



Sustainable Procurement Current State Summary Report

PREPARED BY REEVE CONSULTING
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1.0 Purpose

The City of Nanaimo is focussed on implementing the 2019-2022 Strategic Plan. Developing a sustainable procurement (SP) program will help to leverage procurement practices as an engine for the environmental, socio-economic, and governance objectives, like Environmental Responsibility and Economic Health, described in the Strategic Plan.

This report contains a summary of the City’s current procurement practices that have advanced sustainability thus far. A benchmark framework is used to present current program maturity, along with gaps and areas for opportunity. This is followed by discussion of both challenges and benefits of sustainable procurement the City may expect.

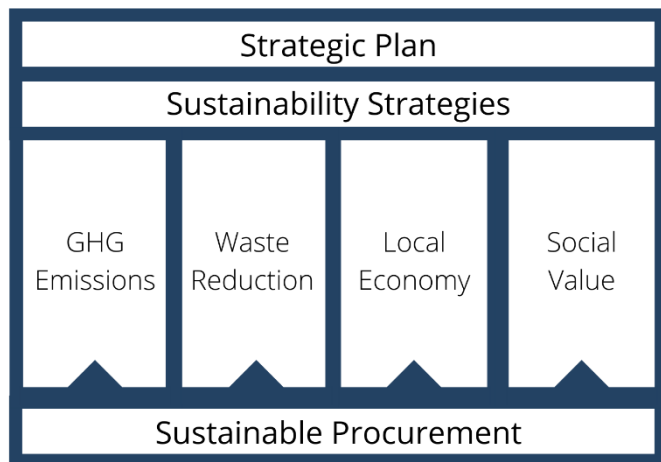
The information presented in this report has been collected and synthesized by Reeve Consulting, from:

- Eleven current state interviews with representatives from IT Technical & Client Services, Engineering & Public Works, Development Services, Parks, Facilities, Fire Rescue, and the CAO,
- A program benchmarking exercise completed with the Purchasing Department, and
- The review of various City sustainability strategies and procurement documents.

This current state assessment will be used to inform a Sustainable Procurement Action Plan that will lay out a roadmap of activities to evolve the program to a higher level of impact that finds costs savings, reduces environmental impacts and risks, creates local jobs and economic development, and ensures fair health, safety, and labour practices.

Effectively implemented sustainable procurement acts as a foundation feeding upward to achieve sustainable and other organizational strategic priorities and supports broader procurement evolution.

Sustainable procurement is a catalyze for the efficiency and strategic value that procurement provides the City operationally. It can also be a source of information for sharing success stories and to gain recognition both internally and in a public-facing way.



2.0 Where are we Starting From?

The City of Nanaimo has already made great strides to advance sustainability captured in their Community Sustainability Action Plan, Climate Response and Resilience Plan, Green Fleet Strategy, and a Declaration of Climate Emergency – to name a few. Council has been responsive to both community desires and staff’s values, making a concerted effort to drive these sustainability initiatives.

Now, there is great interest and opportunity to formalize a sustainable procurement program that will leverage the City’s procurement function to align with and help achieve the objectives in the 2019-2022 Strategic Plan. Sustainable procurement can be a catalyst for the four Strategic Themes – Environmental Responsibility, Governance Excellence, Economic Health, and Livability – through reducing risks and finding opportunities for environmental, social, and economic value in Nanaimo’s supply chains.

2.1 Procurement’s Starting Point

The City is not starting from scratch on sustainable procurement, though no formal program is in place. Current efforts have largely been ad-hoc employee-led activities driven either by personal interest or broader corporate sustainability strategies.

- As a public institution, the City of Nanaimo is accountable for the responsible procurement principles of ‘open, fair, and transparent’ to achieve best value from a combination of price and quality; any sustainable procurement initiatives will ensure compliance with these principles.
- The City operates on a lean model with a small centralized Purchasing Department.
- Client departments are encouraged by Council to think about sustainability in their purchasing, though there is currently no policy on sustainable procurement or any guidelines to help with developing specifications or evaluating bid submissions.

