

Benefit Driven Procurement Pilot: Final Report

RECOMMENDATION(S):

That the Priorities and Finance Committee recommends that Council:

1. Approve the closing of the Benefit Driven Procurement pilot;
2. Approve the *Benefit Driven Procurement 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 (SEEPP)* into the *Supplier Code of Conduct Administration* policy; and
5. Rescind *CFO-008 Sustainable Environmental and Ethical Procurement Policy (SEEPP)*.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2021 SEPTEMBER 7:

That Council:

1. Approve the closing of the Benefit Driven Procurement pilot;
2. Approve the *Benefit Driven Procurement 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 (SEEPP)* into the *Supplier Code of Conduct Administration* policy;
5. Rescind *CFO-008 Sustainable Environmental and Ethical Procurement Policy (SEEPP)*; and
6. Direct Administration to report back to this Committee's successor no later than Q4 2022 with an update on implementation with specific consideration of how deeply and broadly Benefit Driven Procurement has been integrated into the City's general procurement practice.

HIGHLIGHTS

- On 2018 December 17, Council approved a budget of \$505,000 from the Budget Savings Account (BSA) for a three-year social procurement pilot. Administration has the final pilot data and analysis to close the pilot and recommends transitioning Benefit Driven Procurement (BDP) into ongoing City procurement operations.
- In 2020, \$1.17 billion of public funds were spent through Administration's *Procurement Policy*. This spend has a significant impact on the community of Calgary. The proposed *Public Value through Procurement* policy aims to get more out of every service to support community outcomes through procurement, including BDP.
- What does this mean to Calgarians?
 - Shows Calgarians that The City recognizes all procurement at The City creates public value and that procurement at The City is done with the highest ethical standards and integrity in accordance with public procurement law.

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- Shows Calgarians that The City strategically plans to optimize public value through procurement to create intentional, added investment in community outcomes beyond the actual purchase of a good or service for a particular procurement spend.
- By engaging in these programs there are added indirect values received by The City and their citizens like: employment, education, entrepreneurship, support to new businesses, et cetera.
- Why does this matter?
 - The new *Public Value through Procurement* policy (Policy) and *Benefit Driven Procurement Strategy* (Strategy) support Calgary's economic recovery by building community resilience, reducing barriers to conduct business with The City, and providing opportunities to local suppliers.
 - Strategically planning procurement may create more value for procurement spend.
 - Adapting procurement process may remove barriers where possible and be economically feasible for local small to medium-sized businesses.
 - Processes strive to provide opportunities for diverse, underrepresented (e.g., Indigenous, youth, women, newcomer) groups, innovators, and other groups to do business with The City.
- Since 2019 March, Supply Management engaged an internal and external BDP Advisory Task Force to learn and develop a BDP Strategy. This Advisory Task Force included City employees, industry associations, social enterprises and other stakeholders with an interest and impact on social procurement and the benefits it creates for the community.
- From 2021 March to June, Supply Management continued the BDP pilot and started working towards operationalization and sustainment of BDP through the creation and deployment of the BDP Strategy.
- The BDP Strategy is aligned to public procurement law including the requirements of all relevant trade agreements. The general, public procurement principles of fairness, accountability, competition, transparency, openness, and ethics also inform the BDP Strategy to deliver intentional, added value to the community for a particular procurement spend.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Approve the closing of the Benefit Driven Procurement Pilot

Recommendation 1 is about closing the pilot conducted from 2018 December to 2021 June and move into implementation of the program. The full pilot results can be found in Attachment 2.

Since the implementation of BDP in May 2021 on new over threshold procurements covered under the Procurement Policy, most of the Request for Proposals (RFPs) published included a BDP questionnaire (63 per cent). This number is expected to increase as the change is adopted to meet the 2022 target of 75 per cent as outlined with other KPIs and targets in the BDP Strategy Attachment 3.

To date, 52 RFPs have been piloted with the total value of awarded contracts with a BDP component being \$31 million (before taxes). During the pilot, the top three impacted categories for awarded contracts were: small and medium-sized enterprises (74 per cent of awards),

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companies with apprenticeship programs (62 per cent of awards), and companies with policies for inclusive employment (56 per cent of awards).

Approve the implementation of the Benefit Driven Procurement Strategy

Recommendation 2 is to approve the BDP Strategy for long-term sustainment of the program; the full Strategy document is included as Attachment 3.

The BDP Strategy aims to address the following economic and social issues:

- Increasing access to City contracts to contribute to a more diverse, stronger and 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; and
- Preparing The City to be able to respond to Infrastructure Canada's requirements for Community Benefit Employment Agreements for infrastructure investments.

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.

BDP is to be applied in a manner consistent to the earlier Council approved recommendations in Attachment 1 of this report.

As part of the BDP Strategy, Administration recommends continuing the BDP Advisory Task Force to receive critical stakeholder feedback and for continuous improvement.

As part of the change management plan, training materials have been published to educate potential suppliers, social enterprises, and internal City staff. Additionally, communications through non-traditional procurement channels to increase access to procurement opportunities have been piloted and is planned for full implementation in 2022.

Additional improvements to the BDP Strategy will be made based on regular reports from Supply Management, the BDP Advisory Task Force, 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.

Approve the *Public Value through Procurement* policy and integration of the *SEPP Supplier Code of Conduct*

Administration has completed research and engagement with internal and external stakeholders to determine that the proposed *Public Value through Procurement* policy will achieve more for community outcomes by encompassing and adding to the elements currently within SEPP.

This overarching Council policy will encourage Administration to consider all Council and Corporate procurement direction and strategies to create public value through their procurement spend. The Policy will be implemented through intentional investment, collaboration, strategic planning, and procurement planning.

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STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Benefit Driven Procurement Strategy

For sustainment of the Strategy, it is recommended to keep the BDP Advisory Task Force in place, updating opportunities and information on BDP on existing Calgary.ca and myCity webpages, social media, and engaging industry and social enterprises.

Council Policy: *Public Value through Procurement*

Administration consulted the Corporate Management Team, strategy stewards across The Corporation, key procurement partners, BDP Advisory Task Force, and the Innovation Through Procurement Network Governance Council.

IMPLICATIONS

Social

Increased access to contracts at The City will contribute to a more diverse, stronger and resilient small and medium-sized and social enterprises business sector. 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 new-comer groups can have a positive social impact.

Environmental

The BDP Strategy has the potential to reduce environmental supply chain risks through diversification and local sourcing.

