

Municipal Innovation Certification

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On Behalf of the Eastern Ontario Leadership Council



Eastern Ontario's
**Leadership
Council** Economic
Development



Eastern Ontario Leadership Council

Agenda

- Welcome to the Session
- Introductions
- Background on the EOLC
- Why Innovation?
- The Certification Process
- Recommended Inclusions in Your Procurement Policy
- Next Steps
- Questions and Discussion

Eastern Ontario Leadership Council

Background

- In 2013, EOWC and EOMC collaborated to prepare an Eastern Ontario Economic Development Strategy
- Funding assistance from Province and CFDCs
- In June 2014, released the Eastern Ontario Economic Development Strategy
- Proactive and new regional approach to economic development
- Refreshed strategy being released at OEMC

Eastern Ontario Leadership Council

The EOLC was created in 2015 to:

- Act in partnership to coordinate strategic, regional, economic development initiatives
- Lead the implementation of the Strategy
- Track and report on the performance of the Eastern Ontario economy as it relates to the strategic priorities
- Be a conduit for information and policy positions with various stakeholders
- Lead advocacy on key economic issues



Eastern Ontario Leadership Council

EOLC Represents the Entire Region



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The 2019 Strategy

- One over arching priority - connectivity and support for EORN (cellular and broadband)
- Three strategic priorities:
 1. Workforce Development and Deployment
 2. Technology Integration and Innovation
 3. Integrated and Intelligent Transportation Systems

Objective of the Working Group

Technology Integration and Innovation

Objective: Assemble competitive intelligence that will foster incubation, research and testing, peer-to-peer networking, and information sharing among regional businesses, organizations, and institutions

Innovation? We tried that last year!



Types of Innovation

Pure Research:

- R&D with a view towards a marketplace product

Breakthrough:

- A new product/service satisfying a need we didn't know existed

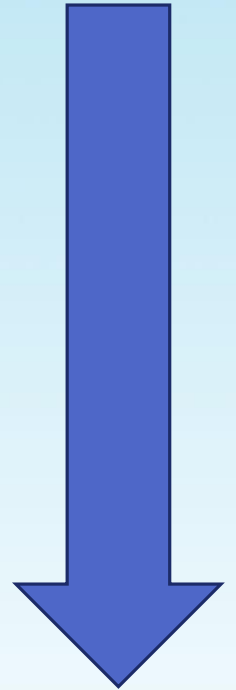
Incremental:

- Taking a product or service to a new level

Adaptive:

- Old product/service with a new application

High Risk



Low Risk



What Innovators Have Been Consulted

- Engagement with Innovation Centres, such as:
 - Northumberland
 - Launch Labs
 - Queen's University / Innovation Park
 - Peterborough Innovation Cluster
 - Prince Edward County (Picton)
 - Cornwall Innovation Centre



The Equation

Early Stage Start Ups

- Need customers
- Don't likely have insurance
- Need quick turn around on decisions
- May have a product or service that with a little adaption is applicable to municipalities
- Need to listen and understand the customers needs

