

# Indigenous Procurement Update and Next Steps

## ISSUE

The purpose of this report is to provide City Council with an update regarding Administration's Indigenous procurement strategy, including the focus on leadership and continuous improvement activities.

## BACKGROUND

The City of Saskatoon (City) is committed to the use of a Best Value approach in its Procurement. A Best Value approach means that the City will consider how to structure and conduct Procurements in a fashion which allows for a consideration of factors beyond lowest cost, where appropriate, in determining which Supplier provides the overall greatest benefit.

Policy No. C02-045 Purchasing Policy, implemented in 2018, details the principles, procedures, roles and responsibilities for the City's Procurement program. This Policy also makes reference to other protocols and procedures related to Procurement at the City, including the City's Indigenous Procurement Protocol and Specification.

In 2019 the City implemented our Indigenous Procurement Protocol and Specification to recognize the systemic racism and inequities Indigenous people face and to act within procurement processes to increase their participation in the City's economic activities arising through the purchase of goods and services by and for the City.

The [Indigenous Procurement Workshop](#) hosted in 2018 was focused on convening stakeholders to understand their experiences, ideas, and lessons learned in working with developing Indigenous procurement procedures. The objective of this workshop was to facilitate a discussion which identified opportunities, best practice, and common barriers to social economic procurement (Appendix 1). This report has formed the foundation for the work that has been done to date as well as informed next steps in the City's Indigenous Procurement evolution.

## CURRENT STATUS

The City's work to date to recognize and build our Indigenous Procurement framework has been supported by exemptions within the trade agreements which allow for unique solutions and procurement requirements to support Indigenous workers and business owners. It is also in response to the Truth and Reconciliation Commissions Call to Action #92 which includes ensuring that Indigenous peoples have equitable access to jobs, training, and education opportunities and that Indigenous communities gain long-term sustainable benefits from economic development projects.

The City includes Indigenous Procurement criteria in all our best value procurements (RFPS) which award points for and recognizes our suppliers for Indigenous ownership, labour hours, as well as their Indigenous training and awareness activities.

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To date, the City has largely focused on education, training, and awareness, and ensuring open, fair, and transparent procurement process within its Indigenous Procurement framework.

While the protocols established to support Indigenous Procurement in 2019 by the City set ambitious goals, we need to continue to make progress where possible by demonstrating leadership, promoting awareness, and remaining committed to continuous improvement as outlined below:

### Continuous Improvement Activity and Highlights:

- Updated our external webpage to include a section for Diverse and Indigenous Procurement. [Indigenous Procurement Protocol](#).
- Updated Biddingo vendor registration to expand Diverse Supplier groups, including questions regarding certification.
- Updated SAP Vendor Master to include diversity groups and with definitions to support future reporting and metrics.

### Indigenous Engagement Activity and Highlights:

- July 21, 2021 - Tribal Chief Mark Arcand and Dana Soonias, STC Director of Economic Development, Employment and Training presented to the Saskatoon Construction Association. Scott Eaton, City of Saskatoon Director of Supply Chain Management facilitated the connection to the Saskatoon Construction Association and participated in the meeting.
- November 4, 2021 - Saskatchewan Indigenous Economic Development Network (SIEDN) and the Saskatchewan Regional Economic Development Authority (SREDA) hosted Scott Eaton for Procurement 101: Doing Business With the City of Saskatoon - a webinar discussion about the City's procurement process and how Indigenous suppliers can access those opportunities. [City of Saskatoon Procurement 101](#).
- November 4, 2021 – City's Project Management Community of Practice Fall Learning Event.
  - Scott Eaton and Melissa Cote, City of Saskatoon Director of Indigenous Initiatives and Nick Crighton, Saskatchewan Chamber of Commerce Director of Indigenous Engagement, presented on Indigenous Participation and Economic Reconciliation at this event.
- November 8, 2021 – Benefits of Indigenous Procurement Policy.
  - Presentation to City of Warman Council (joint initiative with SREDA and CoS) to grow Indigenous procurement understanding and opportunities throughout the region.
- December 16, 2021 – Municipal Indigenous Procurement Workshop.
  - Round table discussions with representatives from the City of Warman, SREDA, and Scott Eaton,

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- The goals of this session were to review the City of Saskatoon’s approach, lessons learned, opportunities, as well as next steps.
- This engagement resulted in the City of Warman updating their procurement policy to recognize and consider Indigenous Procurement.
- April 21, 2022 - Ministry of Trade and Export Development’s Indigenous Business Forum.
  - The goal of the event was to provide a forum for Indigenous and non-Indigenous businesses and communities to identify potential partners for procurement, supply chain, service provision and joint venture opportunities
  - The City also had a booth with information and tips on “Doing Business with the City”.
  - Staff from across the organization were present for networking opportunities.
- June 15, 2022 – Indigenous Initiatives Workshop, Saskatchewan Construction Association, Infrastructure Owners Forum.
  - Round table discussions focused on “How can we (owners/industry) better support Indigenous business development and engagement?”