Economic

The *Public Value through Procurement* policy and its strategies mean using procurement dollars to achieve overarching institutional, governmental, or individual goals such as helping local economic recovery, building capacity, building resilience and reducing barriers, so that more people have access to do business with The City.

Service and Financial Implications

In December 2018, Administration received \$505,000 from the Budget Savings Account (BSA) to fund a three-year pilot and implementation (see Attachment 2 for details on how the funds were used). To transition BDP into procurement operations, a budget request for one FTE will be submitted as part of the 2022 One Calgary budget adjustments. This resource will provide the necessary efforts to implement the Strategy including, evaluating questionnaires, providing

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support and education for The City's employees, citizens, and businesses, and provide operational procurement support.

RISK

Administration Procurement Strategy: *Benefit Driven Procurement Strategy*

The risks identified with BDP are detailed in the Strategy prepared for Council (Attachment 3). The highest risk factors of implementation of the project are: internal resistance to change, external resistance to change, and additional costs to The City. Risk mitigation includes the incorporation of change management processes in the *Public Value through Procurement* policy and BDP process design, creating internal champions, and providing internal and external training to stakeholders. Finally, monitoring and reporting true costs will ensure that value is being returned from the Strategy.

Council Policy: *Public Value through Procurement*

The *Public Value through Procurement* policy in order to succeed will need an awareness of all relevant Council and Corporate direction and strategies to fully optimize public value through a procurement spend. Business units and strategy stewards need to be able to locate all Council and Corporate strategies in a central repository in order to be effective.

ATTACHMENTS

1. Background and Previous Council Direction
2. Benefit Driven Procurement Pilot Summary
3. Benefit Driven Procurement Strategy
4. Benefit Driven Procurement Leadership Questionnaire
5. Public Value through Procurement Policy

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Chris Arthurs	Deputy City Manager's Office	Approve

Background and Previous Council Direction

This report is in response to the direction from Council PFC2021-0395 that Administration was to return to the Priorities and Finance Committee (PFC) with a Council policy inclusive of Benefit Driven Procurement (BDP) no later than Q3 2021. This report delivers the BDP pilot project results, a BDP Strategy Plan for the implementation and sustainment of social procurement at The City, and the Public Value through Procurement Policy. This new Council policy creates a framework to optimize strategic procurement decision-making at The City of Calgary and creates additional and intentional public value to improve community outcomes for Calgarians. This new policy includes the BDP strategy, and other strategies (including the environmental strategy) beneath it.

Context

On 2018 April 05, Council unanimously adopted a Notice of Motion C2018-0396 directing Administration to develop a report on Social Procurement and report back to Council no later than 2018 Q4.

On 2018 December 17, Council directed Administration to proceed with the Social Procurement initiative C2018-1379 by developing Terms of Reference for the Sustainable, Ethical, Environment Procurement Policy (“SEEPP”) Advisory Task Force, a Scoping Report for the three pilot projects and a Work Plan and report back to Council through PFC by 2019 Q1. Council also approved a budget of \$505,000 for the Social Procurement initiative to be funded from the Budget Savings Account. On 2019 March 18, Council approved a deferral report with a report back date of 2019 May. The additional time allowed Administration to engage potential stakeholders, determine the best governance structure for the Terms of Reference for this initiative and launch the Advisory Task Force. 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 is a means of using our 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.

On 2019 December 16, Council approved the Business Advisory Committee’s report BAC2019-1524 which recommended to continue with the Social Procurement Pilot project as considered in Report PFC2019-0384, reduce the number of pilot projects to two, and change the name of the Policy from Social Procurement Policy to Benefit Driven Procurement Policy. Additionally, on 2019 December 16, Council approved the Social Procurement Update, PFC2019-0384, approving the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects, and the Project Work Plan. These approvals allowed administration to form the working groups, commence engagement and education, and begin testing with pilot projects, Council directed Administration to return to the Priorities and Finance Committee with an update no later than 2021 Q1.

Previous Council Direction

On 2021 March 22, Council directed Administration to return to the Priorities and Finance Committee Administration to return to the Priorities and Finance Committee with a Council policy inclusive of Benefit Driven Procurement no later than Q3 2021. As well at that time Council, effective 2021 May 1 directed Administration:

1. For procurement covered under the Procurement Policy valued less than \$5,000 that it is recommended Administration 'Support Local';
2. For procurement covered under the Procurement Policy for goods & services valued from \$5,000 to less than \$75,000 and for construction valued from \$5,000 to less than \$200,000 to obtain a minimum three (3) supplier quotes of which at least one (1) is from a local supplier, where possible; and,
3. For new procurements covered under the Procurement Policy for goods and services \$75,000 or greater, and for construction \$200,000 or greater, Supply Management is to recommend to the Procuring Entity including a Benefit Driven Procurement questionnaire with a minimum five per cent (5%) evaluation weighting.

Timeline Table

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
22-Mar-2021	Combined Meeting of Council PFC2021-0395	7. CONSENT AGENDA 7.8 Benefit Driven Procurement Update, PFC2021-0395 MOTION CARRIED
16-Mar-2021	PFC2021-0395	7.4 That with respect to Report PFC2021-0395, the following Recommendations be approved as follows: That the Priorities and Finance Committee recommend that Council: 1. Direct Administration for procurement covered under the Procurement Policy valued less than \$5,000 that it is recommended Administration 'Support Local', effective 2021 May 1; 2. Direct Administration for procurement covered under the Procurement Policy for goods & services valued from \$5,000 to less than \$75,000 and for construction valued from \$5,000 to less than \$200,000 to obtain a minimum three (3) supplier quotes of which at least one (1) is from a local supplier, where possible, effective 2021 May 1; 3. Direct Administration for new procurements covered under the Procurement Policy for goods and services \$75,000 or greater, and for construction \$200,000 or greater, Supply Management is to recommend to the Procuring Entity including a Benefit Driven Procurement questionnaire with a minimum five per cent (5%) evaluation weighting; and 4. Direct Administration to return to the Priorities and Finance Committee with a Council policy inclusive of Benefit Driven Procurement no later than Q3 2021. MOTION CARRIED
16-Dec-2019	Combined Meeting of	That the Agenda for today's Meeting be amended, by general consent, by hearing Item 10.2, Social Procurement Update, PFC2019-0384 in