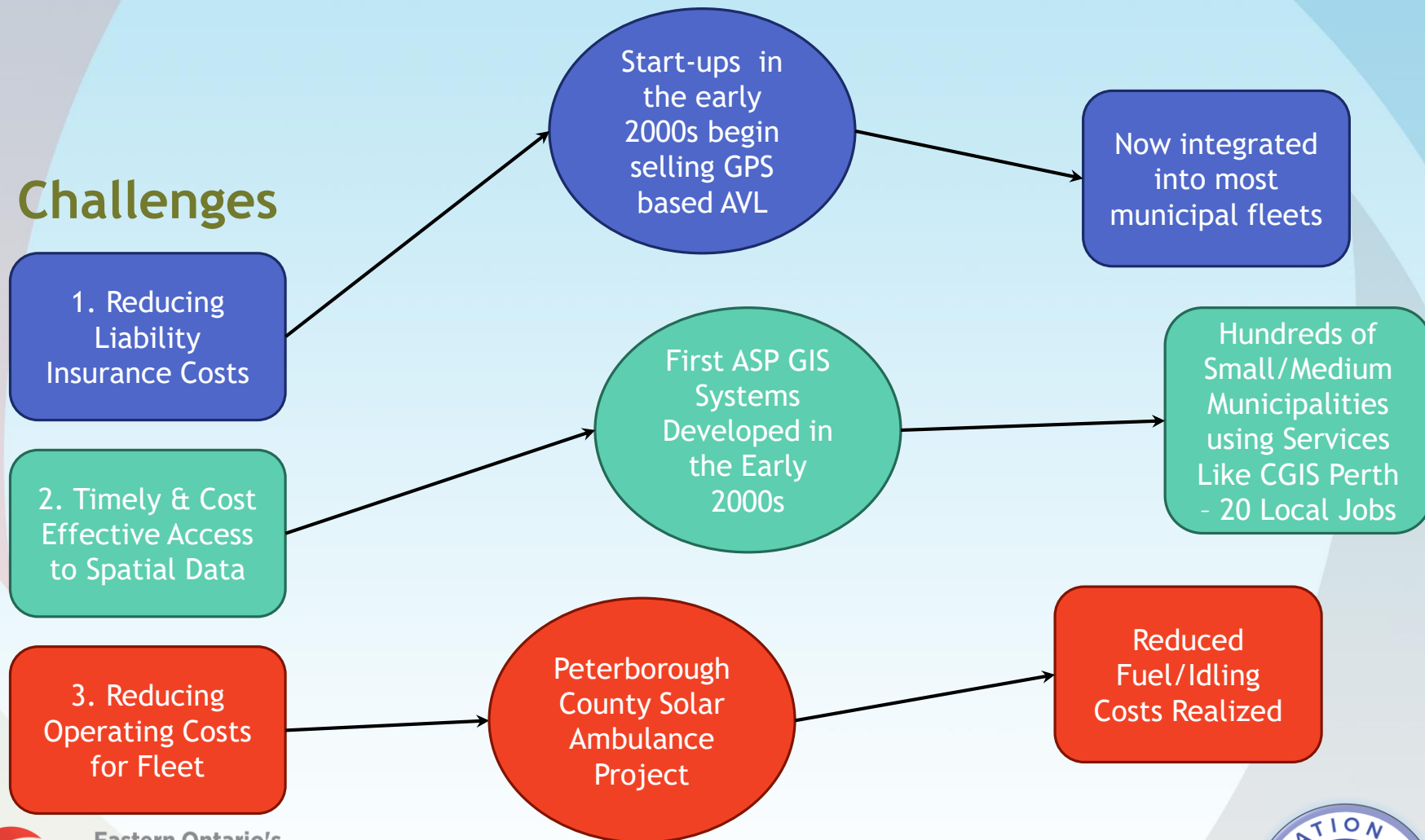
Municipalities

- Need solutions
- Require insurance
- Slow to respond - need to address transparency
- Have challenges
- Be able to clearly express their challenges and needs



3 Examples

Challenges



After our listening tour ...

We realized that both sides had a “yes but” ... the certification program has been designed to remove the barriers

What about transparency?

Who do we talk to?

Municipalities are too bureaucratic

What if it fails?

I don't have time!



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What does certification look like?

For Municipalities:

- Adapt your procurement by-law to recognize innovation as a viable option and clearly lays out a process for considering both solicited and un-solicited opportunities;
- Provide training to both Council and senior staff on the benefits of innovation procurement and the process (10 minutes);
- Identify three (3) potential challenges looking for solutions;
- Identify potential partners for the challenges, both as a risk mitigation strategy and a joint procurement partnership. Partners can be other municipalities or private sector companies;
- A three year commitment of \$5,000 per year towards innovative procurement by the municipality; and
- A proclamation from Council supporting innovative procurement and are promoting same on their website through both statements and the use of the certification seal on relevant official documents.

