



POLICY REPORT ENVIRONMENT

Report Date: May 26, 2014
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Meeting Date: July 9, 2014

TO: Standing Committee on City Finance and Services
FROM: Deputy City Manager and CEO, Vancouver Economic Commission
SUBJECT: Green and Digital Demonstration Program

RECOMMENDATION

- A. THAT Council approve the Green and Digital Demonstration Program (the “GDDP”) as described in this report with the implementation requirements as stated in the Protocol for the Green and Digital Demonstration Program (attached as Appendix A).
- B. THAT Council authorize the Director of Legal Services, together with the General Manager of, as applicable: Engineering Services, Real Estate and Facilities Management, Financial Services, Human Resources, or Vancouver Fire and Rescue Services, to, from time to time, execute on behalf of the City, contracts providing for the implementation of technology demonstrations or proof-of-concept initiatives using City assets or infrastructure under the GDDP, provided that such contracts shall be in form satisfactory to the Director of Legal Services.

REPORT SUMMARY

Vancouver’s clean-tech and digital sectors are rapidly growing and producing jobs and solutions to urban challenges. To further support economic development by our local innovators, Vancouver-based companies are in need of sites for demonstrating new technologies or proving concepts.

It is proposed that the City of Vancouver allow its infrastructure and assets to be used for demonstrations and proof-of-concept projects, as part of the overall Vancouver Economic Action Strategy which is designed to promote our local innovation economy, revenue growth, and new local green and digital jobs.

This report seeks Council's approval of the Green and Digital Demonstration Program (GDDP). This report also seeks standing authority from Council to enter into non-procurement agreements with companies, under the GDDP, as currently no such authority exists.

Legal and other risks associated with the GDDP shall be further addressed through the specific governance and other requirements stated in Appendix A. These include requirements related to procurement, legal review, time limits, scope, and duration of projects.

Establishing a clear format and process for evaluating and implementing GDDP projects is critical to ensure the City is not in violation of trade agreements, procurement policy, or other policies or legally binding agreements. In developing the attached protocol for the Green and Digital Demonstration Program (Appendix A), the VEC engaged Sustainability, the Digital Office and numerous City departments, including Legal Services, Finance (Supply Chain Management) and asset-managing departments.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

There is no applicable Council authority relevant to this report however there are multiple programs and policies approved by Council that align with the Green and Digital Demonstration Program. These include:

- July 2011, Council adopted the Greenest City Action Plan 2020, which includes the Green Economy Goal of doubling the number of green jobs by 2020;
- April 2013, Council adopted the Digital Strategy, which includes supporting growth in the digital sector and enabling all businesses to benefit from digital infrastructure and digital services; and
- Sept 2011, Council adopted the Vancouver Economic Action Strategy which includes supporting and promoting local innovation and innovators as well as executing on the Green Economy goals.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of this report.

