



For the Committee of the Whole Meeting January 4 2018

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**Date:** Friday December 29 2017    **From:** Mayor Helps

**Subject:** Report back on AVICC Region Community Benefit Pilot Project

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### **Background**

At the October 30<sup>th</sup> Committee of the Whole budget meeting Council directed staff to report back on the budget implications and work plan associated with a two-year pilot project for a strategic procurement adviser shared between the City of Victoria and other local governments in the AVICC region. Since this is a collaborative initiative with a number of other local governments from across the AVICC region, I have consulted with staff in crafting this report and the accompanying work plan, but am submitting this report myself for Council's consideration. The attached Community Benefit Hub Two Year Pilot Project proposal will also be submitted to the Councils and Boards outlined in the attached project proposal.

Strategic Procurement is a growing practice that seeks to better leverage tax dollars to achieve positive social outcomes aligned with community values and strategic objectives. Strategic or social procurement, as it's known in most places, has been adopted around the world and is demonstrating positive results for taxpayers and the wider community.

In 2013, the UK introduced the *Social Value Act*, which generated 70,000 social enterprises, one million previously unemployed people employed and \$18 billion in new economic development. Scotland made social procurement law in 2014, resulting in \$11 billion procured with a social benefit, 3,500 training opportunities and 80 percent of the government supply chain shifting to small and medium-sized enterprises. In July 2015, Ontario's adoption of Bill 6 added a requirement for "Community Benefit Clauses" in all infrastructure projects. And in May 2016, the City of Toronto unanimously adopted its own Social Procurement Program.

Closer to home, the Village of Cumberland was the first in the Association of Vancouver Island and Coastal Communities (AVICC) region to adopt and implement a Social Procurement Framework. The Towns of Qualicum Beach and Ladysmith are also implementing procurement with a strategic focus to benefit the community. The City of Victoria Council has adopted the *Good Jobs + Good Business = Better Community* Action Plan and is working toward implementation, including a direction for the procurement of construction of the Crystal Pool to model the federal government's soon-to-be-released Community Benefits Report Framework.

At the same time, across the AVICC region there are ongoing social issues, youth and First Nations unemployment, and more employment-ready young people on income assistance in 2016 than in 2011. And there's a labour shortage across sectors from retail to trades. In the trades in particular, there is an anticipated labour shortage in the coming years due to retirements/demographics.

The proposed Community Benefit Hub Pilot Project developed by the AVICC working group proposes to address all the challenges and opportunities outlined above as a region. The aim is to

develop a cohesive approach to strategic procurement across the region while enabling individual communities to create their own strategic focus regarding community benefits. This cohesion is important from the point of view of industry. It is also important from the point of view of measuring outcomes.

### Purpose

*To incubate a Community Benefit Hub for the AVICC Region that will support all local governments in the AVICC region in implementing strategic procurement.*

### Goals

1. Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.
2. There is a standardized approach to strategic procurement across local government while each local community has the ability to create the social value as determined by its elected officials/community.
3. Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits.
4. Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments.
5. The provincial government is aware of, engaged in, and fully supportive of the Hub.
6. A robust monitoring reporting framework is in place.
7. A business plan has been developed, with a sustainable funding model for either the continuation of the Community Benefit Hub or for an “AnchorVI.” (See attached Pilot Project proposal for details.)
8. The interest of the wider Municipal, Academic Institutions, Schools and Hospitals (MASH) sector has been piqued.

### Vision

*All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.*

### Mission

*To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.*

## **History**

At the 2016 AVICC meeting in Nanaimo, the membership passed a motion put forward by the Village of Cumberland and the City of Victoria that the AVICC and UBCM advance the use of social procurement by local governments. Immediately following the passing of this resolution, an informal working group formed with representatives from all sub-regions within the AVICC region. The group has met quarterly since May 2016 in order to determine the most effective, efficient and collaborative way to ensure that local governments in the AVICC region are prepared to implement strategic procurement.

At the 2017 AVICC meeting in Campbell River, the membership endorsed a further resolution that the AVICC appoint a liaison to the working group of volunteer elected officials; and that the AVICC membership invite the Ad Hoc Working Group to undertake, at no cost to AVICC members, a feasibility assessment of a “Community Benefit Hub” and report back at the AVICC 2018 AGM.

This proposal is a response to that motion. In order to have a viable program in place by the 2018 AVICC meeting, the Founding Members (see attached) in partnership with outside funders will establish the Community Benefit Hub for the municipal budget year of 2018. The two-year pilot

project will run from June 2018 to June 2020; this will enable additional interested members to join as Founding Members following the AVICC meeting in April 2018.

Further details, proposed budget, actions, deliverables and governance structure are laid out in the attached Pilot Project proposal and accompanying appendices.

