



INFORMATION REPORT

TO:	Chair and Members Community Benefits Protocol Sub-Committee
COMMITTEE DATE:	May 28, 2024
SUBJECT/REPORT NO:	Procurement Pilots Undertaken Utilizing Social Value (FCS24035) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tina Iacoe (905) 546-2424 Ext. 2796
SUBMITTED BY:	Tina Iacoe, Manager Procurement Division Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

At its meeting on September 28, 2023, the Community Benefits Protocol Sub-Committee approved the following:

“Hamilton Community Benefits Protocol Sub-Committee Update (HSC23026) (City Wide) (Item 9.2)

- (i) That Report HSC23026, respecting Hamilton Community Benefits Protocol Sub-Committee Update, be received.
- (ii) (1) That staff be directed to report back on the Hamilton Community Benefits Protocol Sub-Committee respecting a summary of the pilots undertaken for social Request for Procurement (RFP); and
(2) That the report back and include the 2019 Sandra Hamilton procurement report as an attachment.”

These recommendations were subsequently approved by the General Issues Committee on October 18, 2023 and then by Council on October 25, 2023.

This Report provides information regarding the pilots undertaken in 2018 and 2019 utilizing social value in various competitive public procurements carried out for the City of Hamilton. The Report includes lessons learned as a result of the pilots and opportunities as well as challenges that staff has identified with the re-implementation of social value procurement. This report also provides the consultant's report that was commissioned in 2019, summarizing the work undertaken by staff, the consultations conducted in 2018 and 2019 and the resulting pilots conducted. The consultant's report was authored by Sandra Hamilton from the Sequoia Group Limited is attached as Appendix B to this report.

INFORMATION

Chronology of Events

In June 2018 with the support of the General Managers of Public Works Department, the Healthy and Safe Communities Department and the Corporate Services Department, the Procurement Section engaged an external consultant, Sandra Hamilton from the Sequoia Group Limited, to guide and demonstrate to staff how to implement social value criteria as a mechanism to promote social procurement within Hamilton.

The outcomes for that consultancy engagement were:

- strategic priorities and high impact areas to be clearly identified/agreed;
- a Social Procurement Framework and Implementable Plan to be developed;
- internal & external key stakeholders to be identified, educated and engaged;
- connector non-profit organizations to be identified, educated and engaged; and
- at least one Hamilton Social Procurement opportunity to proceed to market.

The process began with internal meetings with Procurement staff and the consultant to outline the concept of social procurement and to identify the types of procurement opportunities best suited for social procurement related work or services. Throughout September 2018 to June of 2019, staff and the external consultant held many meetings with staff from all City departments as well as many external organizations to the City, including work force developers, employment organizations, trade and labour associations.

A list of these external organizations is as follows:

CONNECTOR ORGANIZATIONS AND WORKFORCE DEVELOPERS	
Organization	Clientele
Goodwill, The Amity Group	Jobseekers, Employers
Immigrants Working Centre	Newcomers

SUBJECT: Procurement Pilots Undertaken Utilizing Social Value (FCS24035) (City Wide) – Page 3 of 11

John Howard Society of Hamilton Burlington & Area	Youth & Adult
March of Dimes	People with Physical Disabilities
McMaster University	Students
Mohawk College	Students
NPAAMB - Niagara Peninsula Aboriginal Area Management Board	Urban Indigenous Youth, Status, Non-Status, Metis & Inuit
Path Employment	Persons with disabilities
Skills Development Flagship	Various
Threshold School of Building	At-Risk & Marginalized Youth Aged 15- 30
Wesley Urban Ministries	Children, Youth, Family, Homeless, Newcomers, Seniors & Older Adults
YWCA Hamilton	Young women, youth

INTERNAL CITY OF HAMILTON CONNECTOR GROUP

Ontario Works Employment Services
Xperience Annex
CityHousing Hamilton

TRADE AND LABOUR ASSOCIATIONS AND ORGANIZATIONS

AECON-Six Nations Joint Venture
Christian Labour Association of Canada
Construction and Design Alliance of Ontario
Hamilton & District Heavy Construction Association
Hamilton Halton Construction Association
Hamilton Brantford Building Trades
Labourers' International Union of North America - LiUNA Local 837
Ontario General Contractors Association
Ontario Sewer and Watermain Construction Association
Progressive Contractors Association of Canada
United Brotherhood of Carpenters and Joiners

These meetings were held to inform attendees, engage in feedback on social procurement and share examples of other social procurement programs and success stories in Canada and in the world.

