



## CITY OF VANCOUVER

# A6

### ADMINISTRATIVE REPORT

Report Date: August 24, 2005  
Author: Thomas  
Osdoba/Terry  
Corrigan  
Phone No.: 604.871.6677  
RTS No.: 5026  
CC File No.: 6001  
Meeting Date: October 4, 2005

TO: Vancouver City Council

FROM: Sustainability Group in consultation with General Manager of Corporate Services

SUBJECT: Sustainable Purchasing Policy Development

#### **RECOMMENDATION**

- A. *That Council disband the Ethical Purchasing Policy Task Force with thanks for their work, which is now completed.*
- B. *That Council approve the recommended membership and role of the Sustainable Purchasing Advisory Task Force as outlined in this report and appoint a City councillor as co-chair to the Task Force.*
- C. *That Council invite the Vancouver Park Board, Vancouver Public Library Board, and the Vancouver Police Board to each nominate a member of their governing body as a representative on the advisory task force*

#### **CITY MANAGER'S COMMENTS**

The establishment of a sustainable purchasing framework will be an important step toward bringing the City's policy in line with the sustainability principles that Council adopted in 2002. It will also be a significant challenge for the City of Vancouver. To ensure success, the procurement strategy should remain broad enough to allow its application to all products and services that the City purchases. Additionally, the strategy must have the capacity to accommodate prioritization of evaluation criteria on a case-by-case basis, thus accommodating changing technologies, market innovations, organizational requirements, and avoiding unintended consequences.

It is essential that the policy development include extensive consultation with internal and external stakeholders; an advisory task force will provide substantial support in this regard. The City will be best served by an advisory task force that focuses on providing staff with feedback on policy development and sectoral insight into the potential impacts of the policy and the opportunities for implementation. Therefore, it is important that membership on the advisory task force includes a broad representation from business, social responsibility experts, and environmental specialists as well as internal representatives who understand both the purchasing process and the potential impacts of a sustainable purchasing policy. Broad representation will result in a large advisory task force that will require the services of a facilitator.

The amount of staff time required to advance the policy development will be significant and will require involvement of staff resources from various operating units throughout the City and its boards. The contract specialist position previously approved by Council to implement the EPP and assist in the development of the Sustainable Purchasing Policy will be able to lessen the workload on other staff, however the priority for this position will continue to be the implementation of the EPP. Additionally, existing staff in the Sustainability Group will be assigned to this policy development process.

To avoid duplication of efforts, the sustainable purchasing policy development work should be coordinated with the work of the Food Policy Group toward creating an institutional food purchasing policy.

The City Manager recommends approval of the recommended membership and role of the advisory task force as described in this report.

### **COUNCIL POLICY**

Council policies indirectly related to the issue of sustainable and ethical procurement include:

- Council adoption of the definition of a sustainable Vancouver and sustainability principles April 2002
- Corporate Climate Change Action Plan December 2003
- Council adoption of the Energy Efficient Purchasing Policy on November 2004
- Contracts Goods and Services Policy - Environmentally Sound Purchasing July 1993
- Ethical Purchasing Policy February 2005
- Council adoption of the definition of Social Sustainability May 2005

### **SUMMARY**

With the approval of the Ethical Purchasing Policy in February 2005, Council has directed staff to move forward with development of a comprehensive Sustainable and Ethical Procurement Policy (SEPP). Council also requested that staff report back on the role and membership of an advisory task force to assist with the development of the SEPP.

This report outlines the staff work plan and recommends the membership for and role of an advisory task force to provide feedback on the City's proposed policy. The proposed advisory task force would be able to represent the environmental, social and economic dimensions of sustainability within the context of organizational purchasing. Additionally, internal City representatives would participate directly on the task force in order to facilitate information sharing and learning on the task force. Due to potential synergies and the regional implications of developing this policy, representatives from regional institutions will be invited to participate in the policy development process. Prioritizing projects for implementation, understanding market readiness, developing a monitoring and compliance system, and annual reviews of the policy and its implementation will be integral components of policy development and implementation.

### **PURPOSE**

This report outlines the staff work plan for the development of a comprehensive Sustainable and Ethical Purchasing Policy including the role and membership composition of an advisory task force to provide feedback in the development of that policy.

### **BACKGROUND**

On April 8, 2004, Council declared "its intention to implement a Sustainable and Ethical Procurement Policy for the City of Vancouver before the end of the 2004 calendar year", and resolved that "appropriate City staff be directed to report to Council within two months of the passage of this resolution on questions related to implementation of such a policy for City purchases of apparel, coffee and related items".

