



## Price Taker or Market Mover?



### SDG#1 Exploring the role of Public Procurement as a Poverty Reduction Tool in The City of Hamilton

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**Sandra Hamilton is a Strategic Procurement Advisor and Canada's First Social MBA.**

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Hamilton foresees a future where all taxpayer funded contracts are designed to move markets toward the 2030 UN Sustainable Development Goals; are fully leveraged to generate incremental public value; to align and support key environmental, social and economic public policy goals. Known for her progressive, trade agreement compliant approach in 2017, Hamilton was nominated by Global Affairs Canada to profile her work at the World Trade Organization (WTO) Symposium on Sustainable Government Procurement in Geneva.

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City of Hamilton Vision:  
To Be The Best Place To Raise a Child & Age Successfully

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## EXECUTIVE SUMMARY – THE LANDSCAPE

Across Canada, and globally, the role of public procurement in being transformed from transactional to a much more strategic function, that is being increasingly leveraged to address major public policy issues :-

**People:** Poverty, Inequality, Indigenous Reconciliation, The Skills Gap and The Shrinking Workforce

**Planet:** The Climate Crisis, the Circular Economy, Reduced Waste & GHG Emissions, Renewable Energy, Total Lifecycle Accounting, Green Technologies, Net Zero and Low Carbon Buildings

**Profit:** Community Economic Development, SME Access to Public Contracts and a Catalyst for Innovation

### What is the Role of Procurement at the City of Hamilton?

To date, procurement at the city has been primarily transactional, driven by operational speed to market large contracts, lowest price and fast turnarounds. Over the last year, three departments – Public Works, Healthy Safe Communities and Corporate Services, have worked together with key community stakeholders to explore the role and responsibility of public procurement as a poverty reduction tool in the city. While the project, and this report, focuses on the strategic objective of poverty reduction, the initiative has highlighted significant opportunities to better leverage city spend to align and support other strategic objectives such as the climate crisis, and improved access to city contracts for local small businesses and nonprofit organizations.

### Skills Shortages: Federal Grants Increasingly Tied to Community Benefits and Procurement

Canada is facing a significant skills shortage, which is already being felt in Hamilton. Despite some neighbourhoods experiencing over 50 percent unemployment, gentle employment opportunities and Social Enterprises are lacking in Hamilton. The skills deficit and labour market shortages are recurring themes in meetings with Public Works staff. One incumbent city contractor has recently resorted to recruiting heavy duty mechanics in Ireland; a consequence perhaps, of Canada's public sector being overly focused on low bid construction contracts, leading to a market failure where there has been insufficient training and apprentices developed to replace the retiring baby boomers. To help address this issue, the Government of Canada's 'Investing in Canada Infrastructure Program' requires cities applying for hundreds of millions in federal grants, to demonstrate how projects will be leveraged to generate training, apprenticeship and employment opportunities for equity seeking groups. *"Implicated projects are to provide employment and/or procurement opportunities for at least three of the groups targeted by the initiative: apprentices; Indigenous peoples; women; persons with disabilities; veterans; youth; recent immigrants; and small-sized, medium-sized and social enterprises."*<sup>1</sup>

**UK: Social Value-Led Procurement Driving Higher Economic Growth** - 82 percent of local UK councils believe that spending public money focusing on social value, rather than just focusing on the cheapest product, generates higher levels of growth. In January 2013, the UK passed the Social Value Act. In February 2014, the EU followed, issuing a directive for all European countries to consider Social Value in public procurement.<sup>2</sup>

**Global: 2030 UN Sustainable Development Goals (SDG's)** - Government procurement globally is increasingly being leveraged to move markets toward the seventeen SDG's. This month the OECD highlighted the need for advanced economies to accelerate these efforts, particularly on the Social Goals - SDG 1 (no poverty), SDG 5 (gender equality), SDG 10 (reduced inequalities) and SDG 16 (peace, justice and strong institutions). Through this project the City of Hamilton has started the process of better leveraging existing spend to improve lives and accelerate progress toward SDG #1 – No Poverty.

<sup>1</sup> <https://www.infrastructure.qc.ca/pub/other-autre/ceb-ace-eng.html>

<sup>2</sup> <http://www.infrastructure-intelligence.com/article/may-2019/social-value-led-procurement-driving-higher-economic-growth-says-report>

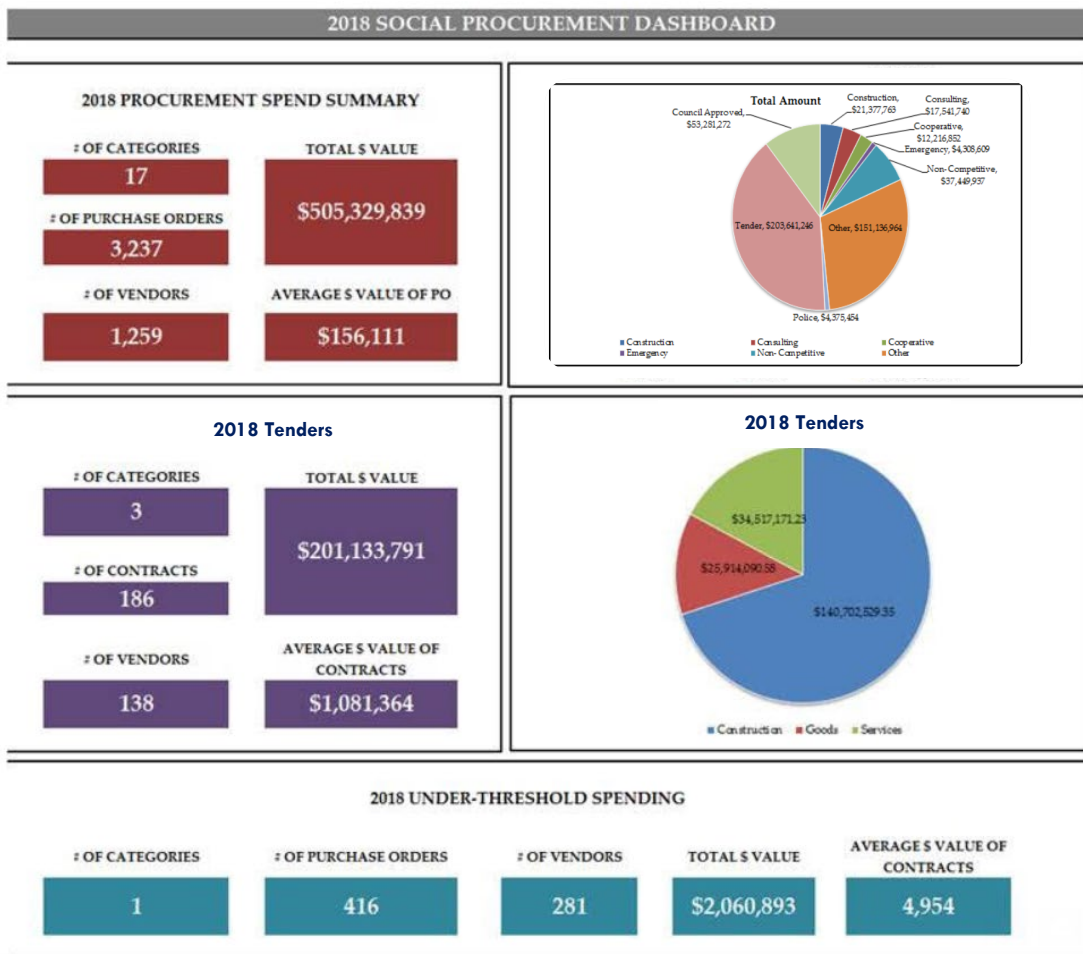
## IPPA Conference: Public Procurement - Humdrum Bureaucratic Beast or Vital Instrument for Social Change?<sup>3</sup>

In June 2019, Canada will host the IPPA – International Public Policy Association annual conference in Montreal, where the question above is being asked. The fact that public procurement is on the IPPA Agenda at all, demonstrates the increasing level of global interest in the type of work being conducted at the City of Hamilton.

**How Canada’s big cities spend matters** - 87 percent of public procurement in Canada is spent at the sub-national level, leaving only 13 percent of spend at the federal level. Compare this to the UK where 60 percent of public procurement is controlled by central governments. The Government of Canada has the lowest percentage of national spend among all OECD advanced economies. In such a de-centralised federation, how Canada’s big cities spend matters. Public procurement has the potential to move markets and shape economies. Additionally, a tax dollar carries a much greater societal responsibility than a private sector dollar and is being increasingly leveraged to deliver incremental public value and support strategic priorities.

### City of Hamilton Procurement Overview – New content

Canada’s major cities have the spending power to move markets, drive local economies and generate significant incremental public value. The City of Hamilton spends over \$500 million annually and how value is defined matters. Over the last year, the most opportunity to generate incremental social value was found in the RFP Entry-level Services category, which is valued at over \$151 million and shown in orange in the pie chart below.

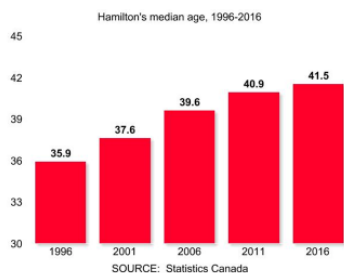


<sup>3</sup> <http://www.ippapublicpolicy.org/conference/icpp4-montreal-2019/schedule-multisession/10/94>

**Canada's Shrinking Work Force** - Canada's record low unemployment numbers provide only part of the labour market story. The, little discussed, participation rate matters. Europe is working to achieve a 75 percent participation rate by 2020. In March 2019, Canada's national participation rate was 65 percent and declining. At 54 percent<sup>4</sup>, Vancouver Island has the lowest participation rate in Canada. In Hamilton, 61.4 percent (October 2018) of the working population is working. Early retiring baby boomers account for only part of the story. Discouraged workers, those who have not actively looked for work in the last four-weeks, simply vanish from the unemployment numbers and from the labour market. Across Canada youth unemployment (age 15-24) is typically double the provincial average. Re-engaging this invisible workforce is key to reducing poverty, to increasing the work force and to building more healthy, resilient communities.



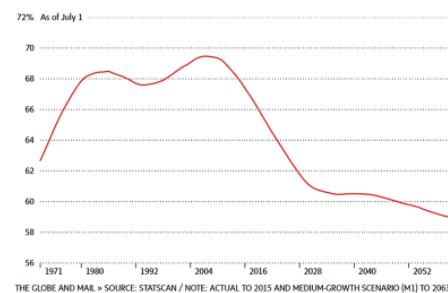
Hamilton – the oldest average age of Canada's 10 largest municipalities



% of Working Age Canadians as a share of the total population

- ▶ 78% UK Average – Europe's 2020 Target = 75%
- ▶ 61.4% Hamilton, ON Participation rate (Oct 2018)
- ▶ 54% - Vancouver Island Participation rate = Lowest in BC

Working age share of population



While, Canada generally has a shrinking workforce, the indigenous youth demographic is growing four times faster than the non-indigenous youth demographic. In 2020, 400,000 indigenous youth will enter Canada's workforce. The Truth and Reconciliation (TRC) *Calls to Action* commits The Government of Canada, indeed all us, to break the cycle of poverty for the next generation of indigenous youth. At every level of government Indigenous hiring policies are increasingly at the core of TRC commitments to Indigenous People.

**Six Nations is the largest First Nations reserve in Canada, with over 27,000 members**, almost 13,000 of whom live on the reserve. NPAAMB – the Niagara Peninsula Aboriginal Area Management Board, a partner in this project, is a strong connector organization with which the City of Hamilton, and city suppliers, can partner to engage, train and employ Indigenous Urban Youth aged 15 to 30. NPAAMB is the regional contract holder responsible for delivering the federally funded ISET – Indigenous Skills, Employment and Training program.

### Connector Organizations and Strategic Procurement – *The Golden Thread of Horizontal Governance*

Prior to this project, connector organizations, such as NPAAMB, Ontario Works (OW) Employment Services, Path Employment, YWCA (see Appendix 3) have been completely disconnected from Public Works pre-procurement planning and procurement process. For example, while one department in the city is investing in training OW clients to become Security Guards, another department is proceeding to market for a citywide security contract. Without collaboration, the opportunity to reward city suppliers for recruiting recently qualified OW graduates of the Security Guard program is missed.

