

Date: 2022-05-30

Subject: **Budget Amendment - Fair Wage Policy and Community Benefits**

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Report Number: Corporate Support Services-2022-603

Recommendations:

1. That the report titled: Fair Wage Policy and Community Benefits at the City of Brampton (Referred Matter 119/2019), to the Committee of Council Meeting of June 8, 2022, be received;
2. That Council endorse the Sustainable Procurement Strategy as provided in this report;
3. That Council direct staff to proceed with the development of a Fair Wage Policy based on the recommendations set out in this report;
4. That Council direct staff to proceed with the development of a Community Benefits Policy based on the recommendations set out in this report;
5. That a budget amendment be approved for project # 201070-001 Fair Wage Policy and Community Benefits to increase the project by the amount of \$17,000, with funding to be transferred from Reserve #4 Asset R&R; and
6. That staff include one permanent, full-time complement and associated costs in the estimated amount of \$125,000 in the 2023 budget submission for the administration of these policies, pending Council approval.

Overview:

- **Procurement can be used to achieve strategic social, economic, and environmental goals through a sustainable procurement strategy.**
- **Council directed staff to conduct an environmental scan and study the advantages and disadvantages of a Fair Wage Policy and Community Benefits Policy and report back with Brampton-focused recommendations.**
- **Through a competitive procurement process, staff engaged Prism Economics & Analysis Inc. to conduct a feasibility study for the implementation of a Fair Wage Policy and Community Benefits Policy for Brampton and draft a Sustainable Procurement Strategy based on the Sustainable Procurement Framework endorsed by Council.**
- **This report seeks Council's endorsement of the Sustainable Procurement Strategy, provided in this report as Appendix A.**
- **In addition, this report seeks Council support to develop a Fair Wage Policy and Community Benefits Policy for the City of Brampton as part of the Sustainable Procurement Strategy.**

Background:

On October 16, 2019, Council directed staff to conduct an environmental scan and study the advantages and disadvantages of a Fair Wage Policy and a Community Benefits framework to include training and apprenticeship opportunities within RFPs for infrastructure projects with Brampton-focused recommendations.

On May 13, 2020, Council endorsed the Sustainable Procurement Framework and directed staff to draft a Sustainable Procurement Strategy based on the framework for Council consideration. Council also directed staff to proceed with a feasibility assessment of implementing a Brampton-focused Fair Wage Policy and Community Benefits Policy in procurement at the City and external expertise be engaged to conduct an analysis and develop options for Council consideration as part of a Sustainable Procurement Strategy for the City.

As a result of a competitive procurement process, Prism Economics & Analysis Inc. ("Prism") was retained to conduct a feasibility assessment for a Fair Wage Policy and Community Benefits Policy in Brampton. Prism was engaged to conduct stakeholder interviews, complete a high-level analysis and develop options for consideration on the

adoption of a Fair Wage Policy and Community Benefits Policy. Stakeholder consultations included union organizations, employer associations, community organizations, municipalities and agencies with a fair wage policy and/or community benefits, and senior City staff (refer to Appendix B Feasibility Assessment: Fair Wage Policy and Community Benefits Policy at the City of Brampton, Report 2: Stakeholder Consultations).

On January 17, 2022, a Council Workshop was conducted to share the findings from the stakeholder consultations and the environmental scan with an outline of options, along with advantages and disadvantages.

Current Situation:

Appendix B '*Feasibility Assessment: Fair Wage Policy and Community Benefits Policy at the City of Brampton*' outlines the assessment results and alternative options that were considered in recommending the proposed options with respect to the adoption of a Fair Wage Policy and Community Benefits Policy, as summarized below.

Sustainable Procurement

The Sustainable Procurement Strategy ("Strategy") will act as a foundation to formally shift the City's procurement practices over the long-term in order to improve how we procure and conduct our internal business operations. The Strategy will provide Council with information to support policy decisions that have an impact on our business operations. It ensures that environmental, economic, and social implications are considered when making these decisions (refer to *Appendix A Sustainable Procurement Strategy*).