On June 22, 2004 Council received a report summarizing the implications of developing a Sustainable and Ethical Purchasing Policy. Council approved a number of recommendations stemming from that report including direction to proceed with the development of an Ethical Purchasing Policy as phase I with the development of a more comprehensive Sustainable and Ethical Purchasing Policy as phase II.

On December 16, 2004 the Council approved the Ethical Purchasing Policy in principle pending a report back on the impacts to City budgets and staffing requirements.

On February 17, 2005 Council approved the Ethical Purchasing Policy and a work plan outlining the steps required to develop a Sustainable and Ethical Purchasing Policy with the direction to report back to Council on the establishment of an advisory task force, recommending its membership composition and roles.

### **DISCUSSION**

#### ***Ethical Purchasing Policy Task Force:***

In 2004, the City of Vancouver engaged a task force to develop the Ethical Purchasing Policy. Several members of the community, including representatives from several non-governmental organizations, labour organizations, and businesses gave generously of their time and expertise to develop the City of Vancouver's Ethical Purchasing Policy (Appendix). The task force was instrumental in creating the policy and it is with thanks that the City recognizes the efforts of these individuals. Now that policy has been adopted and is being implemented, this task force can now be retired.

### ***Sustainable and Ethical Purchasing Policy Development:***

With an annual buying of \$150 million, the City of Vancouver's purchasing program is broad, ranging from paper clips to fire engines. With this range of goods and services being procured annually, the development and implementation of a sustainable procurement strategy will require extensive research, substantial organizational learning, meaningful consultation with stakeholders, deliberate implementation strategy, and annual review.

Because we know other municipalities are interested in building sustainable communities, the City will have opportunities to collaborate with others to build buying power and further influence market transformation. Preliminary investigation suggests that Vancouver has the opportunity to be one of the first cities in Canada to develop and implement a comprehensive Sustainable and Ethical Procurement Policy.

Given the magnitude of the potential impacts of such a policy, a great deal of effort must be made to ensure that the City demonstrates leadership while at the same time, continues to operate effectively, and serve the interests of its citizens and businesses.

### ***Membership of the Sustainable Purchasing Advisory Task Force***

Staff recommend that the advisory task force on sustainable purchasing be co-chaired by a City Councillor and a senior staff member, and will include representatives from business, environmental and social responsibility sectors, and the City's own corporate structure; each providing feedback and expertise as it relates to the policy development and implementation strategy.

It is recommended that the co-chairs work together to ensure that adequate representation from each of the sectors identified is achieved.

The external stakeholders who participate on the advisory task force will need to offer environmental, social and economic expertise and perspectives. These members should represent non-governmental organizations, industry associations, and businesses. Including representatives from a broad range of organisations that are involved in the economic, environmental, and social responsibility fields will ensure that the policy development is enhanced by the experience, insight, and expertise of these organizations. Including some businesses that have developed sustainable purchasing policies will also improve the process through their experience.

Internal stakeholders will provide insight into specific issues within the context of the City's business and operational requirements. A number of major buying groups carry out the City's purchasing activities, thus representatives from these buying groups should participate along with Corporate Services Purchasing. Additionally, to ensure policy uptake across the organisation, staff recommend that Council invite the various boards to nominate representatives to participate on the advisory task force.

Other municipalities, the GVRD, VANOC, and other regional agencies have significant interest in sustainable purchasing, and the work that Vancouver is undertaking will provide an excellent opportunity to share with other interested parties. To ensure that the regional implications of the policy are accounted for including these agencies in the consultation

process will be critical. Additionally, consultation with these groups will help prevent the duplication of efforts, and afford good opportunity for sharing and synergy as regional interests also move toward more sustainable business practices.

### **Role of the Sustainable Purchasing Advisory Task Force**

The role of the advisory task force will be to provide feedback on the policy principles and a framework for prioritizing implementation of the sustainable purchasing policy. This approach is recommended to accommodate the breadth of City purchasing activities, the need for substantial product and sector research related to specific purchasing choices, and requirement for organizational learning as part of this process.

Participation on this advisory task force will be a substantial commitment due to the scope of sustainability considerations. Task force members will be responsible for reviewing the materials provided by staff in advance and make analysis of the potential impacts the policy could have on their respective sectors and of what opportunities exist for implementation. Staff anticipate that the group would need at least five extensive meetings in order to receive and consider information, and provide feedback on principles and a framework for prioritizing implementation.

The following summarizes the roles and responsibilities of the advisory task force, staff and City Council that will participate in the policy's development.

#### Co-chairs of Task Force:

- Approving membership on task force.
- Approving agendas and material for circulation to the task force members.
- Conduct of task force meetings.

