Minutes – Executive Policy Committee – July 11, 2018

REPORTS

Item No. 8 "Buy Local" Procurement Procedure

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the report be received as information.

DECISION MAKING HISTORY:

The Chairperson called Councillor Pagtakhan to the Chair in order to move the following motion:

Moved by His Worship Mayor Bowman,
That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

His Worship Mayor Bowman resumed the Chair.

Derek Johannson, Chairman, Carlyle Printers Service and Supplies Ltd., submitted a communication dated July 10, 2018, with respect to the matter.

COUNCIL DECISION:

On April 26, 2018, Council passed the following motion:

Moved by His Worship Mayor Bowman,
Seconded by Councillor Gillingham,

WHEREAS City Council is considering a report by the Executive Policy Committee directing the Public Service to develop a buy local procurement procedure for City contracts valued at less than $100,000.00;

AND WHEREAS a buy local procurement procedure is one of several initiatives that the City of Winnipeg could consider to support the efforts of its local businesses to better participate in the City's procurement processes;

AND WHEREAS various external stakeholder groups have indicated interest in working with the City to develop the buy local procurement procedure as well as suggest other initiatives that the City can consider to support its local businesses to better participate in the City's procurement processes;

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

THERFORE BE IT RESOLVED that Recommendation 1 of Item 4 of the Report of Executive Policy Committee dated April 17, 2018 be deleted and replaced with the following:

"1. That the Winnipeg Public Service be directed to consult with stakeholders including but not limited to the Winnipeg Chamber of Commerce, the Manitoba Heavy Construction Association and Manitoba Business Council on options to amend the Materials Management Policy to implement a buy local procurement procedure for City contracts valued at less than $100,000.00, and other ways that the City can better support local businesses to participate in the City's procurement processes.

2. That the Public Service report back to Council in 90 days with a recommendation on the aforementioned buy local procurement procedure and recommendations on other ways that the City of Winnipeg can better support local businesses to participate in the City procurement processes."

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 17, 2018, the Executive Policy Committee passed the following motion:

WHEREAS local businesses are a vital part of a growing and thriving economy;

AND WHEREAS implementing "buy-local" procurement procedures for City contracts with a value of less than $100,000.00 is one way that the City of Winnipeg can support its local businesses;

AND WHEREAS the "buy-local" procurement procedures should apply to all goods and services contracts, including construction;

AND WHEREAS the "buy-local" procurement procedures will comply with the various trade agreements that the City is subject to;

AND WHEREAS various City bid opportunities where the estimated value does not exceed $100,000.00 will clearly state that the "buy-local" procurement procedures apply to the evaluation of bids in response thereto;

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the “buy-local” procurement procedures will be included in the procurement and contract administration procedures related to the Materials Management Policy to ensure compliance with this motion;

THEREFORE BE IT RESOLVED THAT the Winnipeg Public Service be authorized and directed to amend the Materials Management Policy to implement a “buy-local” procurement procedure for all City contracts with a value of less than $100,000.00, and report back to Council within 60 days on the progress of implementing the “buy-local” procurement procedure.

and forwarded the matter to Council.

ADMINISTRATIVE REPORT

Title: **"Buy Local" Procurement Procedure**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon Manager of Materials	Mike Ruta	P. Olafson Acting CFO	D. McNeil

EXECUTIVE SUMMARY

The Materials Management Division of Corporate Finance prioritizes accessibility and transparency in its current tender and award practices. Over the years, the Materials Management Division has implemented many improvements to the bidding process with the goal of continuously improving the existing high standards. The division publishes all tenders / requests for proposals (RFPs) on the City's Materials Management webpage, along with resulting award information. Materials Management also publishes this and additional information on the City's Open Data portal. To aid in the accessibility of these bid opportunities, Materials Management created a subscription feature, which allows potential bidders to subscribe to a notification system that advises when a tender is published in their specific field of service, and later made an improvement to dispatch notifications upon the publishing of addenda. Senior staff from the division regularly participates in small business outreach, including quarterly presentations at the World Trade Centre Winnipeg and engagements with the Winnipeg Chamber of Commerce.

The City of Winnipeg's Materials Management Policy is highly regarded as a leading procurement policy by other Canadian cities, which have requested copies in an effort to develop solid and enforceable procurement policies.

The City's award process measures a range of criteria when considering eligible bidders. A primary factor is to assess the qualifications of a bidder, as to best assure quality of service. Other aspects may include cost estimate, experience, methodology, and schedule. Lowest price is never the only consideration.

A thorough stakeholder engagement process was conducted which revealed clear opportunities to improve the way the City of Winnipeg supports local businesses in their efforts to participate and compete in the City's procurement process. There was a range of viewpoints shared on the implications of preferential local procurement during the stakeholder engagement process, including comments pertaining to competiveness and ensuring value for the City.

In an effort to better support and assist potential bidders, the Winnipeg Public Service will implement the following recommendations, which resulted from the stakeholder engagements:

a. establish better communication with potential bidders
b. further increase transparency

c. review contracts that may be suitable to be awarded in smaller contracts

The changes being implemented will maximize the opportunities for local bidders to compete for contracts by increasing participation and improving the quality of local bids.

It is recommended that the City consider opportunities to implement further procurement policy changes in the future to help local firms better participate in the procurement process. Social procurement is a policy area that was recommended during the stakeholder engagement process and will require more research before any possible implementation.