<sup>4</sup> Stats Can 2016 – Labour Force Participation Rate

**Price Taker or Market Mover?**

**Connector organizations are essential partners in the delivery of Social Procurement**, they are also key to ensuring that the system is trade agreement compliant.

**Precarious Work – Good Jobs and The Social Price of Best Price**

Services represent an increasing share of the Canadian economy and low-prices are often achieved through an increase in the precarious nature of work. Without taking a more holistic view and considering the Social Price of Best Price, it is possible that one city department is driving people into poverty, while another is working to alleviate poverty. At the very least, taxpayer funded systems need to ensure that service contracts are providing stable work and fair wages, that are not driving people further into poverty.

**OW – Ontario Works – Overcoming the Myths**

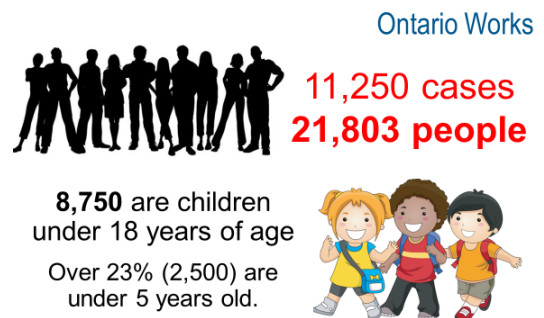
In a city with the goal of being “the best place to raise a child” almost one in five children are living in poverty. 23 percent of all Ontario Works cases are children under 5 years old. Hamilton has the third highest infant childcare costs in Canada, and it should come as no surprise that a sole-support parent receiving \$1,002 in monthly OW support, might find \$1,497 in infant care costs to be a significant barrier to employment. Additionally, the responsibility of child and seniors care continues to fall disproportionately on the shoulders of women. The majority, 57 percent, of OW cases are Hamilton residents aged 25-44, in the prime of their working lives, but also in the prime age range for raising children.

Early start times, inflexible workplaces and transportation barriers continue to keep many willing workers out of the labour market. Accessing this currently invisible labour market could, for many, be as simple as allowing later start times and fostering more flexible, family friendly workplaces.

**Precarious Work:** 14 percent of Ontario Works clients are working in such low wage, precarious employment that they still qualify for OW. Under the existing system, the City of Hamilton cannot be sure that these precarious workers are not currently employed on city service contracts, which unlike construction, do not yet require payment of a Fair Wage or Living Wage.

Income instability leads to more poverty than a stable low-income. For this reason, the Social Procurement Framework, recommends that all city contracts involving part-time workers, must include a clause requiring employers to provide at least one-months’ advance notice of a worker’s schedule. For low-income, precarious workers, those balancing two or three jobs with childcare arrangements, increased income stability and predictable work schedules can dramatically improve the lives of lower-income families.

In April 2019, Ontario Works employment services was managing 11,250 cases, representing a total of 21,803 people, 8,750 of whom were children.



## Designing the Social Procurement Framework - June 2018 to June 2019

Over the last year, the following key stakeholders have been involved in education sessions and/or design labs which helped shape the design of the Social Procurement Framework (See Appendix 4). Page one of the two-page framework provides a recommended approach for the major categories of spend controlled by the trade agreements. Page two highlights opportunities outside of the trade agreements; opportunities to drive social and economic outcomes which are governed by, and at the sole discretion, of council.

### Key Stakeholders

#### City of Hamilton

Public Works (PW)

Healthy Safe Communities (HSC)

Corporate Services (CS)

CS - Procurement Services

HSC - Ontario Works Employment Services

HSC - Neighbourhood Action

HSC - Xperience Annex

PW - HYIC – Hamilton Youth in Construction

CS - Human Resources, Talent & Diversity

CS - Legal

#### Industry and Trades Unions

HHCA: Hamilton Halton Construction Assn.

HAND ASSN – Hamilton & Niagara District  
Water & Sewer Assn.

HBBCT: Hamilton Brantford Building Construction  
Trades Council

#### Connector Organizations – Workforce Developers

Goodwill

IWC- Immigrant Working Centre

John Howard Society

LIUNA – Local 837

NPAAMB- Niagara Peninsula Aboriginal Area MB

Path Employment Services

Rainbows End

Threshold School of Building

Wesley

YWCA

Skills Development Flagship Network

Job Developers Network

#### Educational Institutions

Mohawk College – Job Developers

McMaster – Job Developers

McMaster – Research & Faculty Interest

McMaster – HAIL – Anchor Institutions Strategy

HAND Association: Consistent with the position of the Ontario Water & Sewer Association's provincial position, unfortunately, despite significant engagement and accommodations, the local HAND Association is one key stakeholder not in favour of Social Procurement. (Letter Appendix 5)

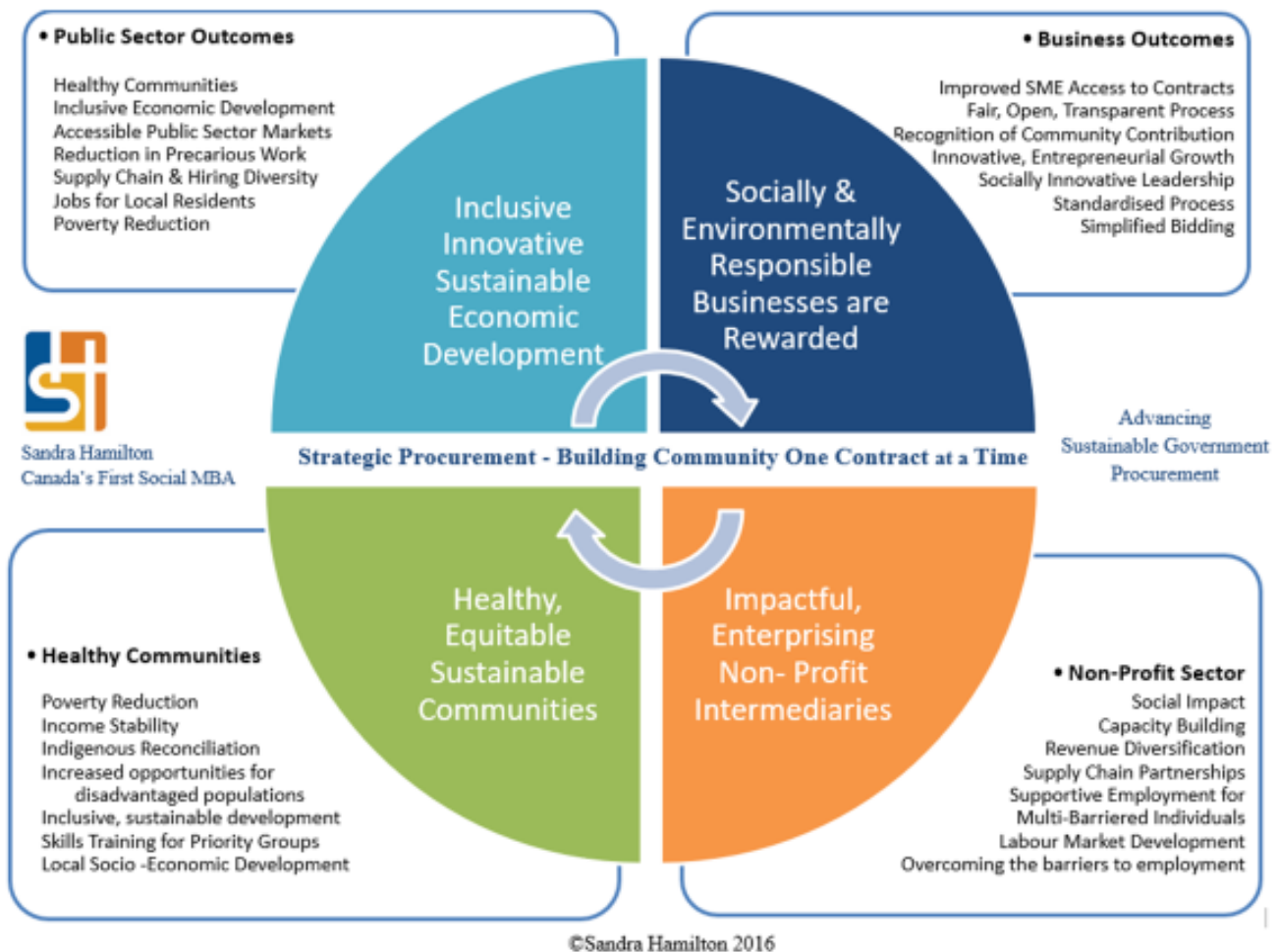
### CCA - Canadian Construction Association's

#### Top 5 Industry trends for 2019 are:

1. Confidence in Canada
2. **Competition for Talent**
3. **Inclusive Workplaces**
4. **Social Procurement**
5. Millennial Leadership



**Strategic Procurement acts as a Golden Thread**, linking and strengthening workforce development pathways, promoting joined up thinking across existing taxpayer funded systems. If we want a more socially and environmentally responsible business community, social and environmental responsibility must be rewarded in public procurement and the significant cash flow of the nonprofit sector must be more integrated into the mainstream economy.



**Canada has the second largest nonprofit sector in the world, second only to the Netherlands.**

One in ten Canadians work in the nonprofit sector, which is responsible for 8 percent of GDP; bigger than manufacturing, yet we know very little about it. Public procurement typically represents 12 to 14 percent of a country's economy. By designing public procurement to foster linkages between the business community and the non-profit community, more of the non-profit cash flow becomes integrated and mainstreamed to the benefit of the whole community.

**In such a tight labour market why is it that one in every three workers is still not working?**

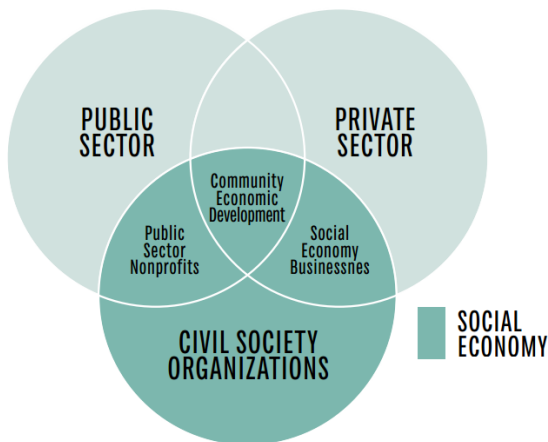
Business as usual will not help employers, public or private, engage this labour market. As CCA has recognized, the increased competition to attract and retain talent will require the development of much more inclusive and welcoming workplaces. For Hamilton residents with minimal barriers to employment, childcare and transportation etc., strategic public procurement, when delivered in partnership with Connector Organizations, is an effective mechanism to incent business practice changes, training programs/apprenticeships and to reward the employment of equity seeking groups. Over the course of the project, entry-level service contracts, category 4 in the Social Procurement Framework, were identified as the procurement category with the most potential to lift people out of poverty.

## The Biggest Surprises of the Project – The Missing Social Enterprise Sector

For a city with such high levels of poverty, it was most surprising to see that, despite the high need for gentle employment, the Social Enterprise sector in the City of Hamilton, remains completely under-developed. Further research uncovered, that by treating nonprofit and for profits as one and the same, the city's current procurement policy, poses a major barrier to the development of Social Enterprises. The City of Hamilton's procurement policy is currently more restrictive than the international (CETA)<sup>5</sup> or domestic (CFTA)<sup>6</sup> trade agreements. The Social Procurement Framework, category 11(a), (b) and (c) recommends a policy change to provide alignment with the trade agreements and to support the development of Social Enterprises in the city.