#### Staff:

- Research
- Develop policy principles
- Develop policy
- Identify prioritization criteria
- Develop implementation plan
- Identify priority projects
- Finalize policy and implementation plan
- Recommend policy to Council

#### Facilitator

- Conduct meetings
- Record discussion

#### Advisory Task Force:

- Provide feedback on policy and implementation plan development as presented by staff
- Advise staff on specific sectoral issues related to the policy and project prioritization

Corporate Management Team:

- Review policy and implementation plan and provide feedback

Council:

- Approve policy and implementation plan as recommended by staff

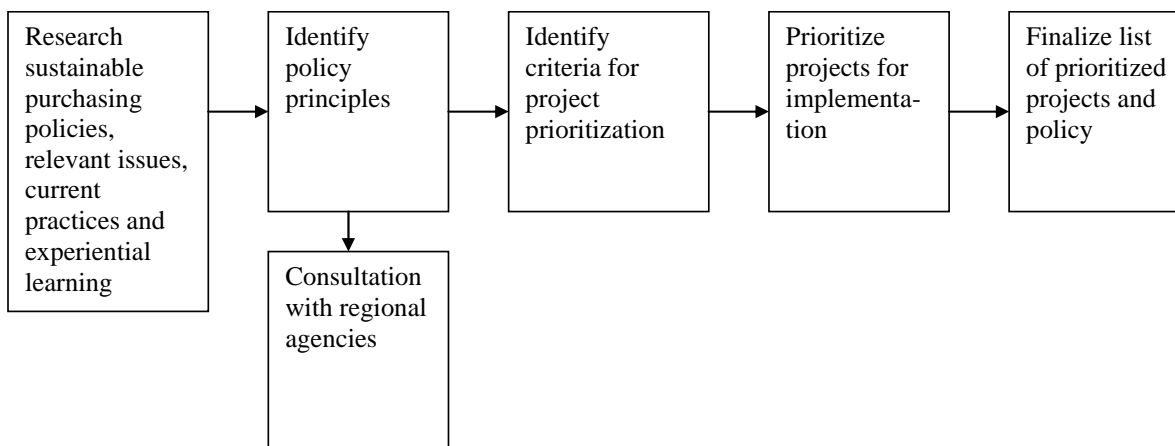
Upon Council approval of the policy, the advisory task force will have completed its mandate.

**Work Plan:**

Staff propose the following approach to the development and recommendation of a corporate Sustainable and Ethical Purchasing Policy

- A. Researching existing sustainable purchasing policies both within Canada and around the world will provide an understanding of the relevant issues as they relate to development, implementation, and monitoring. An analysis of the successes and pitfalls of the existing policies will also provide valuable information about how to proceed. Understanding how the City of Vancouver's current, albeit informal, consideration of sustainability objectives in procurement decisions has affected service, performance, and economics could provide important information about the form of the policy and shed light on appropriate implementation strategies.
- B. Engaging external stakeholders in order to gain an understanding of all relevant issues, and to gain insights into how to balance the numerous economic, environmental and social considerations. Stakeholder consultations will also be critical in the development of a policy that has credibility within the business community. Working with the advisory group in developing the framework will be integral to this phase of the policy development process.

Considerable research and staff work will be needed in advance of each meeting to ensure that the advisory task force has adequate information and will be able to engage in productive discussions. The following chart outlines the anticipated sequence of policy development with the advisory task force.



- C. Determining market readiness for the implications of a sustainable purchasing policy will be an important step in understanding the degree to which such a policy will be effective in reaching our sustainability goals. Forecasting the budget implications of implementing a sustainable purchasing policy will help us mitigate any adverse financial impacts. Demonstrating leadership without incurring damaging financial and operational losses will be key to the success of the policy.
- D. Building sustainability considerations into the City's competitive bidding process to ensure that the competitive bidding process can withstand legal scrutiny and challenge will be important. Evaluation criteria will include an assessment of the sustainability factors that are subject to the nature of the goods being acquired and their relation to the sustainability principles adopted in the policy.
- E. Developing a monitoring and compliance system will be an important component of the framework that emerges from our work. Staff will place a high priority on being able to accurately assess the impacts, not only on direct City operations and expenditures, but also on the broader impacts associated with making purchasing decisions that advance sustainability.
- G. Building internal capacity will be critical to the implementation of the policy. Orientation and training sessions will be coordinated to ensure awareness of the policy requirements, principles, and procedures. Policy requirements will be identified and communicated to appropriate Department Heads.
- F. Reviewing the policy and the implementation process annually will ensure that barriers to the policy's success are addressed as needed.