In December 2018, staff participated in Social Procurement Design Labs to engage in discussions and brainstorming sessions with connector organizations and work force

developers within the following demographics within the Hamilton community: Youth, Indigenous, Persons with Disabilities, Women, Newcomers and Equity Deserving Groups.

The design labs all identified three common barriers to employment:

- access to transportation (including lack of owning or having access to a vehicle to get to work);
- lack of or access to childcare (including not being able to find childcare that would accommodate very early drop offs);
- lack of confidence to do the work (including lack of trade and social skills to work).

Based on the information received from the design labs, Procurement staff along with Public Works and Healthy and Safe Communities staff conducted nine competitive requests for proposals that included some element of social value criteria within the evaluation scoring mechanism for award. Details regarding the nine pilots is included in Appendix A to this Report.

At the July 11, 2019 Audit, Finance and Administration Committee meeting, Councillors voiced their concerns regarding the implementation of social procurement and the piloted procurement projects. Consequently, no further pilots were considered. Additionally, due to the Procurement Division's staffing resource challenges, any piloted projects that were awarded were not monitored or follow up on after July 11, 2019.

Lessons Learned through Pilots

The following are significant lessons learned from implementing the procurement process pilots:

- At the time that the pilots were carried out in 2019, social procurement was a new concept in Canada and many connector organizations and vendors were not familiar with social procurement nor with what role these organizations played within it. However, since 2019 other municipalities and organizations have adopted some form of social procurement and vendors should be more familiar with the concept. In addition, since 2019 there have been many speakers and educational sessions held throughout Ontario and Canada that have provided procurement professionals with examples and roadmaps for implementation of social procurement. This additional information and experiences should allow for an easier re-implementation of social procurement to the vendor community.

- For social procurement and social value considerations to be successful, there needs to be both a steady demand for employment and a steady supply of trained and ready for employment personnel. During the pilots, Procurement staff worked very closely with Ontario Works (“OW”) City staff and were able to pre-emptively advise OW staff when procurements having social procurement criteria would be going out for bid. Staff worked collaboratively to review the work or services required in the request for proposals (“RFP”) and consider what appropriate connector organizations to suggest to vendors in the RFP. Feedback from the vendors indicated that the guidance provided in the RFP to the appropriate connector organizations was helpful when putting together their proposal for the City’s consideration. It is important to note that OW is no longer responsible for employment programs.
- If enough lead time was given, there were instances where OW or connector organizations were able to pre-train employment candidates with the appropriate skills and training necessary for (some or all) work in the procurement contract. By having pre-screened and “employment” ready candidates, it was much easier for vendors to conduct interviews and possibly hire these candidates rather than source the candidates themselves.
- Vendors need to be advised that hiring and training social procurement candidates may require additional time and money. During the consultations with the vendor community, the City was asked by vendors to possibly carry a cash allowance for hiring and training. Additional feedback indicated that although vendors may only commit in their proposals to hiring 1 or 2 candidates, there was a very high possibility that the vendor would need to engage and work with many more candidates in order to sustain and honour the requirement of employment in the contract.
- Staff has also received feedback that although candidates were hired, some candidates dropped out of the work opportunity, requiring the vendor to move on and train another candidate or start the hiring process again.

