

Review of the City's Environmentally Responsible Procurement Practices

Date:	September 21, 2009
To:	Executive Committee
From:	Director Toronto Environment Office Acting Treasurer
Wards:	All
Reference Number:	P:/2009/Internal Services/pmmd/ex09025pmmd (AFS #5901)

SUMMARY

Given the collective purchasing power of governments and their agencies, the implementation of green procurement or environmentally responsible procurement practices can help drive the market towards more environmentally friendly goods and services. The City of Toronto has recognized this and in 1999 City Council adopted the Environmentally Responsible Procurement Policy.

Implementation of that policy has led to changing a number of the City's procurement practices. It is now the norm for most of the commonly purchased products, such as paper, lightbulbs and cleaning products to meet environmental standards set by third parties, such as the Environmental Choice Program. Implementation has also been an element of a number of key environmental initiatives, such as the Green Fleet Plan and the Clean Roads to Clean Air program where the City has implemented actions that reduce the environmental impact of key City operations.

While the City's Environmentally Responsible Procurement Policy is still valid and appropriate there are opportunities to enhance implementation. Based on a survey of key staff and a review of other governments' activities this report outlines actions to be taken to further enhance implementation. Key actions include: revising the procurement training program for City staff; developing web-sites and other tools to improve access to information and making changes to operating procedures and work directions.

Financial Impact

There are no financial implications as a result of this report.

The City's Environmentally Responsible Procurement Policy has been in place since 1999 and it is important to note that the number of environmentally friendly products and services has increased dramatically with costs that are competitive with other products and often available at a lower cost.

The actions outlined in this report (e.g. enhanced training; new practices) are within the purvey of the Director of Purchasing and Materials Management and the Director of the Toronto Environment Office and these changes do not result in any need to adjust annual budgets.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In October 1999 City Council, building upon the actions of the pre-amalgamation municipalities, adopted the Environmentally Responsible Procurement Policy (http://www.toronto.ca/calldocuments/pdf/environment_procurement.pdf) which is attached as Appendix A. The goal of Toronto's policy is to increase the development, awareness and purchase of environmentally preferred products and services. The policy currently indicates that an environmentally preferred product is one that is less harmful to the environment than the next best alternative having characteristics including, but not limited to the following:

- makes efficient use of resources and reduces waste;
- reusable products or product contains reusable parts;
- recyclable;
- products (including those used in services) that contain the maximum level of post consumer waste and/or recyclable content;
- produce fewer polluting by-products during manufacture, use or disposal; and
- products with a long service life or which can be economically repaired or upgraded.

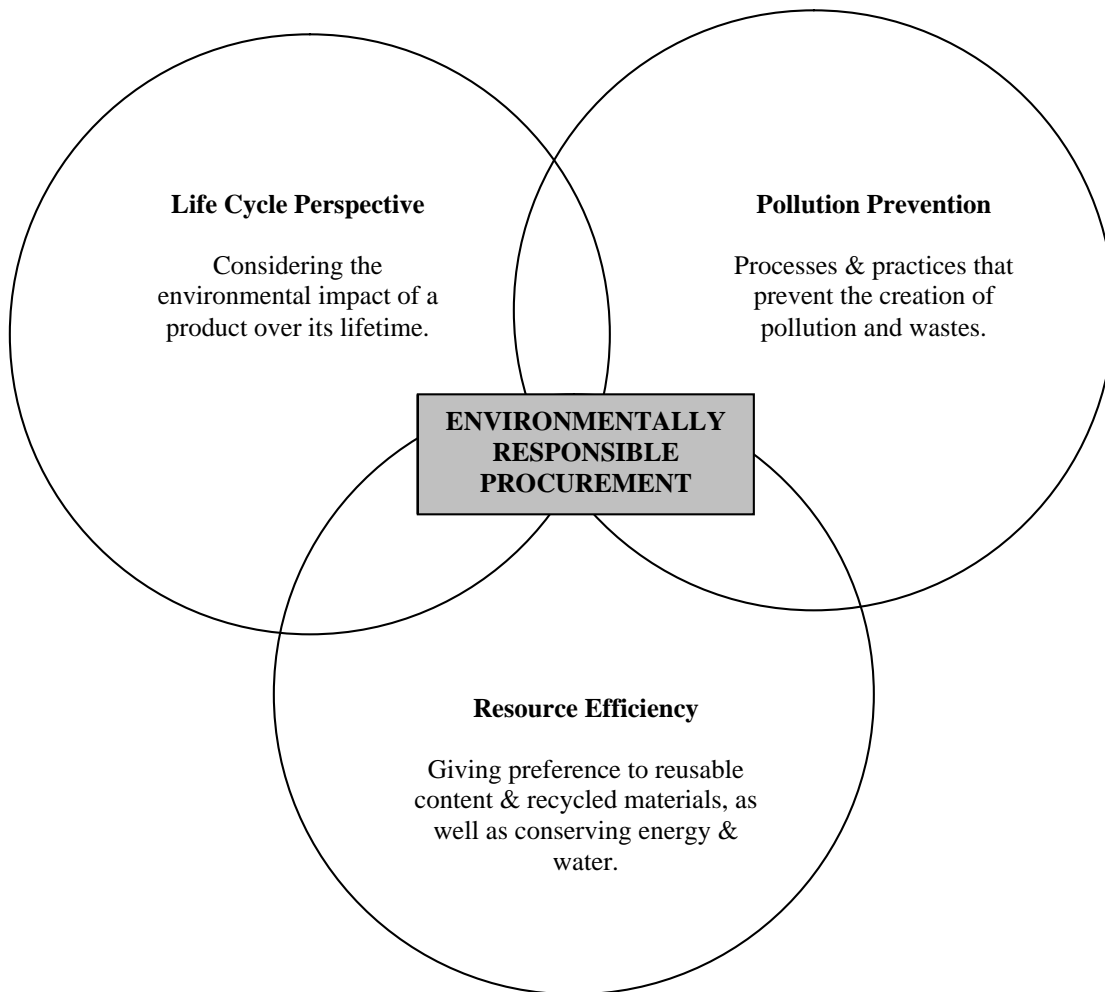
During the last few years, City Council has adopted a number of directives related to green procurement. These directives are summarized in Table One below.