Taxpayer funded systems have a strong moral and ethical responsibility to provide gentle employment opportunities, transitionally or permanently for vulnerable populations living in poverty. To provide the dignity of work and to strengthen workforce development pathways into the mainstream economy, the City of Hamilton, is advised to look to Glasgow, Scotland and embark on a major Social Enterprise Development initiative. The opportunities are significant. **Scotland was the first country in the world to adopt Social Procurement.**

With almost 600,000 residents the City of Glasgow, shares a similar population and industrial history, to the City of Hamilton. Glasgow, however, is home to 700 Social Enterprises having launched a ten-year strategy to become the social enterprise capital of Scotland; a place where economic activity works for people, and profit is used for social and environmental change.<sup>7</sup>



### Understanding the Social Economy Diagram

Adapted from  
"An Interactive View of the Social Economy,"  
by Jack Quarter and Laurie Mook, 2010, ANSERJ

Canadian Journal of  
Nonprofit and Social Economy Research, vol. 1, no. 1.  
Quarter and Mook 2010.

### Developing a Social Enterprise sector in Hamilton

City Housing alone has 600 vacancy turnarounds annually, providing an excellent Social Enterprise opportunity. Through this project numerous Social Enterprise opportunities were identified in pest control; junk removal; landscaping; janitorial – interior; commercial cleaning - bus stops cleaning, police car washing; small repairs and maintenance contracts; vacancy turnovers; and painting etc.

A key recommendation is that the city develops a Social Enterprise strategy, changes the procurement policy and establishes a process to determine whether the most public value will be generated by delivering a project internally; through a grant to a community partner; through a limited procurement restricted to non-profit organizations and/or when a conventional competitive process is the best approach to use.

<sup>5</sup> CETA: Comprehensive Economic Trade Agreement – International - Canada and Europe

<sup>6</sup> CFTA: Canadian Free Trade Agreement – Domestic

<sup>7</sup> <https://www.glasgow.gov.uk/CHttpHandler.ashx?id=42639&p=0>

## Leveraging Procurement to Alleviate Poverty in The City of Hamilton

### What does Social Procurement look like in practice?

Hamilton Water was the first Public Works department to step-up and pursue a project through a social value lens. Understanding that low self-esteem, childcare and transportation present the three largest barriers to employment for people living in poverty, step one involved a review of the previous residential water meter service contract. Two barriers to employment and two opportunities to improve the lives of people living in poverty were identified.

### STEP ONE: Contract Review – A Service Contract to Install Residential Water Meters

#### The Barriers

- 1) Childcare Barrier: Hamilton has the third highest (Infant) childcare costs in Canada. The 8am start time posed an immediate barrier for low-income parents unable to afford childcare.
- 2) Transportation Barrier: The contract required employees to provide their own reliable vehicle. People living in poverty don't typically own vehicles, reliable or otherwise.

#### The Opportunities

- 1) Most of the work was straightforward with a very low barrier to entry – only 5 days training required
- 2) Call Centres – Could this work be home-based, providing ongoing work for people with disabilities?

### STEP TWO: Challenging Institutional Beliefs and Systems

**Why did the work shift start at 8am?** As early morning childcare is much more difficult to source than after-school care, staff explored if the work could start after children had been dropped at school. We learned that yes, in fact, Hamilton residents have been requesting service appointments to install water meters after 4pm for years.

**Would it cost more to provide company vehicles to employees?** Firstly, let's consider whether workers should be asked to provide their own vehicle to deliver ongoing public services? And, no, it actually costs less to lease a vehicle than to pay employees for the personal use of their own vehicle. In fact, the city's own travel policy requires staff to use rental cars, rather than their own cars for longer trips.

#### **Could single-mums be trained to perform this traditionally, male-dominated work?**

One in five children in Hamilton live in poverty, many live in single-parent households headed by women. It was initially assumed that this work would need to be conducted by plumbers or plumbing apprenticeships. Further investigation revealed that 90 percent of the work is very straightforward, does not require a plumber and can be performed by a worker with a ticket that can be attained with only 5 days training.

#### **Could the call centre work be home-based?**

70 percent of people with a disability in Canada live in poverty. Although most disabilities are not visible, living with a disability of any kind, presents people with significant barriers to employment. Advances in technology have made home-based call centres operationally and financially viable, providing excellent opportunities to re-engage people with disabilities who would prefer to work from home, with publicly funded stable work opportunities.

Imagine this concept at scale, where many of the city's call-centre workers could be redeployed to a home-based model, improving workplace flexibility, reducing the expense of commercial office space with the additional benefit of reducing the carbon footprint of commuters.

**Ontario's Integrated Municipal System – Strengthens the Delivery of Strategic Social Procurement**

Ontario is the only province in Canada with an integrated municipal system. Having Ontario Works Employment Services embedded within the city proved to be an incredible asset. By including procurement and Ontario Works staff at the very beginning of the water meter project, Hamilton Water was connected to the YWCA and to Path Employment. Two connector organizations able to identify single mums and people with disabilities, who are currently Ontario Works clients, and would be interested in positions on the upcoming contract.

Ontario Works was also able to work with Mohawk College to ensure that the training will be in place for the YWCA candidates interested in pursuing the water meter installation 5-day ticket.

**The Procurement Re-Design**

With the procurement strategy and connector organizations in place the Social RFP – Request for Proposals was ready to proceed to market. Social Value represented 10 percent, (equal to 100 Points) with a mandatory 30 points required as the minimum benchmark needed to be a compliant bid. Proponents were asked and evaluated against the following social value criteria:-

1. **Employment: Maximum 30 Points**  
How many installer positions will you commit to filling through the city's partnership with the YWCA?
2. **Transportation: Maximum 20 Points**  
Willingness to provide a company vehicle to the installers recruited through YWCA?
3. **Home-Based Call Centres: Maximum 30 Points**  
How many position will you commit to filling through the city's partnership with Path Employment?
4. **Business Practice Change: Maximum 10 Points**  
Willingness to provide work schedules to candidates recruited through the YWCA starting at 9.30am or later?
5. **Welcoming Workplace & Educational Opportunities: Maximum 10 Points**  
Has a diversity and inclusion policy and commits to contract-specific commitments to improve workplace access for equity seeking groups

**Summary**

**To Follow** once the procurement has closed.

Extended to June 12<sup>th</sup>

Notes: One request for an extension related to the proponent needing more time to research home-based call centre technology.



## Key Findings and Recommendations

The key findings from the City of Hamilton’s Strategic Social Procurement initiative are :-

- **The Biggest Opportunities to Alleviate Poverty are** in the Entry-Level Service Category and in transforming the city’s relationship with non-profit partners to stimulate the development of a Social Enterprise sector

Recommendation: Adopt a Social Value lens to procurement.

Change the procurement policy to align with both the domestic and international trade agreements by adopting a non-profit exclusion. Change the procurement policy language to support the development of a nonprofit Social Enterprise sector. Change the procurement policy to read that procurement must be fully leveraged to achieve secondary Social and/or Environmental objectives in alignment with the Strategic Plan.

- **Senior leadership are open and receptive** to the concept of leveraging procurement to reduce poverty and generate incremental public value. Procurement staff turnover is however, exceptionally high, very operational and time-pressed, with little to no capacity to explore new approaches which deviate from the status quo. An under resourced procurement department, is very likely a false economy.

Recommendation: Immediately appoint a dedicated Project Lead to advance this work - this role could be delivered by the new Sustainability Lead, a position recently created in Public Works.

Continue to develop organizational capacity by implementing Social Procurement on Category 4 RFP entry-level service contracts.

Seek clarity and direction from council before adding Social Value criteria into tenders; and considering council’s climate-crisis declaration explore how circular and green criteria will be approached in a more strategic, sustainable, responsible approach to procurement at the city.

Explore federal (ISETS- ESDC), provincial skills (Ontario Labour/Skills Development) and FCM – (Green Municipal Fund) grants/resources to fund increased Sustainable Procurement activities.

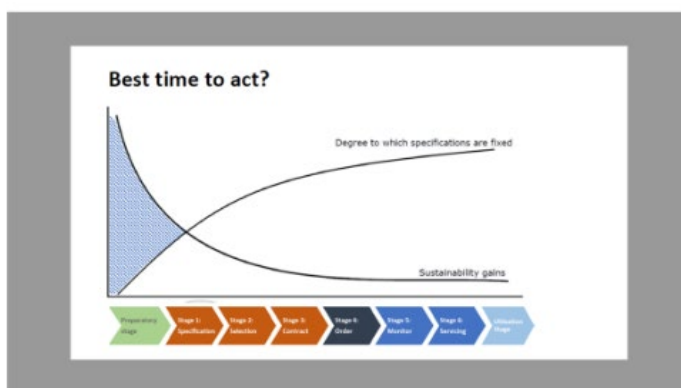
- **Lack of Strategic Procurement representation at the SLT executive level.** To date, the power of Strategic Procurement as a public policy lever has been overlooked. To fully leverage spend to align and support citywide policy objectives, a heightened awareness of Strategic Procurement is needed at the Senior Leadership Table. The City of Toronto now has a Chief Purchasing Official, Michael

Pacholok, who oversees \$2 billion in goods and services annually. Toronto’s CPO is responsible for leading the implementation of Toronto’s Circular Economy Framework.

**Recommendation:**

Consider when the city will need a Chief Procurement Officer.

Engage procurement early and at the start of new projects. The strategic window of opportunity to fully leverage city spend is small and very early in the process.



Procurement & OW MUST be engaged at the very beginning of the project



- **Operational Resources and Competing Priorities**

Over the course of this one-year project, the procurement department lost over half of the staff and was in a constant state of turnover. While staff understand the importance of global visions and national aspirations, such as strategically leveraging public procurement to reduce poverty and to move markets toward the UN Sustainable Development Goals, municipal procurement departments do not receive the resources necessary to fully deliver. The implementation of CETA, and more recently the Construction Act, provide examples of federal and provincial initiatives that remain under-resourced and have stretched the procurement department.

**Recommendation:** Review resource allocation. If procurement remains inadequately resourced as an administrative transactional function, employee churn will remain high as staff seek and move into more highly compensated roles throughout the city.

Public Sector entities across Canada are fully leveraging their spend to achieve secondary public policy goals by modernizing the role of procurement and by recruiting and retaining a higher caliber of procurement professional.

There is evidence that the same is true among many low-paid staff on low-bid city contracts. In an increasingly tight labour market, the increased financial and operational costs of high employee churn must also be considered. Research shows that moving away from the lowest cost price-point reduces supply chain risk.

**Note:** The OPBA – Ontario Public Buyers Association is aware of the pressures to transform procurement and is in early discussions regarding the viability of a national Strategic Procurement Centre of Excellence, which would provide a knowledge hub, best practices and resources to support municipalities in advancing this work.

- **Connector Organizations** – Many myths exist about people living in poverty. Through five Social Procurement Design Labs, three dominant themes emerged as the primary barriers to employment  
1) Lack of Self-Esteem 2) Transportation Barriers and 3) Childcare Barriers

These three themes are not unique to Hamilton. The same barriers to employment can be found amongst people living in poverty across Canada.

**Recommendation:** Seek council approval to incorporate social value criteria in keeping with the framework and amend any policy changes accordingly

- **The Demonstration Projects Transformed How Value was Defined**

In the Demonstration Social RFP's (Request for Proposals) for services, Social Value represented 10 percent of the total evaluation criteria and was made up of three category levels:-

1) **Employment and Training Commitments** received the highest weighting

2) **Business Practice Changes** received mid-level weightings designed to incentivize workplace flexibility/late start times designed to help overcome childcare and transportation barriers and

3) **Education** to help foster more inclusive, diverse and Welcoming Workplaces

**Recommendation:** Seek council approval to incorporate social value criteria in keeping with the framework and amend any policy changes accordingly

- **The Framework - Matching Procurement Categories to Strategic Impact Opportunities**

**People:** The Entry-Level Services category presents the highest opportunity to address poverty  
Vertical Construction is the strongest category for apprenticeships

**Planet:** The Goods category presents the most opportunity to advance Circular/Green Procurement

**Profit:** Unbundling Goods from Services and proceeding to market by zone, could substantially increase the bidding pool and improve SME access. More visibility and ease of access to contracts under the \$100K trade threshold would support Community Economic Development

**Recommendation:** Seek council approval to incorporate a more strategic approach to procurement; to ensure the procurement is fully leveraged to align and support the vision, mission and strategic plan; amend any policy changes accordingly.