RECOMMENDATIONS

1. That this report be received as information.

REASON FOR THE REPORT

On April 26, 2018, Council directed the Winnipeg Public Service to consult with stakeholders including but not limited to the Winnipeg Chamber of Commerce, the Manitoba Heavy Construction Association and Manitoba Business Council on options to amend the Materials Management Policy to implement a buy local procurement procedure for City contracts valued at less than $100,000.00, and other ways that the City can better support local businesses to participate in the City's procurement processes and *report back to Council in 90 days with a recommendation on the aforementioned buy local procurement procedure and recommendations on other ways that the City of Winnipeg can better support local businesses to participate in the City procurement processes."*

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications of the recommendations as the report is to be received as information. However, the administrative changes will now allow potential bidders to receive more support on how to do business with the City of Winnipeg.

HISTORY/DISCUSSION

Current Materials Management Practices

The Materials Management Division of Corporate Finance prioritizes accessibility and transparency in its current tender and award practices. The division publishes all tenders/RFPs to the City's Materials Management webpage, along with resulting award information. To aid in the accessibility of these bid opportunities, Materials Management created a subscription feature, which allows potential bidders to subscribe to a notification system that advises when a tender is published in their specific field of service, and later made an improvement to dispatch notifications upon the publishing of addenda. Materials Management also publishes this and additional information on the City's Open Data portal. In addition to the changes being implemented, the Materials Management Division of Corporate Finance will continue to:

- Publish an annual Report to Council disclosing all single source:
    - Consultant assignments
    - Goods & Services contracts exceeding $100,000

- Publish tenders/RFPs on the City's Materials Management website, including the resulting award information.
- Publish additional information on the City's Open Data portal.
- Provide assistance to small business through quarterly presentations by the Feds/Province/City hosted by the World Trade Center.
- Participate in Winnipeg Chamber of Commerce presentations to small business.
- Be open for business at all times.

Over the years, it should be noted that the Materials Management Division has implemented many improvements to the bidding process with the goal of continuously improving the existing high standards.

Senior staff from the division regularly participates in small business outreach, including quarterly presentations at the World Trade Centre Winnipeg and engagements with the Winnipeg Chamber of Commerce.

Evaluation of tenders/RFPs

The City's evaluation process measures a range of criteria during the evaluation of bids. A primary factor is to assess the qualifications of a bidder. Other aspects may include cost estimate, experience, methodology, and schedule. Lowest price is never the only consideration.

On April 26, 2018, Council directed the Winnipeg Public Service to consult with stakeholders, including several business associations, on options to amend the Materials Management Policy to implement a buy local procurement procedure for City contracts valued at less than $100,000.00, and other ways that the City can better support local businesses to participate in the City's procurement processes.

The stakeholder consultation was conducted by way of a survey and stakeholder meetings with the assistance of the Office of Public Engagement (OPE).

Survey

On May 15, 2018, the Winnipeg Public Service launched an on-line survey, notifying a number of stakeholders, inviting them to inform their members of the survey and requesting their participation.

The survey was completed by 346 participants and consisted of 19 questions (included 3 personal questions). The results are included as Appendix E of Attachment A.

Stakeholder Meeting

On May 24, 2018, a stakeholder meeting was convened with 19 individual organizations. The feedback provided at this meeting is summarized in Attachment A, with notes from each group at the meeting included in Appendix D of Attachment A.

Stakeholder Engagement Results

A range of views were expressed on the value of buy local procurement policies; some stakeholders noted the value in recognizing the local contribution of organizations and others noted that preferential treatment may create an environment with less competition.

Improved communication and dissemination of tools and information were noted as critical elements to supporting local business to participate in procurement.

There was a desire amongst some stakeholders to support local businesses without preference through procurement policies.

The stakeholder input in this process provided valuable insight into the challenges and perspectives of businesses that participate, or wish to participate, in the City's procurement. The input is also valuable in directing steps that can be taken to support local involvement in procurement as follows:

1. The City will establish better communication with potential bidders
    - Making tenders/RFPs simpler to use
    - Partner with advocating agencies to more regularly present salient information to members
    - Work with the Office of Public Engagement to investigate most effective communication strategies for target audiences
    - Investigate the use of social media as a communication platform

2. Increased transparency will be achieved through the City's Open Data portal which includes assisting local businesses in accessing and deciphering the content.
    - Conduct regular rev iews to determine what new relevant information can be disseminated
    - Regularly connect with industry to determine what information would be of interest to them
    - Use our improved communication tools to guide stakeholders to the information that is available
    - Potentially work with international open contracting organizations, such as Open Contracting Partnership, to assist in making data more accessible and transparent

3. Debriefs are important. All City tenders/RFPs contain the provision for bidders to request a debrief.
    - The City will take steps to better communicate this information to bidders

4. The City will review contracts that may be suitable to be awarded in smaller contracts, providing the opportunity for small local businesses to better participate.
    - Initiate discussions with industry to determine which commodities/services to target

5. Explore opportunities to implement further procurement policy changes.
    - Cross-jurisdictional scan to determine best practices for incorporating social enterprise into municipal procurement

The stakeholder engagement process revealed clear opportunities to improve the way the City supports local businesses in their efforts to participate and compete in the City's procurement process.
The changes being implemented will maximize the opportunities for local bidders to compete for contracts by increasing participation and improving the quality of local bids.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 6, 2018

Project Name:

Report on Results of Stakeholder Engagements in Response to the "Buy Local" Procurement Procedure Motion, passed by City Council on April 26, 2018.

COMMENTS:

There are no financial implications associated with the report recommendations.

(Original signed by T. Yanchishyn)
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

Customer Service and Communications
Various stakeholder groups

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity

SUBMITTED BY

Department: Corporate Finance
Division: Materials Management
Prepared by: Barb D'Avignon/Catherine Green

Date: June 22, 2018

Attachments:

Attachment A: Stakeholder Engagement Summary