This report responds to the directives presented in Table One. The changes recommended in this report were developed by the Toronto Environment Office and Purchasing and Materials Management along with support from staff engaged in purchasing decisions across many City Divisions.

TABLE ONE: Recent City Council Directives Related to Green Procurement		
#	Date of Directive	Council Directive
1	September 2006	The City Manager was directed to report to the appropriate Standing Committee on the steps available to include source reduction, reuse and/or recycling considerations into the City's procurement requirements in any purchase or service or RFP issued by the City.
2	April 2007	City Council adopted a motion of the Executive Committee that Staff submit a report on establishing a policy that the City of Toronto only purchase goods and services from environmentally friendly companies effective January 1, 2011.
3	June 2007	City Council adopted a motion of the Parks and Environment Committee that the Director of the Toronto Environment Office report on the development of a Green Purchasing Policy.
4	July 2007	<p>City Council, unanimously adopted the Climate Change, Clean Air and Sustainable Energy Action Plan: Moving from Framework to Action. The Action Plan contained Recommendation 9j which states that:</p> <p>the Director of Purchasing and Materials Management, in consultation with appropriate City divisions, review the City's Environmental Purchasing Policy, and report back to the Executive Committee in 2007 on any recommended changes to the policy.</p>
5	July 2007	City Council adopted the Green Economic Development Strategy (http://www.toronto.ca/business/green-economic-development.htm) and through that report directed that there be investigations into opportunities to expand the City's green procurement initiatives.

ISSUE BACKGROUND

Environmentally responsible procurement or green purchasing involves the purchase of goods and services that are less harmful to the environment and to human health than other available products and services. The following diagram, adapted from the Canadian Centre for Pollution Prevention shows the main principles of environmentally responsible procurement. Toronto's existing Environmentally Responsible Procurement Policy is based on these principles.



The establishment and implementation of a green procurement or environmentally responsible procurement policy is a statement by the organization of its environmental commitment and presents an opportunity to help drive the market towards more environmentally friendly goods and services. The OECD (Organization for Economic Co-operation and Development) estimates that government procurement accounts for 5 to 18% of GDP within OECD member countries, illustrating their significant buying power.

In North America, all orders of government spent \$3 trillion (USD) out of the total \$11 trillion (USD) economy in 2002 and in Canada the federal government (which is the largest single buyer in the country) spent \$11.6 billion (CAD) on products and services. Collectively, governments and government agencies have a significant ability to alter the market towards more environmentally responsible products.

Implementation of an environmentally responsible procurement policy does come with challenges. The goal to purchase environmentally friendly products and services must be balanced against factors such as operational needs, health and safety requirements, dependability, verifying the environmental claims of the producer, and costs.

Since establishment of its policy in 1999, the City of Toronto has utilized its over \$1 billion a year in purchasing power to help lead industries towards more sustainable purchasing practices. Environmental specifications are now standard in most common purchases, particularly for products meeting third party certification through programs, such as the Environmental Choice Program established by Environment Canada. This includes products, such as insulation, paints, cleaning products, paper, photocopiers, fax machines, and much more.