REPORT

Background/Context

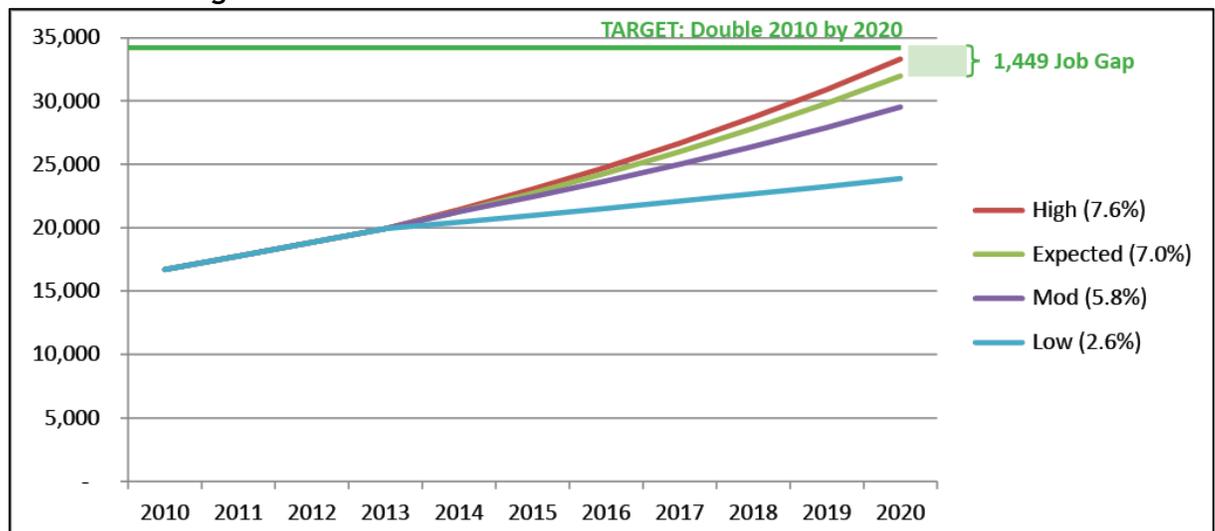
The Green Economy Goal in the Greenest City Action Plan is to "Secure Vancouver's international reputation as a mecca of green enterprise" and includes a target to double the number of green jobs over 2010 levels by 2020.

The goal of Vancouver's Digital Strategy is to enhance multidirectional digital connections between citizens, employees, business, and government. The strategy is comprised of four principals. One of the principals, Digital Economy, seeks to establish Vancouver as a global leader in supporting innovation and growth in the digital economy.

The Vancouver 2011 Economic Action Strategy calls for a high-performing economy that leverages its momentum as a centre for innovation and entrepreneurship. Providing support to innovators and the innovation eco-system is critical to the success of the commercialization and market development of Vancouver's local clean-tech and digital entrepreneurs, as well as other sectors.

The City's and the Vancouver Economic Commission's (VEC) goal is an annual green jobs growth rate of approximately 7.7% between now and 2020 to achieve the GCAP target of 33,400 green jobs. VEC is implementing a suite of programs in support of this goal that address each stage in a company's lifecycle; the Green and Digital Demonstration Program is an important component of this overall plan.

Green Jobs Target



Strategic Analysis

New businesses follow a developmental pathway that includes innovation/incubation, demonstration/commercialization and finally market development. The GDDP intends to support the demonstration/commercialization segment of a business's development, while the other programs organized by the VEC support the other two development segments.

As part of the GDDP, VEC will periodically issue a call for applications from local companies in need of demonstration opportunities in order to prove their technologies.

VEC will use objective, pre-determined criteria to evaluate companies' applications, focusing on the following four factors:

- Scalability - to ensure green job growth and environmental benefit
- Ability to implement - products and companies are near market-ready and compatible with the City asset
- Confirmation of minimal risk to the City
- No direct cost to the City

Applications warranting consideration will be forwarded by VEC to the Deputy City Manager and the GDDP committee to ensure appropriate and consistent oversight. The committee will include representatives of the asset-managing departments (e.g., Engineering and Real Estate and Facilities Management), Sustainability, the Digital Office, Legal Services, Risk Management and Supply Chain Management.

Only applications which are determined to be feasible, legal, and pose no significant risks to the City or the public will be permitted to proceed.

Approved applications will require a legal agreement defining the parameters of the demonstration and will be signed by the Director of Legal Services, the General Manager of the City department who controls the asset and the owner of the GDDP participant business.

All direct or incremental costs shall be borne by the GDDP participant, including any direct costs incurred by the City for implementation.

During each project, VEC and the applicant, with support from the City, will track related metrics and at the end of each project's term VEC will document the outcomes and lessons learned. This information will be summarized annually by VEC and used to assess and adjust the program. Furthermore, VEC will support the development of a communications program with proponents to promote the success of the entrepreneur's demonstrations and the City's efforts to support them.