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
	Council BAC2019-1524	<p>conjunction with Item 10.1, Business Advisory Committee Opinion on Social Procurement, BAC2019-1524. MOTION CARRIED</p> <p>That with respect to Report BAC2019-1524 the following be approved: That the Business Advisory Committee recommends that Council: Continue with the Social Procurement Pilot project as considered in Report PFC2019-0384; Reduce the number of pilot projects to two; Change the name of the Policy from Social Procurement Policy to Benefit Driven Procurement Policy; and Consider this report to be heard in conjunction with the postponed Social Procurement update, PFC2019-0384 at the Combined Meeting of Council, 2019 December 16. MOTION CARRIED</p> <p>10.2 Social Procurement Update, PFC2019-0384 That Council: 1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and 2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2021. MOTION CARRIED</p>
6-Dec-2019	BAC2019-1524	<p>“That with respect to Report BAC2019-1524 the following be adopted: That Council: Continue with the Social Procurement Pilot project as considered in Report PFC2019-0384; Reduce the number of pilot projects to two; Change the name of the Policy from Social Procurement Policy to Benefit Driven Procurement Policy; and Consider this report to be heard in conjunction with the postponed Social Procurement update, PFC2019-0384 at the Combined Meeting of Council, 2019 December 16.” MOTION CARRIED</p>
9-Sep-2019	Combined Meeting of Council - Consent Agenda (Deferrals and Procedural Requests)	<p>7. CONSENT AGENDA</p> <p>That the Committee Recommendations contained in the following reports be approved in an omnibus motion: 7.1 DEFERRALS AND PROCEDURAL REQUESTS 7.1.2 Social Procurement Postponed to no later than the 2019 December 16 Combined Meeting of Council, C2019-1135. MOTION CARRIED</p>
2-Jul-2019	PFC2019-0384, BAC2019-0870	<p>ITEMS DIRECTLY TO COMMITTEE</p> <p>8.1 REFERRED REPORTS</p> <p>8.1.1 Motion Arising with Respect to Social Procurement Update, (PFC2019-0384), BAC2019-0870. That with respect to Postponed Report PFC2019-0384, the following be approved. That the Business Advisory Committee: Direct the working group to review PFC2019-0384, Social Procurement Update, developing an opinion and reporting back to the Business Advisory Committee no later than 31 October 2019. MOTION CARRIED</p>

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
17-Jun-2019	PFC2019-0384	<p>7 Social Procurement Update, PFC2019-0384. That Item 7.7, Procurement Update, PFC2019-0384 be postponed to the 2019 September 9 Combined Meeting of Council. MOTION CARRIED</p> <p>That with respect to Postponed Report PFC2019-0384, the following Motion Arising be adopted: That Council request the Business Advisory Committee to consider Report PFC2019-0384 and provide an opinion to Council by no later than Q4 2019. MOTION CARRIED</p>
3-Jun-2019	PFC2019-0384	<p>ADMINISTRATION RECOMMENDATION: That the Priorities and Finance Committee recommends that Council: 1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and 2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2020. MOTION CARRIED</p> <p>RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2019 JUNE 4: That Administration Recommendations contained in Report PFC2019-0384 be adopted</p>
5-May-2019	Not Added to the PFC Agenda	
5-Mar-2019	PFC2019-0167	<p>Social Procurement Update - Deferral Report, PFC2019-0167 That the Priorities and Finance Committee recommend that Council defer Administration's Social Procurement response to no later than 2019 May. MOTION CARRIED</p>
17-Dec-2018	C2018-1379	<p>9.2.3 Social Procurement: State of Practice and Recommendations, C2018- 1379. That with respect to Report C2018-1379, the following be adopted: That Council: 1. Receive this report and attachments for information; 2. Adopt the recommendations, in principle, on pages 17,18 and 19 in Attachment 1; 3. Approve the budget of \$505,000 as outlined on page 24 of Attachment 1, to be funded from the Budget Savings Account (BSA); and 4. Direct Administration to return to the Priorities and Finance Committee no later than Q1 2019 with a: (a) Terms of Reference for the Sustainable , Ethical, Environment Procurement Policy (SSEPP) Advisory Task Force; (b) Scoping Report for the three pilot projects; and (c) Workplan. MOTION CARRIED</p>
15-Apr-2018	NoM C2018-0396	<p>NOW THEREFORE BE IT RESOLVED that Council direct Administration to provide a scoping report on social procurement no later than Q4 2018 which may include: 1. An inventory of best or evolving practices in other jurisdictions, risk analysis, industry perspective, review of relevant policies and practices at The City of Calgary, review of current legislation and Trade agreements and potential benefits to the</p>

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
		community. (N.B. External consultant expertise will need to be engaged for this activity. Supply Management has a maximum budget of \$25,000 available for the report.) 2. Recommendations to Council on how to best approach implementation of social procurement at The City of Calgary which will include direction on the implementation of a social procurement strategy and possible extension of the Sustainable Ethical Environmental Procurement Policy (SEEP). MOTION CARRIED

Bylaws, Regulations, Council Policies

1. At all times, The City of Calgary is subject to requirements of relevant trade agreements that include the New West Partnership Trade Agreement, Canadian Free Trade Agreement, and Canada – European Union Comprehensive Economic and Trade Agreement, and Canada-UK Trade Continuity Agreement.
2. The Municipal Government Act RSA 2000 M-26 provides authority for the City Manager to procure on behalf of Council to serve the best interest of Calgarians. Delegations authorizing the execution of contracts other than that delegated to the Director of Supply Management exist. Contracts executed subject to those delegations will be executed according to the authority delegation.

Objectives Alignment

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	✓		✓	

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imagineCalgary	✓	✓	✓	✓
Capital Infrastructure Investment Principles			✓	✓
Sustainable Environmental & Ethical Procurement Policy (SEEP)	✓			
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	✔	✔	✔	



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

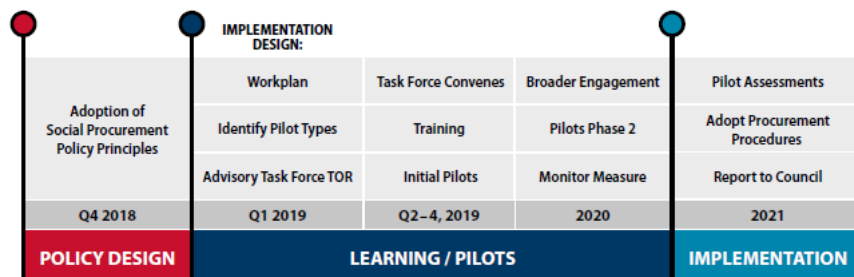
The BDP process is establishing incentives and already influencing an increase in diversity and inclusion throughout The City of Calgary’s supply chain by promoting SME’s, targeted employment, skills training, and diversity in supplier ownership. Recently a large potential contractor reached out to share 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:

External Members		
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:

Internal Members		
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:

