

Subject: Social Procurement (Supply Chain Management)**APPROVALS:****Jamie Doyle**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

1. THAT Administration continue to engage locally, including but not limited to, the Fort McMurray Construction Association, the Fort McMurray Chamber of Commerce, and the Northeastern Alberta Aboriginal Business Association, to assist in the development of a social procurement program, including the processes and policies, questionnaire, and other related criteria, in advance of any policy amendments being provided to Council for consideration.
2. THAT Administration be directed to bring forward a Council Procurement Policy inclusive of Social Procurement no later than Q1 2022.
3. THAT Administration be directed to bring forward for Council's consideration an Indigenous Procurement Policy and consult with Northeastern Alberta Aboriginal Business Association and Indigenous businesses for this purpose with a target date to be brought before Council no later than Q1 2022.

Summary:

On June 8, 2021, Administration presented a progress update to Council with respect to implementing a social procurement program at the Regional Municipality of Wood Buffalo (Municipality). At this meeting, Administration brought forward four (4) recommendations for Council's consideration. These motions were made to be more inclusive of local suppliers, to increase spend within the Region, where possible, and to further economic resilience by increasing access to contracts from the Municipality for low dollar and below trade agreement threshold purchases and to enhance the community benefit for above threshold purchases to increase positive community contributions to the Region.

Council proposed alternate recommendations and referred the matter back to Administration, with direction that it be brought back to Council on July 6, 2021, following review.

In response, Administration is presenting this report for Council's consideration.

Background:

Social Procurement Overview

Social procurement leverages a social value from existing procurement practices. Every purchase has an economical, environmental, and social impact. When we focus on ‘best value money’ procurement, a purchase is much more than a financial transaction; it becomes a tool for building healthy communities.

Social procurement adds a social value to existing purchases to build community value by considering the purchaser value, the supplier value, and the social value created during the transaction.

For example, social enterprises are businesses that sell goods and services; they embed a social, cultural, or environmental purpose into the business, and they reinvest the majority of profits into their social mission.

Healthy communities build community capital through social capital, human capital, physical capital, economic capital, and cultural capital.

Relevant Legislation and Supporting Policies

The Municipality is party to numerous trade agreements: New West Partnership Trade Agreement; Canadian Free Trade Agreement; and, Canada-European Union Comprehensive Economic and Trade Agreement. In accordance with these trade agreements, while we cannot restrict competition, we can require community outcomes for all bidders.

Within the trade agreements, there are exceptions for contracting with non-profits, prison labour, persons with disabilities, and other exceptions.

The trade agreements do have financial thresholds (goods and services valued at \$75,000 and construction valued at \$200,000) for which procurement must be publicly posted. Below these values, Administration can work within these parameters to support local procurements.

In accordance with Section 11 of the Chief Administrative Officer Bylaw No. 17/021, where Council has established a Council Policy, the Chief Administrative Officer may issue direction consistent with either the Council Policy or any collective agreement in force, to the Municipality’s officers and employees, as the Chief Administrative Officer (CAO) deems advisable to implement or support the intent of the Council Policy.

In accordance with Section 18 of the CAO Bylaw No. 17/021, the CAO must not approve the terms of a contract or execute on behalf of the Municipality a contract document that commits the Municipality to spend money unless the amount of the expenditure is included in a budget approved by the Council or has otherwise been authorized by the Council.

In accordance with section 3.2.5 of the Council Procurement Policy FIN-100, procurement practices may incorporate processes to encourage positive social outcomes. The emphasis will be on recognizing and rewarding initiatives undertaken by our contractors and suppliers. The purpose is to enable procurement to effectively contribute to the building of a stronger community.

RMWB Strategic Plan and Social Procurement Outcomes

Aspects of the Municipality's Strategic Plan (2018-2021) that align with the desired outcomes from a social procurement program for the Region include:

- building responsible government;
- employment and skill development opportunities;
- economic resilience;
- regional economic development;
- building sustainable communities;
- rural and indigenous communities and partnerships;
- fostering equality, diversity and inclusion;
- reducing barriers to access resources; and
- downtown revitalization.

Key opportunity areas for social procurement include employment, skills and training, social value in the supply chain and community economic development. The objectives in our social procurement program will focus on:

- local job creation and the hiring of full-time residents;
- supportive employment;
- diverse hiring, including capacity building within the social profit sector;
- skills development;
- supply chain diversity, including local, Indigenous and minority ownership; and
- construction and infrastructure opportunities, in the form of community benefit agreements.

Review of June 8, 2021 Motions

Administration supports and agrees with the intent of the motions put forth on June 8,

2021 and based on Administrations' experience, it is necessary to take time to engage with various contributors, including local and local Indigenous vendors, to ensure that the social procurement program implemented accomplishes the overall objectives we are aiming to achieve.

Budget/Financial Implications:

In 2020, approximately \$148 million, which represents forty-nine (49) per cent of municipal spend was on local vendors. This is inclusive of \$16 million or five (5) per cent spend with local Indigenous vendors. These amounts are subject to refinement, as we continue to expound on the definitions of local and local Indigenous vendors.

The budgetary impact of fully implementing a social procurement program has yet to be fully determined; however, Administration will remain mindful of this as they continue to develop the program.

Rationale for Recommendations:

Every purchase has an economical, environmental, and social impact. Administration understands that leveraging social procurement through its existing procurement practices and implementing a program reinforcing social procurement is a valuable tool for building healthy communities.

Administration supports and agrees with the intent of the motions put forth and, based on Administrations' experience, it is necessary to take time to engage with various stakeholders and contributors - including local and local Indigenous vendors, as well as the organizations and associations which support their interests - to ensure that the municipal social procurement program implemented puts into action the overall intent we are aspiring to achieve.

Strategic Priorities:

Responsible Government

Attachments:

Social Procurement Presentation