



GUIDE TO SOCIAL PROCUREMENT IN CONSTRUCTION AND INFRASTRUCTURE PROJECTS

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Acknowledgements

We want to thank our partners and contributors for their support of the Guide to Social Procurement in Construction and Infrastructure Projects.

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Recognition

The following organizations are working collaboratively to develop social procurement in construction and infrastructure projects.



If you would like to add your logo to the list of collaborating organizations in future editions of this guide please contact tori@buysocialcanada.com.

GUIDE TO SOCIAL PROCUREMENT IN CONSTRUCTION AND INFRASTRUCTURE PROJECTS

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About Buy Social Canada

Buy Social Canada brings together socially driven purchasers and social value suppliers to build business relationships that use the marketplace to generate social benefits for communities across the country. We work with community, private sector, and governments to support the development of policy and resources to strengthen local and regional social procurement initiatives. We offer a recognized, Canada-wide social enterprise certification program that opens the door to an emerging social impact network.

Social procurement, simply put, is leveraging a social value from your existing procurement.

We always welcome feedback from anyone using our materials and guides to support their continued development. Please let us know how we can support your efforts and enhance our offerings.

For further information on Buy Social Canada please visit our website at buysocialcanada.com or contact: elizabeth@buysocialcanada.com

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Using This Guide

In the *Guide to Social Procurement in Construction and Infrastructure Projects* we outline a path to increase the success of construction-based social procurement. The same process and guidelines in this guide can be applied to the requirements of Infrastructure Canada's Community Employment Benefit requirements.

We hope this guide contributes to the larger change process happening through social procurement across governments, private sector and communities.

Social procurement supports owners, developers and general contractors with:

- Greater efficiencies throughout planning, permitting, and construction
- Access to a broader base of skilled employees
- Unique skills training for the project
- Improved productivity through access to local impact businesses
- Confidence in making a significant and impactful contribution to the community
- Enhanced reputation internally with employees and externally with stakeholders and clients

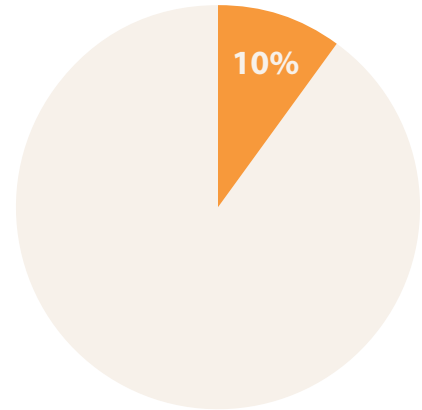
A well-designed and well-executed social procurement model will offer the local community:

- Employment opportunities
- Targeted training and apprenticeship opportunities
- Contracts for local subcontractors and suppliers, particularly for social enterprises and diverse owned businesses
- Opportunities for substantive engagement during design, build, and operation of the project
- Support for overall community

Some specific examples of project goals could include:

- 10 per cent spend with social value suppliers or social enterprises. Take a hard look at your current supply chain — are you already there? What opportunities are there in your next project?
- 10 per cent of new required hires for the next project are from underrepresented groups. This is not hard to accomplish if it's set as a goal from the start.

Buy Social Canada is pleased to be working with the construction industry, employment services, social enterprises, and community-based organizations as partners to design the models, templates, and processes to create the *Guide to Social Procurement in Construction and Infrastructure Projects*. Everyone involved recognizes the necessity to change traditional models to allow a new culture of collaboration, community engagement, and shared value outcomes to happen. We recognize there are restraints, both real and perceived, but we hope this guide contributes to the larger change happening through social procurement across governments, the private sector, and communities.



Project Goals

10 per cent spend with impact businesses.





Social Impact Business

A business who incorporates social value into their business in order to create impact in their community. For example a social enterprise, an equity seeking business or a local businesses with social value.



Social Enterprise

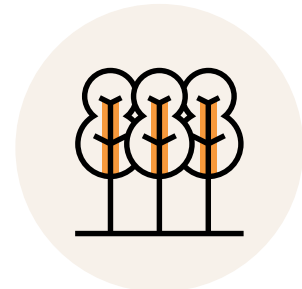
A business that sells goods or services, embeds a social, cultural or environmental purpose into the business, and reinvests the majority of profits into their social mission.



Introduction

Every day, individuals and families make shopping choices, businesses discuss alternatives for their supply chain, and governments select suppliers across a broad spectrum of goods and services. Each of these purchasing decisions, intentionally or not, have an economic, environmental and social outcome. It is these everyday buying choices that contribute to healthy local communities; communities with a strong social system and a resilient and vibrant business sector.

Historically, in business and government, procurement has been merely a financial transaction, focused on choosing the supplier that met the defined requirements for products or services and whom was offering the lowest possible price. Over the past 20 years an environmental consideration increasingly became part of all of our buying considerations. Currently, there is a growing consideration of the social value outcomes of corporate and government purchasing — referred to as social procurement. This emerging social procurement model is designed to intentionally use our buying decisions to achieve the best value possible, with a lens on quality, price, environment and social value outcomes.



Role of Construction Sector in Social Procurement

The annual spend in the construction industry is around \$140 billion dollars and there are over a million workers across Canada.⁽¹⁾ The federal government infrastructure budget is \$180 billion over the next ten years, and with COVID-19 recovery this figure is expected to grow.⁽²⁾

Currently, there is a growing consideration of the social value outcomes of corporate and government purchasing — referred to as social procurement.

1 <https://www.statista.com/statistics/594293/gross-domestic-product-of-canada-by-industry-monthly/>

2 <https://www.infrastructure.gc.ca/plan/about-invest-apropos-eng.html>



Younger employees are motivated by feeling as though they are a part of something greater than themselves.

How will all of this spending impact the future? How can it support the growth of your businesses? Can it help meet the industry gap for employees? Or provide apprenticeship opportunities? Can it support efficiency in our production process and supply chains?

If you are involved in the construction sector, it is important to take the time to consider these questions and understand how social procurement will impact social issues and how it will also impact your business for the better.

- **Be a leader:** Participating now will position you as a leader, partner and make you more competitive within the construction sector.
- **Engage employees:** Younger employees are motivated by feeling as though they are a part of something greater than themselves and are part of a solution to a larger problem. This sense of purpose increases employee engagement, retention, and productivity.
- **Influence the future:** Use your business acumen and experience to influence the future of social procurement.
- **Gain a competitive edge in the market:** As social value outcomes become increasingly more important in the procurement process, your commitment to social value programs and best practices will give you a competitive edge.