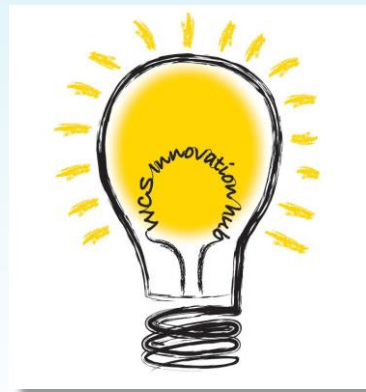
What about innovators?

- Develop an education program for start-ups, delivered through RICs, Universities and Innovation Hubs
 - Scale/scope of the opportunity
 - How to sell to municipalities
 - Access to municipal challenges
 - Create local jobs with the potential for global reach
 - Fill skill gaps
 - Refine the pitch

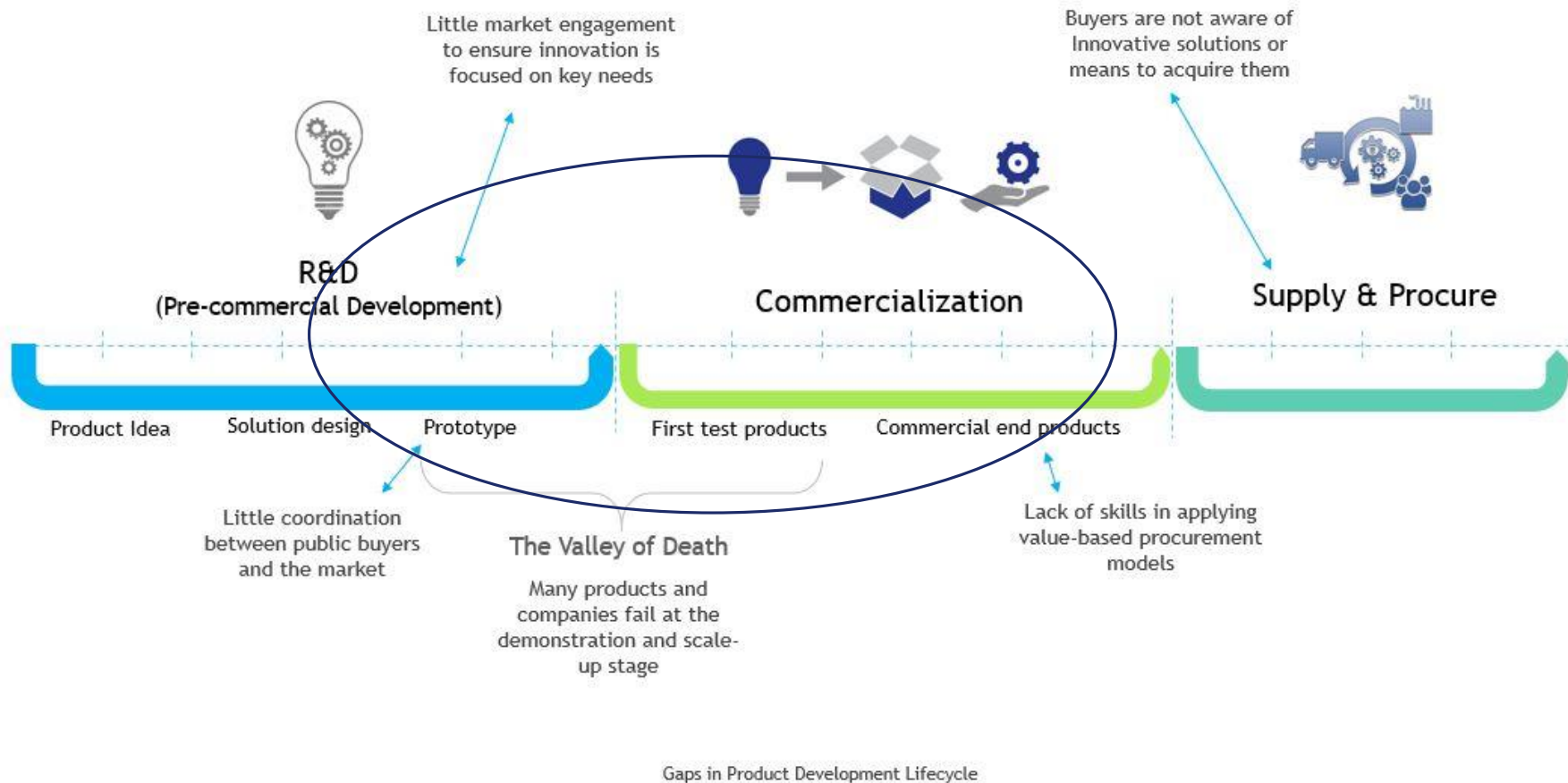
Innovation procurement?

