

Report from: Financial Management Services

Report Date: June 5, 2020 **Meeting Date:** June 15, 2020

Report Number: FMS-B020-2020 **File:** 68.44.1

Subject: Support Local and Green Considerations

Recommendation

That Report FMS-B020-2020, regarding supporting local business and green considerations, be received for information.

Summary

The City continues to support local businesses and remains committed to the purchase of goods and services with due regard to the preservation of the natural environment and encourages the use of environmentally friendly products and services. The City is required to follow to its Procurement Policy (Bylaw 2019-286), the Discriminatory Business Practices Act ("DBPA") and applicable trade agreements.

Background

This report is being provided in response to the request for information by the Budget Standing Committee at the May 25, 2020 meeting related to procurement and;

- The City's ability and interest to support local businesses as much as possible during recovery efforts of the COVID-19 pandemic; and,
- The inclusion of green policy within the City's current procurement activities and policies.

Report

Support Local and Local Preference within Procurement Processes

Support for local businesses is important as we move through and beyond the pandemic. As such, staff recently launched a website to help support local businesses, <https://pickupstc.ca/>. While the City supports the interest to procure local when possible, staff will adhere to the purpose, goals and objectives of procurement identified in the Procurement Policy (Bylaw 2019-286) which include:

- Encouraging competitive bidding;
- Ensuring objectivity and integrity;
- Ensuring fairness;
- Maximizing savings for taxpayers; and
- Obtaining best value when procuring goods and/or services

“Buy Local” or “Local Preference” policies that discriminate in buying decisions based on the geographical location of the vendor cannot be implemented by staff or decision makers because they do not comply with the Discriminatory Business Practices Act (“DBPA”). The DBPA can be read online [here](#). The DBPA prohibits purchasers from providing a preference to local bidders. The Discriminatory Business Practices Act also protects local businesses from being discriminated against when bidding on work in locations beyond the borders of St. Catharines. In compliance with the DBPA legislated requirements, the City’s Procurement Policy expressly precludes the City from discriminating between Suppliers based on location, whether it be Municipal, Region, Province or Country, resulting in no local preference. (Part IV Section 10, of the Procurement Bylaw). For certain large value purchases the City is also required to comply with trade agreements which also prohibit local preference.

The City’s recent bylaw update provides the ability to directly procure without competition for expenditures less than \$10,000 (while continuing to maintain the principles, goals and objectives of the City’s Procurement Policy). This allows for direct procurement for lower dollar value purchases, which is intended to create more flexibility and accelerate the purchasing process for lower dollar transactions. Local suppliers responding to these opportunities are expected to hold some advantage including lower travel costs and local knowledge. Staff is encouraged to continue to be mindful of the City’s principles, goals and objectives when procuring items on a direct purchase basis.

Green Policy

Through the City’s Procurement Policy, the current policy’s goals and objectives include, “...encouraging the purchase of goods and/or services with due regard to the preservation of the natural environment.”

Like many municipalities across the country, the City recognizes the importance of the environment within its Corporate Strategy, which was further emphasized when Council declared a Climate Emergency on April 29, 2019. Several formal corporate plans, including the City’s Energy Conservation and Demand Management Plan (“CDMP”), the Climate Change Adaption Plan and the Waste Management Strategy, are at various stages of development and address related areas. A common thread within these plans is the need for a cross-departmental approach. A unified approach supports the collaborative efforts required to successfully implement required changes and achieve common goals, such as the energy targets within the CDMP. The City’s Procurement Division, with the support and engagement of Environmental Services, can develop Procurement Policies and/or guidance aligned and in support of the City’s environmentally focused goals.

A scan of our comparator municipalities has provided limited information. However, several larger Canadian municipalities, including Burlington, Mississauga, Oakville, Windsor, British Columbia, Edmonton and North Vancouver, have adopted policies related to green procurement which can be utilized for information and resources.

The policies reviewed include various approaches and content that include the procurement of items that are:

- Durable and Reusable;
- Less Toxic;
- Compostable or Biodegradable;
- Energy Efficient Rated;
- Recyclable or manufactured from recycled materials.

In some policies, the lifecycle costs through the acquisition, operation and end-of-good life, including environmental impacts (a cradle to grave approach) are also considered, which includes;

- Environmental impacts during normal use or maintenance including toxicity, greenhouse gases and air pollutant emissions;
- Packaging;
- Minimizing and diverting landfill waste;
- Conserving natural resources.

Other issues that need to be considered are related to procurement processes. Request for Proposal bid solicitation opportunities (RFP) currently provide the opportunity to consider qualitative features such as environmental factors in the selection process. Tenders, on the other hand, are selected based on compliance with specifications, with qualified price prevailing. This method (RFT) does not offer the same evaluating opportunity. As a result, departments need to consider these factors prior to the issuance of a bid opportunity.

Given the diverse range of environmental factors that may be considered, the specific “green” attributes addressed will depend upon the specific procurement opportunity. The selected attributes can then be included in the evaluation schedule. Like all other considerations in a bid evaluation, environmental factors would be allocated a weighting in the evaluation. The evaluation weighting of all factors considered reflects the relative importance of specific criteria compared to all the evaluation criteria.

Previous work by the City has identified procurement as a mechanism that will support change. Inclusion of green and sustainable policies will likely be included in the recommendations from the Climate Change Adaption Plan and the Waste Management Strategy. While the CDMP specifically recommended updating procurement guidelines to include lifecycle cost analysis during decision making as a 2023 deliverable, this could be moved forward as a higher priority once the Climate Change Adaption Plan has been approved by Council, which is expected in the Third and Fourth Quarter of 2020.

In the short term, City departments, in conjunction with Procurement staff, will seek additional ways of achieving the goal of being environmentally safe and responsible within their respective procurement processes. Procurement staff will continue to work with staff across the corporation to provide practical guidance on the incorporation of environmental factors into bid opportunities in alignment with the Procurement Policy.

Once the Climate Change Adaption Plan is approved by Council, Environmental Services and Procurement will work collaboratively to develop additional policies and guidance to support meaningful change and the achievement of Green targets.

Financial Implications

The adoption of the report recommendation has no specific financial implications as work will be done with current staffing resources. However, including Green factors in bid decision matrixes may result in the selection of higher-priced bids as the Green requirements are an additional deliverable that impacts (and likely increases) the cost of providing supply.

Conclusion

Procurement, in conjunction with City departments, continues to work on ways to improve processes and provide wide-ranging benefits to the Corporation while ensuring that the City is obtaining best value when procuring goods and/or services and spending taxpayers' dollars wisely.

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