



Exhibition Place

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September 12, 2016

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Social Procurement Program for Exhibition Place**

Summary:

This report recommends that the Board approve a Social Procurement Program for Exhibition Place to take effect in 2017, as directed by City Council. The implementation of the program will be confirmed by the City Manager's Office once the procedures around the program are developed at the City. Exhibition Place, as part of the shared services mandate of the City, exclusively uses City of Toronto Purchasing Department for all of its procurement and Appendix "B" attached is the existing Procurement Policy for the Board. Once the procedures for Social Procurement are developed by the City, these will be part of the City Procurement process and the existing Exhibition Place Procurement Policy will need to be revised.

Recommendation:

It is recommended that the Board approve the Social Procurement Program outlined in Appendix "A" attached to this report.

Financial Implications:

There are no financial implications resulting from the adoption of this report.

Decision History:

The Exhibition Place Strategic Plan for 2014-2016 had an Organizational/Staffing Goal to *review and revise our corporate systems* and a Strategy to support this Goal *we will complete an annual review of By-Laws, and policies and procedures of the Board of Governors.*

At its meeting of May 3, 2016, City Council adopted a Toronto Social Procurement Framework, and requested City Agencies to develop and implement a similar program and policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.8>

Issue Background:

This report establishes a Social Procurement Program summarized in Appendix "A", which builds on the Council-adopted Toronto Social Procurement Framework (2013) and is aligned with City Strategies.

Comments:

The City of Toronto has a long history of using procurement to achieve strategic social, economic and workforce development goals, from policies related to Fair Wage and Non-Discrimination to environmental Responsible Procurement and "No Sweatshop" policies, City Council has systematically created a culture of social procurement with practices that promote and contribute to a fairer, more ethical and more sustainable Toronto since 1893.

Over an 18-month process, City staff have led nine (9) pilot projects to determine how best to (a) make access to the City's supply chain more equitable (supply chain diversity); and (b) use City procurement projects to leverage employment and training opportunities for people experiencing economic disadvantage.

The City program aims to drive inclusive economic growth by improving access to the City's supply chain for diverse suppliers and leveraging meaningful training and employment opportunities for people experiencing economic disadvantage, including those belonging to equity-seeking communities. The program creates a foundation to shift the City's procurement culture long-term, showing how all divisions can make positive impact on the City's poverty reduction goals.

The program will also ensure that the City's procurement processes are aligned with a broader public sector movement towards embedding community benefits in public sector procurement, including:

- Ontario Infrastructure for Jobs and Prosperity Act (2015) which requests that public sector entities, including municipalities consider how infrastructure planning and investment should promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training, improvement of public space within the community, and any specific benefits identified by the community.
- Federal Ministry of Public Services and Procurement where the Minister has been tasked with considering ways to embed social procurement in the Government of Canada's procurement processes and the Ministry of Employment and Social Development, which is exploring the creation of a Canadian Poverty Reduction Strategy.

Attached as Appendix B for the information of the Board is the current Procurement & Sole Sourcing Policy which will be updated in 2017.

Following Board approval of this program, a communication will be submitted to the City's Manager's office advising that the direction of City Council has been undertaken.

Contact

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Appendix A

Social Procurement Program Summary

Program Goals

1. Increase the diversity of the City's/ Board's supply chain by providing diverse suppliers with equitable access to competitive City/Board procurement processes.
2. Increase the number of employment, apprenticeship and training opportunities leveraged for people experiencing economic disadvantage, including those from equity-seeking communities.

Program Components

Component	Activities
Enabling Policy (Summary of Appendix B)	<p>Supply Chain Diversity</p> <p><u>Contracts under \$50,000 in value:</u> Exhibition Place will attempt to include at least one quotation from a diverse supplier as part of Divisional Purchase Orders. Diverse suppliers must be certified by a recognized supplier diversity certification organization (CAMSC, WBE Canada, CGLCC, Social Purchasing Project are examples)</p> <p>The Purchasing Manager will have the delegated authority to increase the requirement from at least one quotation from a diverse supplier to a higher number of quotations if there is sufficient capacity in the marketplace.</p> <p><u>Contracts over \$50,000 in value:</u> In Tenders and Request for Quotations, suppliers will be encouraged to adopt a supplier diversity program. Where Exhibition Place is evaluating suppliers (primarily Request for Proposals), points may be awarded to suppliers who propose a supplier diversity program.</p> <p>In cases of tied bids, ties can be broken by one supplier being a diverse supplier.</p> <p>Workforce Development</p> <p><u>Contracts over \$5M in value:</u> As part of the review of annual procurement plans, PMMD will work with City divisions to identify planned procurement that are over \$5 million in value. Projects will be selected based on suitability, reach, volume and feasibility.</p>
Tools, Guides and Support Systems	<p>Work with supplier diversity certification organizations to acquire lists of diverse suppliers.</p> <p>Develop specification templates, contract language and evaluation guidelines to be used in competitive procurement process.</p>

