

Social Procurement Update in Contract with Innotex Inc. for Provision of Firefighter Structural Bunker Suits

Date: June 21, 2022

To: Economic and Community Development Committee

From: Fire Chief and General Manager, Toronto Fire Services

and Acting Chief Procurement Officer, Purchasing and Materials Management

Wards: All

SUMMARY

This report responds to a request from City Council for the Fire Chief and General Manager, Toronto Fire Services and the Acting Chief Procurement Officer, Purchasing and Materials Management Division to report to the Economic and Community Development Committee at the end of 2022 with an update on the social procurement aspects of the contract with Innotex Inc. for the provision of firefighter structural bunker suits. The report is being submitted at this time as it is the last reporting cycle of the Council term.

The Social Procurement Program was approved by City Council in May 2016 and took effect on January 1, 2017. The Social Procurement Program was not in effect at the time the procurement for firefighter structural bunker suits was issued to the market, but it was at the time of award on January 31, 2017. At this time, City Council requested staff consider the inclusion of social procurement criteria into any option year renewals for the contract.

In advance of requesting City Council authority in October 2020 to exercise the option year renewals for the contract, Toronto Fire Services reached out to Innotex Inc. to determine if they would be willing to endorse and implement the City's Social Procurement Program initiative in their geographic area of operations. On August 4, 2020, Innotex Inc. sent a letter to Toronto Fire Services formally endorsing the City's Social Procurement Program along with a commitment to engage organizations or agencies in their region to develop, implement, and maintain a program to help people experiencing economic hardship, in the spirit of the Social Procurement Program. In particular, supply chain diversity was identified as an opportunity, through Innotex Inc.'s subcontractors based in the Greater Toronto Area.

RECOMMENDATIONS

The Fire Chief and General Manager, Toronto Fire Services and Acting Chief Procurement Officer, Purchasing and Materials Management recommend that:

1. Economic and Community Development Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts associated with the adoption of this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT STATEMENT

The City of Toronto Social Procurement Program provides equitable access to economic opportunities to people experiencing economic disadvantage, discrimination and/or barriers to equal opportunity, including those from Indigenous, Black and equity-deserving communities protected by human rights legislation. The Program facilitates access to the City's procurement processes for diverse suppliers who experience inequitable barriers to accessing City competitive procurement processes. The Program also leverages employment, training and apprenticeship opportunities for people experiencing economic disadvantage. In doing so, the Program aims to achieve positive economic outcomes for people who are disproportionately affected by poverty and discrimination. The Social Procurement Program is in alignment with other City of Toronto initiatives, including the Toronto Poverty Reduction Strategy as well as the Toronto Action Plan to Confront Anti-Black Racism.

DECISION HISTORY

At its meeting on October 27, 28, and 30, 2020, City Council adopted [EC16.5, Request for Authority to Exercise Option Years on Contract Number 47020528 for the Provision of Firefighter's Structural Bunker Suits](#), which requested the Fire Chief and General Manager, Toronto Fire Services and the Chief Procurement Officer, Purchasing and Materials Management Division to report to the Economic and Community Development Committee at the end of 2022 with an update on the social procurement aspects of the contract with Innotex Inc. for the provision of firefighter structural bunker suits.

At its meeting on January 31, 2017, City Council adopted [CD17.4, Contract Award - Request for Proposal \(RFP\) No. 3806-15-0012 for the Supply and Delivery of Firefighter's Structural Bunker Suits to Innotex Inc.](#), including a request to consider including the Social Procurement Program.

At its meeting on May 3, 4 and 5, 2016, City Council adopted [EX14.8, City of Toronto Social Procurement Program](#), which directed the City Manager to work with all City division heads to collaboratively implement the Program.

COMMENTS

Background

The Social Procurement Program was approved by City Council in May 2016 and took effect on January 1, 2017. The Social Procurement Program is comprised of two key elements - supply chain diversity and workforce development. These components are applied to City procurements issued after January 1, 2017 and are as follows:

Program Component	Procurement Type	Social Procurement Activity
Supply chain diversity Goal: increase access to City procurement opportunities for diverse suppliers	Invitational procurements valued between \$3,000 and \$100,000	Where feasible, staff must attempt to include at least one quotation from a diverse supplier
	Procurements valued over \$100,000	Language is added to solicitation documents to encourage bidders to develop or adopt a supplier diversity policy that aims to include diverse suppliers in their supply chain
		Language is added to the evaluation of proposals that includes means to improve supplier diversity in the supply chain
Workforce development Goal: increase the number of employment, apprenticeship and training opportunities leveraged for people experiencing economic disadvantage,	Procurements valued over \$5 million (including option years)	Staff review potential call documents to determine if the procurement of goods and services is viable for workforce development opportunities based on four principles set out below

including those from Indigenous and equity-deserving communities	Construction procurements valued over \$50 million	Workforce development requirements are applied to all construction procurements valued over \$50 million
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The Social Procurement Program sets out principles to support staff to identify procurements most suitable for workforce development. The viability of workforce development opportunities in procurements valued over \$5 million are reviewed based on the following criteria, and projects are selected that most closely align with these principles.