Opportunities with Social Procurement

The following are opportunities that were present during the pilot implementations and

remain present for the re-implementation of social value procurements:

- Procurement is listed as Goal #5 in the Corporate Climate Change Goals.
- Canada has a shrinking workforce and social procurement is a way to spark interest with the candidates on OW and help them get the training and confidence they need in order to raise themselves out of poverty.
- Council has identified “Sustainable Economic and Ecological Development” as one of its priorities, designed to guide the decisions of Council and City staff. Outcomes 1 and 2 both indicate measures of success that could be positively affected through the implementation of social procurement.

Funding Opportunities

- Funding agreements by the Federal Government continue to be an opportunity for the City to fund projects. Each funding agreement contains its own list of requirements and criteria, such as “community benefits” or “social benefits” that the municipality needs to provide in order to receive the funding. In the past, the City has engaged in at least two funding agreements with social benefits:
 - Disaster Mitigation and Adaptation Fund (DMAF) project for Shoreline Protection Measures within the Landscape Architecture Division in Public Works. The fund required reporting on “Community Employment Benefits” on three of seven identified targeted groups (women, youth, apprentices, indigenous peoples, persons with disabilities, veterans, recent immigrants). City staff issued a competitive procurement process, C11-18-20 to retain Consultancy Services for Coastal Engineering Lead Consulting Teams as a strategic approach to successfully meeting the DMAF timelines. Vendors working on the DMAF shoreline projects report back to City staff on their resources who identify as members of the target groups (women, youth, and apprentices) to whom their firms could provide “community employment benefits.” City staff continue to report on the cumulative total number of hours for each group once per year to the Federal Government.
 - Investing in Canada Infrastructure Program (ICIP) within the Transit Division in Public Works. Seven projects were identified and funded by ICIP, requiring various reporting, including:

Aboriginal Consultation:

- applicable to all projects receiving ICIP funding.
- Aboriginal Consultation and Environmental smart form mandatory and required at submission of ICIP application.
- upon funding approval, full Aboriginal Consultation was required for four projects specifically identified and undertaken by the Transit Division.
- final sign-off from Mississauga's of the Credit First Nation was required prior to start of the project.

Climate Lens Assessments:

- required for projects having a total eligible cost of more than \$10M.
- The Climate Lens Assessment has 2 components: a greenhouse gas mitigation assessment and a climate change resilience assessment.
 - climate change resilience assessment assesses the vulnerability of the project to changes in climate and extreme weather across the operation and maintenance lifecycle of the facility.
 - greenhouse gas mitigation assessment assesses the greenhouse gas impact of the project.
- Climate Lens Assessments and / or Greenhouse Gas Mitigation Assessment reports required for four projects undertaken by the Transit Division.

Gender Based Analysis:

- required for projects exceeding \$50M in federal funding. Analysis was mandatory and required at submission of ICIP application.

Hamilton Youth in Construction

- The Hamilton Youth in Construction program was borne out of a progressive partnership involving the City of Hamilton Public Works Department, City of Hamilton's Xperience Annex and the Labourers International Union of North America (LIUNA). Recognizing the need to provide sustainable job opportunities to youth facing barriers to

employment, collectively a program was created to address the need for skilled labourers in the City's prosperous construction industry.

An 8-week training program is held at the E.H Mancinelli Training Centre in Grimsby, where the youth get practical experience in many facets of construction work. Upon graduation the youth receive several construction credentials to add to their job skill set and depth of knowledge in the field.

Since 2017 Hamilton Youth in Construction program has completed 11 cohorts – with the 12th scheduled to begin May 2024.

- Across 11 cohorts, we have had 85 participants.
- 48 percent have been hired in the industry.
- 15 percent were employed in unionized positions.

Key highlights of the program are:

1. Cohorts are supported by the Xperience Annex Youth Navigator who assists pre-employment support, program facilitation, and ongoing support through the program and post-completion.
2. The Xperience Annex support are an important link for youth to maintain their focus while in program, as life issues can be dealt with in a in a timely, proactive manner. Issues addressed range from homelessness and bullying to mental and physical health concerns and child visitation concerns.
3. Those who are not successful in the program remain connected to the Xperience Annex for ongoing skill building and life stability supports.
4. LiUNA staff are integral to providing the nurturing support required by the participants for skill building and successful completion of the program.