Fair Wage Policy

The goal of a Fair Wage Policy is to ensure that: (1) construction vendors pay wages and benefits that are at least on par with prevailing norms in the industry, (2) that they comply with statutory requirements for benefits, the proper classification of workers as employees and obligations under the *Occupational Health and Safety Act* and *Workplace Safety and Insurance Act*, and (3) that they are encouraged to invest in apprenticeship and training. In this way, the Fair Wage Policy will create a level playing field that encourages the City's construction contractors to compete on the basis of productivity, quality and efficiency rather than by securing a competitive advantage at the expense of their work force.

The term "Fair Wage Policy" is uniquely Canadian. Most jurisdictions follow the U.S. practice of describing these policies as Prevailing Wage policies. The American terminology is a better description of the policy's purpose. The 'prevailing wage' is the wage that is paid by the majority of contractors to workers in a specific trade or occupation who are working in the same sector on projects of approximately comparable scale.

The figure below provides a summary of some of the elements of other municipal fair wage policies at the time the Report was prepared.

Figure 1: Key Provisions in Fair Wage Policies of Other Municipalities

	Schedules		Scope			Prime Contractors	Enforcement
	Process to Establish Schedules	Basic Wage or Total Compensation*	Sectors	Independent Operators Included	Thresholds	Liability for Sub-Contractors	Proactive Inspections/Audits
Toronto	Updated every 3 years based on union rate. The City of Toronto Fair Wage Office estimates that its Fair Wage Schedule is approximately 90-95% of the current union total compensation.	Total Compensation	All Sectors	Yes	No Thresholds	Yes	Yes – by City's Fair Wage Office.
Hamilton	Updated every 3 years based on union rate	Total Compensation	All Sectors	No. Records must demonstrate valid independent operator status	\$500,000	Yes	Complaint based
Thunder Bay	Last updated 2004 based on union rates. Update under consideration.	Total Compensation	ICI only	No	\$100,000 (may be raised to \$500,000)	Yes	Complaint based
Sudbury	1995 Provincial rates	Total Compensation	ICI only	No	\$160,000	Yes	Complaint based
Oshawa	Applies City of Toronto Fair Wage Schedule	Total Compensation	ICI only	No	\$500,000	Yes	Complaint based
Clarington	Updated every 3 years based on union rate	Total Compensation	ICI only	No	\$1,000,000	Yes	Complaint based
Vaughan (effective 2021)	Updated every 3 years based on union rate	Straight Wage + 15% to account for benefits	ICI, Roads, Sewer and Watermain, and Heavy Construction	Yes	\$500,000	Yes	Complaint based
Sarnia (effective 2021)	Based on collective agreements. Updated	Total Compensation	ICI, Roads, Sewer and Watermain, Tunnels and Landscape Restoration.	Records required to prove status	\$50,000	Yes	Complaint based

Source: Appendix B Feasibility Assessment: Fair Wage Policy and Community Benefits Policy at the City of Brampton, Report 1, Figure No. 6a (**ICI – Industrial, Commercial & Institutional)

*Some items, such as union or association fees and political action funds may be excluded from total compensation.

In the proposed option, the Fair Wage Policy will apply to construction contracts with a value of \$500,000 or more in four construction sectors:

- 1) non-residential buildings (also known as the Industrial-Commercial-Institutional or ICI sector),
- 2) roads,
- 3) sewers and watermains, and
- 4) heavy construction.

The Policy will apply equally to the general contractor and all sub-contractors working on a City construction project. It is recommended that compliance with the Fair Wage Policy be enforced through a complaint-based model, with investigations being conducted on the receipt of a complaint. Investigation fees, consequences of non-compliance and calculation and maintenance of the fair wage schedules will need to be determined as part of the Policy development.

The construction contracts with a value of \$500,000 or more represent, on average, 90% of the value of awarded construction work (average of 18 contracts per year). The \$500,000 threshold represents a sound balance between achieving a high level of coverage (90.7%) and the efficient use of administrative resources.

It is believed that Brampton construction procurements are carried out by contractors who are paying at least the prevailing wage, if not higher. Consequently, a Fair Wage Policy that is anchored in the prevailing wage should not have any implications for construction costs. If the Fair Wage Schedule is above the prevailing wage, there will be a potential impact on the size of the bidding pool and on construction costs.

