

## ANNUAL DELEGATION OF AUTHORITY REPORT

2021

### RECOMMENDATION

That the June 29, 2022, Financial and Corporate Services report FCS00995, be received for information.

#### Report Purpose

##### Information only.

In accordance with City Administration Bylaw 16620, Executive Committee is being informed on procurement agreements arising from non-competitive procurement processes where the value of the agreement exceeds \$250,000. An update is provided on the progress related to the Social Procurement Framework and Local Procurement.

### Previous Council Action

At the January 25, 2021, City Council meeting, the following motion passed:

That the City of Edmonton work with community organizations, including EndPovertyEdmonton, to incorporate into existing semi annual procurement reports, tracking of outcomes of social procurement projects currently underway, that measures the efficacy of Policy C556A and a comparative analysis of the application of the Purchase Outcomes within the Framework for each category under Employment, Skills & Training, Social Value Supply Chain, and Community Development (for example: percentage/number of projects employing women, a livable wage, or CBAs) outlining the impacts and benefits to the community.

### Executive Summary

- This report provides details on all non-competitive agreements greater than \$250,000.
- For the period of January 1, 2021 to December 31, 2021, Administration entered into 326 agreements over \$250,000, with a total value of \$2,267,457,733.
- 296 agreements (91 per cent of all agreements) resulted from a competitive procurement process, with a total value of \$2,145,669,409 (95 per cent of total value). All competitive

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procurement agreements follow the City's procurement guidelines and are open and accessible to interested suppliers.

- Administration entered into 30 agreements (nine per cent of all agreements) resulting from a non-competitive procurement process, with a total value of \$121,788,324 (five per cent of total value).

### REPORT

Every four years, City Council and Administration develop multi-year operating and capital budgets, which are adjusted on an annual basis. The four-year budgets allow Council and Administration to take a longer term approach to prioritizing and aligning programs, services, strategic initiatives and capital expenditures. Once these budgets are Council-approved, Administration expends some of the funds through third-party agreements, as necessary, for the effective delivery of City services and renewed or new municipal infrastructure.

A significant majority of these third-party agreements are established through open, competitive procurement processes to ensure transparency and value for money. However, in certain instances, agreements for goods, services or infrastructure delivery are non-competitive. City Administration Bylaw 16620 requires the City Manager to report on procurement agreements arising from non-competitive procurement processes, where the value of the agreement exceeds \$250,000, to Executive Committee at least once annually.

Pursuant to City Administration Bylaw 16620, approved by City Council on August 30, 2021, the City Manager may approve any procurement agreement resulting from a competitive procurement process and may approve any agreement resulting from a non-competitive procurement process if the value does not exceed \$1,000,000 and the term does not exceed 10 years. Non-competitive agreements greater than \$1,000,000 must be approved by the relevant committee of Council.

For the period of January 1, 2021 to December 31, 2021, Administration entered into a total of 326 agreements over \$250,000, with a total value of \$2,267,457,733. Of these, 296 agreements (91 per cent) resulted from a competitive procurement process, with a value of \$2,145,669,409 (95 per cent of total value). The City strives to follow the City's procurement guidelines in all competitive procurement, and are committed to remaining open and accessible to interested suppliers.

During the same period, Administration entered into 30 agreements (nine per cent) resulting from a non-competitive procurement process, with a total value of \$121,788,324 (five percent of total value).

For non-competitive agreements, there may be trade agreement exceptions that enable the City to forgo the use of competitive procurement processes, and instead seek competitive quotations or negotiate directly with one or a small number of suppliers. Some of these trade agreement exceptions may include:

- Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement;

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- Where an unforeseeable situation of urgency exists and the goods, services or construction could not be obtained in time by means of open procurement procedures;
- From a public/government body; or
- In the absence of a receipt of any bids in response to a Request for Proposal.

For non-competitive agreements, the City ensures value for money by using limited competition (seeking more than one quotation) if possible, or by negotiating the best possible pricing and terms of agreement.

Attachment 1 provides a summary of non-competitive agreements greater than \$250,000 in the January 1, 2021 to December 31, 2021, reporting period. Attachment 2 provides a list of these agreements by department.

### Local Procurement

Local procurement for the purpose of this report is defined as any supplier with a business address containing a postal code in the capital region.

- In 2021, 68 per cent of contracts established through competitive procurements were with local suppliers, an increase from 2020's 67 per cent.
- In 2021, 42 per cent of contracts established through non-competitive procurements were with local suppliers, an increase from 2020's 39 per cent.

Administration is currently updating its procurement procedures to increase opportunities for purchasing from local suppliers in ways that remain compliant with interprovincial and international trade agreements. As low-value purchasing (under \$75,000) is exempt from trade agreements, City purchasers are encouraged to seek quotes from local businesses where possible. The Social Procurement Framework and proposed Indigenous Procurement Framework (June 29, 2022 Financial and Corporate Services report FCS01160) also guide the City to procure from small and medium, and/or Indigenous-owned businesses.

### Social Procurement - Update

The following section responds to the motion made at the January 25, 2021 City Council meeting: "That the City of Edmonton work with community organizations, including EndPovertyEdmonton, to incorporate into existing semi annual procurement reports, tracking of outcomes of social procurement projects currently underway, that measures the efficacy of Policy C556A and a comparative analysis of the application of the Purchase Outcomes within the Framework for each category under Employment, Skills & Training, Social Value Supply Chain, and Community Development (for example: percentage/number of projects employing women, a livable wage, or CBAs) outlining the impacts and benefits to the community."

