Minutes – Executive Policy Committee – March 17, 2021

REPORTS

Item No. 5 Social and Sustainable Procurement Practices

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Winnipeg Public Service establish a working group consisting of industry, community intermediaries, Indigenous business, Chambers of Commerce, and the social enterprise sector to advise on improving sustainability for the City's procurement of goods and services, and report back on the matter in 240 days.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

Ron Hamley, Winnipeg Construction Association, Chris Lorenc, Manitoba Heavy Construction Association, and Yvette Milner, Merit Contractors, submitted a communication dated March 12, 2021, in support of the matter.

ADMINISTRATIVE REPORT

Title: Social and Sustainable Procurement Practices

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon	P. Olafson	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

On December 17, 2020, Council directed the Public Service to investigate what the City is currently doing to support social and sustainable procurement practices and to collaborate with various agencies with the goal of establishing a bid value for community benefits. In response, the Public Service conducted a Public Engagement exercise with the social enterprise sector and industry and engaged a consultant to survey comparable Canadian municipalities regarding their social procurement practices.

The purpose of this report is to provide Council with an overview of the social procurement practices of Canadian municipalities so that the City can adopt a strategy and plan for increasing the positive sustainable and social impacts of its procurement activities.

The City of Winnipeg is already engaging in many social and sustainable practices. Appendix 1, attached, includes:

- 15 current Social Procurement practices that the City has, or is, participating in.
- 21 current Sustainable Procurement practices.
- 4 current initiatives being undertaken by the City.

Sustainability means meeting our own needs today without compromising the ability of future generations to meet their own needs.

The Materials Management Policy ("the Policy") was updated on July 19, 2018 to include a guiding principle which states "Procurement of sustainable goods and services." The Policy defines sustainable goods and services.

RECOMMENDATIONS

1. That the Winnipeg Public Service establish a working group consisting of industry, community intermediaries, Indigenous business, Chambers of Commerce, and the social enterprise sector to advise on improving sustainability for the City's procurement of goods and services, and report back on the matter in 240 days.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On December 17, 2020 Council concurred in the recommendation of the Executive Policy Committee, as amended, and adopted the following:

1. That the Winnipeg Public Service be directed to report back within 90 days on the following:

    A. What the City of Winnipeg is currently doing to support social and sustainable procurement practices.

    B. In collaboration with the social enterprise sector and industry, identify social procurement practices for appropriate City tenders with a goal of establishing a bid value for community benefits, consistent with the practice of other comparable Canadian municipalities, including a cost analysis of tendering under a social procurement policy where appropriate.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications arising from the recommendations of this report.

HISTORY/DISCUSSION

Discussion

The purpose of this report is to provide Council with an overview of the social procurement practices of Canadian municipalities, as per the Council Motion passed December 17, 2020, so that the City can adopt a strategy and plan for increasing the positive sustainable and social impacts of its procurement activities.

Reeve Consulting and the City of Winnipeg interviewed 10 municipalities for this study: Brampton, Calgary, Edmonton, Halifax, Ottawa, Regina, Region of Peel, Surrey, Toronto, and Victoria.

Sustainable Procurement and Why Municipalities are Practicing it

Sustainability means meeting our own needs today without compromising the ability of future generations to meet their own needs.

Canadian municipalities spend billions of dollars annually on goods, services, and construction. Every dollar spent has social, environmental, and economic impacts – both positive and negative. Achieving value-for-money places the onus on public sector organizations to maximize positive benefits and minimize adverse effects. To meet this challenge, municipalities of all sizes are adopting sustainable procurement programs. Sustainable procurement means getting the best value for an organization over the total life of a good or service, while seeking opportunities that add social and environmental value.

The most effective sustainable procurement programs address four pillars: environmental, social, Indigenous, and ethical. Sustainability is achieved when all four pillars are incorporated into procurement decision making. Like many other private and public sector organizations, municipalities started with a focus on environmental and ethical procurement, but they are increasingly activating the social and Indigenous pillars to achieve social policy objectives. In the past five years, there has been a dramatic increase in social procurement activity in the municipal public sector.

The Public Service performed research on the recommendations included in the Motion.

A. *What the City of Winnipeg is currently doing to support social and sustainable procurement practices*

Appendix 1 includes:

- 15 current Social Procurement practices that the City has or is participating in
- 21 current Sustainable Procurement practices
- 4 current initiatives being undertaken by the City.

B. *In collaboration with the social enterprise sector and industry, identify social procurement practices for appropriate City tenders with a goal of establishing a bid value for community benefits, consistent with the practice of other comparable Canadian municipalities, including a cost analysis of tendering under a social procurement policy where appropriate*.

