

DATE OF MEETING    OCTOBER 18, 2023

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**SUBJECT             SUSTAINABLE PROCUREMENT UPDATE**

## **OVERVIEW**

### **Purpose of Report:**

To provide information regarding Sustainable Procurement for the period 2022-JUL-01 to 2023-JUN-30.

## **BACKGROUND**

In 2019, Council requested staff commence work on sustainable procurement, including social, environmental and ethical priorities. In 2020, work commenced on this project with the hiring of Tim Reeve Consulting Inc., culminating in the development of the Sustainable Procurement Policy, which provided staff the mandate to follow through on integrating the City's values on sustainability into procurement decisions.

The project involved high levels of engagement and collaboration, ensuring that representatives across the City departments had an opportunity to contribute to keep project deliverables. The project was broken into three (3) phases:

Phase 1 (June – August 2020) deliverables included a Program Benchmarking Assessment, a Sustainable Procurement Action Plan program development, identification of five (5) success stories as well as a list of High Impact Procurement Opportunities (HIPO's).

Phase 2 (September - December 2020) deliverables were creating a stand-alone Sustainable Procurement Policy, capitalizing on quick wins through the HIPO list, development of a Sustainable Procurement Toolkit, identifying measures for program evaluation and the beginning of a program of communication and training.

Phase 3 (2021) was the official launch of the new Sustainable Procurement Policy and the rollout of the Action Plan to ensure that City preceded on a two-track process of deliberately building the tools, updating procedures, setting up tracking systems and continued training.

The Action Plan goals were:

- G1 Program: Build out all 10 elements of a best practice program
- G2 Activity: Meaningfully and regularly incorporate sustainability into procurement decision-making
- G3 Impact: Improve positive environmental, social and ethical impacts as a result of

procurement activities.

At the 2021-FEB-01 Council meeting, Council approved the City's Sustainable Procurement Policy (COU-210) with an effective date of 2021-JUL-01 (Attachment A). This policy, as stated in the deliverables, was designed to advance Sustainable priorities and to pursue contracts with vendors who show initiative and/or proven advancement in environmental, social and ethical matters that align with the City's strategic goals.

The Sustainable Procurement Policy asks staff to:

- Consider the sustainability impacts associated with their purchase;
- Integrate the most relevant sustainability considerations into the solicitation process from the creation of solicitation documents through to evaluation and vendor selection;
- Communicate with vendors about sustainability when possible; and,
- Monitor progress of implementation and improve practices over time.

It was determined to separate the Sustainable Procurement Policy from the Procurement Policy to highlight its importance and as well allow for agility to adopt any required updates that may be more frequent than those of the Procurement Policy. The current separation will allow Procurement staff to tend to the new sustainable procurement practices and build internal capacity to carry out the Policy mandate. Over time, staff will develop a comprehensive high-performing program, integrated with current City processes that will leverage the City's procurement activities to advance a range of environmental, social, and ethical objectives from the City's Strategic Plan. Ultimately, the intention will be to combine the two policies, the feasibility of which will be considered during the next regularly scheduled review period.

At the 2022-SEP-21 Special Council meeting, Staff presented the first annual sustainable procurement update to Council.

Key Performance Indicators (KPI's) were:

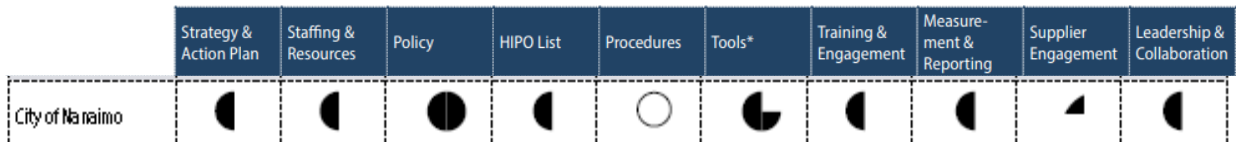
<b>Key Performance Indicators &amp; Annual Report</b>		<b>Results from period 2021 July 1 to 2022 June 30</b>
<b>Process KPIs:</b>		
Process indicators measure if Nanaimo is actively using sustainability criteria to impact its procurement decisions. This type of measure indicates to what extent procedures, resources, and knowledge are being used to effectively apply Policy directives. Process Indicators are critical to the early stages of a program, and it is common practice to focus on these in the first year of implementation.		
1	Number of employees who attended at least 1 BCSPi webinar, CCSPi peer exchange, or internal procurement 101 session.	6
2	Number of bids issued to market that included mandatory or desirable sustainability criteria.	16
3	Number of bidders who responded to the RfX with sustainability criteria.	56
4	Number of bidders who responded to the sustainable criteria in the RfX.	46
5	Average weighting allocated to sustainability criteria in competitive bids.	7.22
6	Number of draft bids where feedback was solicited and # of vendors who responded.	0

**DISCUSSION**

The City participates in the CCSP Annual Benchmarking exercise to evaluate progress. The 2022 Annual Report entitled ‘*The State of Sustainable Public Procurement in Canada*’ showcases sustainable strides made by organizations including the City of Nanaimo. The published report is included as Attachment B.

