

<p>3. SOCIAL PROCUREMENT: ECONOMIC RECOVERY EFFORTS MARCHÉS PUBLICS SOCIAUX : EFFORTS DE RELANCE ÉCONOMIQUE</p>
--

COMMITTEE RECOMMENDATIONS

That Council:

1. Receive this report in response to the motion in Document 4.
2. Approve the inclusion of “sustainability” in the Procurement By-law section 3.1, under the definition of “Best Value”.
3. Approve the inclusion of a sole-source rationale for social enterprises owned by non-profits or charities in section 22 of the Procurement By-law.

RECOMMANDATIONS DU COMITÉ

Que le Conseil:

1. Reçoit ce rapport en réponse à la motion du document 4.
2. Approuve l'inclusion de la « durabilité » dans l'article 3.1 du Règlement sur les marchés publics, sous la définition de « meilleure valeur ».
3. Approuve l'inclusion d'une justification de fournisseur unique pour les entreprises sociales appartenant à des organismes à but non lucratif ou à des organismes de bienfaisance dans l'article 22 du règlement sur les marchés publics.

DOCUMENTATION/DOCUMENTATION

1. Chief Procurement Officer's report, Supply Services, Innovative Client Services Department, dated September 24, 2021 (ACS2021-ICS-PRO-0003)

Rapport du Chef de l'approvisionnement, Service Approvisionnement, Direction générale des services novateurs pour la clientèle, daté le 24 septembre 2021, (ACS2021-ICS-PRO-0003)

2. Extract of draft Minutes, Finance and Economic Development Committee, 5 October 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 5 octobre 2021.

SUBJECT: Social Procurement: Economic Recovery Efforts

File Number: ACS2021-ICS-PRO-0003

**Report to Finance and Economic Development Committee on 5 October 2021
and Council 13 October 2021**

**Submitted on September 24, 2021 by Will McDonald, Chief Procurement Officer,
Supply Services, Innovative Client Services Department**

**Contact Person: Jennifer McCabe, Business Analyst, Strategic Sourcing, Supply
Services, Innovative Client Services Department**

613-580-2424 x25833, jennifer.mccabe@ottawa.ca

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE

OBJET : Marchés publics sociaux : Efforts de relance économique

Dossier : ACS2021-ICS-PRO-0003

Rapport au Comité des finances et du développement économique

le 5 octobre 2021

et au Conseil le 13 octobre 2021

**Soumis le 24 septembre 2021 par Will McDonald, Chef de l'approvisionnement,
Service Approvisionnement, Direction générale des services novateurs pour la
clientèle**

**Personne ressource : Jennifer McCabe, analyste des activités, Direction de
l'approvisionnement stratégique, Services de l'approvisionnement, Direction
générale des services novateurs pour la clientèle**

613-580-2424 x25833, jennifer.mccabe@ottawa.ca

Quartier : CITY WIDE / À L'ÉCHELLE DE LA VILLE

REPORT RECOMMENDATION(S)

That the Finance and Economic Development Committee recommend that

Council:

1. Receive this report in response to the motion in Document 4.
2. Approve the inclusion of “sustainability” in the Procurement By-law section 3.1, under the definition of “Best Value”.
3. Approve the inclusion of a sole-source rationale for social enterprises owned by non-profits or charities in section 22 of the Procurement By-law.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil ce qui suit :

1. Recevoir ce rapport en réponse à la motion du document 4.
2. Approuver l’inclusion de la « durabilité » dans l’article 3.1 du Règlement sur les marchés publics, sous la définition de « meilleure valeur ».
3. Approuver l’inclusion d’une justification de fournisseur unique pour les entreprises sociales appartenant à des organismes à but non lucratif ou à des organismes de bienfaisance dans l’article 22 du règlement sur les marchés publics.

EXECUTIVE SUMMARY

The City of Ottawa spends approximately \$1 billion dollars per year on a wide variety of goods, services and construction, making it an anchor institution with significant influence in the local economy. As part of the City’s COVID-19 economic recovery efforts, opportunities exist to include and encourage the City’s use of sustainable and social procurement.