Re-Implementation or Continuation of Social Procurement

The following are viewed as requirements to the re-implementation of social procurement within the City:

- Creating and maintaining the supply of trainable or trained candidates to meet the demand from vendors in response to the City's procurement opportunities will be very challenging. Procurement is aware that we will need to implement social procurement requirements in our contracts on a

gradual basis since connector organizations may not have the candidates ready for employment. This will be especially required when the City begins to issue Request for Tenders for construction.

- At the July 11, 2019 Audit, Finance and Administration Committee meeting, Committee raised concerns about social procurement to staff, in particularly their concerns regarding:
 - any decrease in the number of vendors bidding our work because of social procurement requirements (and going to another municipality to perform work);
 - trade union requirements and making it difficult for vendors to honour their obligations under collective agreements;
 - additional risk as seen by the vendor to undertake social procurement requirements;
 - unwillingness to allow costs to increase resulting from the social procurement requirements in the contract.

- When social procurement was implemented in June 2018, Procurement staff worked quite extensively with OW staff. OW staff were the main point of contact for both Procurement staff and connector organizations for the pilot projects. OW staff were able to help Procurement identify what connector organizations would fit best with the social value achievements being sought from the pilot and they were also able to engage the connectors organizations on behalf of Procurement.

However, since 2019 there have been service and program changes in OW which, should social procurement be reimplemented, will have an impact on how Procurement staff carry out their processes. Procurement will need to reconsider how it is able to engage connector organizations and how best to proceed in light of changes in the OW.

Construction Industry

- Social value initiatives can be generated using different procurement methods. All of the pilots that the Procurement implemented factored social value in the evaluation criteria in an RFP, thereby allowing vendors to choose from several different options to satisfy these criteria, be scored accordingly and be included in the basis of award of the contract.

- The alternative to using an RFP would be to use a Request for Tenders

(“RFT”) which does not include evaluation criteria in the basis of award. To utilize a RFT, the specifications would need to include and be very prescriptive on the allowable social value requirements upon the vendor. The City would be dictating the elements or requirements of social value to the vendor rather than the vendor providing their recommendation as to what would work best. Should we factor social value into an RFT, staff will need to develop reasonable expectations for requirements imposed upon the vendor and state those clearly within the RFT and contract.

- At the time of the pilot implementations, the construction vendor community was very averse to having additional requirements imposed upon them. In the outreach sessions and discussions with the industry, vendors were very vocal with their concerns and were pre-emptive in their belief that social procurement would fail. For instance, one of their main concerns was safety on the site and having to employ people who were not trained properly. City staff fully understood and voiced its support that the requirement for safety is crucial at all times and reinforced that the City would not impose unsafe requirements or expectations upon the vendor.
- Procurement had many meetings with trade associations and unions to address their concerns of the City implementing social procurement requirements within a RFT without any further consultation. Procurement always took the stance that the implementation of social value procurement would not be undertaken in construction related projects until ample consultation and discussions had taken place with the construction industry to work towards a successful outcome.
- Regardless of the construction community concerns, the City has funding agreements that may require community or social benefits in construction related procurements. In order to suffice those agreements, the City will need to calculate what those benefits are and how they will be prescribed in any RFP or RFT without undue hardship or extended safety concerns for the contractor.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS24035: List of Procurement Pilots Undertaken Utilizing Social Value

SUBJECT: Procurement Pilots Undertaken Utilizing Social Value (FCS24035) (City Wide) – Page 11 of 11

Appendix “B” to Report FCS24035: Sandra Hamilton, Price Taker or Market Mover:
SDG#1 Exploring the Role of Public Procurement
as a Poverty Reduction Tool in the City of
Hamilton, Sequoia Group Limited, 2019

OUR Vision: To be the best place to raise a child and age successfully.
OUR Mission: To provide high quality cost conscious public services that contribute to a healthy,
safe and prosperous community, in a sustainable manner.
OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service,
Engaged Empowered Employees.