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

Applied	43%
Awarded Contract	56%
Economic Inclusion Policy	
Applied	48%
Awarded Contract	54%
Targeted Paid Work Experience Program	
Applied	35%
Awarded Contract	44%
Employment Readiness Training	
Applied	34%
Awarded Contract	38%
Targeted Apprenticeship Program	
Applied	14%
Awarded Contract	28%
Social Procurement Policy	
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)*

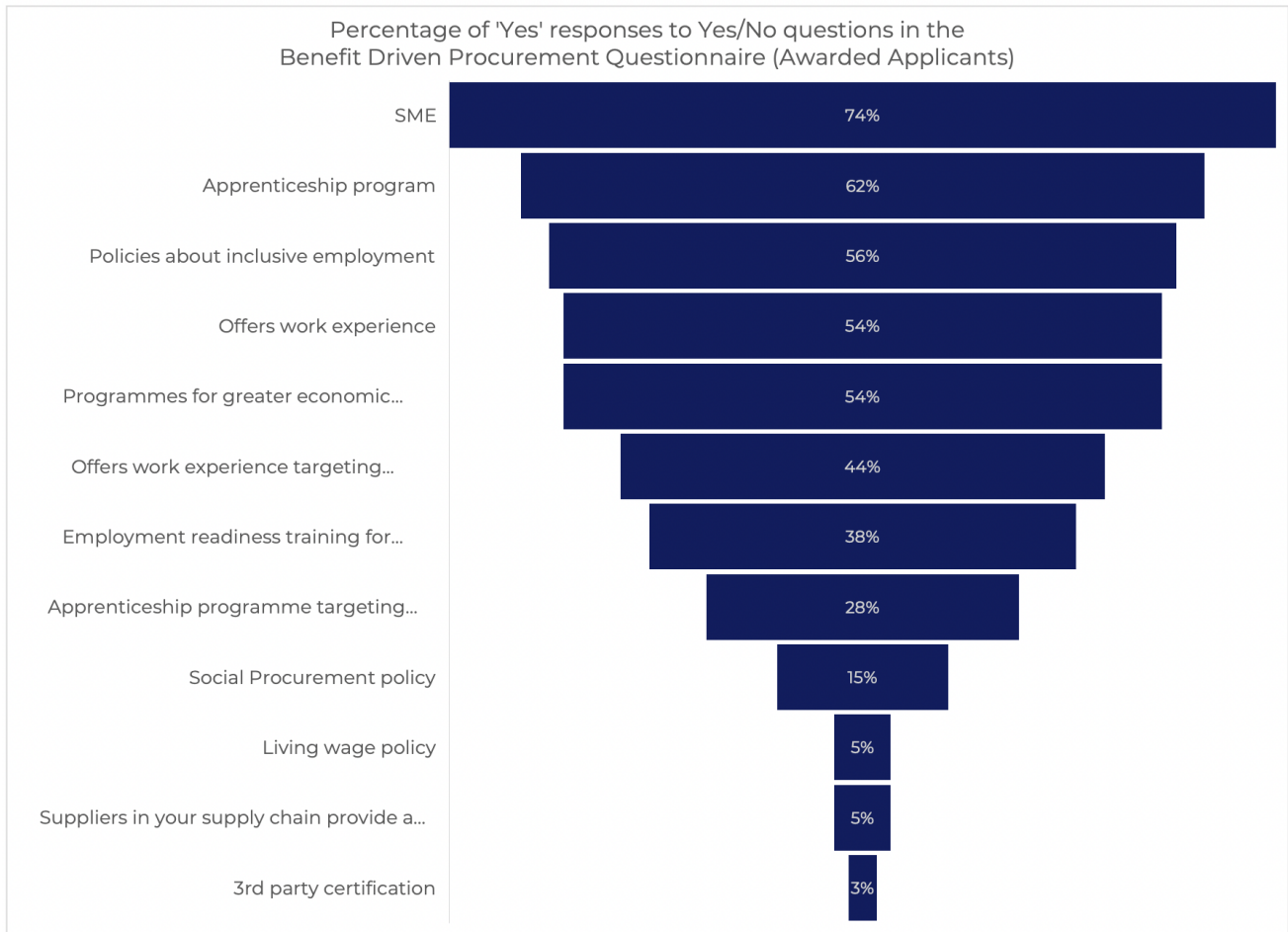
Appendix A – Pilot Data