Social procurement can be an opportunity to maximize the value of taxpayer dollars for the benefit of the community and alleviate some of the adverse impacts of the COVID-19 pandemic while supporting an equitable economic recovery.¹ It is also an opportunity to support many of the objectives that City Council has identified, including, but not

¹ An Equity Lens – Impacts of COVID-19 on Populations of Greatest Needs, City of Ottawa, April 2020; COVID-19 Economic Update and Recovery and Rebound Program (ACS2021-PIE-EDP-0018); Technical Note: Gendered Impact of Epidemic COVID-19 on Women, March 25, 2020 ([link](#)); An Equity and Inclusion Lens for COVID-19 Recovery, June 2020 ([link](#))

limited to diversity and inclusion, local economic development and employment, reconciliation, and community safety and well-being.²

This report summarizes the social procurement initiatives that have been explored by City staff, updates Council on the actions taken to-date and describes future plans to enhance social sustainability in City procurement which support the City's overall economic recovery efforts.

Additionally, the report seeks Council's approval to update the Procurement by-law to incorporate social enterprises in future City procurement and include "sustainability" in the definition of Best Value.

BACKGROUND

"Sustainable Procurement" is the integration of social, environmental, ethical, economic and cultural considerations along with quality, price and availability into the procurement process from planning to disposal. "Social Procurement" is conducting procurement in ways that promote building healthy, diverse, and inclusive communities, which includes creating training and employment opportunities, promoting diverse workforces and supply chains, combatting poverty, and enhancing social inclusion. Since 2013, the City's Sustainable Purchasing Guideline has supported City departments to procure more sustainable goods, services and construction.

At City Council on February 10, 2021 the Economic Recovery Efforts motion ([ACS2020-OCC-FED-0001](#)) was introduced by Councillor Dudas and unanimously approved by Members of Council, as follows:

1. That as part of the City's COVID 19 economic recovery efforts, direct the Chief Procurement Officer to identify opportunities to include and encourage the City's use of social procurement projects and social enterprises in City procurement, in close collaboration with City Economic Development staff, staff from the Community and Social Services Department, City staff on

² Women and Gender Equity Strategy – endorsed by Council in 2018, the comprehensive Strategy was approved on April 14, 2021; City of Ottawa Reconciliation Action Plan was approved in 2018; Canadian Coalition of Municipalities against Racism and Discrimination – in 2011, the City became a member of this coalition and advances and contributes to its common commitments; Anti-Racism Secretariat – The proposal for the establishment of the Anti-Racism Secretariat was accepted and adopted in the City's 2020 budget; Climate Change Master Plan – This Plan was approved by Council in 2020 and informs and influences numerous other City initiatives; Community Safety and Wellbeing Plan (CSWB) – In 2019, Council approved the CSWB Roadmap for this provincially mandated plan under the Province's Safer Ontario Act, 2018.

the Human Needs Taskforce, Invest Ottawa, as well as community stakeholders, such as the United Way East Ontario and Community Foundation, Buy Social Canada and others as appropriate, with the intent of ensuring: citizen-led economic efforts, local social procurement capacity building and job creation initiatives are included in the City's overall recovery strategy;

2. That the Chief Procurement Officer report back to the Finance and Economic development Committee no later than the end of Q3 2021 with the actions taken to enhance social sustainability in City Procurement, and recommendations to incorporate social enterprises in future City procurement for Committee and Council's consideration; and
3. That social procurement opportunities be considered as part of projects initiated by other levels of government, where appropriate.

This motion was accompanied by a direction to staff given by Councillor King, as follows:

That staff be directed to:

1. Develop an approach which increases the diversity of the City's supply chain by providing diverse suppliers with equitable access to competitive City procurement processes, especially from the most disadvantaged groups, including female racialized and Indigenous entrepreneurs; and
2. Explore the potential to increase the number of employment, apprenticeship and training opportunities leveraged for people experiencing economic disadvantage, including those from equity-seeking communities including:
 - a. Indigenous People
 - b. Racialized groups/visible minorities
 - c. Persons with disabilities
 - d. Newcomers / new immigrants

e. Women

f. LGBTQ+ people

This report describes staff's approach to identifying and encouraging the use of social procurement and social enterprises in City procurement activities including recommendations to amend the Procurement By-law, changes to procurement operations, and long term strategies to promote socially sustainable procurement.

Market Scan

Municipalities across Canada are exploring ways to build community wealth by putting a focus on the community in market activities like institutional purchasing and infrastructure construction. This includes building community infrastructure, increasing the local capacity for social enterprises and small businesses, making procurement processes more accessible to social enterprises and diverse-owned businesses, and creating employment and training opportunities as a means of sharing prosperity more broadly and equitably.

Staff reviewed social procurement approaches from fifteen Canadian municipalities to learn about best practices. Many are just beginning to explore social procurement while others, such as Toronto, Vancouver, Calgary and Halifax, have implemented social procurement programs to varying extents.