What is that?

Innovation procurement is defined as the purchase of solutions that do not exist in the market, or need to be adapted or improved to meet specific needs and create value for users and the procuring organizations.



The Product Lifecycle



Benefits for Innovation Procurement

For Municipalities:

Allows an organization to identify possibilities for a new solution that better meets user needs and ultimately leads to higher satisfaction and quality service delivery.



For suppliers:

Provides early visibility into the user needs to better anticipate demand for new products. Getting products market ready for a global market



For citizens:

Leads to economic benefits like the development of more effective services and new markets, and tackle environmental and social challenges through new and innovative practices.



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Advantages

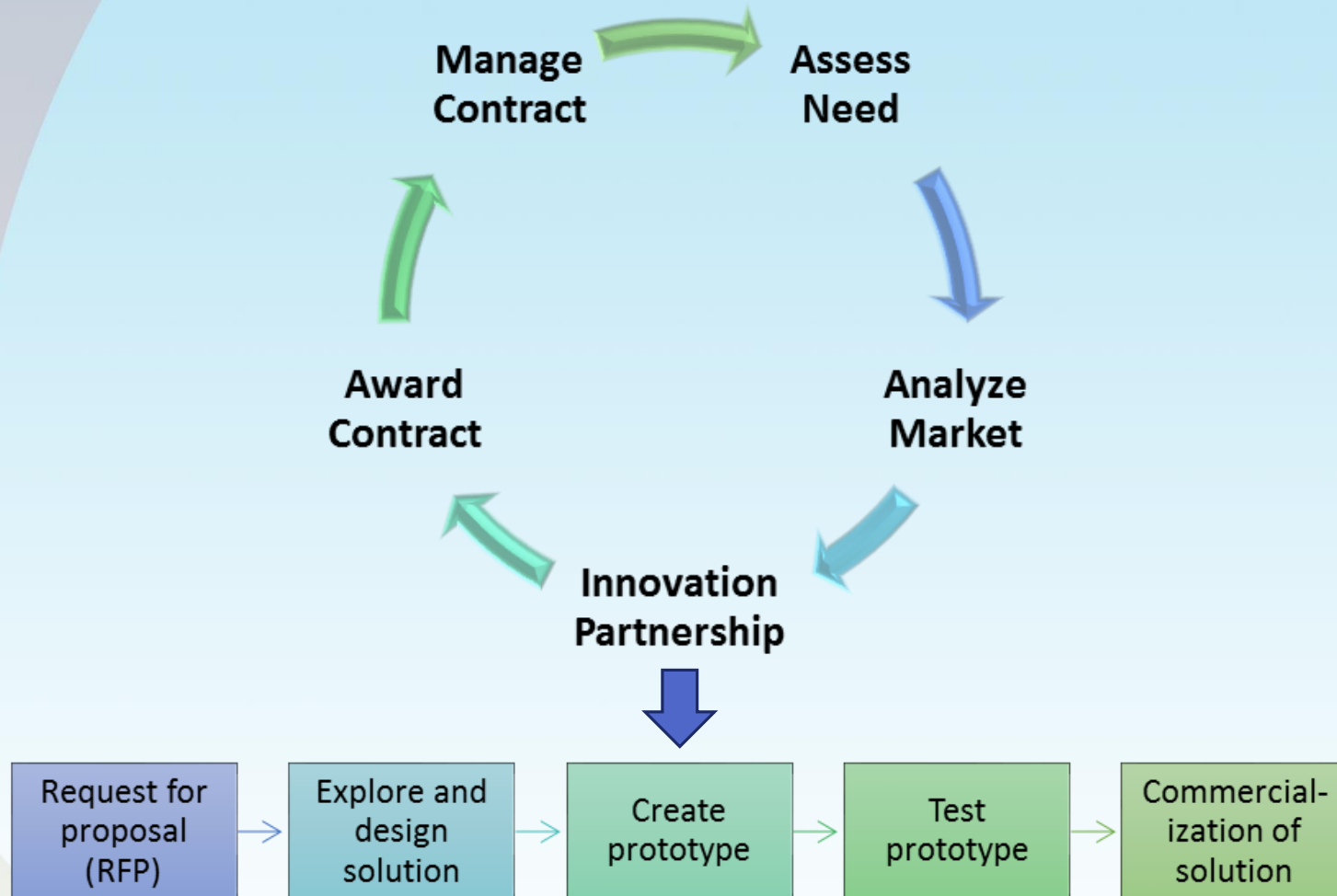
Why would we do this?