Social Procurement Opportunity

Social procurement is the effort to intentionally leverage the multiplier and ripple effects of market choices to support our local communities through employment opportunities, local buying, training and apprenticeships, diversity in suppliers, and social value outcomes.

Municipalities across the country are introducing social procurement policies to leverage benefits for local residents, address social issues and support local businesses and social enterprises. Provincial and federal governments are also introducing social procurement to manage their infrastructure investment returns. At the federal level, the government is driving social value outcomes through social purchasing goals and Infrastructure Canada's Community Employment Benefits requirements.

The demand for infrastructure investments to include community benefits is increasing across Canada. The *Guide to Social Procurement in Construction and Infrastructure Projects* provides the tools and resources to help meet that demand.

For government, social procurement meets taxpayers expectations of financial prudence by leveraging procurement dollars already within the budget to simultaneously fulfill a procurement need while also contributing to social objectives.

Private businesses are not equipped to do social work, but social enterprises are. An entire ecosystem of certified social enterprises and equity seeking businesses exist across Canada. Social enterprises offer a range of goods and services including but not limited to; labour, training, cleaning, catering, landscaping, courier services, janitorial services, renovations, photography, public art, and videography, corporate gifts, printing services, waste recycling and junk removal.

The *Guide to Social Procurement in Construction and Infrastructure Projects* provides the tools and resources to help meet that demand.



The demand for infrastructure investments to include community benefits is increasing across Canada.

The Guide to Social Procurement in Construction and Infrastructure Projects provides the tools and resources to help meet that demand.



SOCIAL PROCUREMENT FEATURE

Helping Vancouver's marginalized build a better future

ICON Construction is helping Vancouver's most marginalized residents build a better future by working with EMBERS, a social enterprise and economic development organization that works with the city's most vulnerable residents.

EMBERS' mission is to create economic and employment opportunities for people living on low incomes. EMBERS has helped thousands of people facing barriers to work and lead productive fulfilling lives through employment.

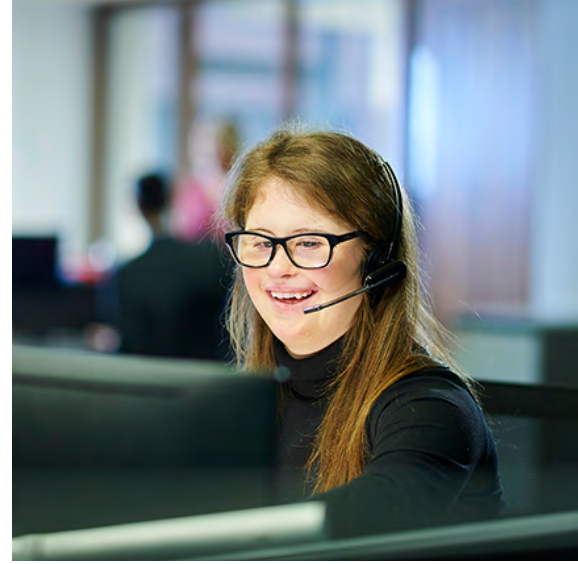
Social procurement creates a demand for these social value suppliers by encouraging social procurement for infrastructure and development projects. When private industry partners with social enterprises, it gives them the ability to scale, meets the contractor's labour and service needs, keeps costs low and doesn't reduce productivity.

Contractors and designers are partnering with social enterprises on projects at no extra cost to taxpayers across Canada, including Toronto, St. John's, Winnipeg, Vancouver, Powell River, Tofino, and many other cities and rural areas.⁽³⁾

Social enterprises reduce strain on the Canadian social system. Therefore, contractors who partner with social enterprises also reduce strain on our social system. When purchasers and owners include a social value weighting, contractors with social enterprise partnership experience score higher.

This creates a symbiotic situation where government receives their completed project on time, on budget; the contractor who can meet quality, price, and social value has the competitive edge; and social value is created through the social enterprise as a sub-contractor on the job.

Governments can have a massive impact on new infrastructure and development practices. Using LEED Certification as a past example, governments recognized the environmental benefits of green buildings and different levels of governments began to explore a variety of ways to encourage sustainable building practices. This included a range of new tools, from financial incentives to creating new standards to regulate the building industry.



Social enterprises reduce strain on the Canadian social system.

3 Coastal Communities Social Procurement Initiative www.ccspi.ca

Meeting the Construction Sector Labour Needs with Social Value Models



The construction industry has a labor crisis. According to Buildforce's 2020 National Summary⁽⁴⁾ there are 257,000 people retiring and only 227,600 new entrants expected over the next 10 years. Population is the best leading indicator of construction activity and StatsCan⁽⁵⁾ forecasts a population of 72 million people by the year 2064. This means the industry needs to build nearly twice as many projects and fix the infrastructure deficit. All while trade enrollment is continuing to decline.

Like many industries, the construction sector recognizes that the workforce demographic will drastically change over the next few years and will have to adapt to attract and retain talent.

The three opportunities to acquire employees are:

1. Become a more attractive and sought after employer for young people that demonstrates and lives by its values through social procurement. In the next four years, over 30 per cent of the workforce will consist of young people. This generation wants to work for organizations that allow them to feel part of solving a problem rather than just serving a need.
2. Diversify your work force by reaching out to new pools of ambitious employment groups like women, Indigenous people, immigrants, youth, etc.

Create new recruiting partnerships and outreach programs to engage with diversified groups seeking employment and doing skills training.

4 <https://www.buildforce.ca/en/blog/canadas-resilient-construction-and-maintenance-industry-will-require-more-300000-new-workers>

5 <https://www150.statcan.gc.ca/n1/pub/91-520-x/2019001/sect02-eng.htm>



3. Include social enterprises in your sub-contracting and supply chain to meet labour needs. Social enterprises are focused on providing a variety of services and access to labour, from general labourers to skilled workers. Social enterprises can meet your productivity needs and introduce you to a broader group of skilled workers.

Diversifying and reaching out to social enterprises will help meet your labour needs and also improve employee retention. The cost of recruiting and onboarding a new employee with a salary of \$50,000, it is approximately \$10,000 according to Zenefits.⁽⁶⁾ However, when you give someone a chance you can create a strong emotional tie which can often lead to loyal employees.

6 <https://www.zenefits.com/workest/employee-onboarding-problem/>



SOCIAL PROCUREMENT FEATURE

Investing in business and communities

By 2025 at least 5 per cent of Chandos' addressable spend will shift to impact businesses including social enterprise, fellow B-Corp Certified companies, Indigenous businesses and other diverse-owned businesses.