- **A Potential High-Impact Category – Social Enterprise Development & Non-Profit Partnerships**

The current purchasing policy lacks a non-profit lens and presents a significant barrier to engaging non-profit partners in the delivery of services and in the development of a Social Enterprise ecosystem

**Recommendation:** See Category 11a of the Social Procurement Framework. In keeping with both domestic and international trade agreements, seek council approval to exclude non-profit organizations from the Procurement Policy. Identify services which can be delivered through non-profit Social Enterprise partners working to provide employment and training opportunities to barriered individuals and equity seeking groups living in poverty.

Match known strong Social Enterprise categories with receptive nonprofit organizations. Provide stability of demand through 3 to 5-year exclusive contracts to deliver services. Proven B2G<sup>8</sup> Social Enterprise categories are pest control; junk removal; landscaping; janitorial – interior; commercial cleaning -bus stops cleaning, police car washing; small repairs and maintenance contracts; vacancy turnovers; painting etc. City Housing has 600 vacancy turnarounds annually, providing an excellent Social Enterprise opportunity.

Establish a process to determine when a project will be delivered internally; through a grant to a community partner; through a limited procurement restricted to non-profit organizations and when a conventional competitive process must be used.

- **Lack of strategic integration across divisions**

Divisions and departments remain very silo'd. Strategic Public Procurement works as a 'Golden Thread' and a catalyst for increased horizontal governance, promoting the cross-pollination of knowledge, cross-departmental integration and creating new cross-sector relationships

**Recommendation:** Through a dedicated lead continue to provide Strategic Procurement education to all senior staff responsible for continuous improvement and the advancement of city-wide strategic initiatives. This role could be served through the new Sustainability position which is being created within Public Works. Foster more holistic thinking and ensure different divisions consistently present at each other's EMT.

For example, Ontario Works presented at this years Public Works EMT and the information was very well received.

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<sup>8</sup> Business to Government

- **Skills and Labour Market Shortage – Training and Creating Pathways to Employment**  
Facilities, Public Works, is finding it increasingly difficult to find contractors to perform small repair work, which presents an excellent training opportunity for an organization like Threshold School of Building. City bus stops need cleaning, police cars need washing, transit pads need repairing. The current procurement policy poses a barrier to building the capacity of non-profits to deliver training on city projects.  
**Recommendation:** In keeping with the framework, and in alignment with domestic and international trade agreements seek council approval to exclude nonprofits from the procurement policy and proceed to develop a non-profit strategy. Amend any policy changes accordingly
- **Lack of organizational awareness regarding the strategic role of public procurement in society**  
Leveraging procurement to achieve horizontal, secondary public policy goals represents a very new way of thinking. Staff had no prior experience in generating incremental Social Value; very limited experience with Green Procurement and/or with strategically leveraging procurement to drive Community Economic Development (CED)  
**Recommendation:** Appoint a dedicated Project Lead to continue to build organizational capacity.
- **Purchasing Policy language could be more supportive and enabling.** Most of the Social Procurement demonstration projects were able to proceed in accordance with the existing Purchasing Policy. However, more explicit language, specifically directing staff to consider and/or include social or green sustainability criteria, will be needed to drive transformational change  
**Recommendation:** Introduce council to the more citizen focused, explicit language recently adopted by the Province British Columbia (See Page 17). Seek council approval to incorporate more enabling language to guide staff and amend any policy changes accordingly.
- **HAIL – Anchor Institution Strategy:** The public-sector is Hamilton’s biggest employer. Through HAIL – the Hamilton Anchor Institution Leadership table, there is an opportunity for publicly funded anchor institutions to work with the City of Hamilton to ensure that all taxpayer funded contracts are designed to alleviate poverty in the city  
**Recommendation:** Paul Johnson, General Manager, Healthy Safe Communities to liaise with HAIL regarding the development of a coordinated Hamilton Anchor Institution Strategy focused on the reduction of poverty.
- **Strategic Alignments:** Procurement can be better leveraged to support a considerable number of City objectives. This work strongly aligns with the City of Hamilton’s Strategic Plan; People and Performance Plan; Equity, Diversity and Inclusion Framework; Vision 2020 – Our Future Hamilton; The Mayor’s Blue-Ribbon Taskforce on Workforce Development; Poverty Reduction; Indigenous Reconciliation; Newcomer Integration; Economic Development and City Innovation Lab  
**Recommendation:** Appoint a dedicated Project Lead to continue to build organizational capacity. Seek council approval to incorporate a more strategic approach to procurement and amend any policy changes accordingly.



## Recommendations - The Procurement Policy

City of Hamilton By-Law No. 17-064 (April 12, 2017)

Procurement Section – Financial Services – Corporate Services

### Mission

To ensure that the procurement function meets the current and future needs of the corporation, provides an economical and efficient service and is considered a value-added partner in the securing of Goods and/or Services for the corporation.

### Vision

A team of resourceful skilled professionals, working in partnership with their customers to procure the best Goods and/or Services in the most efficient manner.

### Procurement Goals & Objectives SECTION 1

- (1) Procure the necessary quality and quantity of Goods and/or Services in an efficient, timely and cost-effective manner, while maintaining the controls necessary for a public agency, in accordance with the Procurement Policy as approved by Council.
- (2) Encourage an open and competitive bidding process for the acquisition and disposal of Goods and/or Services, and the objective and equitable treatment of all vendors.
- (3) Ensure the best value of an acquisition is obtained. This may include, but not be limited to, the determination of the total cost of performing the intended function over the lifetime of the task, acquisition cost, installation, disposal value, disposal cost, training cost, maintenance cost, quality of performance and environmental impact.
- (4) Procure Goods and/or Services with due regard to the preservation of the natural environment and to encourage the use of “environmentally friendly” products and services, as supported by Vision 2020 goals and strategies.

## Questions ?

- Is procurement at the City of Hamilton primarily for the benefit of the community or for the benefit of the corporation?
- Could the use of ‘*efficient, timely and cost-effective*’ policy language, be unintentionally driving city staff to bundle procurements opportunities into large single contracts, thereby reducing supply chain access for the majority of local SME firms?
- Is it time to move beyond language which encourages the use of ‘*environmentally friendly*’ products and services to more proactive and intentional language which mandates in tenders and rewards in RFP’s the use of the most sustainable and/or circular solution?
- Is it time to add a social lens to ensure that city procurement proceeds with due regard to the impact on people and community?

Compare the City of Hamilton policy language and messaging with B.C.'s Provincial Procurement Strategy, updated July 2018 <sup>9</sup>

## British Columbia Procurement **Strategy**

*A strategy to improve procurement, realize value for money, and create benefits for communities*



### 17-064: City of Hamilton - Procurement Policy Review

The project found that although Social Value criteria can be added under the existing procurement policy, more explicit and empowering policy language would be helpful in providing staff with the clarity and direction required to transform the culture of procurement from transactional to strategic, and to support a culture of continuous improvement.

#### Current Policy - Observations

- Section 2 – 2c – Maximum number of bids  
Bundling and un-bundling – Consider the tension between this and the ‘most efficient manner’
- Policy #21 Anti-Sweatshop Procurement  
Currently the only reference to social in the policy occurs on page 47 with reference to child labour in sweatshops being compensated below the poverty threshold. The current language leans toward the supply of goods manufactured overseas.  
What about services in Canada? Precarious work?  
How do we value pension plans and full-time work with benefits, compared to the Social Price of Best Price and the increase in precarious work on city contracts.  
What about the Living Wage and Fair Wages for Services ?

<sup>9</sup> [https://www2.gov.bc.ca/assets/gov/government/services-for-government-and-broader-public-sector/buy-goods-services-and-construction/support-services/bc\\_procurement\\_strategy\\_2018.pdf](https://www2.gov.bc.ca/assets/gov/government/services-for-government-and-broader-public-sector/buy-goods-services-and-construction/support-services/bc_procurement_strategy_2018.pdf)

## Recommended Changes to the Current Procurement Policy

### Policy Language Review and Recommendations

- **17-064 Procurement Policy Review and Refresh**

To require all procurement to be fully leveraged to also achieve at least one secondary public policy goal, Social, Green or CED, to support and align with the City's Strategic Plan.

- **Consider a Fair Wage Policy for Services**

- **Develop a Non-Profit Strategy and Policy**

Category 11a – Social Procurement Framework

- **Category 11b – Social Procurement Framework**

Continue to educate staff and council that both CFTA and CETA exclude non-profit organizations

CFTA Chapter Five – Government Procurement: Non-Application

11. This Chapter (does not apply to the (i) procurement of goods or services:

(v) from philanthropic institutions, non-profit organizations, prison labour, or natural persons with disabilities

CETA Chapter 19 Government Procurement

ARTICLE 19.3 Security and general exceptions

2. Subject to the requirement that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between Parties where the same conditions prevail or a disguised restriction on international trade, nothing in this Chapter shall be construed to prevent a Party from imposing or enforcing measures:

(d) relating to goods or services of persons with disabilities, of philanthropic institutions or of prison labour.

- **Category 11c – Social Procurement Framework**

Update the policy to align with the CFTA 10 Annex 520.1 which provides an Ontario Specific Exception to Article 507.1 and Article 509.1 for procurements valued below \$200,000 which target poverty reduction for disadvantaged natural persons.

See Social Procurement Framework - Appendix 4

- **Non-Profit** – currently the only reference to non-profits is on page 43 of the policy – disposal of goods

When it comes to working with non-profit organisations, the City of Hamilton's current procurement policy is more restrictive than the domestic (CFTA) and international (CETA) trade agreements.

The city needs to develop a non-profit and Social Enterprise development strategy.

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<sup>10</sup> CFTA – Canadian Free Trade Agreement

#	Project Name	COH Lead	City of Hamilton – Demonstration Project Overview – Last Updated: June 24 <sup>th</sup> 2019	Status
1	<b>Security Contract</b>  Social RFP	PW Facilities Rome  Tina/ Marusia	<b>Social Value:</b> Changes made to Terms & Conditions <b>New T&amp;C:</b> 1 month's advance notice of P/T work schedule  <b>Lessons Learned:</b> Too rushed & too late to connect procurement evaluation to commitment to hire graduates of the OW Securities program. OW & Procurement Depts need to be included at the very beginning of new projects.	Awarded
2	<b>Prime Consultant</b>  Social RFP Descriptive	Ann  Matt Brown	Contract Number: C11-15-19 <b>Social Value:</b> 10 % Social Value – Focus PWD/Path Employment  <b>Lessons Learned:</b> Departmental client needed help with the social value evaluation matrix but was very willing to incorporate the matrix as recommended. Meeting face to face with Path Employment helped overcome the initial concerns. May 2019: No employment outcomes achieved. Winning bid committed to education only	Awarded
3	<b>Hamilton Water Meter Installation</b>  Social RFP Prescriptive Value: \$3M x 6yrs	Robert Jasmine  Paul Z	Contract Number: C11-10-19 <b>10% Social Value:</b> Focus Single Mums – OW/YWCA/Mohawk/ Path BPC: Later start times; & evaluation of whether or not vendor will supply a company vehicle. Home-based call centres – operated by people with disabilities  <b>Lessons Learned: Incumbent/manufacture advantage</b> Trying to separate the goods (meters) from the services to increase the bidding pool and increase competition, was much more time consuming than adding the Social Value component. Consultant strongly voiced concerns about the incumbent advantage and that the approach prevented SME market access. Non-Incumbent vendors declined to bid as they viewed the specifications as too biased to the incumbent.  Post bid closing, once again the consultant raised concerns with public works and procurement about the process and the fact that Hamilton Water proceeded to market in a manner that was contrary to all advise provided.	Closed June 12 <sup>th</sup> 2019 Only one bid received failed to meet Social Benchmark
4	Vertical Builds		Unable to secure a Vertical Build Project Staff reluctant to embark on a tender in pilot. Prefer to wait for council direction	On hold
5	<b>Civil Horizontal</b>  Social Tender Horizontal Value: \$	Barb Melissa	<b>Social Value Terms:</b> To provide one training position for an OW Youth in contractors supply chain, with the goal of providing 700 hours of insurable employment, to move from OW to EI  <b>Lessons Learned: Experiencing resistance from HAND.</b> This is a high volume, fast turnaround category. There are many projects valued around \$1m, which are distributed across councilor wards. Civil construction is a highly mechanized process with a one-million-dollar project requiring a work crew of only 6 people for a five to six-week period. There is more vendor support for Social Hiring at the corporate level, or in the warehouse supply chain, than in having entry level youth engaged on the actual projects. Civil projects move around. Transportation is a significant barrier. Initial engagement with HAND was positive. Following the appointment of a new board and the involvement of the provincial OWSE organization HAND has moved to opposing Social Procurement.  Civil contractors work all in small work crews all over the region. This poses a significant transportation barrier to people living in poverty. Despite the high value of city spend, this category was found to provide less opportunity to lift people out of poverty than could be found in category #4 entry-level services.	On hold  Resistance from HAND