- Create local jobs
- Youth retention
- Improve the profile of Eastern Ontario as a place to invest
- Find solutions to real world problems
- Create a network of municipalities that may be able access grant funding for innovation
- Improve service delivery to your residents
- Reduce costs - better ways to do things
- Allow staff to concentrate on work that add value

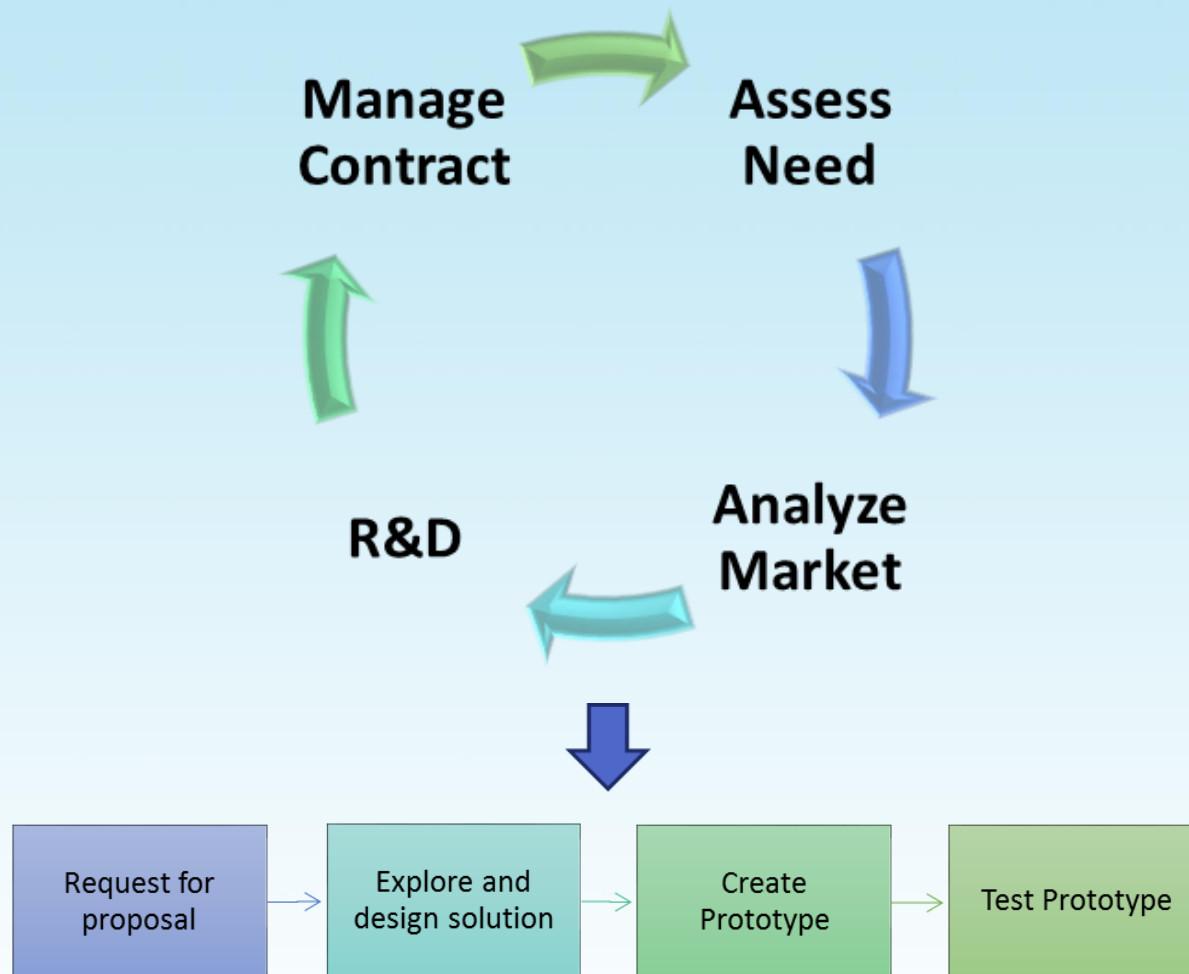
When is innovation procurement appropriate?