Some municipalities, like the City of Toronto, have focused on improving supply chain diversity and integrating social value into construction projects through community benefit agreements. Others, like the City of Edmonton, have implemented a living wage requirement in their contracts. The City of Calgary is also in the process of integrating social procurement (referred to by them as "Benefit-Driven Procurement") into its business practices. Staff will continue to monitor best practices from comparable municipalities across Canada as social procurement becomes more widespread.

Sustainable Procurement Guidelines

The City's Sustainable Procurement Guidelines, discussed further in the report, includes five factors of sustainability:

Environmental – conducting procurement in ways that reduce greenhouse gas (GHG) emissions, energy consumption, waste and toxicity, supports clean and renewable industries and technologies, and supports resiliency efforts against climate change.

Ethical – including the Supplier Code of Conduct as the minimum labour standard for City of Ottawa suppliers and their sub-contractors.

Economic – conducting procurement in ways that promote inclusive local or regional economic development and contribute to the prosperity of Ottawa residents.

Social – conducting procurement in ways that promote building healthy, diverse, and inclusive communities, which includes creating training and employment opportunities, promoting diverse workforces and supply chains, combatting poverty, and enhancing social inclusion.

Cultural – conducting procurement in ways that promote artistic expression and contribute to the heritage of the City of Ottawa.

Social procurement can be an opportunity to maximize the value of taxpayer dollars for the benefit of the community and alleviate some of the adverse impacts of the COVID-19 pandemic. It is also an opportunity to support many of the objectives that City Council has identified, including, but not limited to diversity and inclusion, local economic development and employment, reconciliation and community safety and well-being.³

Specific examples of social procurement activities include purchasing goods and services from diverse suppliers and social enterprises, incorporating social benefits requirements into procurement documents, and evaluating businesses who bid for City business on both their ability to deliver the required good, service or construction as well as their community impacts.

A commonly referenced form of social procurement is contracting with social enterprises, which are defined by Buy Social Canada as “businesses that sell goods and services, embed a social, cultural or environmental purpose into the business, and

³ Women and Gender Equity Strategy – endorsed by Council in 2018, the comprehensive Strategy was approved on April 14, 2021; City of Ottawa Reconciliation Action Plan was approved in 2018; Canadian Coalition of Municipalities against Racism and Discrimination – in 2011, the City became a member of this coalition and advances and contributes to its common commitments; Anti-Racism Secretariat – The proposal for the establishment of the Anti-Racism Secretariat was accepted and adopted in the City’s 2020 budget; Climate Change Master Plan – This Plan was approved by Council in 2020 and informs and influences numerous other City initiatives; Community Safety and Wellbeing Plan (CSWB) – In 2019, Council approved the CSWB Roadmap for this provincially mandated plan under the Province’s Safer Ontario Act, 2018.

reinvest the majority of profits into their social mission”; and have also been identified by Council in its motion as a vendor market whose participation in City procurement should be further explored.

Social procurement benefits

Staff have identified four broad categories of social benefits that can be targeted through various strategies:

1. **Employment:** Increased employment opportunities for people experiencing economic disadvantage and those from equity-deserving communities: Indigenous People, Black and other racialized groups, persons with disabilities, new immigrants, women, youth, 2SLGBTQQIA people and veterans.
2. **Skills & Training:** Increased engagement with educational institutions, and providing apprenticeships and training resulting in recognized qualifications to individuals from equity-deserving groups.
3. **Supply Chain Diversity:** Greater supplier diversity, including increased procurement from social enterprises, local small businesses and diverse-owned businesses.
4. **Community Development:** Community engagement, provision of community services/cultural contributions and community infrastructure.

These benefits can be integrated into City operations in a myriad of ways depending on the objectives of the department, the procurement strategy and the goods, services or construction being procured. Integration into City operations could include adapting procurement operations to improve ease of access, evaluating vendor performance and social impact, contract requirements that define the social impacts the City would like to see and community benefit agreements. Benefits such as supply chain diversity can be impacted by better access to procurement opportunities and refinements to the procurement process.

As outlined in the Procurement By-law, departments are responsible for operational requirements including Statements of Work, Statement of Requirements, Technical Specifications, etc., and Supply Services is responsible for the procurement process.

In other words, departments are responsible for “what” is procured, and Supply is responsible for “how” it is being procured.