Research into some of the relevant issues has already begun by incorporating the principles of sustainability into our current purchasing activities. Recent choices in our equipment services branch have led to the addition of several SMART cars to the fleet. These two-cylinder, diesel-powered vehicles offer substantial capital and operating cost savings while also reducing greenhouse gas emissions.

We have already begun to advance our understanding of the many sustainability considerations related to office furniture and clothing by asking a number of questions in a limited number of requests for proposals. This work is ongoing in anticipation of the creation of a procurement strategy that officially incorporates sustainability considerations. Through this process we can gather information from suppliers and get a better understanding of market readiness and other considerations that must be addressed in successful policy development.

### **FINANCIAL IMPLICATIONS**

Internal staff in the Sustainability Office, Corporate Services Purchasing and various other operating units will support the development of a sustainable purchasing policy. While the internal staff time required for policy development will be substantial, incremental costs related to staffing resources are not anticipated at this time. The utilization of internal resources for the development of the sustainable purchasing policy will mean that priority of other tasks normally completed by internal staff will have to be adjusted. Council, as part of its resolution to approve the Ethical Purchasing Policy, approved the creation of one full time

permanent position in the corporate purchasing department. This resource will continue to implement the Ethical Purchasing Policy as well as support the SEEP policy development process.

With an advisory task force of the size recommended, the services of an external facilitator will be required. Funding of a facilitator and other support services for the advisory committee can be provided from the one time additional funding previously approved by Council.

Should the workload turn out to be more extensive than anticipated, we will report back to Council on additional resource requirements.

### **PERSONNEL IMPLICATIONS**

The amount of staff time required to develop the policy and to engage the advisory task force will be significant. Depending on the priority Council places on this work, the work load could displace or require re-prioritization of work previously assigned to the staff involved.

### **CONCLUSION**

Developing a procurement strategy that incorporates the principles of sustainability will be a significant effort toward creating a sustainable Vancouver. This kind of policy development should include extensive consultation with internal and external stakeholders. An advisory task force should include representatives from the business, environmental, social responsibility sectors of the community as well as internal stakeholders. Additionally, representatives from regional institutions will facilitate opportunities for sharing this framework with others. The advisory task force will provide important feedback and expertise as it relates to the policy and implementation framework. The two co-chairs, a senior staff member and a City Councillor, should agree to its membership. Determining market readiness, establishing evaluation criteria, developing a monitoring and compliance framework, and regular review of the policy and its implementation will be integral to the success of this policy development process.

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**Appendix**

**City of Vancouver Ethical Purchasing Policy Task Force Membership**

<b>Co-Chair: Councillor Tim Louis</b>		<b>Co-chair</b>
<b>Co-Chair: Councillor Raymond Louie</b>		<b>Co-chair</b>
<b>Organization Name</b>	<b>Contact</b>	<b>Title</b>
<b>Primary</b>		
Mountain Equipment Co-op	Denise Taschereau	Social/Environmental Responsibility Mgr
VanCity Credit Union	Bari Kellington	Manager, Purchasing Services
LogoTex	Anne Carroll	President
Vancouver Public Library	Dermot Foley	Director
Vancouver Parks Board	Lyndsay Poaps	Commissioner
Vancouver Food Policy Committee	Stephen Hall	Member
Canadian Labour Congress - Vancouver	David Rice	Director
Vancouver & District Labour Council	William Saunders	President
BC Ethical Purchasing Group	David Rice	Chair
Maquila Solidarity Network	Penny Parry	Network Liaison
No Sweat SFU	James Wood	Coordinator
Oxfam Canada - Vancouver Chapter	Miriam Palacios	BC Programme Co-Ordinator
Vancouver Fair Trade Coffee Network	Michael Zelmer	Co-chair
Cdn Business for Social Responsibility	Wendy Mitchell	Business & Office Manager
UNITE	Vas Gunaratna	Manager
<b>Alternates</b>		
Mountain Equipment Co-op	Carol Petroski	Planning /Inventory Mgr
LogoTex	Stan Shackell	Director
Vancouver Public Library	Larry Kuehn	Director
Vancouver Food Policy Committee	Barbara Seed	Member
Canadian Labour Congress - Vancouver	Ron Stipp	Representative
Maquila Solidarity Network	Martha de la Vega	
No Sweat SFU	Shanthi Besso	Co-Chair
Oxfam Canada - Vancouver Chapter	Denise Duifhuis	Volunteer/member
Vancouver Fair Trade Coffee Network	Roxanne Cave	Co-chair
Cdn Business for Social Responsibility	Lisa Prinic	Small business program Mgr
UNITE	Anita Yan	Staff
VanCity Credit Union	Priscilla Boucher	Community Leadership Strategy