

**ADVANCE CONTRACT AWARD NOTICE (ACAN)**

An Advance Contract Award Notice (ACAN) allows departments and agencies to post a notice, for no less than fifteen calendar days, indicating to the supplier community that it intends to award a good, service or construction contract to a pre-identified contractor. If no other supplier submits, during the fifteen calendar day posting period, a statement of capabilities that meet the requirements set out in the ACAN, the competitive requirements of the government's contracting policy have been met. Following notification to suppliers not successful in demonstrating that their statement of capabilities meets the requirements set out in the ACAN, the contract may then be awarded using the Treasury Board's electronic bidding authorities.

If other potential suppliers submit statements of capabilities during the fifteen-calendar day posting period, and meet the requirements set out in the ACAN, the department or agency must proceed to a full tendering process on either the government's electronic tendering service or through traditional means, in order to award the contract.

**Contracting Officer Name:**

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**DESCRIPTIVE TITLE:**

**Strengthening Alberta's Co-packing Capacity**

**BACKGROUND**

Prairies Economic Development Canada (PrairiesCan) has a mandate to promote and support economic diversification in the prairies, and to advance interests of Canadians in the Prairies nationally. The agri-food and agriculture sectors plays an important role in supporting a well-diversified economy in Western Canada. In Alberta alone, the agriculture sector contributes \$6.6B to the provincial gross domestic product.

Changing consumer shopping behavior is shifting the role of the co-packer from a practical, temporary facility to a more strategic innovation partner, ensuring shorter delivery times and producing smaller production batches. More investments in automation are required to allow for more flexibility and investment in innovation and research and development, including pilot lines and labs which offer co-innovation programs where clients can work alongside their co-packer. Particularly in Canada, co-packers face these additional challenges:

- Currency fluctuations relative to the U.S. dollar.
- Canada's small population size.
- Canada's geography, particularly in Alberta, makes transportation/distribution challenging.
- High volumes needed to sustain business profitability. For example, some co-packers require a minimum of 10,000+ units for production to stay sustainable.

Alberta's co-packing sector has remained relatively stable in recent years and has not dramatically increased in size. The majority of co-packers build their business by adding to an existing manufacturing line, versus setting up a co-packing business from scratch. Co-packing often fits into their existing manufacturing system. Ensuring start-up businesses have access to co-packing space will makes it easier for these companies to scale up more quickly.. Existing co-packers in Alberta are successful because they

have clients from outside Alberta, across Canada and the United States. Smaller co-packers in Alberta do not actively market their business services and rely on word of mouth referrals.

The Alberta co-packing industry faces various barriers to entry and ongoing challenges, including:

- Reliable employees who understand processing, food science and food safety are often in short supply.
- Higher labour reliance as many co-packing manufacturers are less automated than other manufacturing sectors.
- Ability to handle a variety of packages and new technologies.
- Cost of equipment, the facility and safety certifications are the biggest barrier and if a piece of equipment fails, the entire business could be in jeopardy.
- Cost to mentor seekers who require more education and preparation for working with co-packers. Co-packers must factor this unknown time into their costs to maintain profitability.
- Batch failures are a reality and can significantly affect smaller manufacturers.
- Balancing their own manufacturing and growing their co-pack business.
- Adopting industry best practices.
- To be sustainable and successful co-packers require multiple clients.
- Access to capital and investment at the right time to seize a market opportunity is critical.
- In Alberta, there is no master co-packer directory to enable co-packers and seekers to connect.
- Limited research on the economic impact of this sector in Alberta

**Objective:** The agriculture sector as well as in the co-packing sector including its barriers and relevance. This contract is focused on Alberta. Activities undertaken by the Contractor may include but are not limited to: an environmental scan, impact assessment, network mapping and gap analysis.

### **REQUIREMENTS/RESULTS:**

At minimum, this research should:

- Develop a mapping of co-packing businesses across Alberta that support agriculture businesses, including their type of co-packing, services offered, business size (by employment), and location.
- Conduct an analysis of the co-packing needs by regions in Alberta (northern, central and southern Alberta) and the gaps between co-packing services available and businesses needs.
- Determine the value and economic impact of the co-packing sector in Alberta, including jobs supported and created through this sector.
- Identify and analyze labour shortages in the co-packing sector and the underlying causes of the labour shortages.
- Identify the synergies created between the co-packing businesses in British Columbia, Alberta, Manitoba and Saskatchewan. An analysis of the gaps and opportunities created by these synergies.
- Conduct an environmental scan of programs/initiatives to support co-packers in Alberta. A gap analysis on the supports available as well as identification of opportunities.
- Based on the previous findings and analysis, provide recommendations on targeted actions/interventions and priority actions that PrairiesCan can undertake to strength and/or expand Alberta's co-packing capacity.
- Identify key stakeholders in the co-packing sector for PrairiesCan future engagement, as well as potential partners.

The research will involve primary and secondary research that will include engagement with key stakeholders.

### **IDENTIFICATION OF CONTRACTOR**

Name of Contractor: **Alberta Food Processors Association**

Address: 5123 Marian Road NE

City: Calgary, AB

Country: Canada

### **REASON FOR AWARDING CONTRACT TO THIS CONTRACTOR**

The Alberta Food Processors Association provides an extensive experience in the field, a strong understanding of co-packing/food processor communities within Alberta as well as a strong network of relevant actors throughout the region. Their unique position provides a linkage of relevant actors throughout the regions that can be leveraged towards future goals of reducing barriers for the co-packing industry. Their expertise and experience working on similar projects makes them uniquely positioned to move forward with this work efficiently..

### **ESTIMATED COST**

The period of the contract will be from January 2022 to March 31, 2023 and the total amount of the contract is estimated to be \$115,000.00 including taxes.

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**APPLICABLE TRADE AGREEMENTS AND APPLICABLE LIMITED TENDERING REASONS:**

***Sample wording should NAFTA & AIT be applicable***

*The North American Free Trade Agreement (NAFTA) and the Agreement on Internal Trade (AIT) (T.B. 10.2.8(b)) are applicable. With the absence of competition for technical reasons and that the services can only be supplied by Company X and no reasonable alternative or substitute exists is the basis for the limited tendering.*

**CLOSING DATE AND TIME FOR WRITTEN SUPPLIER RESPONSES  
CHALLENGING THIS REQUIREMENT IS 2:00 P.M, EASTERN TIME, 2022-01-19**

You are hereby notified that the government intends to solicit a bid and negotiate with the firm identified above.

If you wish to submit a written response showing that you are capable of meeting this requirement, it must be done not later than the closing date and time. As it is intended to proceed in a timely manner, responses received after the closing date will not be considered. The Crown reserves the right not to open this procurement to competition.

Responses received on or before the closing date will be considered solely for the purpose of deciding whether or not to conduct a competitive procurement. Information provided will be used by the Crown for technical evaluation purposes only and is not to be construed as a competitive solicitation. Your written response must provide sufficient evidence (e.g. specifications, technical data, drawings, or any other proof) that clearly demonstrates that your product or service is capable of fulfilling this requirement.

Suppliers that have submitted a response will be notified in writing of Industry Canada's decision to continue with the non-competitive procurement or to compete the requirement.

Should you have any questions concerning this requirement, contact the contracting officer identified above. The Industry file number, the contracting officer's name and the closing date of the ACAN must appear on the outside of the envelope in block letters or, in the case of a facsimile transmission, on the covering page.