### **Recommendation**

1. That Council commit *up to* \$50,000 per year for two years from the 2017 surplus to incubate a Community Benefit Hub for a two-year period at the City of Victoria and that this contribution be subject to matching funding from at least six other local governments in the AVICC region as well as additional funding sources such as, but not limited to, the Island Coastal Economic Trust (ICE-T)

**Respectfully Submitted,**

A handwritten signature in black ink, appearing to read 'M. Helps', written in a cursive style.

Mayor Helps

## **Outline for Budget and Funding Proposal** **for AVICC Region Community Benefit Hub to Advance Strategic Procurement on** **Vancouver Island and Coastal Communities in the MASH (Municipal, Academic** **Institutions, Schools, Hospitals ) Sector: Two-Year Pilot Project**

This proposal has been created by the following members:

*Lisa Helps (Victoria, CRD)*  
*Rob Southcott (Powell River, PRRD)*  
*Daniel Sailland (Qualicum Beach, staff)*  
*Teunis Westbroek (Qualicum Beach, RDN)*  
*Ian Morrison (AVICC Executive, CVRD)*  
*Josie Osborne (Tofino, ACRD)*  
*Aaron Stone (Ladysmith, CVRD)*  
*Colleen Evans (Campbell River)*  
*Rob Southcott (Powell River, PRRD)*  
*Dave Morris (Campbell River, staff)*  
*Shirley Ackland (Port McNeill, ACRD)*  
*Silas White (Gibsons)*  
*Leslie Baird (Cumberland, CVRD)*  
*Lori Pratt (Sunshine Coast School District)*

### **Why This Really Matters and Why It Matters Now**

Strategic Procurement is a growing practice that seeks to better leverage tax dollars to achieve positive social outcomes aligned with community values and strategic objectives. Strategic or social procurement, as it's known in most places, has been adopted around the world and is demonstrating positive results for taxpayers and the wider community.

In 2013, the UK introduced the *Social Value Act*, which generated 70,000 social enterprises, one million previously unemployed people employed and \$18 billion in new economic development. Scotland made social procurement law in 2014, resulting in \$11 billion procured with a social benefit, 3,500 training opportunities and 80 percent of the government supply chain shifting to small and medium-sized enterprises. In July 2015, Ontario's adoption of Bill 6 added a requirement for "Community Benefit Clauses" in all infrastructure projects. And in May 2016, the City of Toronto unanimously adopted its own Social Procurement Program.

Closer to home, the Village of Cumberland was the first in the Association of Vancouver Island and Coastal Communities (AVICC) region to adopt and implement a Social Procurement Framework. The Towns of Qualicum Beach and Ladysmith are also implementing procurement with a strategic focus to benefit the community. The City of Victoria Council has adopted the *Good Jobs + Good Business = Better Community* Action Plan and is working toward implementation, including a direction for the procurement of construction of the Crystal Pool to model the federal government's soon-to-be-released Community Benefits Report Framework.

At the same time, across the AVICC region there are ongoing social issues, youth and First Nations unemployment, and more employment-ready young people on income assistance in 2016 than in 2011.

And there's a labour shortage across sectors from retail to trades. In the trades in particular, there is an anticipated labour shortage in the coming years due to retirements/demographics.

## **Executive Summary**

The proposed Community Benefit Hub Pilot Project developed by the AVICC working group proposes to address all the challenges and opportunities outlined above as a region. The aim is to develop a cohesive approach to strategic procurement across the region while enabling individual communities to create their own strategic focus regarding community benefits. This cohesion is important from the point of view of industry. It is also important from the point of view of measuring outcomes.

### Purpose

*To incubate a Community Benefit Hub for the AVICC Region that will support all local governments in the AVICC region in implementing strategic procurement.*

### Goals

1. Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.
2. There is a standardized approach to strategic procurement across local government while each local community has the ability to create the social value as determined by its elected officials/community.
3. Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits.
4. Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments.
5. The provincial government is aware of, engaged in, and fully supportive of the Hub.
6. A robust monitoring reporting framework is in place.
7. A business plan has been developed, with a sustainable funding model for either the continuation of the Community Benefit Hub or for an "AnchorVI."
8. The interest of the wider MASH sector has been piqued.

### Vision

*All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.*

### Mission

*To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.*

## **History and Background**

At the 2016 AVICC meeting in Nanaimo, the membership passed a motion put forward by the Village of Cumberland and the City of Victoria that the AVICC and UBCM advance the use of social procurement by local governments. Immediately following the passing of this resolution, an informal working group formed with representatives from all sub-regions within the AVICC region. The group has met quarterly

since May 2016 in order to determine the most effective, efficient and collaborative way to ensure that local governments in the AVICC region are prepared to implement strategic procurement.<sup>1</sup>

At the 2017 AVICC meeting in Campbell River, the membership endorsed a further resolution that the AVICC appoint a liaison to the working group of volunteer elected officials; and that the AVICC membership invite the Ad Hoc Working Group to undertake, at no cost to AVICC members, a feasibility assessment of a “Community Benefit Hub” and report back at the AVICC 2018 AGM.