6	<b>Repairs &amp; Maintenance</b> Social RFP Prescriptive Value: \$	Tom Hunter	<b>Social Value:</b> City Housing Contracts – 600 Vacancy Turnarounds annually <b>Social Enterprise Opportunity</b>  <b>Lessons Learned to date:</b> Social Enterprise development in City of Hamilton is constrained by the current purchasing policy. Development of a Social Enterprise strategy is recommended.  City’s current purchasing policy is more restrictive than required by trade agreements. Currently, nonprofits must bid against national companies.	In Development
7	<b>Waste Collection</b> RFP Value: \$1 Billion	Joel Melissa Tina	\$1 Billion X5 Year Contract. Experiencing the skills shortage – need DZ Truck Drivers and Heavy Equipment Mechanics. Contractor currently recruiting in Ireland  Social focus will be on preserving the jobs of existing workers and adding a Social hiring requirement to recruit labourers through NAAMB, Wesley and Goodwill, until the Social hiring component represents 20 percent of the workforce; additionally the competition will reward the vendor commitment to upgrading a percentage of labourers to drivers and apprentices (heavy duty mechanics) over three years.	Due in Market In July 2019
8	<b>MRF</b> Social RFP Prescriptive/ Non-Profit Direct Award Value: \$7M x 5yrs	Joel PW	<b>Social Value:</b> 10% for number of FTE equivalent, full-time jobs for Wesley/Goodwill  <b>Missed Social Enterprise Opportunity</b> <b>Lessons Learned:</b> Too rushed & too late in procurement cycle to engage in discussions with nonprofit organisations who may have been interested & able to run the facility at a lower cost to taxpayers; current policy poses a barrier.  Market price is predicted to rise substantially due to loss of the global fibres market; unknown variables in future provincial recycling model; either major capital investment in plant required or change of business model to become a transfer station.	Missed Opportunity  Due in Market March 2019
9	<b>Under Threshold</b> Speed Cushions Value: \$175K	Robert Marques Tammy PW	<b>Possible Social Enterprise Training Opportunity</b> with Threshold School of Building. Explored a direct award to Threshold School of Building, which provides training to youth. Current Procurement Policy prevents this. Trade agreements allow it.  <b>Lessons Learned:</b> COH current procurement policy is more restrictive than the Trade Agreements, which allow for direct awards to nonprofits delivering programs to train disadvantaged people. Recommend changing COH policy	COH current Purchasing Policy prevented this moving forward
Upcoming				
	Hydrant Painting			
	Bus Stop Cleaning Value \$600K	Paul Z	May 21 <sup>st</sup> meeting to explore the viability of an internal solutions Al Fletcher in discussions with John Howard to run this contract on a Social Enterprise basis. Breaking it up into Zones could be helpful in engaging more nonprofit organizations and in building more sector capacity  <b>Lessons Learned:</b> <b>June 19<sup>th</sup>, 2019:</b> Yes, John Howard is interested and is quoting on this opportunity. In the interim as we await council’s consideration of amendments to the existing policy, a request to council will be made to advance this approach. This will also serve to raise awareness of the constraints presented by the current policy.  Community Living declined to bid due to the 24-hour service requirement and the need to provide vehicles. Submitting a counterproposal which would subcontract the night work and cover the cost of leasing vehicles did not occur to the organization. With more education the organization has learned that they too need to be more creative and open in how they respond to emerging business opportunities.	June 19 <sup>th</sup> 2019  John Howard submitting a proposal  Seeking council approval for alternate approach

Pest Control	Facilities	<p>Social RFP: Contract Number: C12-08-19 Modelled on the Hamilton Water prescriptive approach to an RFP, having the template increased staff confidence to embrace Social Procurement and enabled staff to proceed without any input from the consultant.</p> <p><b>Lessons Learned:</b> This is the first competition to proceed to market without any consultant support. It is also the first to award 20 percent to social value. The internal client had recently moved from procurement into facilities. With both parties educated in the art of Social Procurement, the procurement process moved very efficiently into the marketplace.</p>	In market 20% Social Value Closes July 2 <sup>nd</sup> 2019
Elevator Modernization	Matt Brash	Apprenticeship Training	
Towing Contracts	Matt Brash	<p>DZ Training</p> <p><b>Lessons Learned:</b> Needed a quick turnaround. Buyer felt that there was no time to add Social criteria.</p>	Missed Opportunity
Police Car Wash	Matt Brash	<p>Recidivism and youth</p> <p>Possible partnership with NPAAMB to engage Indigenous Youth to engage justice involved youth. No security clearance is necessary for the youth to engage in this work.</p>	In Development
Mops & Mats Value \$180K	Rick	<p>Cleaning contract</p> <p><b>Lessons Learned:</b> Too small a contract to add Social Value criteria. Social Procurement framework worked well in alerting the buyer that this was below the recommended threshold for adding Social Value criteria.</p>	Not a good fit. Too small a contract.
Security Services	Kelsey	Retention and benefits – Do we value pensions?	
Vision Screening	Kelsey	<p><b>Social Value Criteria:</b> 10%</p> <p>In schools vision screening ongoing contract – YWCA – Potentially an excellent in school hours contract for single mums</p>	In design
Snow Clearing Lodges	Kelsey	Consultant has recommended engaging Rainbows End, a nonprofit operating a number of Social Enterprises serving people living with mental health issues runs a number of Social Enterprises. Currently operates snow clearing services. See Connector organizations for a list of all Social Enterprises operated by Rainbow's End	

**The Process**

**Advancing Social Procurement – City of Hamilton**

**OUTLINE OF PROCESS - From Price-Taker to Market Mover**

**Changing the Conversation - Adding a Socio-Economic lens to Public Works Projects**

**City Vision:** To be the best place to raise a child and age successfully

**City Mission:** To provide high quality cost conscious public services that contribute to a healthy safe and prosperous community, in a sustainable manner.

**Roles & Responsibilities** -the following is being integrated into Public Works standard documents

COH Dept	When	What	How
<b>Public Works</b> Project Lead  Vertical \$5m+ Civil \$1m+ R &M \$500K	Start of project	<b>Social Procurement Framework</b> Review the Category Approach  <b>Opportunity Identification</b>	1. Review recommended approach for the category 2. Consider the questions in this document 3. Refine approach as needed 4. Provide a project brief to Ontario Works Manager and to Procurement
<b>OW Employment Manager</b>  Employment & Skills Development Opportunities  Business Practice Changes  Educational Opportunities	Start of project	<b>Social Procurement Framework</b> Review the Category Approach  <b>Impact Assessment</b> OW makes the YES/No decision to include Social Value  <b>Define Social Value Criteria</b>  <b>Identify the Connector Org</b>	5. Review recommended approach for the category 6. Asses the opportunity for OW clients to secure employment and/or to match skills development programs to the contract opportunity? 7. Identify and recommend the (1) Employment & Skills Development opportunities eg. Recruit graduates from an OW training program (2) Business Practice Changes – if any (3) Educational opportunities, linkages and \$\$\$ employer placement incentives/grants 8. Identify the Connector Organization OW internal or an external Skills Flagship Community Partner and provide contact information to be included in the procurement documents
<b>Procurement Specialist</b>  Integration  Evaluation & Points Values	Pre-Procurement	<b>Social Procurement Framework</b> Review the Category Approach  <b>Set Social Value Points Evaluation Weightings &amp; Mandatory TC's</b>  <b>Establish a benchmark for Social Value Component</b>  <b>Procurement Integration</b>  <b>Final Review</b>	9. Review recommended approach for the category 10. Identify the Social Procurement methodology Social Tender with or without Social Value Menu Social RFP – Prescriptive or descriptive. 11. Assign Social Value Points & Evaluation Weightings Review TC's -1-month notice of PT work schedules etc 12. Integrate OW Social Value criteria into procurement process. Review procurement documentation for any barriers to employment for low-income residents. 13. Final review of procurement documentation for any barriers to employment for low-income residents

## OPPORTUNITY IDENTIFICATION PROCESS

### Public Works or Project Lead – What you will you need to know

- . Project budget & length of contract
- . ETA procurement in the marketplace and project start date
- . Approximate number of project hours and FTE's
- . High level overview of the scope of work
- . Approximate number of entry level opportunities, potential for home-based opportunities (call-centres?) and the type of skills development/apprenticeship pathways available

### Questions to consider are -

#### 1) Does the current approach: -

- . Provide a distinct advantage to the incumbent?  
What is the length of past contract with the incumbent?
- . Could the contract be unbundled to increase the vendor pool or to provide better access to SME's?
- . Present unnecessary barriers to employment for people living in poverty?  
Transportation – requirement to own a reliable vehicle  
Childcare – unnecessarily early start times
- . Promote socially & environmentally responsible business practices?
- . Reward skills development and maximize apprenticeship ratios?
- . Is this a Social Enterprise opportunity – a service contract requiring very entry level skill sets?
- . Is this an under \$200K contract opportunity that can be leveraged specifically to address poverty?

#### 2) Moving from Low Bid to Best Bid – How is value being defined?

- . For construction, are we using the most efficient and effective project delivery and procurement methodology?  
Design, Bid, Build; Design Build; IPD Construction Management; Tender, RFP, Negotiated RFP
- . Can the procurement process be simplified or given more visibility in the community?
- . Could a local nonprofit organization deliver this service?
- . Could pre-procurement market education/engagement/unbundling increase the vendor bidding pool?
- . Would your choice of project/procurement process be different if the project KPI's included Poverty Reduction, Skills Development and/or Local Economic Development metrics?
- . **Note:** Evaluation must NEVER be tied to a monetary donation of any kind

#### 3) Can the approach be re-designed to: -

- **Promote Social Hiring, Apprenticeships and Skills Development?**

- Min. 10% Project Hours (vertical) or 1:10 FTE positions (horizontal) to be set aside to reduce poverty, attract more equity seeking groups and promote skills development on city contracts?

- **Overcome the primary barriers to employment for people living in poverty?**

- Low Self-Esteem, Transportation & Childcare, Education
  - later start times or core hours to coincide with school hours
  - buddy systems & recognition of formal mentoring programs
  - create a more Welcoming Workplace
  - foster the development of Diverse Hiring policies?



## APPENDICES

## Appendix 1: Trade Agreement Thresholds

## THRESHOLDS

CANADIAN FREE TRADE AGREEMENT (CFTA) AND  
CANADA-EUROPEAN UNION COMPREHENSIVE AND ECONOMIC TRADE AGREEMENT (CETA)

(January 1, 2018 – December 31, 2019)

	Procurement Type	Ministries and most Provincial Agencies (CDN\$)	Provincial Agencies of a commercial or industrial nature * (CDN\$)	Municipalities, school boards, publicly funded academic, health and social services entities (CDN\$)
CFTA	Goods	\$25,300	\$505,400	\$101,100
	Services	\$101,100	\$505,400	\$101,100
	Construction	\$101,100	\$5,053,900	\$252,700
CETA	Goods	\$365,700	\$649,100	\$365,700
	Services	\$365,700	\$649,100	\$365,700
	Construction	\$9,100,000	\$9,100,000	\$9,100,000

## Appendix 2: Trade Agreement Exceptions

Under CFTA – Canadian Free Trade Agreement, Ontario negotiated a trade agreement exemption which allows for contracts under \$200,000, to proceed to market in a way that specifically targets poverty. This is separate and distinct from the nonprofit exemptions which exist in both CFTA and CETA – Comprehensive Economic Trade Agreement, between Canada and Europe.