Empowering a more diverse supply-chain and supporting people from equity-seeking groups isn't just good for society, it's good for business.

Working with social enterprises like Embers in Vancouver and Women Building Futures in Edmonton, we've helped hundreds of people on their journey to full-time employment.

"Why wouldn't we hire through social enterprises and change a life at the same time?" – Tim Coldwell, President, Chandos Construction.

 Chandos is expanding its **social procurement commitment**

Social Procurement Process

Over the past several years multiple circumstances and initiatives, including poorly designed social procurement policy and programs, perceived production limitations and challenges, and an assumed assertion of added costs, have hindered the collaboration that is necessary to advance this opportunity. Exacerbating the problem is confusion and misuse of the concept of Community Benefit Agreements, (CBAs) as exclusionary and inefficient, rather than focused on shared goals and mutually beneficial business and social value outcomes that are possible.

To be effective, social procurement models need to be:

- *Designed collaboratively* with all the key project partners at the table;
- Contain *process recommendations*; and
- Have *outcomes* that are aspirational, realistic and *measurable*.

Designed Collaboratively:

- Owners
- Designers
- Developers
- Contractors
- Sub-contractors
- Government
- Community stakeholders

Process Recommendations:

- Engage everyone as early in the process as possible
- Establish a mutual broad framework of goals
- Agree to a process of regular meetings, reviews, and adjustment points

Outcomes:

- Mutually defined
- A fit with the project
- Meet community needs
- Appropriate for the project delivery model
- **Measurable:**
 - Employment
 - Training and apprenticeships
 - Supply chain
 - Community development objectives



The Buy Social Canada *Community Benefits and Community Employment Benefits Social Value Menus* provide a valuable process, mapping, and tools for CBA and CEB design framework, RFX process and examples, and measurement prototypes. Find the Social Value Menus at: buysocialcanada.com



Social Procurement and Delivery Models

The *Guide to Social Procurement in Construction and Infrastructure Projects* addresses four major types of delivery methods.

- Best Practices for CCDC 30 Integrated Project Delivery (IPD)
- Best Practices for CCDC 5 Construction Management (CM)
- Best Practices for CCDC 14 Design Build or P3 (DB)
- Best Practices for CCDC 2 Design-Bid-Build or Lump Sum (LS)

Social Procurement is best accomplished when strategies are established early in the project. Collaborative delivery models are generally more supportive of and conducive to social procurement because they allow earlier involvement of stakeholders. The more collaborative the model, the greater the input and participation of stakeholders to create impact.

For each delivery method, there are standard form contracts developed by the Canadian Construction Documents Committee. These contract forms drive process and define roles. An approach to social procurement must consider and be relevant to the context of these contracts.

This guide describes the optimal process for social procurement by delivery method and related contract form. We have developed ten steps in each process for sake of clarity and simplicity.

Because the delivery method choice is most often the owners decision, throughout the description below we use the term owners to describe the project's key decision maker.

IPD
CCDC 30

CM
CCDC 5

DB
CCDC 14

LS
CCDC 2

Process by Delivery Methods



BEST PRACTICES FOR CCDC 30 INTEGRATED PROJECT DELIVERY (IPD)

CCDC 30 CONTRACT FORM

Integrated Project Delivery (IPD) as a delivery model provides the greatest opportunity for collaboration on implementation. The early engagement of trade partners, designers, owners and contractor teams provides the opportunity for a much deeper level of collaboration and allows the team to have greater control over shared social value goals, employment and training objectives, and supply chain decisions.

IPD project success is often measured in much broader metrics than the traditional cost, quality, and schedule triangle. On an IPD project, the project team develops a set of common values and goals to define what success looks like. These values often include things like team culture, user satisfaction, sustainability, collaboration, financial success, performance, and community satisfaction.

Since the team has the ability to define success through values and goals, social procurement can be placed at the forefront of the project before the team begins. This ensures that all decisions that are made during design, construction, and when considering future operations, can be made while looking through the lens of social procurement possibilities. This level of team alignment is less possible to achieve through other delivery methods due to inherent contractual boundaries.

1. Procure Project Team

The goal of team selection is to procure project participants that are competent, engaged, and aligned to the project and

the IPD process. Firstly, an owner should issue Request For Proposals (RFPs) for both architect and general contractor in parallel. Both RFPs should state the owner's goals for social procurement on the project. For example, 10 per cent of design and construction costs to be spent with impact businesses at no premium capital cost.

The RFPs for the contractor and architect should both have selection criteria that are based on qualifications and ability to support social procurement goals. Qualifications should include past experience (team members and projects), project methodology and approach to social procurement.

Once this core team is selected, the owner, contractor and architect issue RFPs to the marketplace for sub-consultants and key trade partners. These RFPs must restate the owner's goals for social procurement on the project and should also have selection criterion based on qualifications and ability to influence social procurement. Qualifications should include past experience (team members and projects), project methodology, and approach to social procurement.

2. Set Project Goals

The IPD team (comprised of the owner, contractor, architect, subconsultants and key trade partners) meet to develop a strategy in terms of how they will meet the owner's goals for the project. These goals often include things such as: cost effectiveness, schedule adherence, high quality product, sustainability targets, program requirements, and social procurement initiatives. During these conversations, the project team will develop what counts as impact spend and develop strategies for executing that spend with a goal of zero premium capital cost for the owner.

As part of this work, the project team should consider engaging an organization like Buy Social Canada to work with the project team to identify local impact businesses that can provide goods and/or services on the project. In most instances, the project team will learn that there are many qualified impact businesses that can serve the needs of the project.

3. Connect IPD Partners with Impact Organizations

A best practice for the project team is to host an information and networking session that brings the project partners together to meet qualified local impact businesses.

The session's agenda should begin with a compelling piece on how social enterprises enliven an organization's purpose and why social procurement is important for the world. The team should ask suitable impact businesses to present its purpose/mission and the impact that is generated through its project engagement.

This should then shift to a discussion about the businesses Return On Investment (ROI) for designers and trade contractors. It is one thing to have the team understand how social procurement will benefit the world, but it is crucial to stress how it can also greatly impact their business for the better. The younger generations of our workforce are extremely motivated by feeling as though they are a part of something greater than themselves and are part of a solution to a larger problem. This sense of purpose increases employee engagement and increases productivity rates.