Nanaimo is also one of the primary partners for the Coastal Communities Social Procurement Initiative ([CCSPI](#)) with access to training and resources; as well as the Canadian Collaboration for Sustainable Procurement ([CCSP](#)) a peer exchange group to share knowledge and resources among public institutions across Canada.

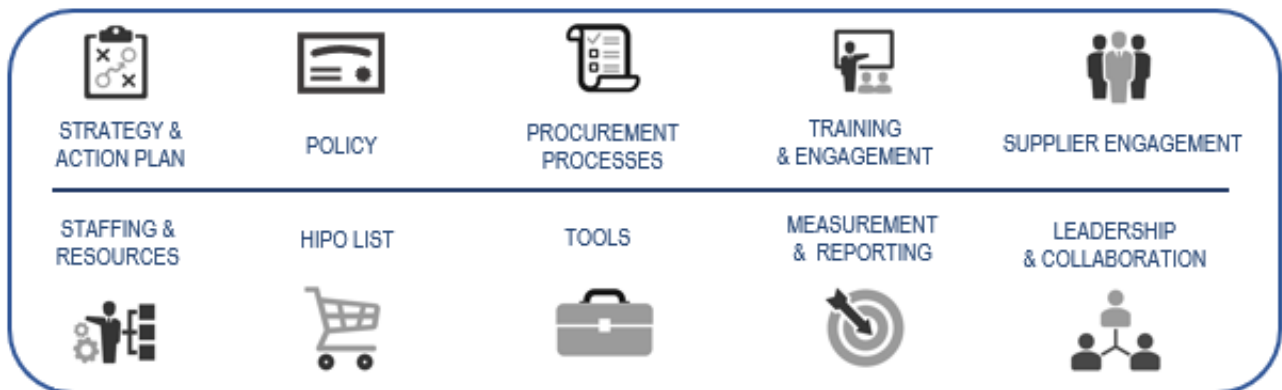
Notwithstanding a formal sustainable procurement program, based on a commitment to sustainability and economic development, the City has already demonstrated examples of sustainable procurement. Some of the examples shared during the interviews, included:

Department	Procurement	Sustainability Outcomes
Facilities	Real Ice (ice resurfacing system) at Nanaimo Ice Centre, Frank Crane and Cliff McNabb arenas	Energy efficiency; GHG reductions
Facilities	High-efficiency boilers at Beban Pool	Energy efficiency; GHG reductions
Public Works	Transition fleet (trucks, cars, small equipment) to alternative fuel vehicles	GHG reductions
Development Services	Contracting John Howard Society for the Urban Clean-up Program (needles, litter, etc.)	Employment for homeless
Development Services	Requested that the vendor for the OCP review included opportunities for local university students	Skills development for local students
IT Technical & Client Services	Selected a vendor for printers that offered a value-add of toner recycling services	Responsible disposal and toxics reduction
Parks	Purchased biodegradable tree protectors	Reduced plastic use
Fire & Rescue	Purchased a battery powered fire apparatus	GHG reductions

This list is illustrative of some of the sustainable purchases that have been made at the City, though is by no means exhaustive. A few of these examples will be further developed into one-page success stories.






2.2 Current Program Maturity











Reeve Consulting utilizes a Benchmarking Framework developed from 10 years of experience working with nearly a 100 organizations and designed to align with the International Standards Organization’s [ISO 20400 Guideline for Sustainable Procurement](#). The framework captures ten best practices to have in place for an effective sustainable procurement program.



The following provides a summary of Nanaimo’s progress in each of these 10 program elements, including the Reeve Moonchart Ratings to demonstrate relative maturity level (see Legend below).

○ = not yet started or just beginning ◐ = some progress made ◑ = in progress ◒ = fairly well developed ◓ = well developed with solid experience