The proposed option will create a level playing field that encourages the City's construction contractors to compete on the basis of productivity, quality, and efficiency rather than by securing a competitive advantage at the expense of their work force.

There are administrative costs involved in developing a Fair Wage Schedule every three years. There are administrative requirements to enforce a Fair Wage Policy, notably investigating complaints and determining whether a contractor has been non-compliant. It is possible that not all of these costs will be recovered by levying fees on complainants or non-compliant contractors.

Following approval from Council to establish a 'made-for-Brampton' Fair Wage Policy, staff will hire a consultant to draft the proposed Fair Wage Policy and schedules, establish a working committee, and seek stakeholder input on the draft policy. The draft Fair Wage Policy will be brought to Council for consideration and approval. It is expected that a draft Fair Wage Policy and schedules will be presented to Council in November 2022 with implementation in Q1, 2023.

Community Benefits Policy

The objective of Community Benefits is to support diversity and inclusiveness and to encourage employers to increase the opportunities for Brampton residents to pursue careers in the construction industry. The City of Brampton wishes to encourage employers to create opportunities, in particular, for youth-at-risk, members of visible minorities, transitioning veterans, women, aboriginal persons, members of the LGBTQ2S community, and recent immigrants. These opportunities may include direct hires, pre-apprenticeship training, apprenticeships, or other career opportunities. The goal is career opportunities, not short-term jobs.

Embedding Community Benefits in City contracts leverages purchasing power and processes to advance positive economic, workforce and social development outcomes, in addition to the delivery of efficient goods and services. It can be used to support the City’s goal of increasing opportunities for the training and employment of unemployed or underemployed residents by strategically changing the way the City procures its goods and services. This approach integrates career exploration, industry-driven education and training, and employment facilitated by collaboration between employers, training and education institutions, government, and communities.

There is no commonly adopted approach on the part of municipalities and public agencies in implementing community benefits. The figure below shows the range of approaches adopted:

Figure 2: Other Municipalities

Calgary	Calgary assigns a weight (usually 5-10%) to a bidder’s response to a “Benefit Driven Procurement Leadership Questionnaire”. The questionnaire is mandatory and asks about the vendor’s involvement with the apprenticeship system, the diversity of its workforce and its outreach activities to under-represented groups, etc.
Halifax	Effective April 1, 2021, Halifax applies a Social Value Framework to its procurement. The Framework requires that all procurements over \$1.250 million incorporate workforce development and employment equity criteria, unless it is impractical. Vendor’s responses to the Social Value Framework criteria have a weight of 10-30% in the technical qualification of vendors.
Mississauga	Mississauga adopted a Sustainable Procurement Policy. The City defines sustainable procurement as “considering social and environmental factors in the procurement process, in addition to traditional factors such as price, quality and service”. Social factors are further elaborated as including “employment and training for youth and people with employment barriers (e.g., people with disabilities, new immigrants, chronically unemployed, ex-offenders, etc.)... Suppliers that demonstrate best practices in workplace diversity, inclusion and accessibility (e.g., women, indigenous, minority-owned businesses or businesses owned by persons with disabilities)”
Peel Region	Peel Region’s Corporate Social Responsibility Strategy directs the Region to consider the social and economic impacts of its operations. These include “... ensuring local vendor development; and <i>embedding community benefits into current vendor contracts</i> ”. [Emphasis added]. The document further elaborates community benefits as including a reduction in precarious employment and an increase in apprenticeships.
Saskatoon	Saskatoon applies a ‘Triple Bottom Line’ approach to its procurement. The City defines the Triple Bottom Line as follows: “Triple Bottom Line” means an approach to sustainability whereby environmental health and integrity, social equity and cultural well-being, and economic prosperity and fiscal responsibility are integrated into decision making in a way that produces equitable solutions and mitigates undesirable trade-offs.”
Toronto	The City of Toronto adopted a Social Procurement Policy in 2016 and a Community Benefits Framework in 2019. The Social Procurement Policy embeds supply chain diversity and workforce development into procurement. The workforce development criteria empower City staff to select projects with an initial procurement value over \$5.0 million and mandate a workforce development plan as part of the evaluation criteria for selecting a vendor. In a 2021, 44% of procurements over \$5.0 million were subject to a workforce development requirement. Half of all proponents on these projects included a workforce development plan as part of their proposal. Initially the City specified hard targets for training and recruitment on construction projects. The City also established Construction Connections to handle outreach and pre-employment training. However, this approach proved impractical. The City is currently reviewing how it will apply community benefits goals to its construction procurement.
Toronto Community Housing	Toronto Community Housing Corporation (TCHC) expresses the community benefits objectives as a dollar value, which the constructor then has flexibility to meet in whatever way it considers the most appropriate. In the TCHC model, the constructor can meet its community benefits requirement through training opportunities, scholarships, direct hires or by reaching out to its supply network (<i>i.e.</i> , sub-contractors, materials suppliers, professional services suppliers, lenders, etc.)
Vancouver	Vancouver has developed a questionnaire similar in purpose to the Calgary questionnaire. However, answering the questionnaire is voluntary and does not figure directly into the procurement decision. Currently, Vancouver is using the questionnaire to establish a baseline against which to measure the City’s progress in meeting its workforce development and inclusion goals. Vancouver is still reviewing how to apply its community benefits goals to construction procurement.
York Region	In 2019, York Region endorsed an updating of its procurement policy, which includes a commitment to social procurement and community benefits.