The goals of Supply Chain Management have been to promote a healthy balance between supporting and achieving the positive outcomes associated with diverse and Indigenous procurement and ensuring the City achieves value for money and procurements continue to be conducted in a fair, open and transparent manner.

### **DISCUSSION/ANALYSIS**

The Government of Canada has committed to increasing the participation of Indigenous businesses in federal procurement. To do so, they are working with Indigenous Services Canada and the Treasury Board of Canada Secretariat to create a new target to have 5% of federal contracts awarded to businesses managed and led by Indigenous Peoples. The new mandate will be phased in over three years with full implementation expected by 2024. While the City does not have a definite target set for Indigenous Procurement spend, we continue to work towards growing this figure through education, training and improvements to our procurement process.

Private Sector and/or best in class companies are shifting away from processes that just award points for Indigenous ownership, labour hours, and Indigenous training and awareness activities on individual procurements. Although those requirements were a step in the right direction, leading procurement practice is shifting towards relationships, processes, and systems which are focused on achieving a broader or deeper impact on social outcomes. The overall goal of this shift is to reward vendors that have demonstrated an organizational wide commitment to Indigenous employment, partnerships and positive social outcomes.

This fundamental shift from just tracking Indigenous ownership, labour hours, and Indigenous training and awareness on individual procurements creates a strategy that

aims to use the City's purchasing power as a means of influencing vendors to develop more wholistic organizational wide Indigenous strategies, rather than simply for one particular procurement. The Administration is still in the process of developing the details around this shift in approach and what future procurements will look like, however, an early example may be to reward organizations who meet the Saskatchewan Human Rights Commission Indigenous Employment (13.7%) target as an organization rather than the number of Indigenous hours working on a specific project. This shift is an example where the City can influence vendors to achieve larger, more sustainable social outcomes.

There is also the potential to track real-time metrics and benchmarks within the City's supply base, including transparent rankings and ratings for each supplier to go well beyond those focused on individual procurements. Focusing on supplier partnerships, reporting, and systems and tools will help us achieve and exceed the City's strategic goals within Indigenous Procurement initiatives.

### **FINANCIAL IMPLICATIONS**

Based on an average spend of \$350M per year, a five percent (5%) target on total controllable spend to Indigenous businesses would equate to approximately \$17M in Indigenous procurement spend.

The City's Indigenous Spend in 2021 was approximately one percent (1%) of our total spend (based off available data and excludes Government and Utility payments).

The cost of an online supplier benchmarking platform or tool can range from \$0 to \$20k per year depending on overall requirements/complexity. The Administration will continue to review supplier benchmarking platforms and tools, the associated benefits, as well as the potential return on investment (ROI).

### **OTHER IMPLICATIONS**

There are no privacy, legal or environmental implications identified.

### **NEXT STEPS**

Continue to work towards growing the City's spend on Indigenous Business with a current goal of achieving 5% of total value of the City's controllable spend, to align with other Municipalities, Crown Corporations, and the federal government's target for Indigenous procurements.

Build a more robust approach to tracking and reporting the City's spend, progress, success, and metrics, including procurement dashboards to create transparency and awareness.

Vendor master updates to support the improvement and overall quality of the City's vendor master data, including updating/capturing information which supports the reporting of social, economic, and sustainable procurement initiatives.

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Further research and develop a supplier benchmarking platform or tool that will provide the insights needed to further leverage the City's spend and achieve best value outcomes which are aligned with the City's strategic priorities. The platform will be focused on gathering information about supplier's workforce profile, as well as sustainable business practices providing an opportunity to conduct a gap analysis and reward and benchmark suppliers for their social, economic, and environmental business practices.

Continue to focus on and develop a "Three-Pillar" Indigenous Procurement strategy that includes:

1. Demonstrating Leadership;
  - a. Organizational and executive support.
  - b. Indigenous engagement, promote positive relationships with Indigenous people, communities, and business.
  - c. Listen, learn, and adapt.
  - d. Support and drive internal and external stakeholder engagement.
  - e. Facilitate change, be a leader, set the example with peer groups.
2. Procurement Practices and Reporting,
  - a. Setting measurable and reliable metrics such as:
    - i. Percentage of Total Spend.
    - ii. Number of Contracts Awarded.
    - iii. Percentage of Indigenous Vendors.
  - b. Procurement dashboards and reporting.
  - c. Modern Procurement Practices and Strategies.
    - i. Indigenous Participation and RFP Evaluations.
    - ii. Direct Awards, Limited or Closed Competitions.
3. Training, Awareness, and Education:
  - a. Stakeholder/Vendor/Internal training and awareness.
    - i. Provide education and training to assist small, medium, or diverse enterprises with navigating the City's procurement process and system.
    - ii. Procurement 101:
      1. Doing Business with the City.
      2. Identifying potential opportunities.

These three pillars build off the City's Procurement Policy, Protocols, and Strategic Direction as the foundation (Appendix 2) and are key to achieving the targets set out by the City.

**APPENDICES**

1. Indigenous Procurement – What We Heard Report
2. Indigenous Procurement – Infographic 3 Pillar Strategy

**REPORT APPROVAL**

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