4. Develop Impact Plan as part of Validation

Each IPD partner will be asked to develop their own detailed plan for how they will contribute to the owner's goal for social procurement on the project. The IPD team is accountable for developing a clear strategy for how social procurement will be embedded within the subcontractor's packages and managed throughout the project. The individual plans from each IPD partner will then be included in the validation report and referred back to as a scoring metric throughout the lifecycle of the project.

5. Include Impact in Risk/Reward for Project Partners

It is critical that a portion of the risk pool of the project is tied to the project team meeting the owner's goal for social procurement on the project.

Buy Social Canada suggests that at least 10 per cent of the risk pool be tied to social procurement performance with a potential bonus tied to demonstrating that social procurement on the project was accomplished at zero premium cost.

Owners may consider having portions of the risk pool scale up and down based on performance. For example, if the team hits 90 per cent of their goal then they get 90 per cent of that part of the risk pool; if the team reaches 115 per cent, they get 115 per cent of that part of the risk pool.

If there is incentive for the IPD team to exceed the impact they initially set to achieve, then team members will continuously be thinking about how much further they can drive the needle. There should be no limit to the possible impact created via the project within the local community.

6. Include Impact in Selection of Commodity Trades

The IPD team should develop a strategy for tendering the subcontractor work in packages. Each package will include the related design documents as well as instructions to bidders. One key component in the instructions to bidders will be the reiteration of the owner's social procurement goals for the project, as well as the work done to date by the project team to develop a plan for social procurement on the project.

The instructions to bidders should also include a directory of local impact businesses that have been identified by the project team as potential partners to provide goods and/or services to subcontractors.

For some scopes of work, impact businesses will be invited to provide goods and/or services directly as a subcontractor.

The instructions to bidders should also clearly define what counts as impact spend and how that spend will be verified over the course of the project. Buy Social Canada will assist the client and contractor in developing the definitions of the social procurement criteria to be able to include these in the instruction to bidders.

Subcontractors will be provided with a bid form to fill-out in their submission. That form will have each subcontractor quantify the social value included in their bid and will also allow the trade to identify any premium cost that they believe is associated with the provision of that social value. Subcontractors can also be scored on value-based qualifications including team, price and social impact.

The IPD team will be responsible for managing the social procurement performance of the subcontractors and will require monthly reporting/evidence from the subcontractors.

7. Incentivize Lump Sum Trades to Deliver Impact

The instructions to bidders should also define incentives that will be assessed on the lump sum trade as a function of that trade's performance in terms of social procurement.

Careful consideration should be taken when defining and selecting performance metrics for incentives with lump sum trades. These incentives are intended to keep all members of the IPD team aligned to achieve the project's social procurement targets. Incentives should work to create positive motivation, rather than conflict.

Progress milestones may be used to ensure documentation is received in a timely manner. This needs to be identified in the instructions to bidders issued by the IPD team during negotiations, so trade partners know exactly what they are committing to.

8. Monitor and Manage Impact During Construction

On every progress claim, every IPD partner will report on their social procurement performance in relation to the plan that was included in the validation report. The IPD team will report on their own work as well as the work of lump sum trades

As part of monthly forecasting on the project, the team should dedicate time to reviewing social procurement performance.

If the team is trending below target, corrective action must be taken immediately. If the team is ahead of target, a discussion should be had in terms of how the team can do more.

It is crucial for project teams to develop and utilize a common reporting tool as robustly as possible prior to project start to ensure all team members understand what will be tracked and what counts/does not count toward the goals. Buy Social Canada's website offers a set of social value templates for construction and infrastructure projects, buysocialcanada.com.

9. Document Impact

For every progress claim, spreadsheets and supporting evidence must be saved in a central location. This includes time-cards, invoices, etc.

The best way to keep the project team excited about their progress towards the social procurement goal is to ensure the data is accurate, visual, and transparent. The ability to view data in real time allows teams to be more agile and swiftly change course, if necessary.

10. Turnover to Owners and Operators

Capital costs to develop these projects are just a fraction of total lifecycle, or enterprise, costs for an ownership group. The real opportunity is for owners to continue to partner with impact businesses for the ongoing operation of the facility.

As part of commissioning and the closeout process the team should do a workshop with the owner to consider the procurement of specific operation and maintenance scopes with impact businesses.

Project teams should research operation and maintenance providers who are certified social enterprises or impact businesses. Security, catering, janitorial, garbage, lawn care, snow removal, and temporary staffing are only some of the service providers that could be explored.

To put this into perspective, consider that the total lifecycle of a project is 50 years. Using this notion, if the capital cost for design and construction occurs over an average of 12–36 month timeline, then the capital cost incurred to develop the project is only two to six percent of the 50 year enterprise cost. The other 94–98 per cent of costs are associated with actually operating and maintaining the facility once completed.

Considering this, owners have the ability to create a ripple effect through the social impact created in the community for the next 50 years of operation. We must aspire to create structures that are bigger than ourselves. We can provide a lasting impact in the world with the necessary spend required to maintain operations in the future.



CM
CCDC 5

BEST PRACTICES FOR CCDC 5 CONSTRUCTION MANAGEMENT (CM)

CCDC 5 A/B CONTRACT FORM

Construction management offers opportunities to include social procurement initiatives. Since the owner is able to procure a design team and construction manager on the basis of qualifications and price, they can choose the weighting placed on the selection criteria for social procurement implementation plans. The owner can set goals upfront for social procurement aspirations, where design teams and construction managers must respond with suitable plans. If a proposal does not align with the owner's goals, the owner has the ability to choose a team that provides best value for the project. Construction managers are ideally selected as early as possible during the design process to provide the design team with not only constructability and material selection advice, but to integrate social procurement initiatives. The sooner these goals are discussed and strategized, the greater the team's ability will be to include multiple social impact opportunities.

1. Set Project Goals

In a construction management model, the owner should consult and develop a set of goals and outcomes they wish to achieve. These goals often include things such as: cost effectiveness, schedule adherence, high quality product, program requirements, sustainability targets, and social procurement initiatives. These goals should be explicitly included in the selection criteria for the design team and construction manager. Once the design team and construction manager are selected, they meet with the ownership team to develop a strategy in terms of how they will meet the owner's goal for social procurement on the project. During these conversations, the project team will develop what counts as impact spend and develop strategies for executing that spend ideally with a goal of zero premium capital cost for the owner.

As part of this work, the project team should consider engaging an organization like Buy Social Canada to work with the project team to identify local impact businesses that can provide goods and/or services on the project. In most instances, the project team will learn that there are many qualified impact businesses that can serve the needs of the project.