As a local anchor institution, the City is well positioned to influence better outcomes from its procurement activities. Social procurement is an additional lever that supports these objectives and can be a pillar that supports an equitable economic recovery from the COVID-19 global pandemic.⁴

DISCUSSION

The purpose of this report is to summarize the social procurement initiatives that have been explored by City of Ottawa staff and update Council on the actions taken to-date to enhance social sustainability in City procurement in support of the City’s economic recovery efforts. Further it provides recommendations to incorporate social enterprises in future City procurement and include “sustainability” in the definition of Best Value.

Partners Network

Staff’s research has confirmed that an effective social procurement program requires the development of a network of staff, community and industry partners to support defining outcomes, identifying barriers and opportunities and delivering social benefits. Supply Services can serve as the bridge between these groups and has begun by building a network of nine City service areas, six community partners and seven industry representative groups to introduce the idea of social procurement and establish the requirements towards its success.

Engagement is an essential component of a successful social procurement program. Before the City establishes requirements for social benefits in its procurement, an established network of partners needs to be in place to support the delivery of social benefits. An established network of partners not only supports social impact vendors in accessing procurement opportunities and the delivery of social benefits to the City, but also provides vital information about the systemic barriers that social impact businesses face when attempting to access City procurement.

⁴ An Equity Lens – Impacts of COVID-19 on Populations of Greatest Needs, City of Ottawa, April 2020; COVID-19 Economic Update and Recovery and Rebound Program (ACS2021-PIE-EDP-0018); Technical Note: Gendered Impact of Epidemic COVID-19 on Women, March 25, 2020 ([link](#)); An Equity and Inclusion Lens for COVID-19 Recovery, June 2020 ([link](#))

Engagement with industry groups is vital to social procurement because opportunities for social benefits extend beyond contracts between the City and its suppliers. The City's suppliers have supply chains that aren't visible to staff and finding opportunities for social benefits within those supply chains requires industry engagement.

To date, industry engagement has primarily focused on the construction industry, as construction presents the greatest opportunity for social procurement given its long supply chains and the fact that approximately 50 per cent of the City's annual spend is on construction and construction related activities. The goal of these meetings has been to introduce the idea of social procurement to the industry, obtain feedback with respect to how social benefits can be effectively integrated within construction projects, and determine a baseline understanding of the social and community benefits that City construction is already providing.

Supply Services staff will continue to engage with City departments and community and industry partners throughout the development and operationalization phases of any future social procurement program.

Social Procurement Advisory Group

In order to support the development of the required network of staff, industry and community partners, a Social Procurement Advisory Group has been established. The group is comprised of representatives from Supply Services, Economic Development, Employment and Social Services and Gender & Race Equity, Inclusion, Indigenous Relations and Social Development Services. The group advises Supply Services staff and helps to define outcomes, provide support for both vendors and departments, and make connections with community partners to expand external engagement. Ultimately, the Social Procurement Advisory Group will form the foundation that will support the delivery of social and community benefits in social procurement initiatives going forward.

Changes to procurement operations (Report Recommendations #2, #3)

Although City procurement opportunities are posted publicly, staff heard throughout the engagement process that accessing the City's procurement processes can be challenging for small businesses, social enterprises and diverse-owned businesses. As a result of this engagement, staff have identified a variety of opportunities to adapt procurement processes, to support and advise departmental staff on the integration of

social impacts into their business operations and objectives and to empower and encourage these potential vendors to participate in City procurement. These changes to the procurement operations include:

1. Recommendation #2 to update the definition of “Best Value” to specifically reference sustainability
2. Recommendation #3 to approve a sole-source rationale for social enterprises owned by non-profit organizations or charities
3. Expanding and updating the Sustainable Procurement Guideline
4. Encouraging participation of diverse-owned businesses in City procurement and certification as a diverse-owned business
5. Increased distribution of the schedule of standing offers
6. Vendor training for bid submissions

Recommendation #2 - Definition of “Best Value”:

Sustainable procurement in general, and social procurement in particular, mean maximizing the value derived from a contract in support of the City’s objectives. Many City departments have been effectively considering and integrating sustainability into their business operations, and therefore their procurement processes. To further clarify and promote the inclusion of sustainability into business operations and procurement across the City and to align with best practices from other municipalities, Supply Services recommends that “sustainability” be included explicitly in the Procurement By-law’s definition of “Best Value” as identified below and as further described in the attached Document 1:

“Best Value” means the optimal balance of performance, sustainability and cost determined in accordance with a pre-defined evaluation plan.”

The objective of this recommendation is to formalize the consideration of social, environmental, economic, ethical and cultural sustainability throughout City procurement processes, from planning to disposal.