1. There is no existing solution in the market
2. Needs cannot be met without significant modification to existing solutions
3. Looking for alternative approaches
4. Solution is complex and involves multiple stakeholders
5. Value of procurement is high enough to justify the time and resources
6. Collaboration and partnership with suppliers in solution development may be required
7. Solution cannot be objectively defined
8. The technical specifications cannot be established with sufficient precision

Innovation Partnership



R & D Procurement



4 Key Success Factors

1

Championing innovation procurement and leading change

2

Identifying Needs/Challenges

3

Planning the Innovation Process

4

Managing the risk



Innovation Procurement Models

Early Engagement

- Cultivate relationships with innovators
- Discuss your challenges with other innovative municipalities
- Provide feedback
- Keep Council and citizens engaged

Innovation Procurement Models

There are many ways to structure an innovation procurement.

Key Points for Municipalities:

- Design a process that best fits your needs.
- When seeking an innovation solutions, carefully consider your circumstances, including:
 - the complexity of the need
 - the nature of the marketplace
 - Scalability of the solution

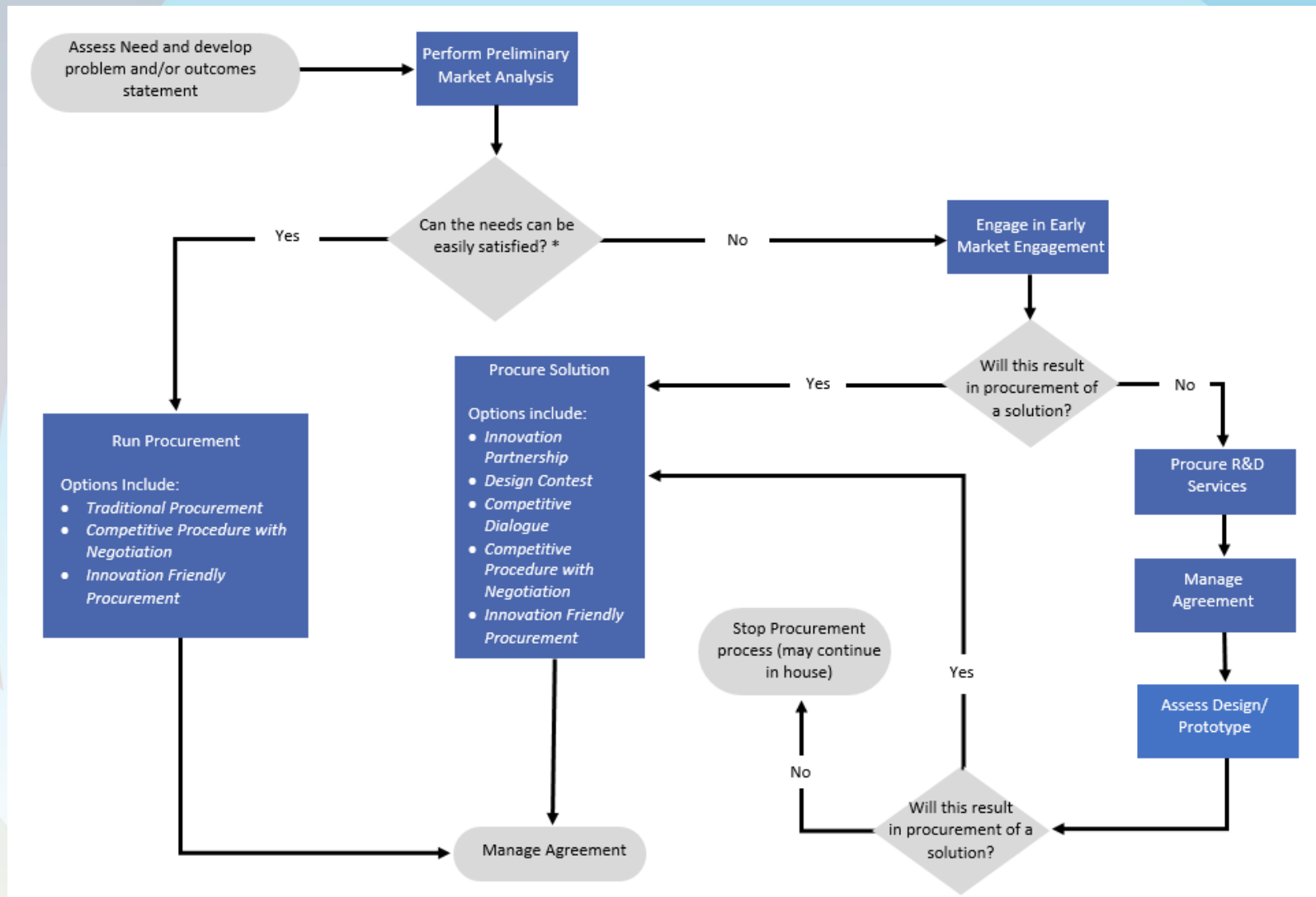
Innovation Procurement Models

The Process:

- Background work completed by the *Eastern Ontario Procurement specialists and utilizing BPS Innovation Procurement process input*
- Subsequently reviewed by the law firm of Fasken Martineau DuMoulin LLP



Innovation Procurement Model - Flow Chart



Recommended Inclusions in Purchasing Policy

Market Research and Engagement