2. Procure Design Team

Construction management begins with owner selection of the design team. The goal is to procure a design team that is engaged, competent, and aligned to the project. An owner should issue an RFP for a design team that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses at no premium capital cost.

The RFP for the design team should have selection criteria that is based on qualifications and the team's ability to support the owner's social procurement goals. Qualifications should include past experience (team members and projects), design rationale and approach to social procurement.

3. Procure Construction Manager

Once the design team is procured and preliminary design has commenced, the owner should start the selection process to onboard a qualified construction manager for the project. The goal is to procure a construction manager that is collaborative, engaged, and aligned to the project. The owner should issue an RFP for a construction manager that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses at no premium capital cost.

The RFP for the construction manager should have selection criteria that is based on qualifications and the construction manager's ability to support the owner's social procurement goals. Qualifications should include past experience (team

members and projects), proposed methodology and approach to social procurement, and an explanation of how the team member's company values align with the owner's social procurement mission.

4. Construction Manager Pre-qualifies Impact Businesses

An entire ecosystem of certified social enterprises and impact businesses exists across Canada. Construction managers can access these groups by contacting Buy Social Canada or visiting the social enterprise directory on their website. Impact businesses can also be found on the B Corp company directory and supplier lists for equity seeking businesses. These social enterprises, all with a social value embedded in their business operations, offer a range of goods and services including but not limited to; labour, training, cleaning, catering, landscaping, courier services, janitorial services, renovations, public art, photography and videography, corporate gifts, printing services, e-waste recycling, and junk removal. The construction manager should pre-qualify social enterprises and impact businesses who may provide suitable scopes and services for the project prior to recommending them to our trade partners for the project.

5. Pre-bid Conferences to Connect Trades with Impact Businesses

A best practice for the project team is to host an information and networking session that brings the project partners together to meet qualified local impact businesses. The session's agenda should begin with a compelling piece on how social enterprises enliven purpose in organizations and why social procurement is important for the world. The team should ask a suitable impact business to present its purpose/mission and the impact that is generated through their project engagement.

This should then shift to discuss the business ROI for designers and trade contractors. It is one thing to have the team understand how social procurement will benefit the world, but it is crucial to stress how it can also greatly impact their business for the

better. Younger employees are motivated by feeling as though they are a part of something greater than themselves and are part of a solution to a larger problem. This sense of purpose increases employee engagement and increases productivity rates.

6. Include Impact in Selection of Trade Partners

The construction manager should develop a strategy for tendering the trade work in packages. Each package will include the related design documents as well as instructions to bidders.

One key component in those instructions to bidders will be the reiteration of the owner's social procurement goals for the project, as well as the work done to date by the project team to develop a plan for social procurement on the project. Trades should be required to submit what they are doing and how they are going to achieve it. Teams must ensure that when trades complete their submissions that they have clearly identified how they are going to meet social procurement goals.

The instructions to bidders should also include a directory of local impact businesses that have been identified by the project team as potential partners to provide goods and/or services to subcontractors.

For some scopes of work, impact businesses will be invited to provide goods and/or services directly.

The instructions to bidders should also clearly define what counts as impact spend and how that spend will be verified over the course of the project. The targets are generally in: employment, training and apprenticeships, supply chain, and local community development.

Trade partners will be provided with a bid form from the construction manager to fill-out in their submission. That form will have each trade quantify the social value included in their bid and will also allow the trade to identify any premium cost that they believe is associated with the provision of that social value.

The construction manager will be responsible for managing the social procurement performance of the trade partners and will require monthly reporting/evidence from the trades.

7. Incentivise Trade Partners to Deliver Impact

In addition, the instructions to bidders should also define incentives or penalties that will be assessed on the subcontractor as a function of that trade's performance in terms of social procurement.

Careful consideration should be taken when defining and selecting performance metrics for incentives with trades. These incentives are intended to keep all members of the project team aligned to achieve the project's social procurement targets. Incentives should work to create positive motivation, rather than conflict.

Progress claim milestones may be used to ensure documentation is received in a timely manner. This needs to be identified in the instructions to bidders issued by the construction manager during negotiations, so trade partners know exactly what they are committing to.

8. Monitor and Manage Impact During Construction

On every progress claim, each project partner will report on their social procurement performance in relation to the plan that was developed during pre-construction. The construction manager will report on their own work as well as the work of trade partners.

As part of monthly forecasting on the project, the construction manager should dedicate time to reviewing social procurement performance. If the team is trending below target, corrective action must be taken immediately. If the team is ahead of target, a discussion should be had in terms of how the team can do more.

Measurement forms and tools for social procurement performance projection and reporting is available through the

Buy Social Canada website. It is crucial for project teams to develop this tool as robustly as possible prior to project start to ensure all team members understand what will be tracked and what counts/does not count toward the goals.

9. Document Impact

For every progress claim, spreadsheets and supporting evidence must be saved in a central location. This includes invoices, time cards, etc.

The best way to keep the project team excited about their progress towards the social procurement goal is to ensure the data is accurate, visual, and transparent. The ability to view data in real time allows teams to be more agile and swiftly course correct, if necessary.

Dashboards to consolidate all project participant data should be created to give the team a snapshot of where they are at. These dashboards can either be created internally using spreadsheets or can be outsourced to a third-party entity.

10. Turnover to Owners and Operators

Capital costs to develop these projects are just a fraction of total lifecycle, or enterprise, costs for an ownership group. The real opportunity is for owners to continue to partner with impact businesses for the ongoing operation of the facility.

As part of commissioning and closeout process the team should do a workshop with the owner to consider the procurement of specific operation and maintenance scopes with impact businesses.

Project teams should research operation and maintenance providers who are certified social enterprises or impact businesses. Security, catering, janitorial, garbage, lawn care, snow removal, and temporary staffing are only some of the scopes that may be explored.

To put this into perspective, consider that the total lifecycle of a project is 50 years. Using this notion, if the capital cost for design and construction occurs over an average of 12 – 36 month timeline, then the capital cost incurred to develop the project is only 2 – 6 per cent of the 50 year enterprise cost. The other 94 – 98 per cent of costs are associated with actually operating and maintaining the facility once completed.

Considering this, owners have the ability to create a ripple effect through the social impact created in the community for the next 50 years of operation. We must aspire to create structures that are bigger than ourselves. We can provide a lasting impact in the world with the necessary spend required to maintain operations in the future.