Recommendation #3 - Sole-source rationale for social enterprises:

In order to support the development of social enterprises in the Ottawa market and to enable City procurement activities to have a positive impact on the City's economic recovery from the COVID-19 pandemic, staff recommend that Council approve a new sole-source rationale under s. 22 of the Procurement By-law, allowing the City to sole-source contracts to social enterprises owned by non-profit organization and charities as identified below and as further described in the attached Document 1:

22. (1) The requirement for competitive bid solicitation for goods, services and construction may be waived under joint authority of the appropriate Director and Supply Services and replaced with negotiations by the Director and Supply Services under the following circumstances:

...

(k) for goods and services, where the supplier is a social enterprise owned by a non-profit organization or registered charity.

Given the challenges associated with validating a business as a social enterprise, and given that businesses that begin as social enterprises can minimize their social impact mission over time without any change to corporate structure or tax status, it is recommended that this provision be limited to social enterprises where the proceeds of those contracts are guaranteed to be reinvested into the community, as is the case with non-profit organizations and charities.

The objective of Recommendation 3 is to leverage City procurement activities to contribute more effectively to the community's economic recovery from the COVID-19 pandemic by empowering staff to procure from social enterprises where possible.

Sustainable Procurement Guideline:

The Sustainable Purchasing Guidelines were developed in 2013 in response to Council's approval of Report [ACS2012-ICS-CSS-0005](#) dated February 14, 2012. The report presented the final results of the joint planning initiative of the City of Ottawa, City of Gatineau and the National Capital Commission, specifically the Sustainability and Resilience Plan, Energy and Emissions Plan, and Risk Prevention and Mitigation Plan. The Guidelines were intended to support City departments in integrating sustainability into City procurement. It is an advisory document whose purpose is to embed sustainability into the organization's culture by empowering departmental staff to

research more sustainable products and services, engage with vendors to find more sustainable solutions, define sustainable objectives that align with operational mandates and, finally, to reflect those objectives in their business and procurement activities.

The updated Sustainable Procurement Guideline will expand and update the tools available to staff and is intended to be a living document that will be continually updated as best practices are defined and new tools are made available.

Updates to the Sustainable Procurement Guideline include:

- A vendor engagement survey that departments can use to determine how existing contracts can be made more sustainable and perform research on what sustainable options are available to provide required goods and services. The survey can be adapted to be used as criteria in City solicitations, or as a market research tool that will allow departments to make more informed business decisions. It includes guidance on how to plan more sustainable events, from team meetings to large public gatherings.
- A Social Value Menu, which will allow departments to evaluate bidders' community impacts. The tool will allow departments to assess and assign evaluation points to bidders who, for example, have diversity programs, mentorship programs and work experience programs.

Procurement staff have received training on the updated Sustainable Procurement Guideline and will be better equipped to advise department staff on the use of the tools.

Improved participation of social enterprises in City procurement:

Following practices that have been established in the City of Toronto and the City of Brampton, among others, staff rely upon third party organizations to undertake the process of validating whether a business is a social enterprise. At present, social enterprises can be certified by Buy Social Canada or locally by the Centre for Social Enterprise Development. These organizations make their directories publicly available, and staff have used that data to begin tracking social enterprises currently participating in procurement activities and using that information to inform its strategy to improve social enterprise participation.

As identified above with respect to Recommendation #2, the capacity of the social enterprise marketplace in Ottawa is still developing. In 2019 and 2020, the City awarded 36 contracts to social enterprises certified by either Buy Social Canada or the Centre for Social Enterprise Development for a total spend of \$1.16 million. However, as a result of increased investment in social enterprise development in the last three years by organizations like the Ottawa Community Foundation and the support available to social enterprises through the Centre for Social Enterprise Development, there are a number of additional social enterprises currently being incubated that could potentially develop capacity to serve City operations in the coming years.

It should be noted that this analysis does not capture social enterprise participation further down in the City's supply chains where a primary vendor may subcontract to a social enterprise.

Improved participation of diverse-owned businesses in City procurement:

Equitable access for diverse-owned businesses has been identified as another opportunity where City procurement can lead to additional social impact. Diverse-owned businesses are businesses that are 51 per cent owned by women, Indigenous people, Black and other racialized groups, 2SLGBTQQIA, veterans, and people with disabilities.

The challenges with validating the status of diverse-owned businesses are similar to the challenges validating the status of social enterprises that are outlined above. As is the case with validating the status of social enterprises, municipalities including the City of Toronto and the City of Brampton rely on third party organizations to assist in identifying and certifying diverse-owned businesses. This includes organizations such as: Women Business Enterprises, the Canadian Aboriginal and Minority Supplier Council, the Canadian Gay and Lesbian Chamber of Commerce, the Inclusive Workplace Supply Council of Canada and the Canadian Council for Aboriginal Business.