Program Element	Purpose	CoN Program Notes	Moon Rating
Strategy & Action Plan 	Outlines the long-term vision for your sustainable purchasing (SP) program and provides a clear course of action for implementing and managing it.	<ul style="list-style-type: none"> CoN does not currently have a SP Strategy, though one will be developed through the completion of this project 	○
Policy 	Provides clarity on the importance of SP to your organization and set the priorities for your SP efforts. They may be stand-alone or embedded into existing procurement policies.	<ul style="list-style-type: none"> Current Procurement Policy contains a brief statement on sustainability though no clear objectives or mandate is provided 	◐
Procurement Processes & Procedures 	Outlines how SP requirements will be integrated into each type of procurement process; including developing specifications, weighting, evaluation, and performance management.	<ul style="list-style-type: none"> No specific templates or resources to guide procurement staff on sustainability 	○
Training & Engagement 	Helps those involved in purchasing build their skills and confidence in integrating sustainability into purchasing decisions.	<ul style="list-style-type: none"> No specific City training on sustainable procurement has taken place All buying staff participated in the CCSP1 Social Procurement 101 & 102 workshops 	◐
Supplier Engagement 	Involves working with suppliers to address sustainability risks and opportunities in your supply chain. Suppliers may be leading on sustainability or may require support.	<ul style="list-style-type: none"> Suppliers have not yet been formally engaged on sustainability 	○

Program Element	Purpose	CoN Program Notes	Moon Rating
Staffing & Resources 	Dedicated staffing and resources means having staff tasked and equipped to implement the organization's sustainable procurement strategy.	<ul style="list-style-type: none"> • Manager of Purchasing & Stores is leading the efforts on sustainable procurement • Budget resources have been put towards membership in CCSP, CCSPI, and towards this current project work 	
High Impact Procurement Opportunities (HIPO) List 	Identifies the most important sustainability risks and opportunities in your supply chain and prioritizes specific products/service categories for SP.	<ul style="list-style-type: none"> • An initial list of certain procurements with social opportunities has been created 	
Toolkit 	Enables staff to take a standardized approach in assessing sustainability risks and opportunities and making informed decisions around sustainable purchasing priorities.	<ul style="list-style-type: none"> • There is access to standard tools through CCSP and CCSPI though none have yet been formally adopted 	
Measurement & Reporting 	Allows the organization to take regular stock of SP performance. An effective system highlights what is working well, identifies challenges, and builds engagement.	<ul style="list-style-type: none"> • No formal measurement practices on sustainable procurement have taken place • CARIP reporting to Provincial government • Silver ranking on E3 Fleet involves reporting on fleet emissions 	
Leadership & Collaboration 	Leadership and collaboration with other organizations and sectors helps advance the field of sustainable procurement and build mutually beneficial resources for all stakeholders.	<ul style="list-style-type: none"> • Support from senior leadership and Council • Membership in two peer groups: CCSP and CCSPI 	

The story that emerges is that even with minimal levels of current resourcing for sustainable procurement, there are still periodic efforts being made to include sustainability considerations in some procurements. However, there is not yet a defined framework or a formalized and widely understood program for sustainable procurement.

What is needed, is to move from the current position of ad-hoc employee led efforts of sustainable procurement, to a state where it is embedded into the City's procedures and habits of staff and regularly championed by City leadership. The City can build a program that is 'right-sized' for where it is starting from and the local issues that are most relevant to the services, construction and product categories on the Nanaimo shopping list. However, this will be a challenge unless some resourcing can be made available to help complete the building and set-up of a more formal sustainable procurement program and the ongoing management of such a program.

3.0 Where are the Gaps?

While progress has begun in several program areas, there are also gaps and room for future development based both on the best practice program framework and validated from speaking to City staff. Interviewee's identified these areas as important to act on in the first year of program development and provided the following commentary on each:

Sustainable Procurement Policy

- A Policy would act as an anchor that provides a clearly understood approach for staff at all levels across the organization and is necessary for long-term implementation.
- To avoid a Policy that is too restrictive, it should be written as lean and directional, providing a base while allowing for evolution and innovation over time.

Procedures & Toolkit

- The need for procedures is close to Policy to ensure follow-through on mandate and outline clear expectations for those who would have responsibilities for implementation.
- Staff would need the right tools and guidance to be able to effectively implement sustainable procurement and suggested the opportunity to co-develop such tools.

Training & Engagement

- The importance of communications and training was emphasized for all levels of the organization from Council to clerks so there is common understanding of the approach and expectations.
- Engagement would focus on what sustainable procurement is, why it is important, and what it means for each role to implement it; to ensure buy-in and identify champions.