The City implemented a Social Procurement Framework in December 2019 working with industry experts, BuySocial Canada. Since then, the City has worked closely with internal and external stakeholders, including EndPoverty Edmonton, to engage industry about the importance and impact of social procurement.

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EndPoverty Edmonton is a key resource in progressing social procurement awareness amongst industry and understanding where their organization can add the most value in the procurement process for the City of Edmonton and bidders on those opportunities. EndPoverty Edmonton has connected potential bidders with employment and training organizations, social enterprises, Indigenous businesses, and directories of diverse owned businesses.

The City continues to make progress on including social benefit criteria in the procurement opportunities posted to market. In 2021, 71 out of 175 (40.6 per cent) competitive procurements included social benefit criteria, up from 18 out of 190 (9.5 per cent) in 2020. These procurements included criteria from the City's Social Procurement Framework in areas of employment, skills and training, social value supply chain, and community development.

The City is collecting data and developing a reporting approach on outcomes relating to the Social Procurement Framework. The City engaged BuySocial Canada to complete a case study report of a sample of 2021 City procurements to learn and continue to progress towards positive community impacts. The recommendations from this report included:

- Create an implementation process and procedures that include:
  - Credit Card and low threshold purchases.
  - Consistent, clear, and measurable social and environmental RFX value questionnaires.
  - Data collection and reporting to Council on outcomes for increased local and social value suppliers.
- Enhance training for City staff to establish clear objectives, criteria, and approaches to weighting metrics and reporting.
- Enhance learning opportunities for vendors, particularly small, diverse, and social enterprise suppliers.
- Establish a multi-stakeholder Sustainable Procurement Advisory Committee.
- Design a regular reporting mechanism, for example an annual report to Council, to share progress with the community.

Administration agrees with and is taking steps to implement the recommendations above.

Social procurement considerations are being factored into significant City projects, such as LRT, but also were part of the City's submission for the FIFA 2026 World Cup bid.

The City's LRT expansion projects, funded through the Investing in Canada Infrastructure Program incorporate a Community Employment Benefit (CEB) approach. This program seeks to encourage "project planners and communities across the country to take advantage of their infrastructure projects to support the diversification of recruitment, training and procurement practices." The federal government provided a list of groups that could be targeted and the City focused on the following subset which aligns with the City's priorities: apprenticeships, Indigenous Peoples, women, youth, new Canadians and small, medium social and diverse enterprises. Currently, the Valley Line West LRT project and the Metro Line Northwest extension project have incorporated CEB requirements.

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To benchmark and keep informed of industry best practice, the City is a member of the Canadian Collaboration for Sustainable Procurement (CCSP). The CCSP is a member-based network of Canadian public-sector institutions working together to align their spending with their values and commitments on sustainability. The members share information and create tools to better address green, social and ethical opportunities and risks in their supply chain. CCSP's Annual Report on the State of Sustainable Public Procurement in Canada highlights the country's latest sustainable procurement trends, which benchmarks members, lists member program development updates, and shares success stories around social and Indigenous procurement, green infrastructure, innovative training and communication programs, zero-waste and circular economy initiatives. In 2021, the City of Edmonton ranked ninth out of 31 members based on the following areas: strategy and action plan, staffing and resources, policies, high impact procurement list, procedures, tools, training & engagement, measurement and reporting, supplier engagement, and leadership and collaboration.

### COMMUNITY INSIGHT

Administration is committed to providing financial reporting back to Council and residents that demonstrates how the City has delivered on the goals and objectives set out in the budget. Through various channels (including formal public engagement, community conversations/tables, 311, social media and speakers at Committees of Council), the City of Edmonton listens to the needs, desires and financial realities of Edmontonians as it procures and delivers infrastructure and services on behalf of the community.

Administration continues to work within the structure of applicable trade agreements to provide opportunities to local businesses and the local economy when procuring goods and services. Administration is constantly engaging with existing and potential suppliers on a day-to-day basis and advises all suppliers to monitor the APC portal for future opportunities. Suppliers are informed of the Edmonton.ca webpage, Selling to the City ([edmonton.ca/business\\_economy/selling-to-the-city](http://edmonton.ca/business_economy/selling-to-the-city)), to find more information.

### GBA+

GBA+ has been applied to the City's review of procurement processes, leading to further policy development in local procurement and Indigenous procurement (both currently under development).

The Sustainable Procurement Policy (C556A) is focused on four purchase outcomes to integrate community social value; Employment, Skills and Training, Social Value Supply Chain and Community Development and uses a variety of social benefit criteria that include many GBA+ considerations.

As Administration reviews its existing policies, procedures, standards and practices, and creates new ones, GBA+ components will continue to be evaluated. Administration intends to reinforce the values and commitments set by Council by partnering with suppliers aligned to those values.

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## **ATTACHMENTS**

1. Delegation of Authority Semi-Annual Report Summary (January 1, 2021 to December 31, 2021)
2. Delegation of Authority Semi-Annual Report Details of Non-Competitive Procurement Agreements Greater than \$250,000 (January 1, 2021 to December 31, 2021)
3. Social Procurement Framework