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## Schedule of Ontario

## Procurement Exceptions

For Ontario, the following is not covered by this Chapter:

**A. Excluded Entities**

The following entities are not covered by this Chapter:

1. Offices of the Legislative Assembly

**B. Exceptions and Notes**

1. Article 507.1 and Article 509.1 do not apply to procurement that targets poverty reduction for disadvantaged natural persons if the value of the procurement is below \$200,000.
2. This Chapter does not cover procurement relating to a jointly-owned international crossing between Ontario and another country, or a sub-central jurisdiction of that country, including the design, construction, operation, or maintenance of the crossing as well as any related infrastructure. This exception does not apply to procurement conducted solely by Ontario.

<https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-Consolidated-Text-Final-Print-Text-English.pdf>

<https://www.international.gc.ca/trade-commerce/assets/pdfs/ceta-rm-01-eng.pdf>

CFTA Chapter 5: Page 65 Ontario Schedule - Procurement Exception – Targeting Poverty Reduction

CFTA Chapter 5: Page 42 Article 504, 11 Non-Application (i) procurement of goods or services: (v) from philanthropic institutions, non-profit organizations, prison labour, or natural persons with disabilities.

CETA Chapter 19: Page 273 ARTICLE 19.3, 2 (d) relating to goods or services of persons with disabilities, of philanthropic institutions or of prison labour

**Appendix 3: The Connector Organizations**

Social Procurement – Connector Organizations – Employment Services

	<p>Kerry Lubrick, Manager, OW Employment Services 905-546-2424 Ext. 4855</p>	<p>Ontario Works Employment Services Helping Hands Program. Skills Development Flagship Network kerry.lubrick@hamilton.ca <a href="#">Website Link</a></p>
	<p>Sam Campanella, Executive Director 905-526-1558 ext 419</p>	<p>Construction craft training program for women, kids summer camps, free clothing and food pantry <a href="mailto:sam.campanella@evarothwell.ca">sam.campanella@evarothwell.ca</a> <a href="https://www.evarothwell.ca/">https://www.evarothwell.ca/</a></p>
	<p>Tracy Baxter Regional Director Client Services (Ontario) 905-526-8488 Ext. 1305</p>	<p>Employment Services; ODSP; Mentoring; Paper Shredding Services Stairways Coffee House and Catering TBaxter@goodwillonline.ca <a href="http://www.goodwillonline.ca/">http://www.goodwillonline.ca/</a></p>
	<p>Uzma Qureshi 905-529-5209 Ext. 239</p>	<p>Employment Services for Newcomers <a href="mailto:uqureshi@IWCHamilton.ca">uqureshi@IWCHamilton.ca</a> <a href="http://iwchamilton.ca/">http://iwchamilton.ca/</a></p>
	<p>Ruth Greenspan Executive Director 905-522-4446 ext 224</p>	<p>Justice Involved &amp; Youth-at-Risk <a href="mailto:rgreenspan@jhshamilton.on.ca">rgreenspan@jhshamilton.on.ca</a> <a href="https://johnhoward.on.ca/hamilton/contact/">https://johnhoward.on.ca/hamilton/contact/</a></p>
	<p>Affordable Housing Provider</p>	<p><a href="https://indwell.ca/">https://indwell.ca/</a></p>
	<p>Nick Ciccone Training Director 905-643-1077</p>	<p>Construction Craft Worker Certificate Construction Training HYIC – Hamilton Youth in Construction <a href="mailto:nciccone@liuna837tc.com">nciccone@liuna837tc.com</a> <a href="https://liunalocal837.com/">https://liunalocal837.com/</a></p>
	<p>Brandi Jonathan Strategic Partnership Lead 289-303-9715 Nicole Belanger Partnership Developer 519-717-0895</p>	<p>Indigenous Urban Youth Employment &amp; Training-8 Week wage-subsidy program <a href="mailto:brandi@npaamb.com">brandi@npaamb.com</a> <a href="mailto:nicole@npaamb.com">nicole@npaamb.com</a> <a href="https://npaamb.ssiparked.com/">https://npaamb.ssiparked.com/</a> <a href="#">Indigenous Owned Business Directory</a></p>
	<p>Tara Aronson 905-528-6611</p>	<p>Employment Services for People with Disabilities <a href="mailto:tara.aronson@pathemployment.com">tara.aronson@pathemployment</a> <a href="http://www.pathemployment.com/">http://www.pathemployment.com/</a></p>

<p><b>Rainbow's End</b></p> 	<p>David William, Executive Director 905-667-1840</p> <p>Social Enterprise</p>	<p>Operate a number of Social Enterprises offering, temporary labour, cleaning, landscaping, snow clearing, sewing, small moves and flyer distribution. Serving people living with mental health challenges</p> <p><a href="https://rainbowsend.ca/">https://rainbowsend.ca/</a> <a href="mailto:David.@rainbowsend.ca">David.@rainbowsend.ca</a></p>
<p>Salvation Army</p>	<p>Thrift Store Operations</p>	<p>Recycling Opportunities</p>
	<p>John Grant or Shelly 905-522-8686</p>	<p>Training Youth Age 16-29 in Construction</p> <p><a href="mailto:jgrant@tsob.ca">jgrant@tsob.ca</a> <a href="http://www.tsob.ca/">http://www.tsob.ca/</a></p>
	<p>Rosemary Boateng, Manager Employment Services 905 393 4965 Ext. 241</p>	<p>Employment Services First Start Social Enterprise Café <a href="mailto:rosemary.boateng@wesley.ca">rosemary.boateng@wesley.ca</a> <a href="https://wesley.ca/">https://wesley.ca/</a></p>
	<p>Irene Heffernan Senior Project Manager Neighbourhood Development 905-546-2424 Ext. 4929</p>	<p>Supporting At Risk Youth Age 16-29 HYIC – Hamilton Youth in Construction</p> <p><a href="mailto:Irene.Heffernan@hamilton.ca">Irene.Heffernan@hamilton.ca</a></p>
	<p>Maisie Raymond-Brown Director of Employment &amp; Training Services 905-522-9922 Ext. 151</p>	<p>Employment Services for Women</p> <p><a href="mailto:mrbrown@ywcHamilton.org">mrbrown@ywcHamilton.org</a> <a href="https://www.ywcHamilton.org/">https://www.ywcHamilton.org/</a></p>
<b>Education &amp; Training</b>		
	<p>Margaret Thomson Employment Manager Joyce Filice Job Developer</p>	<p><a href="mailto:margareththomson@mohawkcollege.ca">margareththomson@mohawkcollege.ca</a> <a href="mailto:joycefilice@mohawkcollege.ca">joycefilice@mohawkcollege.ca</a></p>
	<p>Christine Rich, Career Development and Relationship Manager, Engineering Co-op and Career Services, Faculty of Engineering</p>	<p>(905) 525-9140 ext 27792</p> <p><a href="mailto:riche2@mcmaster.ca">riche2@mcmaster.ca</a></p> <p><a href="http://www.eng.mcmaster.ca/eccs">www.eng.mcmaster.ca/eccs</a></p>
<p>Hamilton Building Trades Unions</p>	<p>Mark Elleker 905-870-4003</p>	<p><a href="#">Website Link</a> <a href="mailto:mark@hbtt.ca">mark@hbtt.ca</a></p>
<b>Community Group</b>		
<p>Hamilton Community Benefits Network</p>	<p>Mark Elleker 905-870-4003</p>	<p><a href="http://www.hcbbn.ca/">http://www.hcbbn.ca/</a></p>

**CETA & CFTA Trade Agreements apply to categories on this page**

CETA: Comprehensive Economic Trade Agreement; Construction \$9.1M+, Goods &amp; Services \$365K CFTA: Canadian Free Trade Agreement Construction \$250K+, Goods &amp; Services \$100K

Category #	Categories Contract Threshold	RFX Approach Goal: To remove barriers to employment for people living in poverty	Social Procurement Framework Targeted Outcomes Poverty Reduction & Skills Development Increased Work Schedule Stability	Connector Organizations Overcoming Top 3 Employment Barriers 1. Low Self-Esteem 2. Transportation 3. Childcare
1a	Capital Projects – Vertical \$5M+	<b>Social Tenders</b> – Promote Training To Inc: Welcoming Workplace Plan <b>Social Hiring – 10% Project Hours</b>	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> <li>Apprenticeship Outcomes, starts, progressions &amp; completions</li> </ul>	<b>Construction Connector Orgs</b> <ul style="list-style-type: none"> <li>OW Employment Programs. HHBT/LIUNA, Threshold School of Building; HYIC grads</li> </ul>
1b	IPD \$20M +	Integrated Project Delivery RFP	<ul style="list-style-type: none"> <li>Alternate Project Delivery Methodologies</li> </ul>	Further Discussion Needed
2a	Capital Projects – Civil, Horizontal \$1M+	<b>Social Tender-Social Value Menu</b> x1 OW hire on staff, or in supply chain, throughout the contract term &/or recruited within last 6 months	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> </ul>	<b>Construction Connector Orgs</b> <ul style="list-style-type: none"> <li>OW Employment Programs. LIUNA, HAND Threshold School of Building; Xperience Annex HYIC grads</li> </ul>
2b	Capital Projects – Civil, Horizontal \$10M+	<b>Social Tenders</b> \$10M+ To Inc: Welcoming Workplace Plan <b>Social Hiring – 10% Project Hours</b>	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> </ul>	<b>Construction Connector Orgs</b> <ul style="list-style-type: none"> <li>OW Employment Programs, HAND; HYIC</li> <li>HHBT/LIUNA Threshold School of Building</li> </ul>
3a	Repairs & Maintenance \$500K+	<b>Social Tender-Social Value Menu</b> Social Hiring – 1:10 FTE Skills Training/Work Experience Business Practice Changes	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> <li>Pre-Apprenticeship/Apprenticeship Outcomes</li> </ul>	Construction Connector Orgs <ul style="list-style-type: none"> <li>OW Employment Programs; HYIC grads</li> <li>LIUNA, Threshold School of Building</li> <li>Xperience Annex HYIC grads</li> </ul>
3b	Repairs & Maintenance \$500K+	<b>Prescriptive Social RFP</b> Employment/Skills Development Business Practice Changes Market Education – Diversity	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> <li>Pre-Apprenticeship/Apprenticeship Outcomes</li> </ul>	All Connector Orgs <ul style="list-style-type: none"> <li>OW Employment Programs</li> <li>Path Employment, IWC, YWCA, Goodwill, Wesley, NPAAMB</li> </ul>
4	Services Entry Level Skills Security, Call Centres, Janitorial \$200K+	<b>Prescriptive Social RFP 10-33%</b> Employment/Skills Development Business Practice Changes Market Education – Diversity	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PAT – Professional, Administrative, Tech jobs</li> <li>1-month notice of work schedule</li> <li><b>Fair Wages &amp; Benefit Policy for Services TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>OW Employment Programs</li> <li>Path Employment, IWC, YWCA, Goodwill, Wesley, NPAAMB</li> <li>Rainbow's End, HYIC grads</li> </ul>
5	Services Mid-Level Skills Water meter installers \$500K+	<b>Prescriptive Social RFP 10-25%</b> Employment/Skills Development Business Practice Changes Market Education – Diversity	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>Pre-Apprenticeship/Apprenticeship Outcomes</li> <li>More Welcoming Workplaces – start times etc</li> <li><b>Fair Wages &amp; Benefit Policy for Services TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>OW Employment Programs</li> <li>Path Employment, IWC, YWCA, Goodwill, Wesley, NPAAMB</li> </ul>
6	Services –Professional Level Skills Prime Consultants, Office Work \$500K+	<b>Descriptive Social RFP 10-20%</b> Employment/Skills Development Business Practice Changes Market Education – Diversity	<ul style="list-style-type: none"> <li>OW - Employment &amp; Skills Development</li> <li>PWD – Persons with Disability</li> <li>More Welcoming Workplaces – start times etc</li> <li><b>Fair Wages &amp; Benefit Policy for Services TBD</b></li> </ul>	<ul style="list-style-type: none"> <li>OW Employment Programs</li> <li>Path Employment, IWC, YWCA, Goodwill, Wesley, NPAAMB</li> <li>McMaster Student Coops/work placements</li> </ul>
7a	Goods Over \$100K+	Circular Economy Focus Waste Reduction; Reduce, Reuse, Recycle	Goods is a stronger category for Green/Circular Procurement. Construction waste is a critical topic to address	Social Value is not currently being applied to this category Is Environmental responsibility to be considered?