DB
CCDC 14

BEST PRACTICES FOR CCDC 14 DESIGN-BUILD OR P3 (DB)

CCDC 14 CONTRACT FORM

A design-build or P3 delivery model provides owners with the ability to include social procurement goals in the early stages of the project. This delivery method is different from the others because that owners choose their design-builder on a basis of qualifications, design intent, and price, along with any other metrics they see as valuable for selection criteria. This provides significant opportunity to include social procurement goals in the initial planning stages and ensure that they are explicitly communicated to teams before design begins and teams are chosen.

In design-build, the owner has much less control over how the social procurement goals are achieved. For example, if the owner were to include a performance metric of achieving 10 per cent of project spend with impact businesses, it is up to the design-builder to decide how to accomplish this goal. A performance matrix can be included as part of the RFP to design-builders so that teams know exactly what they are committing to when submitting.

Set Project Goals

In a design-build delivery model, the ownership team (comprised of project partners, community engagement, authorities having jurisdiction (AHJ), etc.) will consult and develop a set of goals outcomes they wish to achieve. These goals often include things such as: cost effectiveness, schedule adherence, high quality product, sustainability targets, program requirements, and social procurement initiatives. These goals should be explicitly included in the RFQ/P stages of the procurement process for the bridging consultant and the design builder.

The owner should develop the social procurement evaluation criteria as part of the tender document. As part of the evaluation for the design builder, the proponent should be asked to present their social procurement plan for the project.

The work, the project team should consider engaging an organization like Buy Social Canada to work with the project team to identify local impact businesses that can provide goods and/or services on the project. In most instances, the project team will learn that there are many qualified impact businesses that can serve the needs of the project.

1. Procure Bridging Consultant

The goal is to procure a bridging consultant that is competent, engaged, and aligned to the project. Firstly, an owner should issue an RFP for a bridging consultant that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses.

The RFP for the bridging consultant should have selection criteria that are based on qualifications and the consultant's ability to support the owner's social procurement goals. Qualifications should include past experience (team members and projects), design rationale and approach to social procurement.

2. Identify Impact Businesses

An entire ecosystem of certified social enterprises and impact businesses exists across Canada. Owners can access these groups by contacting Buy Social Canada or visiting the social enterprise directory on their website. Impact businesses can also be found on B Corp's company directory, supplier lists of equity seeking groups, and through local social value and community organizations.

These social enterprises offer a range of goods and services including labour, site cleaning, catering, courier services, landscaping, janitorial services, renovations, public art, photography and videography, corporate gifts, printing services, event management, e-waste recycling and furniture collection.

The bridging consultant, in partnership with the owner, should pre-qualify social enterprises and impact businesses

who may provide suitable scopes and services for the project prior to recommending them to the design/builder and/or concessionaire and trade partners for the project.

3. Prequalify Design-Builder

Once the bridging consultant has developed the bridging documents, the owner should begin the RFP process to shortlist a group of qualified design-builders to submit proposals for the project. The goal is to shortlist teams who are qualified, engaged, collaborative, and aligned to the project.

The owner should issue an RFQ for design-builders that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses.

The RFQ for the design-builders should have selection criteria that are based on qualifications and the teams ability to support the owners social procurement goals. Qualifications should include past experience (team members and projects), approach to social procurement, and an explanation of how the team member's company values align with the owner's social procurement mission.

4. Impact Workshop

A best practice for the owner is to host a town hall or workshop consisting of an information and networking session. The owner should host an information session for the shortlisted proponent teams to go over any background information, project goals, technical requirements, and end-user requirements.

The session's agenda should begin with a compelling piece on how social enterprises enliven an organization's purpose and why social procurement is important for the world.

The team should ask a suitable impact business to present its purpose/mission and the impact that is generated through its project engagement.

This should then shift to discuss the business ROI for designers and trade contractors. It is one thing to have the team understand how social procurement will benefit the world, but it is crucial to stress how it can also impact their business for the better. Younger employees are motivated by feeling as though they are a part of something greater than themselves and are part of a solution to a larger problem. This sense of purpose increases employee engagement and inherently increases productivity rates.

5. RFP to Shortlisted Proponents

As part of the competitive RFP process, the shortlisted proponents work to develop their designs and associated costs. In addition to this, it is recommended that owners include a qualification based selection criteria surrounding how the team plans to implement social procurement on the project.

Once the project team has a completed set of construction documents, this set is then put out to the subtrade market to submit construction bid prices.

The design-builder should include the related design documents as well as a set of explicitly defined instructions to bidders. One key component in those instructions to bidders will be the reiteration of the owner's social procurement goals for the project, as well as the work done to date by the project team to develop a plan for social procurement on the project.

The instructions to bidders should also include a directory of local impact businesses that have been previously identified as potential partners to provide goods and/or services to general contractors and trade partners. For some scopes of work, impact businesses can be invited to provide goods and/or services directly.

The instructions to bidders should also clearly define what counts as impact spend and how that spend will be verified over the course of the project.

Trade partners will be provided with a bid form by the design-builder to fill-out in their submission. That form will have each trade quantify the social value included in their bid and will also allow the trade to identify any premium cost that they believe is associated with the provision of that social value.

The design-builder and/or concessionaire will be responsible for managing the social procurement performance of the trade partners and will require monthly reporting/evidence from the trades.

6. Impact Plan from Design-Builder

The design-builder will be asked to develop a detailed plan for how they will contribute to the owner's goal for social procurement on the project. The design-builder is accountable for developing a clear strategy for how social procurement will be embedded within the subtrade packages and managed throughout the project. The individual plans from each trade will then be included in an impact plan report and referred back to as a scoring metric throughout the lifecycle of the project

Please refer to the projection and reporting templates on the Buy Social Canada website that have been developed for Community Benefit Agreement projects to measure social procurement performance goals.

7. Monitor and Manage Impact During Construction

Each trade partner will be expected to report on their social procurement performance in relation to the impact plan that was developed by the contractor. The general contractor will report on their own work as well as the work of trade partners to the owner on a monthly basis.

As part of monthly forecasting on the project, the general contractor should dedicate time to reviewing social procurement performance. If the team is trending below target, corrective action must be taken immediately. If the team is ahead of target, a discussion should be had in terms of how the team can do more.

It is crucial for project teams to develop a measurement and reporting tool as robustly as possible prior to project start to ensure all team members understand what will be tracked and what counts/does not count toward the goals.

8. Incentivise Impact to Prove that it Really Happened

Careful consideration should be taken when defining and selecting performance metrics for incentives with project teams. These incentives are intended to keep all project team members aligned to achieve the project's social procurement targets. Incentives should work to create positive motivation, rather than conflict.