- Suitability - the degree to which employment-related opportunities can provide candidates with meaningful experience, learning and skill development.
- Reach - the degree to which candidates can meet the minimum qualifications needed to access possible employment opportunities.
- Volume - the number of employment opportunities that could be offered as part of the procurement project.
- Feasibility - the likelihood that workforce development outputs can be achieved within the proposed timeframe of the contract.

Once selected, workforce development requirements are incorporated into the solicitation documents based on the following activities that are set out in the Social Procurement Program:

- Customized Recruitment - needs-based approaches to sourcing qualified candidates for available jobs.
- Training and Work-based Learning Skills Development - programming that allows candidates to formally gain the skills required to compete for emerging job opportunities, such as support for the attainment of professional certification or licensing.
- Opportunities for Registered Apprenticeships during Construction - hiring, directly and/or through subcontractors, registered apprentices through registered apprenticeship training programs that provide candidates with access to the skilled trades.
- Use of Social Enterprise in the Supply Chain - subcontracting components of work or services to social enterprises.
- Other Activities - other appropriate activities that provide employment-related opportunities to equity-deserving communities. This can include participating in sector/industry career information sessions, providing mentoring opportunities, and supporting pre-employment workshops such as resume and interview skills development.

Innotex Inc.'s Social Procurement Program Activities

The Social Procurement Program was not in effect at the time the procurement for firefighter structural bunker suits was issued to the market in 2016, but it was at the time

of award on January 31, 2017. At this time, City Council requested staff consider the inclusion of social procurement criteria into any option year renewals for the contract.

In advance of requesting City Council authority in October 2020 to exercise the option year renewals for the contract, Toronto Fire Services reached out to Innotex Inc. to determine if they would be willing to endorse and implement the City's Social Procurement Program initiative in their geographic area of operations. On August 4, 2020, Innotex Inc. sent a letter to Toronto Fire Services formally endorsing the City's Social Procurement Program along with a commitment to engage organizations or agencies in their region to develop, implement, and maintain a program to help people experiencing economic hardship, in the spirit of the Social Procurement Program. In particular, supply chain diversity was identified as an opportunity, through Innotex Inc.'s subcontractors based in the Greater Toronto Area.

Innotex Inc. has worked with PMMD staff to identify supply chain diversity opportunities. To date, they have:

- Designated a liaison to meet quarterly with the Social Procurement Coordinator.
- Attended all mandatory quarterly meetings.
- Utilized diverse suppliers in six contract opportunities.

A number of factors have limited the Social Procurement Program activities and impacts from the Innotex Inc. contract:

- **Geography**
The intent of the Social Procurement Program is to increase supplier diversity and provide equity-deserving communities with opportunities in City procurements. In the case of workforce development, this means increasing the number of employment, apprenticeship and training opportunities for Toronto residents from Indigenous and equity-deserving communities. Innotex Inc.'s manufacturing facility is located in Richmond, Québec, so the employment activities under the workforce development component of Social Procurement Program would not directly benefit Toronto residents, and therefore would not fall under the scope of the Social Procurement Program.
- **Specialized product and service**
The work Innotex Inc. does for the City is quite specialized, so there have been few opportunities specific to this project to hire or provide training and work-based skills development. However, Innotex Inc. successfully subcontracted to diverse suppliers through their IT and marketing services.
- **Absence of contractual obligations**
The original procurement did not include Social Procurement Program requirements as the Social Procurement Program was not in effect at the time the procurement was issued. Therefore, Innotex Inc.'s participation in Social Procurement Program is not mandatory and the City is not able to leverage its contract with the company to pursue additional workforce development outputs.

Conclusion

Based on an assessment of suitability, reach and volume, social procurement is not well-suited to the City's contract with Innotex Inc.; however, the company has committed to pursuing inclusive economic growth opportunities with City staff.

Staff continue to assess procurements valued over \$5 million in line with the principles set out in the Social Procurement Program to create the most impact social impact in Toronto, while ensuring effective administration of procurements selected for workforce development.

CONTACT

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SIGNATURE

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