The City conducted Public Engagement with representatives from the social enterprise sector, various indigenous organizations and industry. The results from that Public Engagement are included in **Appendix 2**.

A survey of other comparable Canadian municipalities was conducted to investigate and identify social procurement practices. It was difficult to identify a cost analysis of tendering under social procurement as many municipalities do not track those costs/benefits. See the attached report with comparable Canadian municipalities. The results of the survey are included in **Appendix 3.**

Key Issues:

Sustainable Procurement is an important and relatively easy way for a City to demonstrate the City's commitment to improving the sustainability of its operations through the products and services it buys. As the City is a large consumer of goods and services, its purchasing decisions can impact the environment and the well-being of its community.

The Materials Management Policy (Policy) was updated on July 19, 2018 to include a guiding principle which states "Procurement of sustainable goods and services." The Policy defines sustainable goods and services.

Successfully combating climate change will require urgent action on the part of government, business and citizens. Climate Change is recognized as one of our most serious global environmental problems, and results from an accumulation of greenhouse gases (GHG) in the atmosphere. The growing concentrations of GHGs in the atmosphere are resulting in an increase in global average temperatures, which affect climate patterns and ultimately the health and well-being of ecosystems and people.

Winnipeg's Climate Action Plan was unanimously approved by Council in September 2018. It is an organizational responsibility to implement. Strategic Opportunity 1 is about Corporate Leadership and actions to help create a culture of sustainability within the City. It includes the short-term direction to "Integrate Sustainability and Climate Action into Procurement standards."

Next Steps:

1. Continue to build a comprehensive approach to sustainable procurement that addresses risks and opportunities in all four pillars: environmental, ethical, social, and Indigenous. This would enable the City of Winnipeg to leverage its spending to achieve social and indigenous benefits as well as environmental benefits such as reducing GHG emissions.

2. Expand the existing Sustainable Procurement Program to encompass social and Indigenous priorities rather than creating separate programs.

3. Resource the program to provide adequate staff and financial resources to develop guidelines and procedures, engage stakeholders, conduct research, initiate pilots, develop tools, and conduct training.

4. Engage key stakeholders to build understanding and buy-in. *Internal*: expand the internal sustainable procurement working group to include departments key to activating social and Indigenous opportunities. *External*: develop terms of reference for a working group made up of industry, community intermediaries, Indigenous business, Chambers of Commerce, and social enterprise representatives to provide input and feedback.

5. Develop a Sustainable Procurement Appendix to define priorities in all four pillars, including social and Indigenous. The Appendix will inform internal processes and could address definitions, priorities, and thresholds for action (such as the bid value for community benefits).

6. Identify a target list of high-impact procurement opportunities (HIPOs) to pilot different social procurement mechanisms, such as low-value Purchasing Card purchases, set-asides for Indigenous businesses and social enterprises, social value clauses in RFPs, or community benefit requirements in a large construction project.

7. Develop procedures and tools to provide practical guidance to purchasing staff and business units on how to incorporate social and indigenous priorities into the procurement process.

8. Initiate pilots within the HIPOs and monitor results.

9. Develop a communication and training program to provide training for procurement staff, buying groups, individual buyers, business units, and suppliers and highlight success stories.

10. Report Back to Council at key milestones.

FINANCIAL IMPACT

Financial Impact Statement **Date:** February 17, 2021

Project Name: SOCIAL AND SUSTAINABLE PROCUREMENT PRACTICES

COMMENTS:

There are no financial implications to the recommendations of this report.

(Signed off electronically by T. Yanchishyn)
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

All City departments

OURWINNIPEG POLICY ALIGNMENT

02-1 Sustainability – Incorporate sustainable practices into internal civic operations and programs and services
02-2 Environment - Reduce the environmental impact of our activities, through strategies such as planning for sustainable energy use and greenhouse gas reduction.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity 1 is about Corporate Leadership and actions to help create a culture of sustainability within the City. It includes the short-term direction to “Integrate Sustainability and Climate Action into Procurement standards which can demonstrate increasing impact from year to year” (1.1).

SUBMITTED BY

Department: Corporate Finance
Division: Materials Management
Prepared by: Corinne Evason
File No. N/A
Date: February 17, 2021

Attachments:

Appendix 1: City of Winnipeg’s current social and sustainable procurement practices

Appendix 2: Public Engagement Report

Appendix 3: Report on Social Procurement Practices of similar Canadian Municipalities (Reeve Consulting)