The Department Head with the Purchasing Coordinator will be responsible for conducting an appropriate level of *due diligence, market research and/or market engagement* prior to commencing a Procurement Process. These activities are intended to support the effectiveness of the Procurement Process, including the preparation of specifications and scope of work, evaluation criteria, and budgets. These activities may also include contacting other municipalities or government entities to determine whether they have explored or are exploring similar opportunities.

Recommended Inclusions in Purchasing Policy

Market Research and Engagement

Which measures are used, and what constitutes an appropriate level of activity, will depend on the circumstances. In a traditional procurement process, these activities may be limited. However, if the Municipality is engaging in an innovation procurement, these activities may be extensive - as innovation procurement usually requires a *needs assessment, market analysis and even collaboration with Vendors* to help formulate outcomes and associated requirements in advance of issuing Competitive Process.

Recommended Inclusions in Purchasing Policy

Market Research and Engagement

If market research and engagement involves any communication with Vendors, all such communication shall be conducted by and through the Purchasing Coordinator, who shall engage in communication with a view to ensuring the *fairness of any future Competitive Process*. For example, the Purchasing Coordinator will ensure that Vendors who participate in such communications prior to a Competitive Process do not have an unfair advantage during that Competitive Process (e.g., by tracking what information Vendors receive so as to ensure that information is available to other Vendors during the Competitive Process).