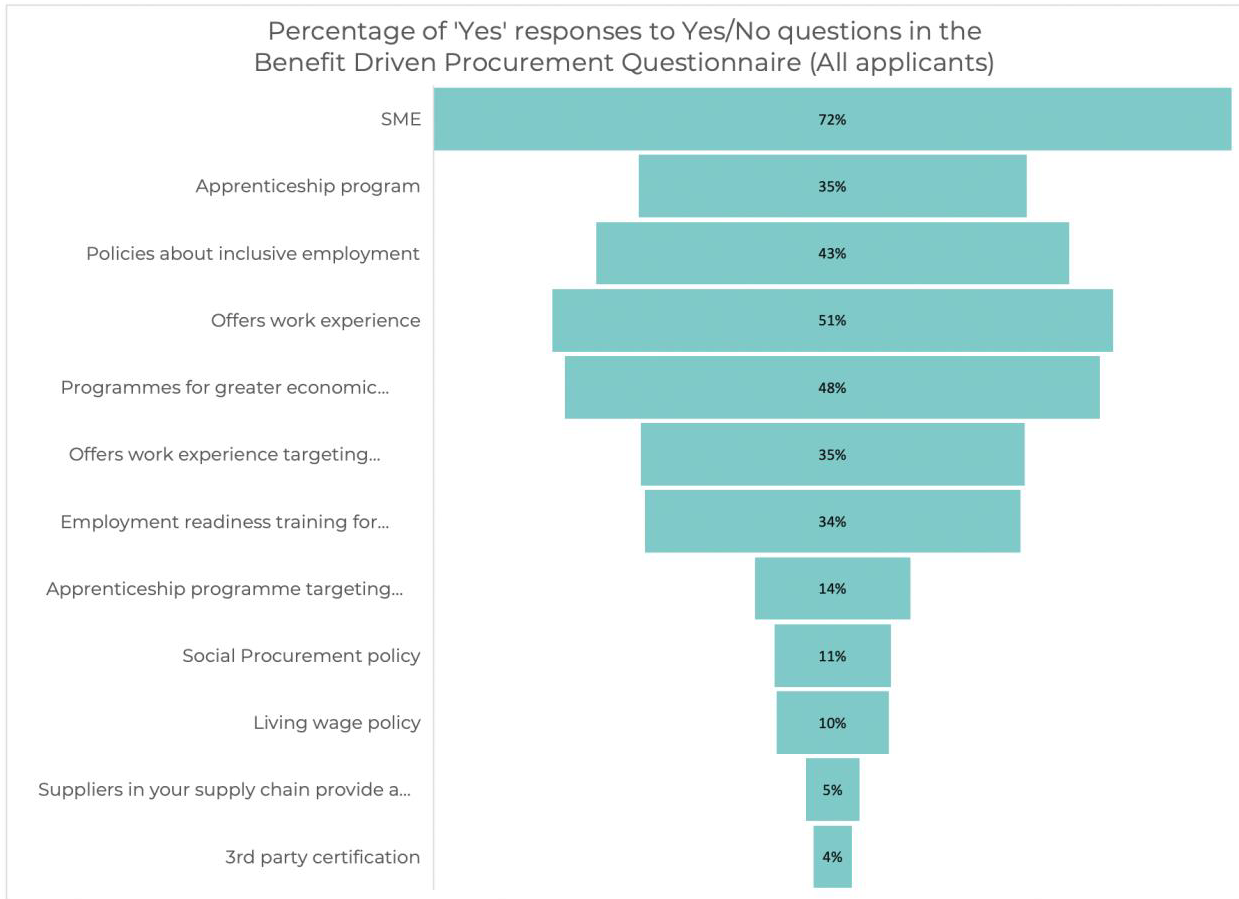
General Characteristics

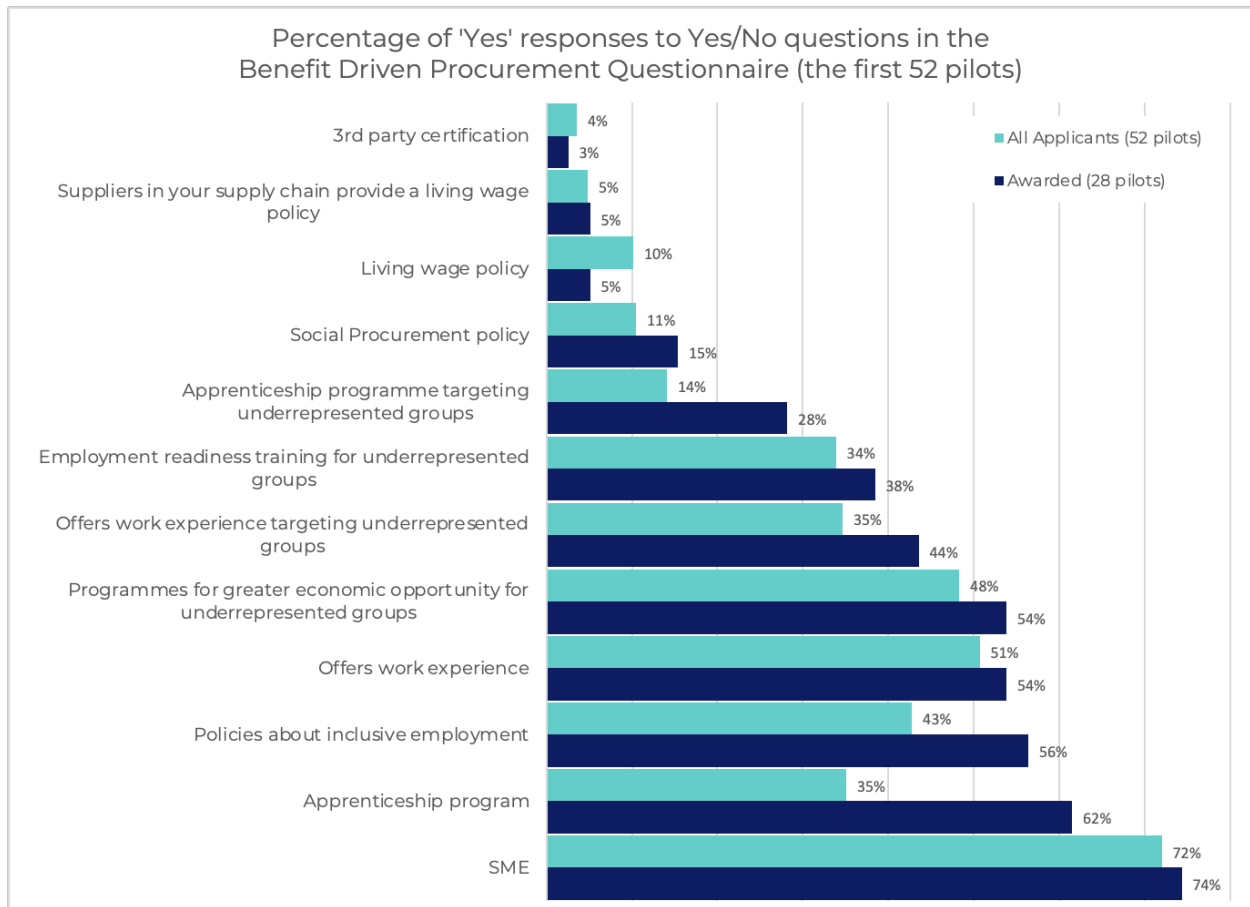
- The information presented is based on an analysis of the first 52 pilots
- In which, 28 pilots have been awarded
- Four of which having awarded contracts to 2, 3, 4 and 6 applicants equaling a total of 39 contracts awarded
- This means that 39 awarded organizations were considered
- The general scoring 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
TOTAL			\$ 505,000	\$ 120,965	\$ 55,787	\$ 135,836	\$ 312,587



