

DATE OF MEETING | November 13, 2019 |

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SUBJECT PROCUREMENT POLICY REVIEW

OVERVIEW

Purpose of Report

To provide Council with information with respect to the review of the City of Nanaimo Procurement Policy with proposed enhancements to the social, environmental, and ethical aspects. |

Recommendation

That Council provide direction on what option they would like to undertake regarding the review of the Procurement Policy.

1. That Council direct Staff to undertake the planned review of the Procurement Policy with an increased focus on social, environmental and ethical elements for City purchases that specifically align with the desired outcomes of the Strategic Plan; or,
2. That Council direct Staff to undertake the planned review of the Procurement Policy only; or,
3. That Council direct Staff to take no action at this time other than to maintain the current inclusion of applicable elements of sustainable procurement in accordance with Article 8 - Sustainable Procurement of the current Procurement Policy.

BACKGROUND

In 2017, the City of Nanaimo undertook a purchasing transformation project in response to the recommendations from the core services review. One outcome of the purchasing transformation project was a new procurement policy to serve as the anchor for all procurement practices across the City.

In 2019, the City joined the Coastal Communities Social Procurement Initiative (CCSPI). The CCSPI is a two-year initiative to assist local governments in the Association of Vancouver Island and Coastal Communities (AVICC) region to implement social procurement assessments, policies, strategies and measurements. It is a collaborative group of local government officials and a consulting firm, Scale Collaborative.

Member organizations have access to:

- Training for procurement staff and education for elected officials;
- Education and training for suppliers and contractors; and,
- Templates, sample RFPs, and best practices.

The City is leveraging this initiative to further the corporate understanding of social procurement and its application. The CCSPI has gathered a comprehensive list of areas that could be addressed; however, the recommendation and expectation is that the individual participants will narrow down the elements that address their own strategic plans. Inspiration could come from the United Nation's Sustainable Development Goals that outline seventeen global objectives 'to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030'.

DISCUSSION

The City's Procurement Policy (03-1200-01) was adopted in January, 2017 with a predetermined three year review.

There has been no review of the policy since it was adopted and best practice would dictate a review be conducted to assess its effectiveness and appropriateness. The City would engage an independent third party consultant that firstly understands the policy as written and would also have the necessary knowledge and credentials of implementing a policy change targeting social, environmental and/or ethical elements.

Currently, the policy includes an abbreviated section on Sustainable Procurement that reads:

8. Sustainable Procurement

8.1 The City will procure goods with due regard to the City's commitment to encourage use of environmentally friendly products.

8.2 City departments will use, where feasible, products that perform and have the least damaging/most beneficial environmental impact, including new environmentally preferable products, reusable products, recycled content and recycled products.

8.3 At its discretion, the City will include a Community Benefit Clause in its Requests for Proposals and insist that such a clause form part of resultant obligations within final contract language.

Additionally, the City does not have a Supplier Code of Conduct that assist in promoting policy awareness for Suppliers.

Understanding that if the policy is to undergo a review now would be the ideal time to include a fulsome review that would include:

1. Augment the policy to address a more robust approach to include social, environmental and ethical purchases that would specifically align with those components;
2. Ensure the selected components align with those of the City's Strategic Plan;
3. Interview Council, Staff, and Suppliers with the objective of understanding potential impacts of a policy change;

4. Determine through the Supplier interviews if a development of a Supplier Code of Conduct that would address the social, environmental and ethical aspects would be readily adopted with minimal impact; and,
5. Identify the necessary performance measures where the City can benchmark current state and provide for meaningful future monitoring.

Alternatively, there is the ability to simply review the policy only for the predetermined three year review. This review would assess its effectiveness and appropriateness and would include interviews with Council and Staff.

With the options listed, any changes made to the policy will need to take into consideration the legislation and trade agreements that govern purchasing in a municipal environment. |

OPTIONS

1. That Council direct Staff to undertake the planned review of the Procurement Policy with an increased focus on social, environmental and ethical elements for City purchases that specifically align with the desired outcomes of the Strategic Plan).
 - The advantages of this option:
 - Provides a holistic review of the Procurement Policy.
 - Incorporates the CCSPI recommendation to align the policy with the specific goals of the City of Nanaimo Strategic Plan.
 - Incorporates increased supplier awareness through the implementation of a Supplier Code of Conduct.
 - Procurement Policy would be updated in accordance with the review cycle
 - The disadvantages of this option:
 - The time involved to complete (three months) may be longer than expected.
 - Will require staff time to implement and dependent on how.
 - Financial Implications:
 - \$45,000 is the expected cost of hiring an outside Consultant. Funding will come from existing budgets within the 2020 – 2024 Financial Plan.
2. That Council direct Staff to undertake the planned review of the Procurement Policy only;
 - The advantages of this option:
 - Provides the necessary policy review.
 - Addresses, for Staff and Council, any agreed upon advancements of the current policy.
 - The disadvantages of this option:
 - Missed opportunity to incorporate the social, environmental and ethical aspects.
 - The Procurement Policy may not be aligned with the City's Strategic Plan in terms of desired social, environmental and ethical outcomes.
 - Financial Implications:
 - \$10,000 is the expected cost of hiring an outside Consultant. Funding will come from existing budgets within the 2020 – 2024 Financial Plan.

3. That Council direct Staff to take no action at this time other than to maintain the current inclusion of applicable elements of sustainable procurement in accordance with Article 8 - Sustainable Procurement of the current Procurement Policy.
- The advantages of this option:
 - No change to processes and no impact to Staff.
 - No budgetary impacts.
 - The disadvantages of this option:
 - Missed opportunity to review the policy.
 - Procurement Policy would not be updated in accordance with the review cycle.
 - The Procurement Policy may not be aligned with the City's Strategic Plan in terms of desired social, environmental and ethical outcomes.

SUMMARY POINTS

- The current Procurement Policy is due for a review to assess its effectiveness and appropriateness.
- The opportunity exists to review the policy and include elements of social, environmental and ethical purchasing that aligns with the Strategic Plan which would require the City could hire a consultant to undertake the work.
- Any changes made to the policy will need to take into consideration the legislation and trade agreements that govern purchasing in a municipal environment.

ATTACHMENTS:

Attachment A: 3-1200-01 Procurement Policy

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Concurrence by:

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