City infrastructure and assets which could be involved in the program may include: roads, buildings, structures, utilities, information technology systems, equipment and others. Some demonstration may only require City staff to use products without infrastructure requirements. Examples of the range of possible projects which could be part of the GDDP include the use of locally recycled grease processed into bio-fuel for City vehicles, locally created software tracking real-time energy use in City buildings and the use of City-owned light poles for the attachment of parking spot availability indicators.

The benefits of the Green and Digital Demonstration Program include:

Green and Digital Economic Growth

- Accelerate green & digital job growth in Vancouver
- Develop, attract and retain talent and business in the two sectors
- Market development including international trade
- Generate local and global partnerships
- Shorten commercialization period for innovators
- Create competitive advantages for Vancouver technology start ups
- Attract investment

Expedited City Processes enabling Demonstration Projects

- Reduce administrative burden and free up staff time by centralizing these types of requests through VEC
- Protect City interests through a clearly defined process and legal agreements.
- Continue to enhance Vancouver's brand as a green and digital city

Currently the City receives many requests for these types of opportunities and staff must deal with them on an ad hoc basis. This program will reduce workload for staff, better protect the City's interests and provide a clear path for local green and digital businesses.

Implications/Related Issues/Risk (if applicable)

Financial

This program does not require any new funding.

Human Resources/Labour Relations

All demonstrations of technologies and proof-of-concept initiatives will be reviewed to ensure they pose no material risk to staff or the public, or to City assets or infrastructure, and where applicable they must meet all safety standards associated with the relevant type of equipment.

Staff will not be displaced as this program is intended to demonstrate technology or products but not services, therefore no labour relations issues are expected.

Environmental

All products must meet all applicable environmental regulations during and demonstrations of technology and proof-of-concept initiatives.

Legal / Risk

Historically, the City has permitted some similar demonstrations on an ad hoc basis. The GDDP is intended to reduce risk by bringing these requests within a Council-approved governing framework and process, ensuring proper legal arrangements are in place to protect the City and the public.

City of Vancouver Legal Services will be involved in the evaluation of applications, in order to ensure that any approved applications are in accordance with all applicable laws, including the Vancouver Charter, applicable bylaws, applicable City Council resolutions and applicable trade agreements. For more information, see Appendix A, governing the GDDP.

Other / Procurement

This program is intended to demonstrate technologies and to provide a reference for green and digital start-up business ventures. In the event of the City having an interest in procuring technology or other service similar to the demonstrated technology, procurement would occur in accordance with the City's open-procurement procedures, in accordance with the City's Procurement Policy and trade agreements.

If a company in the GDDP wishes to offer its products or services to the City for purchase the company will not receive preferential treatment and must exit the program and engage the City via the normal procurement channels as per City policy.

This distinction will be made clear during the advertising of the GDDP by VEC and is made clear in Appendix A.

CONCLUSION

Providing controlled access to municipal-owned infrastructure and assets will assist local companies to demonstrate their technologies or do proof-of-concept trials as a stepping stone to commercialization, leading to growth in green and digital-tech jobs.

VEC will lead this program and a City of Vancouver oversight committee will ensure this program is clear, simple and consistent. This will reduce workload and risk for the City and provide better opportunities for local green and digital businesses.

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PROTOCOL FOR THE GREEN AND DIGITAL DEMONSTRATION PROGRAM

The following requirements shall govern the Green and Digital Demonstration Program (the “GDDP”)

1) Requirements Concerning the Financial Aspects of the GDDP:

- a. The City of Vancouver (the “City”) shall not pay any money to the GDDP participant companies or in respect of any GDDP project.
- b. The cost of implementation of any demonstration shall be borne by the GDDP participant, including any direct costs incurred by the City for that implementation, which may include labour costs for providing access to infrastructure, providing traffic control or doing installations onto City infrastructure. However, the City will not charge for staff time required to administer the GDDP.
- c. The City may from time to time charge financial or equivalent consideration where it is necessary for the City to do so in order to comply with the Vancouver Charter.