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

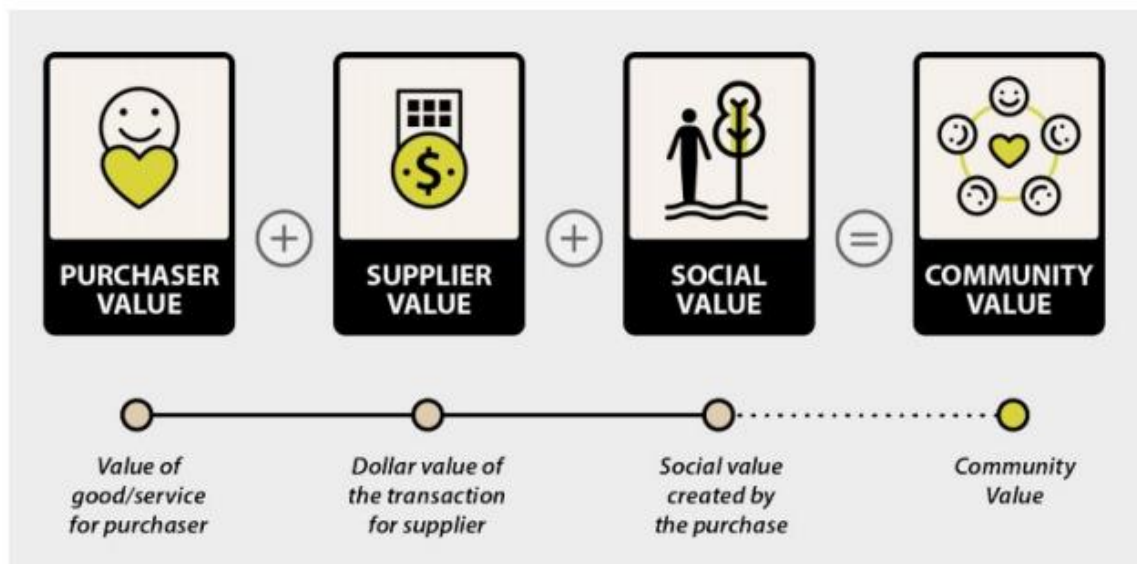
Public Value through Procurement Model at The City of Calgary is a strategy that broadens and deepens strategic procurement planning through collaborative conversation across the community to inform procurement decision-making during program and project procurement planning to guide the community forward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



BENEFIT DRIVEN PROCUREMENT

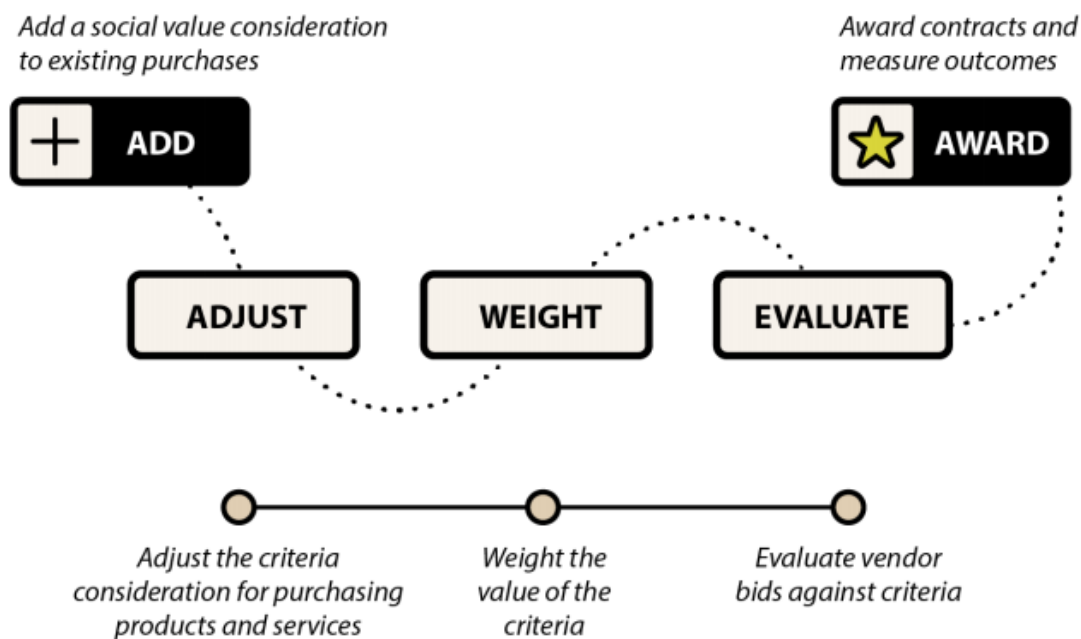
As one outcome identified in the Public Value through Procurement policy, Benefit Driven Procurement means adding **social value** from our purchases. Benefit Driven procurement is not about purchasing new goods or services to benefit the community, but rather about capturing the Benefit Driven impacts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

Benefit Driven Procurement Leadership Questionnaire

This Benefit Driven Procurement Leadership Questionnaire appears as an embedded Excel spreadsheet in The City's evaluated RfX documents, a copy of the Excel File can be found under the 'Resources' section of the Benefit Driven Procurement webpage on Calgary.ca at the link below:

[Benefit Driven Procurement \(calgary.ca\)](#)

Benefit Driven Procurement

Every year, The City spends millions of dollars on procurement. Every purchase has an economic, environmental and social impact, whether intended or not. When used to obtain an added value from an existing purchase, it can provide other benefits for the community or economy.

Using buying power for economic and social benefits

Benefit Driven Procurement aims to seek greater value from procurement. These can range from apprenticeships, and the creation of meaningful and inclusive employment opportunities for underrepresented groups to supporting suppliers who have and implement their own Social Procurement and Living Wage policies

Dispelling the myths

While procurement's main goal is to ensure that The City of Calgary has the goods and services needed for its operations, it can also provide positive impacts in our community. Benefit Driven procurement is about seeking to

Page feedback

Website feedback

For ease of reading in this report the questionnaire is presented in document format below.

Instructions

Overview – Benefit Driven Procurement

Benefit Driven Procurement (also known as Social Procurement) is a means to leverage an added and intentional value in its current procurements. It is about getting more from the investment of dollars beyond just the goods and services requested. Benefit Driven Procurement is about capturing impacts and seeking to make intentional positive contributions to both the economy and the overall vibrancy of the community. Through the use of Benefit Driven Procurement, the City of Calgary ("The City") aims to support small to medium size business and businesses that strive to provide employment for diverse groups of the population.

The City is currently piloting methods of including Benefit Driven Procurement in its procurement process. This questionnaire is part of that pilot and as such, may change for future procurements as process and policy are further reviewed and developed.

Please note: The Benefit Driven Procurement Leadership Questionnaire is being used across a wide variety of procurements for goods and services.

Questionnaire Instructions

1. Ensure you provide any documentation or verification information requested for an individual question. If this requested information is not provided for a “Yes” answer, no points can be awarded for that answer.
2. A “No” or “N/A” response to an individual question is a valid answer and contributes to meeting any mandatory requirement for the questionnaire to be completed. However, no points will be awarded for that question.
3. Once the questionnaire is completed, save as a new excel file and include the questionnaire and any supporting documentation in the Benefit Driven Procurement section of your electronic submission.

Scoring and Weighting

This Questionnaire weighting as a percentage of the whole proposal can be found in the summary of evaluation.