After the conclusion of the stakeholder consultations, independent analysis and research, eight Community Benefit Policy options were presented for consideration. Figure 3 below summarizes these options, tying in the findings as it relates to the Option.

Figure 3: Options for a Community Benefits Policy

Option	Description	Pros	Cons
<p>1 Recommended Option: Community Benefits Plan</p>	<ul style="list-style-type: none"> A Community Benefits Plan (CBP) would be a <u>mandatory</u> element in a response to a tender or RFP on projects of \$5.0 million or more. Community Benefits Plans would have a <u>weight of 10%</u> in the award of the contract. Community Benefits Plans would be evaluated on the basis of four factors: <ol style="list-style-type: none"> the number of direct hires, pre-apprenticeships or apprenticeships involving persons from target groups, the number of direct hires, pre-apprenticeships or apprenticeships involving residents of Brampton, the planned documentation, and <u>partnerships</u> with community-based organizations. Community benefits <u>can be related</u> to overall business activities. They are not tied to the project being bid. This provides contractors with flexibility. Unionized contractors would be allowed to include in their Community Benefit Plan reference to the recruitment and training of their unions if those align with the goals of the Community Benefits Policy. The City would include a list of community-based organizations that can assist a contractor. Working with these organizations would be voluntary. Contractors that fail to meet their Community Benefits commitments would be subject to a negative evaluation which could lead to a restriction on their future bidding rights. 	<ul style="list-style-type: none"> Gives contractors flexibility in how they will meet the Goals of Community Benefits Policy. Allows unionized companies to gain credit for relevant activities of the unions with whom they have collective agreements if their recruitment and training activities align with the Statement of Goals. The recommendation is forward looking. It asks contractors what they will do in the future, not what they did (or did not do) in the past. Engages community-based organizations and programs, although it does so in a non-prescriptive way. Meets the expectations of community stakeholders without imposing onerous requirements on small contractors. Does not prescribe a particular documentation method, but allows contractors to indicate how they will document. 	<ul style="list-style-type: none"> May discourage non-resident contractors who only occasionally bid on Brampton projects. This could potentially reduce the size of the bidding pool. A contractor may perceive that there will be additional costs and incorporate those costs into the bid price. For contractors and unions that are already supporting apprenticeships and engaging in diversity hiring, there would not be any additional costs. The requirement for a Community Benefits Plan may draw out the process for preparing a proposal. It is estimated that some contractors may need a month to prepare a Community Benefits Plan.
<p>2 Hard Targets</p>	<ul style="list-style-type: none"> For each project over \$5.0 million, the City would establish hard targets for some combination of direct hires, pre-apprenticeship training, apprenticeships or other job opportunities. These opportunities would be specifically tied to the project being bid. Using payroll records for the project, a contractor would demonstrate that it has employed or trained the requisite number of workers 	<ul style="list-style-type: none"> Makes accountability and performance obligation clear. Contractors are aware of this obligation before bidding and can incorporate any associated costs into their proposal. 	<ul style="list-style-type: none"> Hard targets have only been used on mega-projects (>\$500 million). Encourage short-term hiring rather than careers. Toronto experimented with hard targets for projects >\$5.0 million, but found that hard targets on such projects were unworkable. Abandoned hard targets. Construction is complex. Requires additional expertise to determine realistic.
<p>3 Prescribed Community Partners</p>	<ul style="list-style-type: none"> contractors would be required to collaborate with one of the Designated Community Partners. Designated Community Partners would be chosen by the City. A Designated Community Partner would be a community-based organization or a trade union that undertakes training and recruitment activities aligned with the goals of the Community Benefits Policy. 	<ul style="list-style-type: none"> Creates a level playing field for contractors. Engages community resources. 	<ul style="list-style-type: none"> Overly prescriptive. Some contractors will prefer to handle recruitment, screening and pre-employment training on their own. Creates funding issues: all of the potential Partners depend, at least in part, on external funding to deliver their programs. When outcomes fall short, there may be a dispute about the responsibility of the Partner vs the Contractor. Additional administrative time and resources required to evaluate and designate Community Partners.
