benefit Driven Procurement Task Force as an advisory committee Role.	High
Continue to report on data and assets against goals	Include the Benefit Driven Procurement questionnaire data in the current Rfx and procurement data collections and analysis.	High
Iterate on questionnaire if needed	With further use analysis and stakeholder advice, the Benefit Driven Procurement questionnaire will continue to evolve as an effective tool.	Medium

CBA / CEB Implementation	Engage an external consultant to act as a 3rd Party Monitor and support entity to serve as liaison with project partners, evaluate, and report on progress. 3rd Part to use a community/ place-based stakeholder engagement process to establish project specific goals and objectives	Medium
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TRAINING AND COMMUNICATION

As approved by Council the initial phases of the Benefit Driven Procurement 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 Benefit Driven Procurement Advisory Committee.

An external Webpage on Calgary.ca has been developed and deployed with informational videos that elaborate on Calgary's Social Procurement journey and implementation as well as go into depth around the Benefit Driven Procurement leadership questionnaire. An internal webpage on myCity has also been created to give procuring entities answers to common FAQ's around the program directions.

Distinct training videos and presentations have been created to support future suppliers, internal staff, and new Supply Management Buyers. Further sustainment and improvement is foreseen to reach out to the community through different channels as to provide education for potential suppliers, social procurement advocates, and the community in general. Further advancement may include incorporation into digital platforms such as Supply Management's upcoming contract management solution to have this information available at any time and place; empowering organizations and individuals that might not have formal training in these aspects.

LEADERSHIP AND COLLABORATION

The Benefit Driven Procurement Committee (previously the Benefit Driven Procurement Advisory Task Force) is by its purpose and design intended to have an advisory role and makes recommendations to Administration through the Director of Supply Management. The public members are expected to represent a sector voice and perspective to positively contribute to the strategy implementation. The Terms of Reference for the committee will be reviewed on a regular basis and approved by the Director of Supply Management.

Supply Management is responsible for the day-to-day management of the Benefit Driven Procurement program, setting outcomes, execution of activities, monitoring implementation and continuous improvement.

Supply management will act in collaboration with procuring entities (e.g. project managers, DEPTIDs with strategic planning advice), other strategy stewards (e.g. BLE with integration of strategies to support Procuring entities), and community groups (e.g. CED), etc.).

MONITORING AND REPORTING

The measurement of how well the City achieves the goals of Benefit Driven Procurement requires the collection and reporting on the results of the bidding companies' information provided in the Benefit Driven Procurement questionnaire. However, the initial challenge was to determine 'what is the starting point'? What is the base line profile and information of current bid submission companies? If we want to increase the percentage of small and medium size business' winning bids, what was the beginning benchmark? If we want to encourage more apprenticeships, or living wage suppliers, what is the baseline from which to determine a future projected goal? Once a benchmark was identified then goals and projections could be made, and the tools to support those outcomes could be developed and implemented, and success could be determined. Continued monitoring of the bid applicants and awarded entities will allow the measurement of progress toward the goals as per below.

Regular reporting will begin in 2022 Q1, to include but not necessarily limited to the below;

Short-term reporting and targets 2021-2022

- Application of Benefit Driven Procurement to City RFPs above trade agreements (2022 Target = 75%)
- Training of new Supply Management staff (2022 Target = 100%)
- Above Threshold procurements that have; social requirements in the specifications *or* criteria related to benefit driven/social. This could include requirements for regular reporting and Requirements from City suppliers to reach targets set by The City similar to Community Employment Benefits and Community Benefits Agreements (2022 Target = 5)
- Influence over community outcomes, case studies to highlight successful impacts of Benefit Driven Procurement (2022 Target = 6 case studies)
 - Continue to measure major impacts per awarded procurement in Benefit Driven Procurements (apprenticeships, new Canadians, etc.), establish baselines based on patterns (end of 2022).
- Local below-threshold PO procurement (Target = 75%)
- Increase in the number of first-time bidders to City procurement (Target = year-over-year increase)
- Increase in contracted suppliers who offer apprenticeship and career track employment (Target = year-over-year increase)
- Increase in contracted suppliers who offer greater economic opportunity and integration for historically underrepresented groups (Target = year-over-year increase)
- Awarded Proponents, above threshold, who provide a Living Wage (Target = year-over-year increase)

Mid-term reporting and targets 2023-2024 (additional to the above)

- Engage current suppliers and having them fill Benefit Driven Procurement questionnaires proactively, with or without a procurement event. (Target 2023 = 30% of The City's vendors, increasing year-over-year)

Long-term reporting and targets 2025 and beyond (additional to the above)

- Is the Community better off? Compare the results to our targets for economic resiliency measures and make decisions about how to iterate the program

SUSTAINMENT AND CONTINUOUS IMPROVEMENT

The progression of Benefit Driven Procurement will be made with ongoing support from the Benefit Driven Procurement Committee (previously the Benefit Driven Procurement Task Force), responding to stakeholder feedback from internal City users, Industry, and community stakeholders, reviewing related documentation, processes, and policy and making recommendations to the Director of Supply Management. As required the Benefit Driven Procurement Committee will work with Supply management to incorporate language into select RFX documents that promotes the self-reporting and engagement by suppliers that participate in social value adding activities.

Additional improvements to Benefit Driven Procurement will be made based on the regular reports from Supply Management, the Committee, and other feedback from stakeholders on the progress toward the desired social procurement outcomes, incorporating and testing new evaluation criteria into procurement documents aimed to achieve those goals.

SUPPORTING REFERENCE MATERIAL

The following reference materials can be located on The City's intranet or Calgary.ca.

1. Public Value through Procurement Policy
2. Procurement Policy
3. Procurement Governance Framework
4. Procurement Practices
5. Supply Management SOP's (Under threshold, Non-Competitive Procurement, Competitive Procurement Stage/ Gate Procedures)
6. BDP Questionnaire