The total points available, and their allocation, are indicated for each section in column G of Questionnaire A.

Definitions

Apprentices (Employment Social Development Canada definition: An apprentice is a paid employee, registered with the regional apprenticeship authority, who works under the supervision of a certified journeyman to learn their skilled trade and fulfill all requirements established by their province or territory.)

Benefit Driven Procurement/Social Procurement (A means to leverage an added and intentional social value from existing procurement.)

Diverse Owned Business (A business that is majority owned, operated, and controlled by a member of one of the following diverse groups; Indigenous community; members of a visible minority group; immigrants and refugees; people with recognized disabilities; racialized communities; women; members of the LGBTQ2S community.)

Indigenous Peoples (self-identified)

Medium enterprise (50-499 employees)

Person with a disability (self-identified)

Recent Immigrants (self-identified; Statistic Canada definition: refers to a person who obtained a landed immigrant or permanent resident status up to five years prior to a given census year. In the most recent Census in 2016, this period is January 1, 2011, to May 10, 2016.)

Small enterprise (1-49 employees)

Social enterprise (Employment and Social Development Canada, Recommendations of the Social Innovation and Social Finance Strategy Co-Creation Steering Group definition: a business, whether not-for-profit or for-profit, that pursues a social, cultural or environmental mission through the sale of goods and services, with the majority of net profits directed back to its mission, and with limited distribution to shareholders and owners.)

Socially Inclusive Business (A business who seeks to create economic opportunities for groups who have historically been denied equal access to employment, education, and other opportunities and includes; members of an Indigenous community; members of a visible minority group; immigrants and refugees; people with recognized disabilities; racialized communities; women; members of the LGBTQ2S community; low-income residents; people with mental or physical health barriers; people facing employment barriers, unemployment or underemployment; and others experiencing barriers to economic opportunity and participation.)

Underrepresented Groups (also referred to as equity-seeking groups, groups who have historically been denied equal access to employment, education, and other opportunities and includes, without limitation, the following: members of an Indigenous community; members of a visible minority group; immigrants and refugees; people with recognized disabilities; racialized communities; youth; women; members of the LGBTQ2S community; low-income residents; people with mental or physical health barriers; people facing employment barriers, unemployment or underemployment; and others experiencing barriers to economic opportunity and participation.)

Veterans (Veterans Affairs Canada definition: Any former member of the Canadian Armed Forces who successfully underwent basic training and is honorably released.)

Women (self-identified)

Youth (Youth Policy - Privy Council Office definition: young workers up to age 29)

Questionnaire

Benefit Driven Procurement Leadership Questionnaire

Company Name: _____

Section 1: Diverse suppliers and socially inclusive supply chains

1.

a. **Are you a Small or Medium enterprise?**

(Small: 1-49 employees, Medium: 50-499 employees, Definition from the Government of Alberta)

Yes No

*Scoring**16 points – Yes**0 points – No***b. Do you have a 3rd party certification that shows you are a diverse or socially inclusive business?**

Certification could be from any of the following organizations verifying that you are a social enterprise, your social impact, or membership of any organization verifying diverse ownership.

- Buy Social Canada Social Enterprise Certification;
- B-Corp;
- 3rd party certification/verification that verifies that the business is owned by;
women;
LGBTQ2S;
Refugees; and/or
Racialized minorities, businesses owned by individuals with a recognized disability,
Indigenous owned businesses.

Yes No

If yes, please attach proof of certification or membership (indicating document name in the space below)

*Scoring**8 points – Yes with evidence**0 points – Yes without evidence**0 points – No***2. Does your organization practice social procurement?**

Yes No

If yes, please attach the relevant policy (indicating document name in the space below) or provide evidence of implementation of social procurement in your supply chain.

*Scoring**8 points – Yes with evidence**0 points – Yes without evidence**0 points – No*

3. Do you currently track the number of contracts and/or dollar spend in your social procurement practice?

Yes No

Please provide evidence of your tracking methodology.

For example, a report or recent data on number of contracts and/or dollar spend.

Scoring

8 points – Yes with evidence

0 points – Yes without evidence

0 points – No

4. In the delivery of this contract, do you have a strategy for how you will ensure a diverse supply chain that is accessible to all types of business, including where appropriate diverse, socially inclusive, and/or small and medium-sized businesses?

Yes No

If yes, please describe how you would implement, monitor and measure this strategy.

Your response should include information and evidence of your strategy and how you implement, monitor and measure the strategy.

Scoring

8 points – Yes with evidence of how you will implement, monitor and measure

0 points – Yes without evidence

0 points – No

Question	Maximum Points	Response Score (Completed by the City)
1.1a	16	
1.1b	8	
1.2	8	
1.3	8	
1.4	8	
Total	48	

Section 2: Economic opportunity and integration for underrepresented groups

1. In the last 3 years have you implemented any programs or Initiatives to ensure greater economic opportunity and integration for underrepresented groups including: Indigenous peoples, youth, women, LGBTQ2S, recent immigrants, peoples with disabilities, and people with experiences of homelessness in the community?

Yes No

If yes, please provide details of any programs or initiatives

Greater economic opportunity and integration could be in the form of employment initiatives, outreach in schools, outreach in Indigenous communities, or other programs that support underrepresented groups in their integration in the workplace. Please indicate what underrepresented groups were included and details of the program.

Scoring

8 points – Yes with evidence

0 points – Yes without evidence

0 points – No

2. Does your organization currently have strategies or policies around inclusive employment practices to ensure you are providing employment opportunities for underrepresented groups?

Underrepresented groups include, but are not limited to, Indigenous peoples, youth, women, LGBTQ2S, recent immigrants, people with disabilities and people with experience of homelessness.

Yes No

Please describe your current processes for implementing your strategies/policies and ensuring employment opportunities for underrepresented groups. Please note, The City reserves the right to request verification for the process reported. Please describe how you will do the following:

- Monitor
- Measure
- Report

Scoring
 8 points – Yes with evidence of how you will implement, monitor and measure
 0 points – Yes without evidence
 0 points – No

Question	Maximum Points	Response Score (Completed by the City)
2.1	8	
2.2	8	
Total	16	

Section 3: Apprenticeships and paid work experience opportunities

1. Do you currently have an Apprenticeship program?

Yes No

If yes, provide details of your apprenticeship program.

Details should include how many apprentices and the history of the program.

Scoring

4 points – Yes with details
 0 points – Yes without details
 0 points – No

2. Do you currently have an Apprenticeship program that targets any of the following traditionally underrepresented groups: Indigenous peoples, youth, women, LGBTQ2S, recent immigrants, people with disabilities and people with experience of homelessness?