This proposal is a response to that motion. In order to have a viable program in place by the 2018 AVICC meeting, the Founding Members (see below) in partnership with outside funders will establish the Community Benefit Hub for the municipal budget year of 2018. The two-year pilot project will run from June 2018 to June 2020; this will enable additional interested members to join as Founding Members following the AVICC meeting in April 2018.

### **Community Benefit Hub – Pilot Project**

#### Vision

*All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.*

#### Mission

*To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.*

#### Community Benefit Hub: Two-Year Pilot Program

To create a Hub to support all local governments in the AVICC region in implementing strategic procurement. The Hub will:

1. Educate and build awareness among elected officials and public sector institutions
2. Train staff
3. Communicate and network: collect and tell stories of success and challenges
4. Educate and build awareness amongst suppliers
5. Train suppliers

#### Goals and Actions for Two-Year Pilot Project

##### **Goal #1:**

*Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.*

##### **Actions:**

1. Build awareness through speaker series and regional presentations.
2. Provide demand-side education – e.g., education to boards, councils and senior staff.

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<sup>1</sup> Strategic procurement is when government institutions procure goods and services in a such as way as to both advance their strategic objectives and ensure value for tax dollars.

## **Goal #2**

*There is a standardized approach to strategic procurement across local governments in the AVICC region, with each local community maintaining the ability to create the social value as determined by its elected officials/community.*

### **Actions:**

3. Create a template public engagement framework (toolkit) to engage the public on community values that should drive each community's approach to strategic procurement.
4. Create a template strategic procurement framework and purchasing policy.
5. Create a standardized reporting and monitoring framework to measure success. (See also Goal #5)
6. Build awareness through speaker series and regional presentations.<sup>2</sup>
7. Demand-side education – e.g., education to boards and councils and senior staff, ability to dedicate a minimum number of hours per founding member; and to host a minimum number of workshops/seminars in the AVICC region in conjunction with visits to founding member local governments.

## **Goal #3**

*Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits.*

### **Actions:**

8. Provide technical training: specific training tool kits for procurement staff.

## **Goal #4**

*Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments.*

### **Actions**

9. Develop key relationships with suppliers.
10. Measure the number of suppliers that understand the changing landscape and are willing to support this new approach through bidding on projects and responding to RFPs.

## **Goal #5**

*The provincial government is aware of, engaged in, and fully supportive of the Hub.*

### **Actions:**

11. Work with provincial government to secure training dollars for companies and social enterprises involved in local government procurement in AVICC region.
12. Work with Province so that provincial policies mirror and reflect strategic procurement principles.
13. Make presentations and have meetings with key government staff and ministers.

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<sup>2</sup> For example if the contractor was on site doing some work with a particular local government, a presentation or workshop could be held for all other local governments in that area to attend, thus maximizing the limited travel budget and reducing GHGs associated with extra travel specifically for hosting workshops.

**Goal #6**

*A robust monitoring reporting framework is in place.*

**Goal #7:**

*A business plan has been developed, with a sustainable funding model for either the continuation of the Community Benefit Hub or for an “AnchorVI.”<sup>3</sup>*

**Goal #8**

*The interest of the wider MASH sector has been piqued.*

**Funding Model**

The two-year pilot project will be funded through a combination of third-party funding, a contribution from the City of Victoria, and contributions from other founding members based on the AVICC membership funding model (population based – see Appendix A).

For year one of the pilot project we will seek funding from Island Coastal Economic Trust (<http://www.islandcoastaltrust.ca/>) which funds economic development projects *outside* of the Capital Region. Funding from ICET will be subject to matching funding from the City of Victoria and vice versa. Funding from both the City of Victoria *and* ICET will be subject to at least six additional local governments joining in year one of the pilot project (by the proposed launch date of June 2018). Membership rates are annual and are due at the time that a local government joins the Hub.

**Founding Members**

Any local government that joins the Hub in the first two years of its pilot operation will be considered a founding member. Piloting a new initiative is challenging and we want to ensure that all local governments who enter the pilot project – regardless of at what stage in the two-year process – will be recognized as leaders and champions.

**Governance Options and Preferred Hub Model**

The CAO of Qualicum Beach prepared an analysis of a variety of Hub models that was shared with other CAOs and CFOs from Working Group member local governments for comment. Based on this analysis (see attached Appendix C) the proposed pilot model is to situate the Hub at the City of Victoria where one person will work on contract to fulfill the goals and undertake the actions outlined above. The Terms of Reference in Appendix D will govern the relationship between the Steering Committee and the City of Victoria.