**City of Hamilton controls policy decisions for categories on this page – Trade Agreements DO NOT APPLY**

8	<b>Construction</b> Under \$250K	Simplicity & Visibility for Vendors Replace the 3-quote system with <a href="#">S-RFP</a> 2 pages out 2 pages back	. Implement Bid-Blast System to email category specific opportunities to local vendors, Hamilton Chamber & Construction Assn	. Increased visibility of City contracts . Increased # of SME's bidding . Local Economic Development
9	<b>Services</b> Under \$100K	Simplicity & Visibility Replace the 3-quote system	. As above	. Increased # of SME's bidding . Local Economic Development
10	<b>Goods</b> Under \$100K	Simplicity & Visibility for Vendors Replace the 3-quote system	. As above <b>Note: Goods under \$100K ARE included here as an impact category</b>	. Increased # of SME's bidding . Local Economic Development
11a	<b>NonProfit Strategy</b> Social Enterprise Development	<b>Policy Change to allow grants, direct awards and/or limited tendering for NFP Social Enterprises training barriered &amp; equity seeking groups</b>	Identify goods & service categories that could be direct awarded to support the growth of Social Enterprises employing residents facing multiple barriers to employment	. Increased Social Enterprise capacity for people facing temporary or permanent barriers to employment . Threshold, Wesley, Goodwill, Indwell, Rainbows End . More integration of non-profit organizations into mainstream economy
11b	<b>Excluded Categories CETA &amp; CFTA</b>	Non-Profits, Health, Social Services, Arts, etc	<a href="#">Non-Profits &amp; Programs for disadvantaged people</a> <a href="#">See CFTA page 42 for non-profit exclusions</a>	- Poverty Reduction - More integration of non-profit organizations into mainstream economy
11c	Under \$200K CFTA Exemption to tackle poverty	<a href="#">CFTA Poverty Reduction Exclusion</a>	<a href="#">See Annex 520.1: Ontario Specific Exceptions pg 65</a>	- Poverty Reduction & Skills Training - Increased Social Value through non-profit service delivery partnerships
12	CBA's: Planning Policy Private Developments & major public projects - LRT  Vertical or Horizontal	<b>CBA- Community Benefits Agreements</b> External Engagement Process  COH - CBA approach needs to be aligned with COH - Hamilton Strategic Procurement policy	Led by City Planning Department <b>HCBN:</b> City Advisory Committee is currently working with the Hamilton Community Benefits Network. This is not a procurement process. CBA's are negotiated as part of a private development or a mega public project	. Local Spend . Local Hiring Targets . Training Targets . Apprenticeship Targets . Community Amenities CBA's can be included in City Social Lease Agreements
13	City – HR Policy Direct Hiring	Lead by example To ensure the City has hiring practices that are consistent with an Equity, Diversity and Inclusion Framework	. Hiring practices designed to ensure barrier free access to employment for equity seeking groups . Need for data collection to better understand current state and opportunities	. Voluntary demographic collection on applicants and subsequent survey of all employees as part of 2020 Our People Survey . Document in accordance with Employment Equity guidelines
	<b>Strategic Alignment:</b> City of Hamilton's Strategic Plan; People & Performance Plan	<b>Strategic Alignment:</b> Poverty Reduction Indigenous Reconciliation Newcomer Integration Economic Development	<b>Strategic Alignment:</b> Mayor's Blue-Ribbon Taskforce HAIL – Hamilton Anchor Institutions Leadership Skills Flagship Table; Job Developers Network; Xperience Annex;	Vision 2020 – Our Future Hamilton City Innovation Lab HCBN – Hamilton Community Benefit Network Hamilton Poverty Roundtable Hamilton Social Planning Council
	<b>Abbreviations</b>	<b>PAT:</b> Professional, Admin & Technical <b>FTE:</b> Fulltime Equivalent	<b>STOC:</b> Short-term Occupational Certs <b>SME:</b> Small Medium Enterprises	. <b>OW:</b> Ontario Works . <b>BPC:</b> Business Practice Changes

**Appendix 5: HAND Association – Letter Re: Social Procurement Initiative**

March 20, 2018

Ms. Tina Iacoe  
Procurement Manager, City of Hamilton

**Re: City of Hamilton Social Procurement Program Initiative**

Dear Ms. Iacoe:

The Hamilton & District Heavy Construction (Hand) Association is a heavy civil construction organization founded in 1966. Our members include contractors, associate suppliers, and consultants who design, build, and supply products and services to the road, bridge, and sewer and watermain construction sectors in the Greater Hamilton Area. The Association's mandate is focused on improving the business environment, protecting the safety and rights of our members, and promoting best work practices to ensure our members deliver the best possible product for the best price. It is for these reasons that we are writing to raise serious concerns with the City of Hamilton's proposed Social Procurement Program (SPP) initiative.

Over the past two years, through our work with our provincial association, the Ontario Sewer and Watermain Construction Association (OSWCA), one of the central issues we have been working on at both the provincial- and municipal-level is the inclusion of SPP requirements into public construction contracts. Given our growing body of knowledge around the *practical* application of SPPs and their effect on the construction tendering process, we would like to stress the importance of:

1. properly engaging with the employer community at the early stages of design of this program; and,
2. taking a slow and measured approach to their use in Hamilton, specifically via the use of provisional contract allowances in the contracts where these initiatives will first be included as contract requirements.

SPP models across North America have been, and continue to be, imperfect. While the objectives appear positive on paper, in practice, issues often arise around health and safety of the new workers, incomplete training, the taxpayer value-for-money, and the long-term sustainability of the employment opportunities being created. Involving the employer community in the program design *from the beginning* will help to mitigate some of these problems.

Construction employers are willing to provide meaningful and well-paying careers to any person interested in working in the field, including any individuals identified through SPPs. However, how companies hire, train, and ultimately employ workers is very nuanced, and differs by sector. These nuances must be properly understood and accounted for in SPP policy to ensure that the actual opportunities that are available match the training and employment requirements being placed in contracts.

According to a University of California, Los Angeles (UCLA) Labor Centre study that looked at SPPs across the United States, "a targeted hire initiative, in itself, is not a guarantee that targeted hire goals will be met. Its success is largely dependent on design and implementation."<sup>1</sup> And to ensure implementation goals are met, those responsible for the ultimate employment *must* be involved in the program design to ensure the goals are realistic and fit with industry practices. Attached in Appendix is an industry best practices document that provides additional considerations that the city should be considering before placing these requirements into its construction contracts.

As members of OSWCA, we have been involved in discussions around SPP design with the province of Ontario (who have since chosen to jettison this program given the return on investment was extremely poor), the City of Toronto, and with the Halton Public Buyers group. We have keen insight into the actual application of these programs, rather than simply their design, and would like to provide our feedback into this process before these become requirements of contract.

Please do not hesitate to contact me, or the OSWCA lead on this issue ([Patrick.mcmanus@oswca.org](mailto:Patrick.mcmanus@oswca.org) or 905-629-7766) if you have any questions or would like to discuss this issue in more detail.

Sincerely,



Ryan Farrish  
President

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<sup>1</sup> *Exploring Targeted Hire: An Assessment of Best Practices in the Construction Industry*, UCLA Labor Centre: March 2014, p. 5.

### **A Workable Social Procurement Program Model for Construction**

**Issue:** To achieve sustainable and diverse employment opportunities through social procurement programs (SPPs), a carefully-designed and integrated model must first be established that builds the needed administrative infrastructure to support this type of program (i.e. recruitment models; needed social and financial supports; training goals; employment needs; and, an organizational "hub" to oversee and administer the program).

#### ***Overview of Position:***

There are opportunities in the construction industry to support sustainable employment for job seekers through SPPs. What is important, though, is to ensure that these opportunities are identified and established in cooperation with the industry. SPPs across North America have been, and continue to be, imperfect, existing programs can be mined for best practices that can be put in place in Ontario to ensure a workable and sustainable employment program can be established.

An appropriately-scoped program must include financial support for community development organizations to carry-out social development, wrap-around support, and employment recruiting amongst the identified underrepresented groups. It must be followed by identifying and funding professional training programs for prospective workers and identifying where employment needs and opportunities exist. An administrative body must be put in place to act as the "hub" for this program (i.e. Construction Connections). Finally, *and most importantly*, an appropriate amount of time must be provided to evaluate how these programs work through pilot programs before the government can even consider large-scale roll-out of these SPPs on contracts.

#### ***Building the Social Infrastructure to Support SPPs:***

If the goal of SPPs are to match historically underrepresented job seekers with construction sectors that have sustainable employment opportunities, then it is important for the government to invest in the front-end program development that will help to achieve this goal. Connecting the government's poverty reduction targets to its infrastructure investments cannot simply be about inserting language into a construction contract. There is substantial front-end work that must be properly supported (i.e. recruitment, training, wraparound social support) before SPPs can realistically be expected to function on any sort of broad scale. According to a University of California, Los Angeles (UCLA) Labor Centre study that looked at SPPs across the United States, *"a targeted hire initiative, in itself, is not a guarantee that targeted hire goals will be met. Its success is largely dependent on design and implementation."*<sup>2</sup>

While many sectors in the construction industry are willing to provide meaningful careers for individuals identified through SPPs, how companies hire, train, and ultimately employ workers is very nuanced, and differs by sector. These nuances must

<sup>2</sup> *Exploring Targeted Hire: An Assessment of Best Practices in the Construction Industry*, UCLA Labor Centre: March 2014, p. 5.



be properly accounted for to ensure that the opportunities that are available are properly understood and being taken advantage of. Understanding what opportunities presently exist, and what will soon exist, will help to drive job seekers into sector-specific training programs to ensure that there are actually "job-ready" individuals to fill employment opportunities when they become available. Simply inserting requirements into contracts and expecting contractors to figure out how to meet these requirements "on the fly" will not result in the expected employment outcomes.

***Needs for Gradual Implementation:***

A SPP must be rolled-out slowly to ensure the program is sound and the appropriate social infrastructure is given enough time to adequately grow around the program. During initial roll-out, the City must develop/include the following:

1. A "**SPP Hub**" funded by the public buyer, acts as a coordinating body between community organizations, labour groups, training centers, construction employers, and public buyers. The Hub manages recruitment, job preparation, counselling, training, and supportive services for those seeking employment through a SPP. The Hub allows employers seeking trained workers that fit SPP requirements to interview job seekers and request specialized job training for applicants they intend to hire, tailored to the employer's needs.
2. A **Provisional Contract Allowance** where the public buyer specifies the amount of money to be directed towards SPP requirements in the contract (e.g. workforce development targets; subcontracting requirements; etc.). Aspirational targets can then be set, where, if met, will result in the release of a bonus payment to the contractor. This approach will:
  - ensure equity in the bidding process by directing a specified amount of funding from the City to these hiring requirements (ensuring no contracts are won or loss based on this program);
  - decrease the amount of risk being priced into contracts, by avoiding the use of additional penalties;
  - positively incentivize compliance; and,
  - provide the desired "work experience" objectives of this program.

***SPP Elements We DISAGREE with:***

- **Project-based employment quotas** work against the goal of sustainable employment. Quotas will encourage employers to hire SPP eligible employees only for the length of a project, as these employees would not be eligible to count against SPP targets on future projects. It will also lead to limited opportunity for learning meaningful skills, as an employer is not incentivized to invest in these individuals.
- **Penalty-based, hard-target contract requirements** place significant added risk onto contracts. These targets compel contractors to keep workers employed that they may otherwise have fired due to performance issues, simply to avoid being fined. It is imperative that employers avoid creating a two-tiered employment model

that treats SPP workers with a different set of rules than everyone else. There will always be elements beyond an employers control (e.g. employee arrives to work late, refuses to follow instruction, etc.), so flexibility needs to be built into this system to ensure all workers are treated equally.