Yes No

If yes, please provide details of your apprenticeship program.

Details should include which underrepresented groups are target, how they are targeted, how many apprentices and the history of the program.

Scoring

4 points – Yes with details

0 points – Yes without details

0 points – No

3. Does your organization currently provide work experience and/or internship opportunities?

Yes No

If yes, what percentage of work experience opportunities (for opportunities longer than 2 weeks) are paid?

- 100%
- 75-99%
- 1-74%
- 0%, all are unpaid

Scoring

4 points – Yes, 100% are paid

2 points – Yes, 75-99% are paid

1 points – Yes, 1-74% are paid

0 points – No

4. Does your organization currently provide work experience and/or internship opportunities that target traditionally underrepresented groups including but not limited to, Indigenous peoples, youth, women, LGBTQ2S, recent immigrants, people with disabilities and people with experience of homelessness?

Yes No

If yes, what percentage of work experience opportunities that target underrepresented groups (for opportunities longer than 2 weeks) are paid?

- 100%
- 75-99%
- 1-74%
- 0%, all are unpaid

Scoring

4 points – Yes, 100% are paid

2 points – Yes, 75-99% are paid

1 points – Yes, 1-74% are paid

0 points – No

Question	Maximum Points	Response Score (Completed by the City)
3.1	4	
3.2	4	
3.3	4	
3.4	4	
Total	16	

Section 4: Living Wage Policy

- 1. Does your organization have a living wage policy that includes paying both directly employed staff as well as all contracted service staff a Living Wage?**

Living wage resource:

<http://livingwagecanada.ca/index.php/living-wage-communities/alberta/>

Yes No

If yes, please attach the relevant policy (indicating document name in the space below).

Scoring

6 points – Yes with evidence

0 points – Yes without evidence

0 points – No

- 2. Does your organization have a policy that suppliers in your supply chain must have a Living Wage Policy?**

Yes No

If yes, please attach the relevant policy (indicating document name in the space below).

Scoring

5 points – Yes with evidence

0 points – Yes without evidence

0 points – No

3. What percentage of employment opportunities that will be involved in the delivery of this contract provide a living wage?

Please note, the City reserves the right to request verification for the data reported from the successful proponent.

- 81-100%
- 61-80%
- 41-60%
- 21-40%
- 1-20%
- 0%, none are paid a living wage

Scoring

5 points – 81-100% will be paid a living wage

4 points – 61-80% will be paid a living wage

3 points – 41-60% will be paid a living wage

2 points – 21-40% will be paid a living wage

1 point – 1-20% will be paid a living wage

0 points – 0% will be paid a living wage

Section 4: Living Wage Policy Scoring

Question	Maximum Points	Response Score (Completed by the City)
4.1	6	
4.2	5	
4.3	5	
Total	16	

Total Score Benefit Driven Leadership Questionnaire

Section	Maximum Points	Response Score (Completed by the City)
Section 1: Diverse suppliers and socially inclusive supply chains	48	
Section 2: Economic opportunity and integration for underrepresented groups	16	

Section 3: Apprenticeships and paid work experience opportunities	16	
Section 4: Living Wage Policy	16	
Total	96	

Council Policy

Policy Title:	Public Value through Procurement
Policy Number:	Assigned by the City Clerk's Office
Report Number:	Council Report Number
Adopted by:	Assigned by the City Clerk's Office
Effective Date:	Assigned by the City Clerk's Office
Last Amended:	Not Applicable
Policy Owner(s):	Procurement & Warehousing Service

1.0 POLICY STATEMENT

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. This Policy is to be considered in its entirety and used in conjunction with the *Public Value through Procurement Framework*.
- 1.5. *Public Value through Procurement Framework* at The City of Calgary 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.

2.0 PURPOSE

The purpose of this Council policy is to provide guidance to optimize strategic procurement decision-making at The City of Calgary that creates additional and intentional public value to improve community outcomes for Calgarians.

3.0 DEFINITIONS

3.1 In this Council Policy:

- a) "Procurement" means the process by which The City of Calgary purchases construction, consulting, goods and services, and information technology.
- b) "Public Value" means the value added to the community of Calgary "by any activity, service or relationship, or any investment of human, financial or technical resources"* through procurement activities of The City of Calgary. This Public Value for the community "can be produced by government organizations, private firms, non-profit or voluntary organizations, service users, or various other entities."** The community determines whether something has public value. As well the community expresses what it believes is more valuable or lesser valuable and does so in several ways including through municipal elections, conversations with Ward Councillors or Council, citizen satisfaction surveys, and participation in community and business groups that have conversation with or co-create with Council or Administration. Public Value has a cost. If the community wants to have something and is not willing to give up something else; then, what is wanted may have little to no public value.
*Bennington ** Alford & Hughes
- c) "Political" means stimulating and supporting democratic dialogue and active public participation, and citizen engagement. (Bennington)

4.0 APPLICABILITY

4.1 This Council policy applies to Administration.

5.0 LEGISLATIVE AUTHORITY

5.1 The key applicable provincial statutes that apply include:

- *Municipal Government Act R.S.A. 2000 Chapter M-26* whose Section 3 directs The City to:
 - provide good government;
 - foster the well-being of the environment;
 - provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality;
 - develop and maintain safe and viable communities;
 - work collaboratively with neighbouring municipalities to plan, deliver and fund intermunicipal services; and
- *Freedom of Information and Protection of Privacy Act R.S.A. 2000 F-25.*

6.0 PROCEDURE

The *Public Value through Procurement* policy provides Administration an overarching strategic procurement framework for the holistic incorporation of Council's directions to create additional and intentional public value to improve community outcomes for Calgarians.

The Policy embeds consideration of Council's directions and strategies and prioritizes strategic procurement decision-making upfront during The City's Strategic Planning and Program and Project Procurement Planning stages based on optimizing total public value impact for the community.

The Policy's framework works in conjunction with Administration's:

- **Public Value through Procurement Framework**
- **Procurement Policy** supported by:
 - **Procurement Practices** (requirements at all values of procurement),
 - **Procurement Governance Framework** (additional requirements required by relevant trade agreements), and
 - **Procurement Training** (mandatory training for persons procuring through the *Procurement Policy*);
- **Supplier Code of Conduct Policy** (The City's ethical expectations of those who wish to do business or already have a contract The City);
- **HR-LR-005 (A) Code of Conduct**; and
- **HR-LR-004 (B) Conflict of Interest**.

Date	Report Number	Description

7.0 REVIEW(S)

Date	Description