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<sup>3</sup> AnchorVI will be a Vancouver Island and Coastal Communities collaboration among all MASH sector entities. It will modelled on AnchorTO which is a collaboration of public sector institutions in Toronto that work together on procurement. Anchor institutions are large public or nonprofit organizations – such as hospitals, universities or municipal governments – that are rooted in community. An anchor mission is the process of deliberately deploying the institution’s long-term, place-based economic power to strengthen a local community, especially neighbourhoods where people facing historic and other barriers to economic opportunity live. See <http://anchorinstitutions.ca/>

The informal Working Group (listed above) that has developed the proposal to date will become a Steering Committee that will meet quarterly with the contractor to receive reports on work to date and provide input and guidance. See Terms of Reference in Appendix E. Each local government that joins the Hub as a founding member in the duration of the pilot project will be invited to appoint a member to the Steering Committee; that member may be an elected official or a relevant staff member. If there is large uptake in Hub membership and the Steering Committee gets too large to be workable, the Steering Committee will, by consensus, adjust the Terms of Reference to allow for fair representation of each sub-region of the AVICC region.

### **Request for Proposals for Contractor**

The Request for Proposals will be developed by staff from at least three of the participating communities including the City of Victoria. The RFP will be based on the Goals and Actions as outlined above. The staff RFP process will be led by the Director of Finance for the City of Victoria. The staff group will issue the RFP, select a preferred proposal and then present the recommendation to the Steering Committee for their consideration.

### **Budget**

The cost of the program is approximately \$118,200 per year for two years. This includes an approximate in-kind contribution of \$15,600. See Appendix F for details.

### **Conclusion**

This proposal has been two years in the making and has been co-developed by elected officials and staff with inputs from industry. Those of us who have developed it urge our councils and regional boards to carefully consider the benefits of acting as a region as we work in our individual local governments to procure goods and services more strategically in such a way that will continue to provide high-value bids and responses to RFPs *at the same time as* providing wider benefits to our communities. As outlined above, this is the direction that procurement is moving in many other parts of the world and there is strong indication that both the governments of Canada and British Columbia have an interest in social or strategic procurement. This two-year pilot project will allow the AVICC region to lead and to be ready to meet the future.

## Appendix A

Sample dues for some potential participants based on 2016 population and 2016 AVICC membership rates.

Alberni-Clayoquot (Electorial Areas Only)	\$922
Campbell River	\$3,305
Cumberland	\$474
Gibsons	\$582
Ladysmith	\$1,017
Port Alberni	\$1,966
Qualicum Beach	\$1,061
Tofino	\$244

## Appendix B - AVICC Motions

### April 2016

Whereas fostering the social wellbeing of the community is identified as a municipal purpose by the *Community Charter* and a regional district purpose by the *Local Government Act*;

And whereas the widespread adoption of social procurement practices by all local governments in BC will diversify the vendor pool and further leverage tax dollars to better align with community values;

Therefore be it resolved that AVICC and UBCM advance the use of social procurement practices by local governments;

And be it further resolved that UBCM urge the provincial government to consider the inclusion of social procurement into Part 6 (Financial Management) of the *Community Charter* and Part 11 (Regional District Financial Management) of the *Local Government Act*.

### April 2017

WHEREAS in 2016 the AVICC and UBCM membership passed a resolution to “advance the use of social procurement practices”; and

WHEREAS the AVICC Executive has discussed the issue of Social Procurement at length on six occasions in the past year including receiving a delegation from a working group of volunteer elected officials requesting funding and support for establishing a “Community Benefit Procurement Hub” and establishing an AVICC Committee; and

WHEREAS the AVICC has received a 2017 resolution from four municipalities requesting AVICC appoint a liaison to the working group that is planning to undertake a feasibility assessment of a “Community Benefit Procurement Hub”; and

WHEREAS the AVICC Executive requested the working group to develop a resolution to present through the resolution process at the 2017 AVICC Convention for a decision on clear direction to the Executive;

THEREFORE BE IT RESOLVED that the membership clarify direction on the role of the AVICC and social procurement practices by endorsing the following:

- Advancing social procurement practices by implementing a Community Benefit Procurement Hub is beyond the current resources of the AVICC and is primarily a provincial issue;
- The AVICC support the advancement of social procurement practices by disseminating information about the resources available to those members interested in pursuing social procurement in their communities;
- The AVICC appoint a liaison to the working group of volunteer elected officials; and
- That the AVICC membership invite the Ad Hoc Working Group to undertake, at no cost to AVICC members, a feasibility assessment of a “Community Benefit Hub and report back at the AVICC 2018 AGM.