If there is incentive for the team to exceed the impact they initially set to achieve, then team members will continuously be thinking about how much further they can drive the needle. There should be no limit to the possible impact created via the project within the local community.

In addition, the instructions to bidders should also define incentives or penalties that will be assessed on the design-builder and/or concessionaire as a function of the team's performance in terms of social procurement.

Progress claim milestones may be used to ensure documentation is received in a timely manner. This needs to be identified in the instructions to bidders issued by the design-builder during negotiations, so trade partners know exactly what they are committing to.

For every progress claim, spreadsheets and supporting evidence must be saved to a central location. This includes invoices, time cards, etc.

The best way to keep the project team excited about their progress towards the social procurement goal is to ensure the data is accurate, visual, and transparent. The ability to view data in real time allows teams to be more agile and swiftly course correct, if necessary.

Dashboards to consolidate all project participant data should be created to give the team a snapshot of where they are at. These dashboards can either be created internally using spreadsheets or can be outsourced to a third-party entity.

9. Turnover to Owners and Operators

Capital costs to develop these projects are just a fraction of total lifecycle, or enterprise, costs for an ownership group. The real opportunity is for owners to continue to partner with impact businesses for the ongoing operation of the facility.

As part of commissioning and closeout process the team should do a workshop with the owner to consider the procurement of specific operation and maintenance scopes with impact businesses.

Project teams should research operation and maintenance providers who are certified social enterprises or social impact businesses. Security, catering, janitorial, garbage, lawn care, snow removal, and temporary staffing are only some service providers that may be explored.

To put this into perspective, consider that the total lifecycle of a project is 50 years. Using this notion, if the capital cost for design and construction occurs over an average of 12 – 36 month timeline, then the capital cost incurred to develop the project is only two to six per cent of the 50 year enterprise cost. The other 94 – 98 per cent of costs are associated with actually operating and maintaining the facility once completed.

Considering this, owners have the ability to create a ripple effect through the social impact created in the community for the next 50 years of operation. We must aspire to create structures that are bigger than ourselves. We can provide a lasting impact in the world with the necessary spend required to maintain operations in the future.





LS
CCDC 2

BEST PRACTICES FOR CCDC 2 DESIGN-BID-BUILD (DBB) OR LUMP SUM (LS)

CCDC 2 CONTRACT FORM

Design-bid-build (DBB) refers to the sequential phases of this project delivery method, which sometimes is called traditional. Design-bid-build is also referred to as a stipulated sum or lump sum contract form.

Using this delivery method, the owner can expect two separate contracts: one for design and one for construction. This traditional method is based on the sequential process of design, construction documents, bidding, then construction.

If the owner wants to pursue social procurement on design-bid-build, then they would need to ensure that this is made known prior to design commencing in the early stages of the project.

If the owner does not have a social procurement requirement, design and construction teams are capable of incorporating social procurement initiatives on their own accord. This can be done through the procurement of alternative suppliers and services that provide a social benefit.

1. Set Project Goals

In a design-bid-build model, the ownership team will consult and develop a set of goals outcomes they wish to achieve. These goals often include things such as: cost effectiveness, schedule adherence, high quality product, sustainability targets, program requirements, and social procurement initiatives. These goals should be explicitly included in the procurement stages for design team and general contractor.

Once the design team is selected, they will meet with the ownership team to develop a strategy in terms of how they will meet the owner's goal for social procurement on the project. During these conversations, the design team will develop what counts as impact spend and develop strategies for executing that spend.

As part of this work, the project team should consider engaging an organization like Buy Social Canada to work with the project team to identify local impact businesses that can provide goods and/or services on the project. In most instances, the project team will learn that there are many qualified impact businesses that can serve the needs of the project.

2. Procure Design Team

DBB begins with the owner selecting an architect to design a project through an existing relationship or a formal RFQ/P process. Once the owner selects their architect, the design team will complete the drawings to a fully detailed set of construction documents.

The goal is to procure a design team that is competent, engaged, and aligned to the project. Firstly, an owner should issue an RFP for a design team that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses.

The RFP for the architect should have selection criteria that are based both on qualifications and price. The qualifications criteria should include past experience (team members and projects), design rationale and approach to social procurement.

3. Pre-qualify Impact Businesses

An entire ecosystem of certified social enterprises and impact businesses exists across Canada. Owners can access these groups by contacting Buy Social Canada or visiting the construction directory on their website. Impact businesses can also be found on B Corp's company directory, supplier lists of equity seeking businesses, and local social value organizations and intermediaries.

These social enterprises offer a range of goods and services including labour, site cleaning, catering, courier services, landscaping, janitorial services, renovations, public art, photography

and videography, corporate gifts, printing services, event management, e-waste recycling and furniture collection.

Owners should pre-qualify social enterprises and impact businesses who may provide suitable scopes and services for the project prior to recommending them to the general contractors and trade partners for the project.

4. Pre-qualify General Contractors

Once the design team is procured and design has commenced, the owner should start the RFQ process to shortlist a group of qualified general contractors to submit bids for the project. The goal is to shortlist general contractors who are qualified, collaborative, engaged, and aligned to the project.

The owner should issue an RFQ for general contractors that states the owner's goals for social procurement on the project. An example of which could be 10 per cent of design and construction costs to be spent with impact businesses.

The RFQ for the general contractors should have selection criteria that includes past experience (team members and projects), proposed methodology, systems and controls, value-add ideas, and their approach to social procurement and an explanation of how the team member's company values align with the owner's social procurement mission.

5. Impact Workshop

A best practice for the project team is to host an impact workshop consisting of an information and networking session that brings the project partners together to meet qualified local impact businesses.

The session's agenda should begin with a compelling piece on how social enterprises enliven an organization's purpose and why social procurement is important for the world. It is suggested that the team asks suitable impact businesses to present on their purpose/mission and the impact that is generated through their project engagement.

This should then shift to discuss the business ROI for designers and trade contractors. It is one thing to have the team understand how social procurement will benefit the world, but it is crucial to stress how it can also greatly impact their business for the better. The younger generations of our workforce are extremely motivated by feeling as though they are a part of something greater than themselves and are part of a solution to a larger problem. This sense of purpose increases employee engagement and inherently increases productivity rates.

6. Tender Projects

Once the design team has a completed set of construction documents, this set is then provided to the list of prequalified general contractors (shortlisted through the RFQ process) to submit construction bid prices.