Measurement & Reporting

- Measurement and reporting will be important to provide insights on progress, targets to meet, and for communications to Council and to the public.
- Measurement may help motivate staff because of a better understanding of what needs to be accomplished, as long as it can be focused and not only for measurement's sake.

Supplier Engagement

- Nanaimo suppliers will need to be brought up to speed on sustainable procurement and so engaging them early on to allow them time to learn and shift their practices will be necessary.
- There would also be opportunity to increase engagement through ongoing vendor performance management.

4.0 Program Implementation Considerations

Many organizations experience barriers for implementing sustainable procurement practices; to be successful, organizations must be conscious of potential risks. Most of these can be addressed through best practices and learned experience. City staff discussed these concerns:

- **Allocation of Resources & Budgeting.** Sustainable products/services can sometimes have higher upfront costs which may need to be budgeted for appropriately. Resourcing for implementation of sustainable procurement must align with level of expectations and program targets.
- **Complexity of Procurement.** Procurement processes are already complex, and sustainability can feel like an added layer to decision-making. Integrating sustainability into purchasing must not change the fundamental approach to procurement, rather it shall compliment current processes.
- **Limited Availability or Restricting Vendors.** Sustainable considerations may be new or difficult to address for vendors. Sustainable procurement should be approached in a way that meets vendors where they are at and does not create barriers for bidding on municipal contracts.
- **Limited Guidance.** Staff may not have the knowledge or capacity to meaningfully incorporate sustainability and balance it with other purchasing considerations. It will be important to design a simple program with clear guidelines for staff most heavily involved.
- **Change Management.** Introducing new knowledge and processes across an organization can be challenging and takes time. Sharing responsibility between purchasing and client departments, and robust communications and training will be necessary to shift behaviours and mindsets.

5.0 Getting Best Value for Nanaimo



Some of the most compelling internal organizational benefits of sustainable procurement are shown in the diagram to the left. These include efficiencies and financial return on investment based on reduced total cost of ownership and resource use; reducing supply chain risks through stronger relationships with suppliers and diversification; enhancing brand through demonstration of sustainability leadership; and further avenues to engage employees.

Interviewees agreed with and expanded on the value sustainable procurement could bring both the City and community of Nanaimo, identifying the following benefits in alignment with the themes laid out in the City's Strategic Plan:

Environmental Responsibility

- **Community Leadership.** An anchor institution in the community should lead by example with a “do the right thing” mentality; sustainable procurement can demonstrate this.
- **Reduced Environmental Impact.** Reduce the City's environmental impact, preserving the environment for individuals, communities, and future generations.

Governance Excellence

- **Aligning Corporate Strategies.** Align Purchasing priorities with the objectives in other City Policies and Strategies while fostering collaboration and efficiencies among internal departments.
- **Employee Engagement.** Engage employees with aligned values on sustainability, contributing to attraction and retention.

Economic Health and Livability

- **Local Economic Development.** Provide opportunities for local businesses and economy, increasing local tax revenues, jobs, and economic diversification.
- **Social Development.** Purchasing to support marginalized groups, like social enterprises or Indigenous businesses, reduces social disorder issues and contributes to community resilience.

6.0 What Next?

Nanaimo has a high level of readiness to embrace sustainable procurement. There is keen interest and value for sustainability from Council, the Purchasing Department, and Client Departments. As a lean organization, Nanaimo will implement sustainable procurement with a crawl, walk, run approach:

- Build a sound foundation through strategy and policy that defines desired outcomes,
- Maintain conversation with staff and suppliers to ensure collaborative and practical steps,
- Calibrate efforts to match organizational capacity and resourcing,
- Provide staff with the training, tools, and guidance needed to give them the confidence and capability to implement sustainable procurement, and
- Follow a “two-track” approach by actively incorporating sustainability into opportune procurements while at the same time developing program components.

6.1 Next Steps

Now that we know where Nanaimo is starting from and have initial staff input on an approach to move forward, next steps will include:

1. Develop a 2-year Action Plan that lays out a roadmap for program development,
2. Develop a HIPO shopping list to begin actioning sustainable procurement right away, and
3. Develop success stories of previous sustainable purchases.

The Action Plan will be presented at the July 27th Council meeting.