**Appendix C**

**Town of Qualicum Beach  
MEMORANDUM**

**SUBJECT:** Strategic Procurement Pilot Project Review and Discussion

**TO:** Strategic Procurement Working Group

**DATE:** December 11, 2017

**FROM:** Daniel Sailland MBA- Chief Administrative Officer

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**RECOMMENDATION:**

That the Strategic Procurement Working Group consider pursuing a business plan that houses the community benefit hub pilot within a local government. The business plan should further reflect the medium to long-term objective of having the Hub become its own non-profit organization. Grant funding is likely required to get this started and finding the appropriate people and skill sets needed to support those local governments who participate in the initiative will be essential. Participating local governments will likely also need to commit to some funding of the 2-year pilot period and perhaps even to funding a third transition year depending on the identified projects and success of the pilot.

**PURPOSE:**

In the interest of advancing strategic procurement, this overview provides some discussion on the possible next steps for the working group. It is important to note that the understood intention is not the creation of a viable business so much as to create the most viable vehicle for successfully implementing strategic procurement across Vancouver Island. The reason this is noted, is that there remains some debate as to whether there will be uptake of strategic procurement by local government even with the provision of education and support. It is worthy to note that some of this debate revolves around the fact that significant portions of local government procurement is for specialized infrastructure and that many capital projects take place over short periods of time. There is further concern that programs for implementation may fall short in the absence of partnerships and coordination between key stakeholders such as industry, training agencies, and both provincial and federal levels of government. These are concerns that will need to be monitored and mitigated through the implementation of a pilot.

Another note of significance is with regard to the business case for a community benefit hub. This document does not consider a business case for a community benefit hub and

as such, it cannot accurately speak to market factors that could impact the success of the models being discussed.

## **BACKGROUND:**

Since May of 2016 an informal working group of representatives from the sub-regions of the Association of Vancouver Island and Coastal Communities (AVICC) have been meeting to identify an effective and efficient model for collaboratively implementing strategic procurement across the many local governments within the AVICC region.

The strategic procurement working group has worked with industry experts, including Sandra Hamilton, to better identify the desired outcomes of strategic procurement within a local government context. This work has helped identify the services that could benefit local government as they look to implement strategic procurement, as well as to identify the possible models for collaboration and for maximizing the benefit of this procurement transition process across many local governments.

Through this process, there has been consensus around the value of creating a community benefit hub (Hub) that can help educate elected officials and public sector institutions, train staff, educate, train, and build awareness amongst suppliers, as well as collect and tell stories of successes and challenges. The Hub could help local governments with the successful advancement of strategic procurement.

This memo dialogues the value of differing implementation models for the Hub. Although the Town of Qualicum Beach has drafted this document, staff from a number of participating local governments have contributed toward its completion.

## **DISCUSSION:**

Based on the available information, the strategic procurement working group has identified some key goals, components and priorities for the advancement of strategic procurement. In order to achieve these, there are a number of implementation alternatives being discussed, from private business delivery through to the creation of a not-for-profit society. The following reflects on the alternatives being considered for this pilot:

### Private Business Delivery

Advancing through this model presents immediate challenges in that it will rely on a licensing agreement(s) and this can take significant time to draft and agree on, depending on the local government in question. Typically, a licensing agreement will cover elements such as but not limited to: proprietary knowledge or information, financial arrangements, where and how information is used, quality control, product or service distribution, etc. Given that there is a lack of understanding of what strategic

procurement is both from the general public and, more significantly from government staff, the addition of a licensing agreement adds a hurdle to the uptake of strategic procurement. This approach also runs contrary to how many local governments tend to work with one another. Which is to say that local governments tend to share, copy and duplicate best practices freely between staff and departments across the province. This sharing benefits all local government and the addition of a licensing agreement simply does not fit this model.

#### Create a New Non-Profit Organization (Municipal Insurance Association (MIA) financing model)

Creating a non-profit organization is a good way to address something like a community benefit hub. Staff working within the organization can develop the public and private sector networks required for the success of this project. However, the composition of the group will be essential to success and given the “start-up” nature of this approach it will be important to ensure that they are provided with their first few projects. These projects will provide learning, start building contacts within the industry and hopefully provide the successful examples they need to continue growing the approach. Sandra Hamilton has already commenced this with the development of a pilot and this should be supported and integrated into the organization’s activities.

There are some challenges with this approach. The first challenge will be how it integrates with, supports and provides formal and experiential learning to the public sector. The organization will need the ability to add resources to local governments and to walk departments and staff through the procurement process, as many local governments simply do not have the resources required to implement this level of change.

The second challenge with this will be financing. The MIA model would likely struggle within the context of strategic procurement and this is due to the fact that the value proposition is not clear or urgent enough for local governments. MIA came into being by creating something that was an immediate need for all local governments, being affordable, responsive and complete insurance coverage. The extension of MIA services to include free 30-minute legal advice also fills an immediate need for quick, responsive and cost effective legal service. Although this model could serve as a good basis for the financing and provision of strategic procurement services in the future, it may fall short of the mark initially. Local governments are simply unlikely to pay for something that they do not yet understand or value.