Recommended Inclusions in Purchasing Policy

Competitive Dialogue/Best and Final Offer Process

Note: Competitive dialogue is an alternate type of Request for Proposals (and must comply with the requirements applicable to Requests for Proposals set out in this Policy).

Competitive dialogue is a Competitive Process that can be used when the Municipality *knows what outcome it wants to achieve but does not know how best to achieve it*.

This process is often used for complex projects or solutions when technical requirements cannot be defined with sufficient precision at the outset of the Procurement Process - and where both Vendors and the municipality would benefit from a measure of information-sharing (so that Vendors can better understand the municipality's needs, and so that they can better understand how to frame its needs as part of the Procurement Process).

Recommended Inclusions in Purchasing Policy

Competitive Dialogue/Best and Final Offer Process

A competitive dialogue involves one or more “dialogue” phases in which the Municipality may formally discuss, in confidence, possible solutions with qualified Bidders. These dialogue phases may occur before or after the submission of some form of Proposal (e.g., after a pre-qualification process to ensure that Vendors who are invited to “dialogue” phases are qualified). The dialogue phase(s) culminate in the Municipality finalizing its requirements, and then calling for Bidders to submit final Proposals that address those finalized requirements.

Recommended Inclusions in Purchasing Policy

Competitive Dialogue/Best and Final Offer Process

Although the municipality will disclose its refined requirements to Bidders so that they can respond to them in their Proposals, the municipality must take steps to ensure that it *respects the confidentiality* of Bids and Bidder information.

- A competitive dialogue Procurement Process can take a variety of forms. For example, the “dialogue” phase(s) could involve any of the following:
- inviting Bidders to initially submit a solution outline for discussion with the Municipality, with one or more subsequent rounds involving the submission of progressively more detailed solutions;
- inviting Bidders to submit a solution, and then, through the dialogue phase, developing refined requirements, specifications and/or evaluation methodology based on a hybrid of the best features;
- conducting a competitive dialogue on the technical/operational aspects of the solution, and then on financial aspects; or
- framing a possible solution, then asking participants to comment on it or propose improvements as the basis of the dialogue.

Recommended Inclusions in Purchasing Policy

Competitive Dialogue/Best and Final Offer Process

A Request for Proposal that involves a “best and final offer” mechanism can be an example of a competitive dialogue process.

The Purchasing Coordinator and Department Head must approve the use of a competitive dialogue in any Procurement Process.

Recommended Inclusions in Purchasing Policy

Allowable Exceptions: Limited Tendering

Notwithstanding any requirement in this Policy to conduct a Competitive Process, non-competitive Procurements Processes for Goods and Services are allowed in the following circumstances, subject to appropriate approvals ...

- if the Goods or Services can be supplied only by a particular Vendor and no reasonable alternative or substitute Goods or Services exist for any of the following reasons:
 - the protection of patents, copyrights, or other exclusive rights;

Recommended Inclusions in Purchasing Policy

Non-Competitive Procurement Approval

The Department Head requesting a non-competitive Procurement Process for Goods or Services with a value under \$30,000 must submit a cost-effective or beneficial justification report to the Treasurer.

The Department Head requesting a non-competitive Procurement Process for Goods or Services with a value >\$30,000 up to \$100,000 must submit a cost-effective or beneficial justification report to the Chief Administrative Officer for approval.

The Department Head requesting a non-competitive Procurement Process for Goods or Services with a value of >\$100,000 or more must submit a cost-effective or beneficial justification report to the Council for approval.

Prior approval under this Section is not required if the non-competitive Procurement Process is due to unforeseen situations of urgency pursuant to Section 17.3 that cannot wait for appropriate approvals.

Next Steps

If your municipality can answer yes (or maybe) **to** some or all of these questions, leave us a business card and we will be in touch:

1. We have service delivery or operational challenges?
2. We have neighbours that similar challenges?
3. We have a Council and senior leadership that are open to trying new things?
4. We are prepared to allocate resources?
5. We understand our risk tolerance?



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- Questions and Comments?
- For further information, contact:

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Thank you!



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