- **Strict limitations on workforce recruitment** puts severe restrictions on an employer's ability to hire who they deem to be a suitable candidate for employment. A reasonable approach would be to establish a regional zone that corresponds to a typical working area for a given company (i.e. GTA; Durham Region; Kitchener-Waterloo-Guelph; etc.). If sustainable employment is the ultimate goal, then new hires must be prepared to move project locations, as all employees are required to do.

***Need for Broad Stakeholder Input and Ongoing Involvement:***

There are a wide variety of interests at play in the creation of SPP requirements for the construction industry. These interests *must* be understood and accounted for in the policy development process. SPPs have the potential to benefit a significant number of people and communities; however, it is critical to get the program model right, to have all stakeholders "buy-in" to the program, and to slowly grow it over time. Representatives from each of these sectors must be brought together to assist in the development of the program.

- **Community Organizations** will be tasked with recruiting and certifying individuals that meet the targeted hiring initiative. Community groups will also have to establish ongoing social support structures to help ensure these individuals meet their employment obligations (e.g. transportation; child care; personal protective equipment; etc.). Timelines, financial support, and detailed pathways to employment must therefore be created to ensure that community organizations have "work ready" individuals prepared for when opportunities arise.
- **Construction Labour Groups** must be consulted to understand how their training programs work, what their capacity for training is, where this training can be offered, and what the requirements for new workers joining the organization would be. This is a very important component to this entire process, as construction employers require sector-specific training to be completed before an individual is hired. Setting realistic employment targets must include consideration of training capacity.
- **Public Buyers** must be prepared to provide funding supports to establish the necessary social infrastructure to see SPP initiatives succeed; this includes financial support to community groups and construction labour organizations to ensure that the right individuals are recruited, trained, and supported to meet the demands of work in the construction industry. As the UCLA Labor Centre paper notes, SPP initiatives "...can drive up construction costs and add complexity to the requirements that contractors must already comply with."<sup>3</sup> So, public buyers must be prepared to utilize their poverty reduction budgets to support the requisite "front-end" work.

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<sup>3</sup> *Exploring Targeted Hire: An Assessment of Best Practices in the Construction Industry*, UCLA Labor Centre: March 2014, p. 6.


- **Contractors** must be prepared to create new employment opportunities for workers and develop their own training programs to assist new workers to progressively develop their employment skills on the job.

***Roll-out and Implementation of Pilot Projects:***

While this program is in its infancy, it is critically important to take a slow and measured approach to implementation to ensure that we get it right, rather than simply force the program into place.

- **Proactively engage employers on a sector-specific level to understand what appropriate project thresholds look like.** Dollar value, labour requirements, and length of a project are all critical factors that must be considered when choosing projects to set SPP requirements on. Each of these items differ greatly between sectors. Some sectors are very labour intensive, while others are governed more heavily by material and machinery costs. These nuances must be understood so SPP requirements are being embedded appropriately in contracts.
- **Once a SPP is clearly and comprehensively designed, pilot the program** on a set number of projects over five years and then review for best practices. Be prepared to modify and adjust the program requirements during implementation as better practices are identified.
- **Be prepared to move away from project-based requirements.** If the broad objectives of this program are poverty reduction and more equal representation in the construction workforce, then a long-term, sustainable approach must be taken that seeks to adjust industry hiring trends. The "employer certification model" mentioned above on page 2 better lends itself to sustainable employment opportunities and long-term changes to industry hiring practices. This model should be considered after an appropriate number of pilot programs have been conducted, and the model has been perfected.

**Appendix 6: McMaster University – In support of Social Procurement Initiative**



**McMaster University a  
Campus Collaboration in  
Support of City of Hamilton  
Social Public Procurement  
Initiative**

March 19, 2019

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## SUMMARY

Earlier this year the City of Hamilton launched an exciting new initiative to explore how the City could better leverage procurement to reduce poverty and align with the City's vision of making Hamilton the best place to raise a child and age successfully.

This initiative is a collaborative effort supported by the City's Public Works Department, by Healthy and Safe Communities and by Procurement, which has engaged Sandra Hamilton, a strategic social procurement expert, to assist in the development of the process.

"Imagine if companies bidding on City projects were rewarded for their commitment to employ people living in poverty or for business practices that improved lives. Imagine if we all committed to making a 10% shift in business as usual. If this were the case, what are the work place accommodations and new business practices that you would most like to see rewarded in City funded procurement contracts?"

Would later start times help overcome the struggle to find early morning child care? Could job sharing, more workplace flexibility, job carving, or employer assistance with transportation help? Are we buying the future we want? Leveraging public procurement for the benefit of the whole community OPINION Apr 14, 2018 by Sandra Hamilton, Hamilton Spectator

This is the framework for discussions on moving the City of Hamilton towards a process for Social Public Procurement.

**Required Citation:** Sandra Hamilton 2018

This initiative is based on the work and research of Sandra Hamilton, Canada's First Social MBA and the author of both British Columbia's and Alberta's first Social Procurement Frameworks. SandraHamilton.ca <http://www.sandrahamilton.ca>

## BACKGROUND

On November 15, 2018 - Sandra Hamilton, presented the project, timelines, and called for participation in community sessions by the Hamilton Job Developers Network, a group consisting of twenty-two organizations ranging from not-for-profits, city programs, and post-secondary members (Mohawk College and McMaster University). This group focuses on job development, training, and retention supports for under, unemployed, and newworkers of marginalized community members for Hamilton and area.

Early December, members of the Hamilton Job Developers Network and community stakeholders attended Design Labs for Social Public Procurement. Gisela Oliveira, Associate Director, and Katherine Hesson-Bolton, Diversity Employment Coordinator of Career & Employment Student Success Centre attended the Design Labs for Social Public Procurement. Over a five day period, Sandra facilitated five sessions with a focus on Youth, Women, Indigenous, Person with a Disability, Newcomers and Equity Seeking Groups discussing employment and skills development, business practices changes, and education.

In advance of the Design Labs for Social Procurement Labs community members were provided with articles related to Employment and Skills Development, Business Practice Changes and Education along with articles on Social Procurement. See Appendix 1- 3

## PROJECT SCOPE

**BRIGHTER WORLD** | [mcmaster.ca](http://mcmaster.ca)



Transforming how Hamilton and the broader society defines value is a key outcome within the social public procurement initiative. "Social value is a subjective term that means different things to different people. While there is no single definition of social value, it can be referred to as the wider, non-financial impacts of programs, organizations and interventions, including the wellbeing of individuals, communities, and/or the environment.

There are a wide range of approaches and social metrics options being developed for organizations that are interested in implementing the principles of social value assessments. It is important to note that each measurement methodology has a set of conditions that are often social organizations creating 'blended value' struggle with the following questions:

- "We change people's lives for the better. How do I measure that?"
- "There are many different groups of people involved in or interested in my organization. All these stakeholders seem to want different things. How do I prioritize them?"
- "I want to bid for work on a new social project. They have asked about social benefits that are gained from working with my organization. What is the right answer?"
- "They say that what gets measured gets valued, but how do I measure things like a new skill, increased access to employment, or changing attitudes towards elderly people?" (Eurodiaconia, 2013) Measuring Social Value A Social Metrics Primer, Babita Bhatt and Tessa Hebb With Assistance from Lesley MacKinnon, Carleton Centre for Community Innovation 9/17/2013

Psychological health is "A state of well-being in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community. (World Health Organization)

Social Value UK, they believe that social value has a huge potential to help us change the way we understand the world around us, and make decisions about where to invest resources. By changing the way we account for value, they believe that we will end up with a world with more equality and a more sustainable environment.

The Social Public Procurement Initiative framework will support Hamilton's mission to provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.



Sandra is seeking an ongoing partnership with McMaster University to document the City of Hamilton Social Public Procurement initiative resulting in an umbrella framework for application of a national and international scale.

Project engagement would result in student employment opportunities based on a budget to support the partnership. Working from a Human Centred Design, noted is a brief list of desired outcomes.

- A. Mapping of Key Learning
- B. Codify Knowledge
- C. Documentation of the process building decision trees
- D. Creation of a central database open to the public sector regarding procurement and job creation
- E. Formula or process how value is defined and the impact to an individual when employment is secured or bettered

These opportunities would require additional review to define the full job description, budget and could consist of the following:

1. Staff Shadow/Researcher to work with Sandra following the process along building the vision and conducting literature reviews
2. Research/Writer producing material that support cultural change

## PARTNERSHIP ANALYSIS

**BRIGHTER WORLD** | [mcmaster.ca](http://mcmaster.ca)



The Social Public Procurement at City of Hamilton initiative converges on numerous department areas. It is key to have a coordinated communication process in place. One solution in addressing this significant aspect is the establishment of a Social Public Procurement campus working group with identified task leads to report back to the larger group.

The advantage to a Working Group will ensure various perspectives remain top of mind in providing research, service, and consultations. It must be the practice of the Working Group to keep at the forefront the aim of engaging equity-seeking students and staff for a broader diverse representation. On the other hand, based on the scope of the project, coordinating multi-campus stakeholders may become complex in coordinating tasks and a Project Manager or Chair should be in place.

As the initiative moves forward, and with involvement by McMaster, it is recommended a briefing be conducted with President Patrick Deane on the level(s) of engagement. March 2019 Sandra Hamilton, Advisor to Social Public Procurement at City of Hamilton is scheduled to present to The Hamilton Anchor Institution Leadership (HAIL) of which McMaster President is a member.

Given the scope of the project and the desire to provide paid opportunities for equity-seeking students, McMaster in discussion with Sandra investigate funding opportunities such as the Social Sciences and Humanities Research Council (SSHRC) <http://www.sshrc-crsh.gc.ca/funding-financement/index-eng.aspx> and the Procurement and Investment Readiness Fund <https://www.ontario.ca/page/procurement-and-investment-readiness-fund>. Dependent on funding guidelines, individual graduate students or external partners may be required to apply for funding.

McMaster University as a publicly funded research university, Hamilton-Niagara's top employer, ongoing community engagement, and serving students and staff within the designed equity-seeking groups will need to be sensitive to the potential outcomes of the social procurement project and its' own current and future procurement practices.

## FACULTY INTEREST

## ACTION ITEMS

1. A meeting be scheduled with staff and members across various faculties to review the Social Public Procurement at City of Hamilton initiative and identify key campus and community partners and areas of expertise
2. Staff from Student Success Centre attend the community Design Labs for Social Public Procurement and associated career and employment community meetings
3. Schedule a meeting with Sandra Hamilton to further review McMaster involvement and expertise and backings
4. Map out timelines and the development of a Working Group

## ATTACHMENTS

## SANDRA HAMILTON BIO

- Appendix 1 [The Spec: Are We Buying The Future We Want?](#)
- Appendix 2 [Social Procurement in Infrastructure](#)
- Appendix 3 [Social Procurement 101](#)
- Appendix 4 McMaster University Proposed Campus Partners – Discussion Paper

### SANDRA HAMILTON BIO & CURRENT PROJECTS & CONFERENCE PRESENTATIONS

Advisor Bio: Sandra Hamilton: Strategic Procurement Advisor and Canada's First Social MBA Hamilton works with governments and industry to modernize procurement processes and to achieve more social value through public sector supply chains. For Hamilton "It's about moving beyond Do No Harm, to proactively Doing Some Good."

Known for her progressive, trade agreement compliant approach, Hamilton has designed both British Columbia's & Alberta's first Social Procurement Frameworks and was nominated by Global Affairs Canada to profile her work at the World Trade Organization (WTO) Symposium on Sustainable Government Procurement in Geneva.

#### Conferences-Presentations

Hamilton's work generates regular speaking invitations from organizations including: -  
WTO – World Trade Organisation in Geneva, Symposium on Sustainable Government Procurement;  
2017 Canadian Construction Association Conference, Mexico; UBCM - Union of B.C. Municipalities;  
AVICC - Assn. Vancouver Island Coastal Communities; BC Farmers Market Association; the Alberta Network of Public Housing Conference; GFOA BC & CPA - Government Financial Officers Association; 2017 Canadian Capital Cities Conference and Unleashed Conference– CSED – Centre for Social Enterprise Development, Ottawa.

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