At present, a limited number of Ottawa-area vendors are certified as diverse-owned businesses. By engaging with the vendor community, staff hope to build awareness of the certification process in preparation for any future initiatives that may rely on vendor certifications. For example, all procurement solicitations issued by the City are now accompanied by a notice to all potential vendors encouraging them to seek certification if they are eligible.

Standing Offers:

Through the engagement process, staff learned that small businesses, social enterprises and diverse-owned businesses face challenges knowing what procurement opportunities are available to them. To address this, procurement staff have created a schedule of standing offers that will be posted on Ottawa.ca and distributed widely among City staff in Economic Development and Community and Social Services departments, as well as community partners such as the Centre for Social Enterprise Development, for further distribution. This approach maximizes distribution of the City's schedule to reach underrepresented sectors of the community who may be able to provide a good or service the City needs, but who would otherwise not be aware of such an opportunity.

Vendors that are certified as social enterprises and that qualify for standing offers will be identified as social enterprises on the City's internal standing offer lists. Departmental staff will have visibility into vendors' social impact, which will promote awareness of social enterprises among City staff and allow them to target call-ups to organizations that specifically address the department's social objectives.

Bid Submission Process:

Staff also learned from the Social Procurement Advisory Group and from community partners that making a submission to a City solicitation is complex, and many small businesses, social enterprises and diverse-owned businesses do not have the necessary expertise to make a viable submission, even if they have the business expertise to deliver the good or service being procured. While procurement documents are regularly reviewed for clarity, consistency, and plain language, trade and legal requirements do add a level of complexity that is unique to public procurement.

In the coming year, staff will be preparing training materials to assist vendors with how to make a submission to a City solicitation. This training will be developed with social enterprises, small businesses and diverse-owned businesses in mind, and will be made publicly available to all potential vendors on Ottawa.ca as well as distributed among the same network of staff and community partners that distribute the standing offer schedule.

Supply Services staff have also updated internal training materials to include updated references to the Sustainable Procurement Guideline and an explanation of how sustainability considerations maximize the value that the City receives from its

contracts. This training, Procurement 101, was delivered in a virtual training session on July 15, 2021 and a second session is scheduled for October 26, 2021 after which the recording will be made available to all staff. Training materials for the City's Purchasing Card holders have also been updated to promote sustainability considerations in low value purchases. Both of these training vehicles reference the social sustainability tools that will be made available in the Sustainable Procurement Guideline.

Long term strategies: contract requirements

Supply Services is working with Legal Services to determine how the delivery of defined social impacts can be effectively included in contract terms. Examples include requiring that a defined percentage of the contract value be spent on social impact businesses throughout the supply chain, or that a percentage of new hires for the project come from equity-deserving groups.

This type of social procurement is the most likely to result in increased costs because social impacts are additional terms that the contractor must meet and for which the City must pay. This approach also results in increased contract complexity as the more control the City exerts over how a prime contractor operates in order to deliver the required good, service, or construction, the less the City can hold the prime contractor accountable for any failures to deliver on the contract.

Staff will also continue to engage with the construction industry. Prioritizing construction has the potential to deliver the greatest opportunity for social impact given the amount of City investment in infrastructure, the number of people employed in the construction industry and its relatively long supply chains. That said, construction projects are also among the City's most complex and challenging contracts, which means the risk of including additional social benefits as contract objectives is proportionately more complex and challenging.

The City does not have direct control over supply chains in its construction contracts, so the partnership with both industry and community is vital to the success of any social procurement initiative.

Industry engagement will include an assessment of the current social impacts of City construction contracts and discussions of how these impacts can be improved while mitigating risks to construction operations. Preliminary engagement with trade unions will also be expanded to discuss greater participation of economically disadvantaged candidates and those from equity-deserving groups.

Long term strategies: Community Benefit Agreements

Community Benefit Agreements (CBAs) are another driver of social procurement and represent a long-term community wealth building initiative. CBAs are defined as negotiated agreements between a private or public development agent and a coalition of community-based groups.⁵ The coalition represents the interests of the community most impacted by infrastructure planning and land development processes and works with the owner and contractor to define and deliver community benefits in the planning and construction phases. Coalitions usually draw their membership from neighbourhoods directly surrounding significant projects and seek to maximize economic opportunities offered by development projects, particularly those subsidized with public funds. For example, community members and organizations are represented by the Ottawa Community Benefits Network (OCBN) with respect to developments such as Heron Gate.⁶ Staff will continue to monitor the progress of the Heron Gate working group on workforce development and social procurement and apply lessons learned to future plans.