2) Requirements Concerning the Administration of the GDDP by the Vancouver Economic Commission:

- a. The public-facing aspects of the GDDP will be managed by Vancouver Economic Commission (“VEC”).
- b. VEC shall do periodic intakes of applications. The frequency of these intakes will be determined following the initial project implementation and an assessment of timelines which work for both the VEC, the City and the proponents.
- c. VEC will apply agreed upon objective criteria to choose technologies to present to the City. The screening by VEC shall be informed by the specific economic and other objectives described in the council report to which this protocol is appended and shall focus on scalability, risk, feasibility of implementation and the overall impact on City infrastructure.
- d. VEC’s processes, developed in consultation with City staff, will focus on the selection of technologies that are genuinely in need of demonstration or proof-of-concept trials.
- e. VEC’s profiling of the program will make clear the demarcation between what VEC does and what the City does. The City will evaluate applications presented to it by VEC, but won’t be directly involved in administering the GDDP intake process, and VEC will not make any promises or representations on behalf of the City or regarding its ability to ensure eventual City approval of any application.
- f. VEC’s profiling of the the GDDP will clarify City requirements, including the fact that legal agreements (typically in a standard form) will be required, with appropriate provisions related to indemnification and insurance.
- g. VEC will ensure that applicants receive notice within one month of the close of the intake as to whether their applications have been referred to the City or not.

3) Requirements Concerning the Administration of the GDDP by the City:

- a) The Deputy City Manager shall be the senior lead for the GDDP, receiving applications from VEC and convening the GDDP oversight committee. The committee will include representatives from the department that manages the asset, Sustainability, the Digital Office, Legal Services, Risk Management and Supply Chain Management.
- b) The City's Supply Chain Management and Legal Services departments shall be engaged for their review and approval of each application.
- c) Legal Services will review each application under applicable laws (including the Vancouver Charter), regulations and City bylaws.
- d) The City will work to make a decision within one month of referral from VEC.
- e) Each GDDP installation or project will be documented through a standard form legal agreement and will in all cases be in form acceptable to the Director of Legal Services;
- f) The City will endeavour to bring about the commencement of each approved GDDP installation or project within three months from the time of the applicant's initial referral to the City by VEC.

4) Additional Requirements Concerning Procurement:

- a. The GDDP will be directed at providing opportunities for limited scale and duration demonstrations of green and digital technologies, in the interest of allowing local companies to prove their technologies and create jobs.
- b. If a GDDP project involves the supply of something of the same class as, or serving as a replacement for, something the City already uses under an existing supply contract, the GDDP supply shall represent no more than 1.0% (one percent) of the City's total usage so it does not adversely impact the City's existing vendors and legal contracts.
- c. Any eventual procurement would occur only pursuant to the normal process established by the law and City policy, including the detailed procedures set out in the Council-approved Procurement Policy. A sole-source procurement of the demonstrated technology shall only occur when authorized by existing law and City policy (including the aforesaid Procurement Policy).
- d. All of the foregoing shall be made clear in VEC's and the City's public statements concerning the GDDP.

5) Other Considerations:

- a. GDDP installations or projects shall have durations sufficient to adequately determine and document their performance or to provide a showcase with a limit of three years, unless its primary purpose is to test the durability of a technology over a longer period.
- b. VEC may from time to time bring forward applications that relate to assets or infrastructure owned by, or the control of which is vested in the Vancouver Police Board, the Vancouver Public Library Board or the Vancouver Board of Parks and Recreation. In such cases, the Deputy City Manager will involve senior representatives from the designated Agency in the discussions of the GDDP oversight committee. The outcome of the discussion will then be referred to the Agency for final decision.

- c. With respect to “local business” the GDDP will initially focus on Vancouver-based companies but this definition may be expanded subject to demand and benefit to the local and regional economy.
- d. The provisions of this Appendix A may be adjusted by the City Manager, with the concurrence of the Director of Legal Services, when reasonably required in the interest of the City, following the commencement of the GDDP; provided that such adjustments shall not materially alter the GDDP.