<p>4 Contractor Incentives</p>	<ul style="list-style-type: none"> The City would establish a Community Benefits Bonus to be paid when contractor meets specified Community Benefits targets. The Bonus would be paid in proportion to the targets met. Contractors could opt not to claim the bonus. Contracts would be awarded without consideration as to whether a contractor would seek the bonus. 	<ul style="list-style-type: none"> Voluntary. Does not affect selection of contractor. No resistance from vendors. 	<ul style="list-style-type: none"> Indisputably adds to costs. Denial of a Bonus could result in litigation. Encourages short-term training and hiring rather than careers. Like hard targets, requires additional expertise to set reasonable targets for bonus.
<p>5 Hub Model</p>	<ul style="list-style-type: none"> The City would establish (or designate) a Hub to undertake five functions: <ul style="list-style-type: none"> recruiting from target groups, screening of applicants, delivering pre-employment/pre-apprenticeship training, placement with contractors, and monitoring subsequent employment of participants to track progress towards meeting Community Benefits goals. The hub organization could contract out some of these functions to colleges, community organizations and industry or union training centres. Contractors would agree to hire (or at least consider) persons referred to them by the Hub. 	<ul style="list-style-type: none"> Ontario General Contractors Association and the Ontario Sewer and Watermain Contractors Association support a version of the Hub Model. Creates a level playing field. All contractors have access to Hub. Hub relieves contractors of the need to undertake outreach and pre-employment training. 	<ul style="list-style-type: none"> Creates a funding issue: at this time, without additional funding, there is no obvious organization to be the Hub. Difficult to align the Hub with collective agreements which oblige contractors to recruit through the union. Unions have constitutional obligations which make it difficult to implement preferential hiring practices. If a contractor fails to meet Community Benefits commitments, there may be a dispute about the responsibility of the contractor versus the Hub.

<p>6 Voluntary Questionnaire</p>	<ul style="list-style-type: none"> The City would introduce a voluntary questionnaire for construction vendors. Topics: <ul style="list-style-type: none"> participation in the apprenticeship system, offering other types of training, partnerships with community-based organizations outreach activities to achieve diversity and inclusiveness in recruitment. Responses to the questionnaire would <i>not</i> factor into awarding contracts. Three purposes: <ul style="list-style-type: none"> to compile information on the current practices of the City's construction vendors, to enable the City to measure, over time, progress in meeting inclusiveness goals to encourage construction vendors to adopt inclusive recruitment and training practices. 	<ul style="list-style-type: none"> Give vendors flexibility in designing inclusiveness policies. Would generate useful information on the current practices. Signals that, at a future date, the City might make the questionnaire mandatory and factor vendors' answers into awarding contracts. 	<ul style="list-style-type: none"> Voluntary questionnaire might not be taken seriously. Questionnaire is not forward looking. It asks what a contractor did, not what the contractor will do. Community stakeholders will feel that a voluntary approach is inadequate.
<p>7 Mandatory Questionnaire</p>	<p>Same as Voluntary Questionnaire, except that the questionnaire is mandatory and has a weight of 10% in awarding contracts.</p>	<ul style="list-style-type: none"> Allows contractors flexibility in designing inclusiveness policies. A mandatory and evaluated questionnaire would be more aligned with the expectations of community. Used by other cities: Calgary, Vancouver (currently voluntary). 	<ul style="list-style-type: none"> Questionnaire is not forward looking. It focuses on past practices and activities, not on future commitments. Challenging to develop criteria for evaluating responses to the questionnaire.
<p>8 Status Quo</p>	<p>Supply Chain Diversity Program applies to procurements with a value of \$25,000 to \$100,000. Would not apply to most construction.</p>	<p>There are no additional administrative requirements nor are there additional performance requirements that contractors would be obliged to meet.</p>	<ul style="list-style-type: none"> Would not meet community expectations which will be heightened when Hurontario Line implements community benefits goals. Out of step with public policy trend. Ability to require community benefits on private developments is lessened if the City does not apply community benefits to its own procurement. Maintaining the status quo foregoes opportunities.