The City of Vancouver's approach to CBAs applies to both publicly and privately owned development. Vancouver began exploring CBAs in the early 2000s, resulting in a CBA for the development of the Millennium Olympic Village in 2007, among other examples, and the implementation of a CBA Policy in 2018. Vancouver's policy mandates that any development project of a certain size, whether publicly or privately owned, must have a community benefit agreement that meets specific social procurement, local procurement and employment standards.⁷

The City of Toronto began exploring CBAs in the context of its 2015 Poverty Reduction Strategy and 2016 Social Procurement Program. It has since developed a cluster of community wealth building strategies and programs that crystallized into its Community Benefits Framework in 2019. The CBA Framework is currently at the development and testing stage and is intended to guide support and provide coordination across City of Toronto divisions, agencies, and corporations who have existing or are developing new community benefits initiatives.⁸

Both Vancouver and Toronto have identified the need for the development of a back-end infrastructure, including reliable social and local hiring processes, data tracking and

⁵ *Community Benefits Agreements* [110_community_benefits_agreements.pdf \(utoronto.ca\)](#)

⁶ MOTION NO 59/6 from City Council meeting of September 8, 2021 ([link](#)).

⁷ [Community Benefit Agreements Policy | City of Vancouver](#); [Report - Community Benefit Agreement Policy: 2018 Sep 18 \(vancouver.ca\)](#)

⁸ [Community Benefits Framework – City of Toronto](#)

reporting processes, monitoring structures and procedures to guide stakeholders. This required back-end infrastructure is not currently present in the Ottawa market.

Staff have begun engaging with the OCBN to explore the development of the required back-end infrastructure that could support the implementation of a CBA model in Ottawa.

For example, Supply Services staff have supported the Ottawa Public Library and Library and Archives Canada Joint Project Team in exploring opportunities for community benefits, including the participation of social enterprises, in the construction and operations of the new main library. Staff have also consulted with the OCBN in the context of the planning and development of Lebreton Flats and are developing recommendations for the National Capital Commission in the context of that development. Staff will continue to engage with the Partners Network to develop systems and infrastructure to support CBAs and will report on this progress annually in the Procurement Year in Review report.

Next steps

Social procurement is a highly complex undertaking with many possible definitions of success and pathways toward achieving success. Supply Services staff will continue to develop tools to support departments in maximizing the social value of their contracts and expand the Sustainable Procurement Guideline. Supply Services staff will also continue to engage the Social Procurement Advisory Group, community partners and industry groups to build the infrastructure necessary to integrate more social enterprises and diverse-owned business into City procurement activities and explore best practices in contracting for social impacts and Community Benefit Agreements.

Updates will be provided annually through the Procurement Year in Review report and will include information on the participation of social enterprises in City procurement, initiatives to support supply chain diversity and progress relating to long term strategies.

DEFINITIONS

“Sustainable procurement” is the integration of social, environmental, ethical, economic and cultural considerations along with quality, price and availability into the procurement process from planning to disposal.

“Social procurement” is conducting procurement in ways that promote building healthy, diverse, and inclusive communities, which includes creating training and employment

opportunities, promoting diverse workforces and supply chains, combatting poverty, and enhancing social inclusion

“Social enterprises” are businesses that sell goods and services, embed a social, cultural or environmental purpose into the business, and reinvest the majority of profits into their social mission.

“Community wealth” means leveraging local assets for more equitable community benefit.

“Diverse supply chains” mean supply chains where diverse-owned suppliers, social enterprises, small and medium-sized businesses are represented.

“Community benefit agreement” is negotiated agreement between a private or public development agent and a coalition of community-based groups.

“Diverse-owned businesses” are businesses that are at least 51 per cent owned by a member or members of one or more equity-deserving groups, as defined by certifying organizations such as Women Business Enterprises, Canadian Aboriginal and Minority Supplier Council, Canadian Gay and Lesbian Chamber of Commerce, Inclusive Workplace Supply Council of Canada and the Canadian Council for Aboriginal Business.

FINANCIAL IMPLICATIONS

There are no financial implications connected to this report for information purposes.

LEGAL IMPLICATIONS

On Recommendation #1 of this Report, there are no legal impediments to the receiving this Report.

On Recommendations #2 and #3 of this Report, there are no legal impediments to approving the proposed amendments to the Procurement By-Law.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report.