Green procurement on its own, rarely changes the market. It is only one element of a coordinated effort that involves establishing clear environmental goals for specific City operations, methods of testing and verifying emerging technologies and working with independent bodies to establish certification standards that will make it easy to guarantee products and services are environmentally friendly. For example, the City's Green Fleet Plan articulated the City's goals around reducing emissions from the operation of its 4,000 plus vehicles. Implementation has involved developing creative partnerships to test and verify alternate, usually emerging technologies and through that, establishing new standards to guide development of environmental specifications for future purchasing call documents and in some cases assist in setting standards requiring third party verification. The Green Fleet Plan is one of the best examples of how the City can use a desired change in its operations to help cause a market shift towards more environmentally friendly products.

Other examples that have had similar results include:

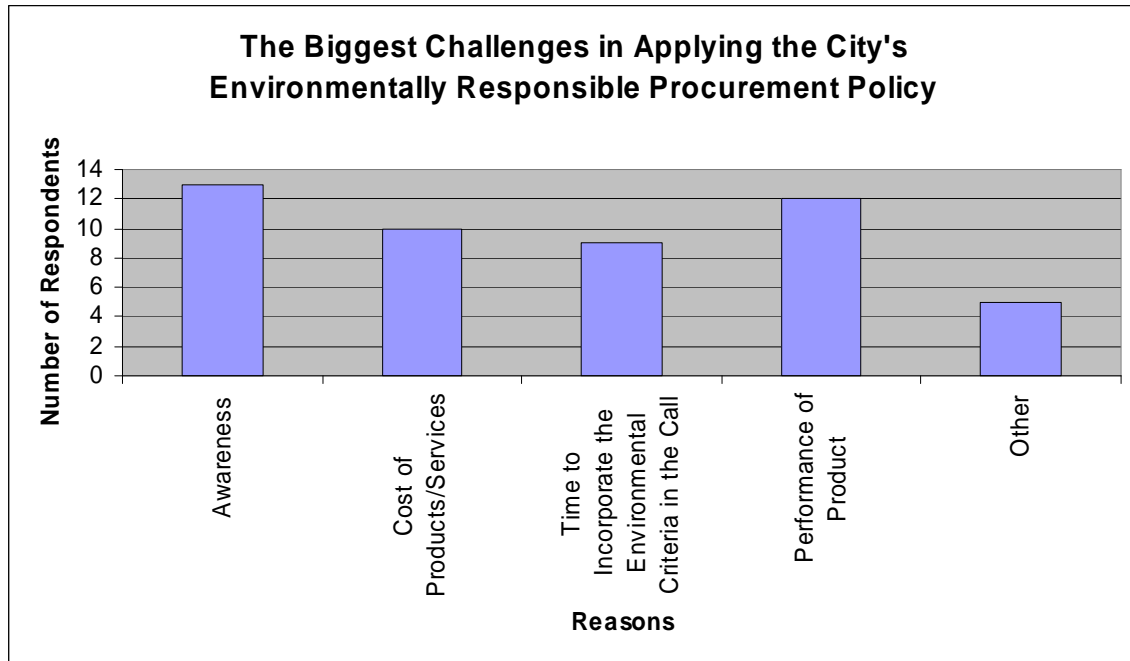
- Clean Roads to Clean Air which eventually lead to the City converting its entire fleet of Street Sweepers to alternative technologies that improve nose level air quality by an estimated 20%;
- Energy Retrofit Program for City Buildings which has lead to the testing of a number of alternative technologies and approaches in both energy conservation and the development of renewable energy systems; and
- The Salt Management Plan which has resulted in reduced salt use in balance with keeping City streets and sidewalks safe.

COMMENTS

While there are many examples of successful implementation of the Environmentally Responsible Procurement Policy, there are opportunities for improvement. During late 2008 and early 2009, City Staff involved in purchasing in their Division were surveyed by the Toronto Environment Office to determine how well they understood the policy and what opportunities there may be for improved implementation.

The key survey results, summarized in the Chart below, revealed the following issues associated with implementation of the policy:

- Staff engaged in purchasing activities do not have the time often to fully investigate environmental alternatives and develop environmental criteria for inclusion in purchasing call documents;
- There is still a perception that purchasing environmentally responsible products will automatically result in higher costs and that they do not always perform as well;
- Staff engaged in purchasing activities do not feel they have the expertise or training to develop and include environmental criteria; and
- There is a need for dedicated resources both information and human to assist staff in developing environmental criteria.