The owner and design team should include the related design documents as well as a set of explicitly defined instructions to bidders. One key component in those instructions to bidders will be the reiteration of the owner's social procurement goals for the project, as well as the work done to date by the project team to develop a plan for social procurement on the project.

The instructions to bidders should also include a directory of local impact businesses that have been previously identified as potential partners to provide goods and/or services to general contractors and trade partners. For some scopes of work, impact businesses can be invited to provide goods and/or services directly.

The instructions to bidders should also clearly define what counts as impact spend and how that spend will be verified over the course of the project.

Trade partners will be provided with a bid form by the general contractor to fill-out in their submission. That form will have each trade quantify the social value included in their bid and will also allow the trade to identify any premium cost that they believe is associated with the provision of that social value. It is

suggested that bidders are provided with a 48 hour window after tender close to provide social procurement plans for each sub-trade. The bidders will not be able to amend or modify their bid but are provided this time to draft an initial social procurement plan. The owner should then instill a qualitative rating criteria for the trade partners' social procurement plans for those are included in the final submitted bid price.

The general contractor will be responsible for managing the social procurement performance of the trade partners and will require monthly reporting/evidence from the trades.

7. Impact Plan from General Contractor

The general contractor will be asked to develop a detailed plan for how they will contribute to the owner's goal for social procurement on the project. The general contractor is accountable for developing a clear strategy for how social procurement will be embedded within the bid packages and managed throughout the project. The individual plans from each trade will then be included in an impact plan report and referred back to as a scoring metric throughout the lifecycle of the project.

Please refer to the documents available through Buy Social Canada that have been developed for CBA projects to project and measure social procurement performance goals.

8. Monitor and Manage Impact During Construction

Each trade partner will be expected to report on their social procurement performance in relation to the impact plan that was developed by the contractor. The general contractor will report on their own work as well as the work of trade partners to the owner on a monthly basis.

As part of the monthly progress claim process, the general contractor should dedicate time to reviewing social procurement performance. If the team is trending below target, corrective action must be taken immediately. If the team is ahead of target, a discussion should be had in terms of how the team can do more.

It is crucial for project teams to develop this tool as robustly as possible prior to project start to ensure all team members understand what will be tracked and what counts/does not count toward the goals.

9. Document Impact

For every progress claim, spreadsheets and supporting evidence must be saved in a central location. This includes invoices, time cards, etc.

The best way to keep the project team excited about their progress towards the social procurement goal is to ensure the data is accurate, visual, and transparent. The ability to view data in real time allows teams to be more agile and swiftly course correct, if necessary.

Dashboards to consolidate all project participant data should be created to give the team a snapshot of where they are at. These dashboards can either be created internally using spreadsheets or can be outsourced to a third-party entity.

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Project teams should research operation and maintenance providers who are certified social enterprises or social impact businesses. Security, catering, janitorial, garbage, lawn care, snow removal, and temporary staffing are only some of the scopes that may be explored,

To put this into perspective, consider that the total lifecycle of a project is 50 years. Using this notion, if the capital cost for design and construction occurs over an average of 12 – 36 month timeline, then the capital cost incurred to develop the project is only two to six per cent of the 50 year enterprise cost. The other 94 – 98 per cent of costs are associated with actually operating and maintaining the facility once completed.

Considering this, owners have the ability to create a ripple effect through the social impact created in the community for the next 50 years of operation. We must aspire to create structures that are bigger than ourselves. We can provide a lasting impact in the world with the necessary spend required to maintain operations in the future.

Glossary

Guide to Social Procurement for Construction and Infrastructure Projects

Community benefits or community value: The positive social, cultural and/or environmental change that happens as a result of procurement.

Community Employment Benefits:

Infrastructure Canada initiative which seeks to provide employment and/or procurement opportunities for at least three of the groups targeted by the initiative: apprentices; Indigenous peoples; women; persons with disabilities; veterans; youth; recent immigrants; and small-sized, medium-sized and social enterprises.

Developer (owner): The group that applied for rezoning and is responsible for compliance throughout the life cycle of the project. Variations found in the City of Vancouver CBA Policy: Owner.

Employment barriers: A spectrum of factors relating to physical health, mental health, social exclusion, limited education and skills, language and cultural differences or other obstacles to engaging in a traditional employment opportunity, which requires work place, work environment or work expectation to accommodate successful participation in the workforce.

Equity seeking business: A business that is majority owned, operated, and controlled by a member of an equity seeking group.

Equity seeking groups: Groups who have historically been denied equal access to employment, education, and other opportunities and includes, without limitation, the following: members of an Indigenous community; members of a visible minority group; immigrants and refugees;

people with recognized disabilities; racialized communities; women; members of the LGBTQ2S community; low-income residents; people with mental or physical health barriers; people facing employment barriers, unemployment or under-employment; and others experiencing barriers to economic opportunity and participation.

Impact Business: A business who incorporates social value into their business in order to create impact in their community. Examples could be social enterprises, equity seeking businesses and local businesses with social value.

Local: Owned or operated within the same geographical region.

Multiplier effect: The increase in total spend in an economy from the injection of an additional dollar into that economy.

RFx: A catch-all term that captures all references to Request for Information (RFI), Request for Proposal (RFP), Request for Qualification (can be used to refer to Request for Quote) (RFQ), and Request for Bid (RFB).

Social Enterprise: A business with an embedded mission to achieve social, cultural or environmental aims through the sale of goods and services. At least 50% of the business' revenue comes from selling goods and/ or services in the marketplace and at least 50% of the business' profits go back into executing its social, cultural or environmental mission.

Social Procurement: Leveraging a social value through existing purchasing. Social procurement

is an umbrella term that encompasses the social purchasing of goods and services as well as Community Benefit Agreements that leverage social value through infrastructure and development projects.

Social return on investment: a methodology which aims assign monetary values to change being creating by the activities of an organization (whether environmental, social, or otherwise).

Social value or social impact: The impacts of programs and organizations on the well-being of individuals and communities.

Social value outcomes: social, environmental or cultural impacts shown in quantitative metrics. These include: employment hours; jobs; contract spend; number of contracts; etc.

Third-party certified social impact businesses: Examples of Third-party certified social impact businesses include Cooperatives, Social Enterprise Community Contribution Companies, Buy Social Certified Social Enterprises, B-Corps, LGBTQ2S Owned Businesses, Women Owned Businesses, a business owned by an immigrant or Refugee, a business owned by an Indigenous Person, Members of a Buy Local alliance such as LOCO BC or the Business Alliance for Local Living Economies, Other third party certified certifications may be considered in the future.



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