#### House within an Academic Institution

Housing strategic procurement within an academic institution could work. An institution like Capilano University already offers targeted training and diplomas for

local government employees in association with the Local Government Management Association (LGMA).

These courses can be credited courses or can be for personal improvement only. The curriculum is supported by both academic and professional resources through both Capilano University and the LGMA. Instruction is provided by a mix of University staff and local government professionals. Alternatively, the same could be offered through the Government Finance Officers Association of British Columbia (GFOABC). This association offers training and toolkits to its members and this training already includes subjects such as procurement. The challenge with this approach is one of focus. Handing the model over to the academic sector may result in resources being focused on research and education rather than implementation and this would undermine the goals of this initiative. Local governments may need more than education and toolkits as they focus on implementation, they may need additional resources to support full implementation of this procurement model successfully.

#### Housing within an Existing Non-Profit Organization

Housing within an existing non-profit is possible however it would be extremely important to find the ideal match. As noted above most local governments need more than education and toolkits; they need the vision, time, resources and ongoing support to implement strategic procurement within their existing structures and corporate cultures. Local governments will also need community business partners and employment partners. Smaller local governments may also need coordination with neighbouring governments to achieve higher level targets such as having the procurement process result in tickets (e.g. red seal carpentry, welding, etc.) and certifications for future opportunities. Any not-for-profit that agrees to house this will need to have many of these elements at their disposal or should be prepared to ensure they can support the resources required to achieve success.

#### Create a New Community Contributions Corporation

There is insufficient information regarding this approach at this time.

#### Co-funded staff position(s) within a Local Government (e.g., Victoria)

The concept of co-funded staff position(s) within the City of Victoria has some merit in that Victoria may have a greatest ability, on the island, to leverage larger projects; it could potentially build a network of key partners that are in a better position to implement educational and beneficial employment targets that would otherwise be a challenge for smaller centres. Even with Qualicum Beach's multi-million-dollar Memorial project, the work timelines are unlikely to result in the completion of a ticket for workers being brought on to complete the work. Victoria may have a greater ability

to bundle work/capital projects in such a way as to ensure greater impact for multi-barrier persons entering the workforce through strategic procurement contracts.

The other possible benefit from this approach is that employees (contract or other) that start by working in collaboration with employees of the City could eventually be separated out to become the not-for-profit organization that is both built for purpose and has the cross-sectional experience required to succeed in other areas. This approach would be similar to how Whistler's Centre for Sustainability came into being.

Victoria is also home to key partners such as the LGMA, provincial institutions, Civic Info, etc. and thus has better access to these established communication networks and training resources.

The co-funded staff position(s) need not be employees of the City of Victoria so much as they would benefit by initially being housed within the offices of the City of Victoria. This is a pilot project that will most likely need to adapt over the term of the pilot or immediately following the pilot and, that is being introduced to work across a number of local governments. If this approach is implemented, it will be vitally important that clear and achievable measures be established; that certainty over the pilot term be provided; and that a flexible/adaptable employment framework be utilized.

#### Co-funded (membership model) staff position(s) within a Local Government (e.g., Qualicum Beach)

Similar to the above noted except run from Qualicum Beach, this may have the ability to succeed and does have the benefit of being a smaller municipality which is more similar to many local governments across BC. Smaller can also mean faster implementation periods however the challenge will be in how it sequences the work, as most of the projects in the area are very small in comparison to what can be found in Victoria. Access to key partners such as LGMA remain possible however a number private sector partners will be smaller and this may impact how procurement packages are issued and/or reviewed.

#### **CONCLUDING COMMENTS:**

There is no single option that stands out on its own as being the best approach. Rather, the recommendation in this document is to consider the creation of a business plan that houses the Hub within a local government. This approach is likely the best implementation approach in the short term however, the business plan should reflect the medium to long term objective of having the hub become its own non-profit organization. Grant funding is likely required to get this started and finding the appropriate people and skill sets needed to support those local governments who participate in the initiative will be essential. Local governments who are participating in

the pilot should be prepared to commit to some funding of the 2-year pilot period and perhaps even to funding a third transition year depending on the success of the pilot.

General Comment and Considerations Regarding the Business Plan: It is important to note that although the business plan framework appropriately identifies elements contributing to the success of strategic procurement, there is concern that the scope in some areas is too wide. A scope that includes all of the Municipal, Academic, Schools & Hospitals (MASH) is overly ambitious and may likely undermine this projects ability to succeed. Also the roll out of peer to peer networks and provision of webinars can be tech and labour intensive to maintain and thus these would need to be either exclusive to the initial participating local governments and/or ideally provided through key partners such as an existing educational institution or association. Given the term of the pilot, focus and timing will be crucial.