In addition to the survey, a review was conducted of the green procurement practices of other governments in North America and Europe, such as Chicago, New York City, the Netherlands and San Francisco. The comparison of Toronto's efforts with these governments in combination with the survey results, suggests:

- the existing Environmentally Responsible Procurement Policy is still applicable and appropriate;
- implementation could be improved by establishing some basic operating procedures to guide staff in how to develop and evaluate environmental criteria;
- implementation could be improved by providing more training of staff about the need to develop environmental criteria and methods for developing that criteria; and
- the need for more resources to support staff in implementing the policy, such as a webpage that identifies where to research environmentally preferred products and provides links to environmental certifications.

Based on these findings the following actions will be taken over the next year to further enhance implementation of City Council's Environmentally Responsible Procurement Policy:

1. the Purchasing and Materials Management Division will develop and deliver a training course on environmentally responsible procurement which will include methods and approaches for the development of environmentally responsible procurement specifications;
2. the existing templates used for the preparation of purchasing call documents, such as request for proposals and request for quotations will be revised so that the staff engaged in the preparation of the documents are aware that they need to, whenever possible, develop environmental specifications for the product or service they are seeking;
3. the Toronto Environment Office and the Purchasing and Materials Management Division will develop a page on the City's internal web-site that will provide information for staff on how to research environmentally friendly products, methods of developing appropriate specifications and links to organizations providing third party certification of the environmental performance of selected products and services;
4. the Purchasing and Materials Management Division will include on the web-site, materials and goods already stocked by the City in its materials management stores that have met selected environmental criteria and/or third party certification; and
5. a communications plan will be developed and implemented for informing and reminding staff of the requirement to develop environmental criteria for all purchasing call documents, including low value calls.

CONCLUSION

The City of Toronto in 1999 put in place its Environmentally Responsible Procurement Policy. Implementation of that policy has resulted in the City modifying a growing number of purchases to ensure environmental criteria are part of the specifications.

A review of the policy and its implementation found that the greatest success has been when environmentally responsible procurement is seen as an element of a larger initiative to green-up City operations. Examples include the Green Fleet Plan and Clean Roads to Clean Air program.

Opportunities for improvement were identified through a survey of key City staff engaged in preparing procurement call documents and by a comparison of the City with other governments' actions in this area. Actions to be taken in the next year to improve implementation include revisions to call document templates; development of operating procedures; changes to employee training; improved access to information; and ongoing and improved communications.

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ATTACHMENTS

Appendix A: Environmentally Responsible Procurement Policy

Appendix A: Environmentally Responsible Purchasing Policy

Environmentally Responsible Procurement Policy

Purpose

To increase the development, awareness and purchase of environmentally preferred products and services.

Policy

That in order to increase the development and awareness of environmentally sound purchasing, acquisitions of goods and services will ensure that wherever possible specifications are amended to provide for the expanded use of environmentally preferred products such as: durable products, reusable products, energy efficient products, low pollution products, products (including those used in services) that contain the maximum level of post-consumer waste and/or recyclable content, and products that provide minimal impact to the environment.

An environmentally preferred product is one that is less harmful to the environment than the next best alternative having characteristics including, but not limited to the following:

- 1) Reduce waste and make efficient use of resources: an EPP would be a product that is more energy, fuel or water efficient, or that uses less paper, ink or other resources. For example, energy efficient lighting, and photocopiers capable of double-sided photocopying.
- 2) Are reusable or contain reusable parts: these are products such as rechargeable batteries, reusable building partitions, and laser printers with refillable toner cartridges.
- 3) Are recyclable: a product will be considered to be an EPP if local facilities exist capable of recycling the product at the end of its useful life.
- 4) Contain recycled materials: an EPP contains post-consumer recycled content. An example is paper products made from recycled post-consumer fibre.
- 5) Produce fewer polluting by-products and/or safety hazards during manufacture, use of disposal: an EPP product would be a non-hazardous product that replaces a hazardous product
- 6) Have a long service-life and/or can be economically and effectively repaired or upgraded.

It is recognized that cost analysis is required in order to ensure that the products are made available at competitive prices, and that the environmental benefits provided by a product or service does not undermine its overall performance.

Given the environmental and economic importance of infrastructure, environmentally responsible procurement principles should be applied to construction design, processes, tendering and materials; and given that many environmentally preferred products and services can produce a variety of tangible benefits, full consideration should be given to the long-term and complete costs and benefits of environmentally responsible procurement.

Note: Adopted by Council at their meeting of October 26 & 27, 1999, Report 6, clause 3 of the Administration Committee

Procedure

1. Bidders/Proponents are made aware of the Environmentally Responsible Procurement Policy in all Request for Quotations, Tenders and Proposal Calls issued by the Purchasing and Materials Management Division.
2. The Policy is applied in the evaluation of all quotations, proposals and tenders received in determining the successful bidders/proponent.