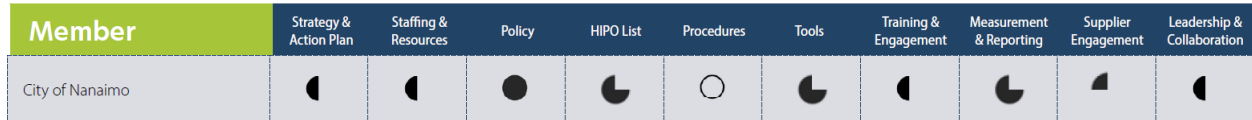
CCSP 2021 Annual Report

**Member Benchmarking Results**



CCSP 2022 Annual Report

**Benchmarking Results**



As above, the City has made two improvements to the City’s program from the 2021 implementation:

1. High Impact Procurement Opportunities (HIPO) List where we were able to publish and award opportunities for Pest Control Services and Graffiti Removal Services.
2. Measuring and Reporting where we established Key Performance Indicators to measure progress.

Leveraging the designed Sustainable Procurement Toolkit, the Purchasing department has been actively pursuing public opportunities that consider the sustainability impacts of goods and services in sourcing strategies to identify likely environmental, social, or ethical issues related to a given procurement.

Using the specific good or service and the specific RfX template, the most relevant desired or mandatory sustainability requirements are integrated into competitive bid specifications, solicitation documents, and selection processes. Where applicable, sustainability is included as part of evaluation processes, alongside other criteria like price, quality, and service, for which weighting is determined case by case.

Training is a key element to advance the staff subject matter expertise in sustainable procurement. Support and training is available through British Columbia Social Procurement Initiative (BCSPI) and the Canadian Collaboration for Sustainable Procurement (CCSP). Purchasing Staff take advantage of the training, webinars, and peer exchanges that are scheduled on a regular basis as a means of developing and improving their City’s knowledge base and keeping up to date on sustainable trends.

Communication with vendors about the City's sustainable procurement practices are undertaken when appropriate. The City also engages with vendors when opportunities arise to improve their sustainability performance. The City has incorporated sustainability considerations into standard vendor management and contract compliance practices, where appropriate. Measures to monitor the progress of sustainable procurement implementation and the benefits achieved have been identified.

A list of Process Key Performance Indicators (KPI's) were developed and are outlined in Attachment C. These KPI's measure if the City is actively using sustainability criteria to impact its procurement decisions.

As Sustainable Procurement practices mature and more opportunities are identified, Outcome KPI's will be reported on. These KPI's are frequently harder to track and may require certain infrastructure or procedures to accurately measure.

Outcome KPI's measure:

- the environmental and social impacts that result from incorporating sustainability into procurements.
- the extent to which the use of sustainability criteria in the selection of products and vendors results in improved outcomes, such as using less energy, consuming fewer resources, reducing GHG emissions, creating less waste, or creating social value such as creating local jobs and working with diverse suppliers.

A summary of all of the RFX documents that had a sustainable procurement component is listed in Attachment C.

In addition, information was gathered from the contracts awarded between July 1, 2021 and June 30, 2022 to highlight some of the successes achieved also listed in Attachment C.

## **NEXT STEPS**

Staff will continue to take a measured and practical approach, seeking quick wins and big impacts, while working at a pace that allows for learning, practicing and refining processes. To ensure progress is maintained, staff will:

- Continue to engage the Working Group;
- Refine the Tools to guide implementation of sustainability into various procurement activities;
- Develop specific Standard Operating Procedures;
- Identify High Impact Procurement Opportunities (HIPO) and imbed relevant sustainability considerations in RFX documents;
- Identify indicators that will capture process and outcome measurements;
- Create a Vendor communication and engagement plan to foster external stakeholder understanding of the program;
- Engage and train staff; and
- Provide annual reporting to Council on the status of process made in regards to sustainable procurement.

### **SUMMARY POINTS**

- At the 2021-FEB-01 Council meeting, Council approved the City's Sustainable Procurement Policy (COU-210) with an effective date of 2021-JUL-01.
- Staff continue to develop and improve their City's knowledge base and keep up to date on sustainable trends.
- Process KPI's have been identified and compiled.
- Staff will continue to encapsulate data on sustainability and provide information to Council on an annual basis.

### **ATTACHMENTS**

Attachment A – Sustainable Procurement Policy (COU-210)  
Attachment B – The State of Sustainable Procurement in Canada  
Attachment C – Sustainable Procurement Update– Summary of RFx Documents  
Attachment D – Success Story

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#### **Concurrence by:**

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