Key industry partners such as those Sandra Hamilton has secured, including employment agencies and industry, but also the provincial and federal government, are vital. Expanding these to include the GFOA and the LGMA are equally important. The GFOA and the LGMA have established networks with the public sector professionals the pilot is targeting and they have both the communication platforms and the standing education partnerships that can greatly benefit this initiative.

Similar to any new market initiative, this pilot project will be faced with the challenge of creating awareness, interest and demand for what it wishes to provide. Awareness takes time and it needs local examples of success to help peak further interest. This pilot is about more than just procurement; it is about the creation of crucial connections and long standing strategic relationships focused on generating increased societal value through procurement. The effort and resources required to successfully implement this kind of change is more than some local governments currently have. This pilot project offers potential value by creating a hub that could support the employees and structures being tasked with the long-term implementation of strategic procurement.

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Daniel Sailland <sup>MBA</sup>  
Chief Administrative Officer  
Town of Qualicum Beach

## Appendix D

### Terms of Reference for the City of Victoria as the Host Local Government for the AVICC Region Community Benefit Hub Pilot Project – DRAFT

#### 1. Purpose, Goals, Mission and Vision of the Pilot Project

##### Purpose

To incubate a Community Benefit Hub for the AVICC Region that will support all local governments in the AVICC region in implementing strategic procurement.

##### Goals

1. Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.
2. There is a standardized approach to strategic procurement across local government while each local community has the ability to create the social value as determined by its elected officials/community.
3. Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits
4. Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments
5. The provincial government is aware of, engaged in, and fully supportive of the Hub.
6. A robust monitoring reporting framework is in place.
7. A business plan has been developed and there is a sustainable funding model in place for either the continuation of Community Benefit Hub or for AnchorVI.<sup>4</sup>
8. The interest of the wider Municipal Academic Schools and Hospitals (MASH) sector has been piqued.

##### Vision

All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.

##### Mission

To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.

#### 2. Term of Pilot Project

The City of Victoria agrees to host a two-year pilot project from June 2018 to June 2020 to incubate a Community Benefit Hub for Vancouver Island and Coastal Communities.

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<sup>4</sup> AnchorVI will be a Vancouver Island and Coastal Communities collaboration among all MASH sector entities. It will modelled on AnchorTO which is a collaboration of public sector institutions in Toronto that work together on procurement. Anchor institutions are large public or nonprofit organizations – such as hospitals, universities or municipal governments – that are rooted in community. An anchor mission is the process of deliberately deploying the institution's long-term, place-based economic power to strengthen a local community, especially neighbourhoods where people facing historic and other barriers to economic opportunity live. See <http://anchorinstitutions.ca/>

### **3. Responsibilities of the City of Victoria**

The City of Victoria will:

1. Provide in-kind support through its Department of Finance in tracking revenues and expenses for the term of the pilot project and in managing one contractor.
2. Issue an RFP for a contractor in consultation with CAOs/CFOs from other steering group local governments.

### **3. Relationship with AVICC Steering Committee**

The AVICC Steering Committee will support the City of Victoria by:

1. Taking a leadership role on grant writing and other fundraising initiatives.
2. Reporting at least quarterly to City of Victoria through its mayor, who will also be a member of the Steering Committee.

### **3. Disbursement of Community Benefit Hub Incubator Funds by City of Victoria**

In order for the City of Victoria to disburse funds on behalf of the Incubator Pilot Project:

1. The City of Victoria will have full discretion to release funds to the contractor based on the terms in the contract.
2. Should additional funding be raised by the Steering Committee in addition to that to pay the contractor, a majority vote of the Steering Committee is required.
3. A conference call of a simple majority of the steering group will be held.
4. Following the conference call, an email from a steering committee member *other than* the Mayor of the City of Victoria will be sent to the Chief Financial Officer of the City of Victoria, and copied to the entire steering committee, authorizing the disbursement of funds as per the committee vote.

### **4. Withdrawal of Support by City of Victoria**

The City of Victoria may withdraw its support for the Community Benefit Hub Incubator with three months written notice to the AVICC Steering Committee. At such time as the relationship is severed, all project funds remaining and any contractual obligations will be transferred by the City of Victoria to a new agency as determined by the AVICC Steering Committee and subject to any funding agreements that may be in place.

### **5. Revoking of Incubator Host Status by AVICC Steering Committee**

The AVICC Steering Committee may revoke the Community Benefit Hub Pilot Project agreement with three months written notice to the City of Victoria. At such time as the relationship is severed, all project funds remaining and any contractual obligations will be transferred by the City of Victoria to a new agency as determined by the AVICC Steering Committee and subject to any funding agreements that may be in place.

### **6. Obligation**

The City of Victoria is under no obligation to provide ongoing support to the Community Benefit Hub beyond the two-year pilot period. The intention of housing the Community Benefit Hub as an incubator at a local government is to give it some solid footing during the pilot phase and then to either find another permanent home for it, or create a stand-alone entity.