After review of the available options, staff recommend that Council request staff to develop a detailed Community Benefits Policy, which would require vendors on most construction projects with a value of \$5 million or more to include a Community Benefits Plan as part of their tender or proposal for evaluation by City staff. Construction vendors would have flexibility in the design of their Community Benefits Plan provided they contribute to meeting the Community Benefits Goals. To ensure accountability, contractors that fail to meet their commitments would be subject to a negative performance evaluation which could lead to a restriction on future bidding opportunities.

The \$5 million threshold is proposed because only larger construction projects and the vendors that undertake these projects have the flexibility and resources to implement a Community Benefits Plan. Based on the analysis of City construction contracts between 2017 to 2020, this threshold represents 44.2% of the total value of awarded construction projects. Therefore, the \$5 million threshold ensures that the proposed Community Benefits Policy will be applied to large construction projects while allowing the City's administrative resources in evaluating and monitoring Community Benefits Plans be used efficiently. This threshold will also ensure that smaller construction vendors, that often have limited resources, are not burdened by the requirement to develop a Community Benefits Plan.

Following approval from Council to establish a 'made-for-Brampton' Community Benefits Policy, staff will hire a consultant to draft the proposed Community Benefits Policy, establish a working committee, and seek stakeholder input on the draft policy. The draft Community Benefits Policy will be presented to Council for consideration and approval.

No cost implications are anticipated, although it is recommended that the City proceed with a pilot project to validate this expectation and gauge the readiness of contractors.

It is expected that a draft Community Benefits policy will be presented to Council November 2022 with implementation scheduled for Q2, 2023.

In order to successfully develop, implement, and administer these two policies, a full-time individual will need to be hired.

Local Preference

Local preference in procurement is a competitive benefit given to vendors that are determined to be 'local', typically to support local economy. Preference may be applied in a number of ways, most commonly by allowing a price differential that is favourable to a local vendor. The second is by making vendor location a rated criteria and awarding points to vendors who meet the criteria. A core issue is determining what constitutes 'local'. Local can refer to the physical location of a vendor's head office or regional office, whether the vendor pays local property or business taxes, or the physical location of the vendor's employees. The definition of 'local' has important implications for any Local Preference Policy.

To illustrate the complexity of defining 'local', consider two hypothetical contractors. Vendor A is headquartered in Brampton and pays property and business taxes to Brampton. However, Vendor A has employees who live across the Greater Toronto Area (GTA). Only a small number of these employees live in Brampton and those employees may not be assigned to the Brampton job. Vendor B is headquartered in an adjacent municipality (say, Mississauga). Vendor B does not pay property or businesses taxes to Brampton. However, many of Vendor B's employees live in Brampton. Which vendor is more local?

As a public entity, the City of Brampton is bound by various trade agreements listed below for procurements above a stipulated dollar value (subject to certain exceptions and exclusions). The intent of the procurement sections of the trade agreements is to ensure that public procurements are conducted in a transparent, fair, open, and non-discriminatory manner. Trade agreements do not permit preferential treatment of local goods, services or vendors; therefore, prohibit the implementation of local preference practices on procurements.