Component	Activities
Tools, Guides and Support Systems	<p>Develop guides to assist suppliers in implementing their own supplier diversity programs and workforce development programs.</p> <p>Implement data collection systems to track the amount of procurement directed to diverse suppliers and the number of individuals engaged in workforce development programs.</p> <p>Conduct ongoing monitoring of social procurement spending.</p>
Purchasing Manager	<p>Coordinate social procurement activities.</p> <p>Maintain customized lists of diverse suppliers appropriate to the needs of each department</p> <p>Use the City's Equity Lens to educate staff on social procurement and poverty reduction.</p> <p>Educate staff about diverse suppliers who are qualified to provide goods/services.</p> <p>Educate staff about workforce development programs that can be incorporated into procurement projects.</p> <p>Identify areas where diverse suppliers should be identified.</p> <p>Identify areas where workforce development pipelines should be developed.</p> <p>Assist departments in preparing competitive procurement documents.</p> <p>Assist departments in evaluating social procurement proposals from proponents in competitive procurement processes</p>
Supplier and Community Capacity Building	<p>Targeted communication of potential Exhibition Place procurement opportunities on an ongoing basis.</p> <p>Provide targeted business development support to improve the competitiveness of smaller diverse suppliers when participating in procurement processes.</p> <p>Encourage and help small businesses and social purpose enterprises to become certified as diverse suppliers.</p> <p>Support supplier diversity certification organizations in developing lists of diverse suppliers.</p> <p>Work with departments to identify where workforce development programs can be most effective.</p>



Procurement & Sole Sourcing Policy			
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Appendix B

Policy Statement

Exhibition Place continues to support its Departments, Divisions and Service Areas of the Board and to all employees of the Board of Governors of Exhibition Place.

Application

The policy applies to all employees.

Definitions

N/A

Conditions

N/A

Implementation

1. Exhibition Place Purchase Orders

In accordance with the Board's Financial By-law, goods and services including services of a professional nature costing less than \$50,000 in any one instance may be procured through an Exhibition Place Purchase Order.

Wherever possible, Purchase Orders shall be issued to firms that have existing contracts with the City of Toronto, provided that the goods and services offered meet the requirements of the Board.

For Exhibition Place Purchase Orders in excess of \$3,000 a Sole Source Request Form, attached to this policy, is to be completed, where required, and must be approved by the Department Head, must also receive the concurrence of the Manager of Purchasing, and finally, the approval of the Chief Executive Officer, before any commitments are to be made.

On a monthly basis, the Chief Executive Officer and Chief Financial Officer will provide a report to the Board of Governors on all sole source purchase of goods and services in excess of \$3,000 on compliance with this policy indicating the reason for such request and the dollar amount.

In addition, the Chief Executive Officer, on a quarterly basis by project category, will report to all sole source purchases to the City of Toronto

For clarity, the \$3,000 threshold is measured over the immediate previous 12 month period, that is, while an initial \$2,000 commitment is below the limit for competitive purpose, once a second or subsequent purchase is done with the same supplier and the \$3,000 limit is reached, then the policy requires competitive quotes. Sole-source procurement is discouraged, but permitted under certain circumstances as outlined in the Sole Source Form, and within certain authorization limits; and for greater clarity, Sole Source means entering into a commitment without following a competitive process.

Non-competitive (Sole Source) procurement shall apply to the use of Purchase Orders only if one or more of the following conditions apply and a process of negotiation is undertaken to obtain the best value in the circumstances for the Board:

- (a) The goods and services are only available from one source by reason of:
 - (i) a statutory or market based monopoly

- (ii) scarcity of supply in the market
 - (iii) existence of exclusive rights by patent, copyright or license
 - (iv) need for compatibility with goods or services previously acquired and there are no reasonable alternatives, substitutes or accommodations
 - (v) need to avoid violating warranties and guarantees where service is required
- (b) An attempt to purchase the required goods or services has been made in good faith using a competitive method and has failed to identify a successful supplier
 - (c) The goods and services are required to satisfy the needs of a client of the Board and are paid for by the client.
 - (d) The required goods and services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience which cannot be provided by another supplier.
 - (e) The nature of the requirement is such that it would not be in the public interest to solicit competitive bids as in the case of security or confidential matters.
 - (f) The goods and services are required as a result of an emergency, which would not reasonably permit the use other methods permitted.

2. Selection and Hiring of Professional & Consulting Services

Noted below are some guidelines in the Selection and Hiring of Professional & Consulting Services. Similar to the City of Toronto, the Chief Financial Officer and Manager of Purchasing will impose controls for the awarding and management of consulting expenditures. The award of any contracts must be transparent, must uphold accountability and reliability of the Board's Financial By-laws and above all must be able to withstand public scrutiny. The City of Toronto's view on non-compliance will be a breach of responsibility and as such could be subject to performance management and, as appropriate disciplinary action, up to and including dismissal.

Guidelines in the Selection and Hiring of Professional and Consulting Services:

- (a) Consultants and professional services should only be utilized when specific projects require certain technical capabilities, or unique and specialized advice is not available in-house. If available in-house, but staff are fully occupied with other tasks or assignments and the project requires very urgent completion, then such services can be considered.
- (b) The advice or services sought and the resulting expenditure can be justified as being necessary to satisfy program requirements.
- (c) Independent expertise is required by legislation or regulation
- (d) Priority projects require more or greater staff resources than are available
- (e) Outside Legal Consultants will be determined in consultation with the City Legal Department
- (f) Board/City has directed the use of external assistance

3. Reviews and Audit

The Chief Financial Officer shall review with the Manager of Purchasing the use of Exhibition Place Purchase Orders on an annual basis and report to the Chief Executive Officer on compliance with these policies.

The Chief Financial Officer shall undertake a comprehensive review of all Board Policies affecting the procurement and sole sourcing process every five years.

4. Ethics in Purchasing

In addition to any conflict of interest policy applicable to employees, as adopted by the Board from time to time, the code of purchasing ethics established by the National Institute of Governmental Purchasing Inc. and the Purchasing Management Association of Canada, shall apply to all Exhibition Place Departments, Divisions and Service Areas and all employees of the Board of Governors involved in the procurement and sole sourcing process.