ADVISORY COMMITTEE(S) COMMENTS

There are no recommendations required from Council's established Advisory

Committees.

CONSULTATION

As mentioned in this report, an effective social procurement program requires the development of a network of staff, community and industry partners to support defining outcomes, identifying barriers and opportunities and delivering social benefits. Supply Services has begun by building a network of nine City service areas, six community partners and seven industry representative groups to introduce the idea of social procurement and establish the requirements towards its success.

To date, industry engagement has primarily focused on the construction industry, as construction presents the greatest opportunity for social procurement given its long supply chains and the fact that approximately 50 per cent of the City's annual spend is on construction and construction related activities.

To support the development of the required network of staff, industry and community partners, a Social Procurement Advisory Group has been established to help Supply Services define outcomes, provide support for both vendors and departments, and make connections with community partners to expand external engagement.

ACCESSIBILITY IMPACTS

The City of Ottawa ensures that purchases include accessible design, criteria and features as prescribed by section 5 of the Integrated Accessibility Standards Regulations of the Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11.

Council's approval of the recommendations in this report and the additional work being conducted by Supply Services will lower the barriers to participation in the City procurement process for small businesses, social enterprises and diverse-owned businesses including those owned or managed by people with disabilities.

People with disabilities are disproportionately impacted by underemployment and unemployment. The impacts of this report could have a meaningful impact on increasing employment opportunities for people with disabilities.

CLIMATE IMPLICATIONS

Upon Council's approval of recommendation #2 and the additional work being conducted by Supply Services, including training available to City staff, departments will

be further empowered and encouraged to take environmental and climate implications into account in the procurement process from planning to disposal.

ECONOMIC IMPLICATIONS

The City of Ottawa could use social procurement as an additional lever to advance the City's economic stimulus objectives and can be a pillar that supports an equitable economic recovery from the COVID-19 global pandemic.⁹

ENVIRONMENTAL IMPLICATIONS

Upon Council's approval of recommendation #2 and the additional work being conducted by Supply Services, including training available to City staff, departments will be further empowered and encouraged to take environmental and climate implications into account in the procurement process from planning to disposal.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

"Sustainable Procurement" is the integration of social, environmental, ethical, economic and cultural considerations along with quality, price and availability into the procurement process from planning to disposal.

Council's approval of recommendation #2 in this report, will allow for a standardization of the definition of best value to include the term "sustainability". "Social Procurement" is a part of sustainable procurement and means that procurement is conducted in ways that promote building healthy, diverse, and inclusive communities, which includes creating training and employment opportunities, promoting diverse workforces and supply chains, combatting poverty, and enhancing social inclusion.

Council's approval of recommendation #3 in this report, will afford opportunities to social enterprises where the proceeds of those contracts are guaranteed to be reinvested into the community, as is the case with non-profit agencies and charities.

As stated in this report, staff have identified a variety of opportunities to adapt procurement processes, to support and advise departmental staff on the integration of

⁹ An Equity Lens – Impacts of COVID-19 on Populations of Greatest Needs, City of Ottawa, April 2020; COVID-19 Economic Update and Recovery and Rebound Program (ACS2021-PIE-EDP-0018); Technical Note: Gendered Impact of Epidemic COVID-19 on Women, March 25, 2020 ([link](#)); An Equity and Inclusion Lens for COVID-19 Recovery, June 2020 ([link](#))

social impacts into their business operations and objectives and to empower and encourage potential vendors to participate in City procurement. The combination of the work being conducted will support participation of equity-deserving communities in the City procurement process.

RISK MANAGEMENT IMPLICATIONS

There are no risks associated with approving the recommendations in this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the 2019-2022 Term of Council Priorities of Economic Growth & Diversification, Service Excellence through Innovation and Thriving Communities.

SUPPORTING DOCUMENTATION

Document 1: Procurement By-law – Proposed social procurement changes

Document 2: Social Procurement Market Scan

Document 3: Engagement partners

Document 4: Motion – Economic Recovery Efforts

Attachments to this report are in English. The City of Ottawa may translate these attachments or parts thereof on request. Requests should be forwarded to:

jennifer.mccabe@ottawa.ca.

Les pièces jointes du rapport sont en anglais. La Ville d'Ottawa pourra, sur demande, les traduire au complet ou en partie. Les demandes doivent être soumises à :

jennifer.mccabe@ottawa.ca.

DISPOSITION

Subject to Council approval, staff will implement recommendations 2 and 3 as outlined in the report.