## Appendix E

### AVICC Community Benefit Hub Pilot Project Steering Committee – Terms of Reference – DRAFT

#### 1. Purpose, Goals, Mission and Vision of the Pilot Project

##### Purpose

To incubate a Community Benefit Hub for the AVICC Region that will support all local governments in the AVICC region in implementing strategic procurement.

##### Goals

1. Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.
2. There is a standardized approach to strategic procurement across local government while each local community has the ability to create the social value as determined by its elected officials/community.
3. Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits
4. Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments
5. The provincial government is aware of, engaged in, and fully supportive of the Hub.
6. A robust monitoring reporting framework is in place.
7. A business plan has been developed and there is a sustainable funding model in place for either the continuation of Community Benefit Hub or for AnchorVI.<sup>5</sup>
8. The interest of the wider Municipal Academic Schools and Hospitals (MASH) sector has been piqued.

##### Vision

All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.

##### Mission

To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.

#### 2. Term of Pilot Project

The Community Benefit Hub pilot project will run from June 2018 to June 2020.

#### 3. Composition of Steering Committee

The Steering Committee will be comprised of:

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<sup>5</sup> AnchorVI will be a Vancouver Island and Coastal Communities collaboration among all MASH sector entities. It will modelled on AnchorTO which is a collaboration of public sector institutions in Toronto that work together on procurement. Anchor institutions are large public or nonprofit organizations – such as hospitals, universities or municipal governments – that are rooted in community. An anchor mission is the process of deliberately deploying the institution's long-term, place-based economic power to strengthen a local community, especially neighbourhoods where people facing historic and other barriers to economic opportunity live. See <http://anchorinstitutions.ca/>

1. One elected official or staff from at least each sub-region of the AVICC region.
2. Of the membership outlined in #1, one member must be a member of the AVICC Executive.
3. Of the membership outlined in #1, one member must be the mayor of the Community Benefit Hub Pilot Project host local government. (*See Draft Terms of Reference for City of Victoria as host local government*).

#### **4. Appointment to the Steering Committee**

1. Each local government that is a founding member of the Community Benefit Hub Pilot Project will appoint either one elected official or one staff member.
2. The AVICC Executive will appointment one member of the Executive to the Steering Committee for a two-year term, to correspond with the length of the pilot project.

#### **5. Responsibilities**

The Steering Committee will:

1. Assist the AVICC Executive in fulfilling the direction of Resolution R6 passed at the 2016 AVICC Convention which mandated the AVICC to “advance use of social procurement practices by local governments.”
2. Oversee the Community Benefit Hub pilot project.
3. Take a leadership role in grant writing and fundraising activities to support community benefit procurement in the AVICC region.
4. Engage AVICC member local governments with regard to strategic procurement including gathering ideas and input and creating a shared vision for the best way to assist local governments – elected officials and staff – to implement strategic procurement at a local government level.
5. Provide direction as outlined in “Terms of Reference for the City of Victoria as the Host Local Government for the AVICC Region Community Benefit Hub”
6. Provide a written report at each AVICC Executive meeting and be responsive and open to feedback and input from AVICC Executive
7. Report at the 2019 and 2020 AVICC Conventions on the status of the Pilot Project.

#### **6. Meeting Frequency**

The Steering Committee will:

1. Meet in person quarterly: once at the AVICC and UBCM Conventions and two other times throughout the year.
2. Meet as needed by teleconference throughout the year.

#### **7. Decisions**

Decisions will be made by consensus.

#### **8. Minutes**

1. All decisions taken by the group will be recorded.
2. Minutes will be publicly available on the AVICC website.
3. Minutes will be taken by a person chosen by the members on a meeting by meeting basis.

#### **9. Committee Leadership**

The Steering Committee will be co-chaired by two members who will be appointed by consensus of the group. The co-chairs will not have any additional power or decision-making authority.

## Appendix F

### SAMPLE BUDGET FOR DISCUSSION - Community Benefit Hub - Updatd Dec 23, 2017

		ONE YEAR COSTS		TOTAL (2 YEARS)	
Salary	Monthly	Cash	In-Kind	Cash	In-Kind
Contract	\$ 7,350	\$ 88,200	\$ -	\$ 176,400	\$ -
Salary - Subtotal		\$ 88,200		\$ 176,400	
Overhead & travel	Monthly	Cash	In-Kind	Cash	In-Kind
Office space (in-kind from City of Victoria)	\$ 500		\$ 6,000		\$ 12,000
Disbursements	\$ 1,200	\$ 14,400		\$ 28,800	
Other administration (in kind from City of Victoria)	\$ 400		\$ 9,600		\$ 9,600
Overhead - Subtotal		\$ 14,400	\$ 15,600	\$ 28,800	\$ 21,600
		\$ 102,600	\$ 15,600	\$ 205,200	\$ 21,600