Canadian Free Trade Agreement (CFTA)

Open competitive bid thresholds:

Goods and services - \$121,200

Construction - \$302,900

Ontario-Quebec Trade and Cooperation Agreement (OQTCA)

Open competitive bid threshold:

Goods, services and construction: \$100,000

Canada-European Comprehensive Economic and Trade Agreement (CETA)

Open competitive bid thresholds:

Goods and services - \$366,200

Construction - \$9,100,000

The Ontario *Discriminatory Business Practices Act* prohibits discrimination based on geographical location of persons employed in or engaging in business, but does not specify a dollar threshold. The Act applies to all Ontario vendors.

Brampton's current Purchasing By-law (19-2018), adopted in 2018, aligns with its public procurement obligations under all trade agreements and prohibits discriminatory practices. The City of Brampton has explicitly barred the implementation of a Local Preference Policy:

The City will not adopt Discriminatory procurement practices in accordance with the requirements of any applicable trade agreements. (Sec 2.1, By-law 19-2018)

A Community Benefits Policy that promotes workforce development and opportunities for disadvantaged groups in Brampton would be compliant with trade agreements. Such a policy would expand on the City's Supplier Diversity program.

As far as can be determined, all other municipalities in the GTA have adopted comparable policies barring local preference and concluded that such policies are contrary to public procurement obligations. If Brampton were to break this pattern, it could lead to litigation, provincial or federal repercussions related to capital or other funding or retaliatory action by other municipalities. The City of Brampton remains committed to being in full compliance with all relevant and applicable trade agreements. One of the goals of the 2018 Purchasing By-Law was to strengthen the City's commitment to those agreements.

Legal Implications:

In looking to implement a 'made-for-Brampton' Fair Wage and Community Benefits policies the City will need to ensure compliance with all existing trade agreements, procurement law and existing By-Laws, notably the Purchasing By-Law (19-2018) which specifically prohibits No Local Preference (Section 2.5). Guidance and advice will be provided to address risks involved in implementing such policies as needed and necessary.

Corporate Implications:

Financial Impact

The recommendations in this report require one permanent full-time position be included in the 2023 operating budget submission, to administer the Fair Wage and Community Benefits policies, subject to Council approval. The estimated cost of this position is \$125,000, which is equivalent to 0.03% on the City's portion of the property tax bill.

In addition, this initiative requires a capital budget amendment for project # 201070-001-Fair Wage Policy and Community Benefits to increase the project by the amount of \$17,000, with funding to be transferred from Reserve #4 Asset R&R. The original funding source for this project was Reserve #4. Pending Council approval of this amendment, the total funding available for this initiative will amount to approximately \$57,000.

The 2022 Budget included approval of a 3-year capital program and funding plan, which maximized the allocation of anticipated funding availability across planned projects. This initiative was not part of the 3 year capital forecast. The approval of this budget amendment will require reprioritization of capital projects forecasted to be funded against Reserve #4 – Asset R&R through the 2023 capital budget submission.

Project #	Original Budget	Expenditures and/or Commitments to Date	Balance Available
201070-001	150,000	109,982	40,018

Budget Amendment Details	Estimated Cost
Fair Wage Policy	\$ 24,000
Community Benefits Policy	\$ 33,000
TOTAL Budget Required	\$ 57,000
Budget Currently Available	\$ 40,018
ADDITIONAL Budget Required	\$ 16,982

Strategic Plan:

This report achieves the Strategic Plan goals in Good Government by achieving effective management of the City's finances through the City's procurement goals of encouraging competition, openness and transparency, fairness, objectivity, accountability, efficiency, and effectiveness.

Terms of Council Priority:

This report has been prepared in full consideration of the Term of Council Priority of "Brampton is a Well-Run City", demonstrating value for money of City programs and services through open, fair and transparent procurement processes.

Conclusion:

Procurement can be used to achieve strategic social, economic and environmental goals through a sustainable procurement strategy. This report seeks Council's endorsement of the Sustainable Procurement Strategy and approval to pursue a Fair Wage Policy and Community Benefits Policy for the City of Brampton as part of a Sustainable Procurement Strategy.

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Attachments: Appendix A - Sustainable Procurement Strategy
Appendix B - Feasibility Assessment: Fair Wage Policy and Community
Benefits Policy at the City of Brampton