



REPORT FOR ACTION

Update on the Circular Procurement Implementation Plan and Framework

Date: November 1, 2019

To: General Government and Licensing Committee

From: General Manager, Solid Waste Management Services, and Controller

Wards: All

SUMMARY

This Report provides an update on the status of the Circular Procurement Implementation Plan and Framework (CE Procurement Framework), which outlines how circular economy principles will be applied to the City's purchasing processes to drive waste reduction, economic growth, and social prosperity and support making the City of Toronto the first city in the province with a circular economy. A circular economy aims to reduce waste and maximize resources by focusing on product longevity, renewability, reuse, and repair. Implementing circular procurement will advance the City's efforts to maximize the value of existing resources and reduce waste.

The report updates on Circular Procurement Pilots (CE Pilots) implementation and CE Procurement Framework consultation, capacity-building, and stakeholder engagement activities completed to date, co-led by Solid Waste Management Services and the Purchasing and Materials Management Division. The Report also provides details on revisions to the work plan to align with current and planned work to identify baseline measurements of Toronto's circularity and develop a city-wide Circular Economy Roadmap.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, and Controller recommend that:

1. The General Government and Licensing Committee receive this report for information.

FINANCIAL IMPACT

There are no immediate financial impacts beyond what has already been approved in the current year's budget. The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of June 5, 2018, Government Management Committee received item GM28.9, Implementation Plan and Framework for Integrating Circular Economy Approaches into City Procurement Processes to Support Waste Reduction and Diversion, from the General Manager, Solid Waste Management Services and the Treasurer, for information.

The Government Management Committee Decision document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM28.29>

At its meeting of November 13, 2017, Government Management Committee considered item GM23.24, Meeting the City's Environmental and Circular Economic Commitments Through Procurement, and directed the City Manager to report to Government Management Committee on June 15th, 2018 with a strategy for City procurement to drive waste diversion through the Circular Economy.

The Government Management Committee Decision document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM23.24>

At its meeting of November 14, 2016, Government Management Committee adopted report GM16.5, Purchasing and Materials Management Review: Strategy for Category Management and Strategic Sourcing (CMSS), outlining the request to include CMSS as part of the 2017 budget request. The Controller and Chief Purchasing Officer of Purchasing and Materials Management Division initiated actions to be taken to support this decision.

The Government Management Committee Decision document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.5>

At its meeting of July 12, 2016, City Council adopted item PW14.2.2016, Final Long Term Waste Management Strategy, and requested the City Manager to form a cross-divisional Circular Economy Working Group, including Solid Waste Management Services, Environment and Energy, Toronto Water, Purchasing and Materials Management Division and Facilities Management, among others, to develop a strategy and policy framework to make the City of Toronto the first municipality in the province with a Circular Economy and align with the Provincial goal as part of the *Waste Free Ontario Act, 2016*.

The City Council Decision document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PW14.2>

COMMENTS

In 2016, City Council approved the Long Term Waste Strategy and requested the City Manager to form a Cross-Divisional Circular Economy Working Group (the Working Group) to develop a strategy and policy framework to make the City of Toronto the first city in the province with a circular economy. The Working Group has a mandate to provide informed input, ideas, and feedback and to bring forward opportunities on behalf of the Divisions they represent during the development of the City's Circular Economy Roadmap.

In 2018, members of the Working Group jointly developed the CE Procurement Framework. Members of the Working Group currently include: Solid Waste Management Services (Chair), Purchasing and Materials Management Division, Environment and Energy Division, Parks, Forestry, and Recreation, City Planning, Corporate Real Estate Management, Economic Development and Culture, Transportation Services, Toronto Water, Toronto Public Health, and Engineering and Construction Services.

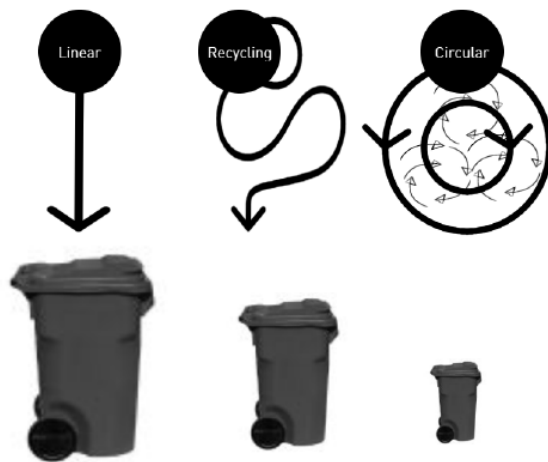
Circular Economy at the City of Toronto

The City of Toronto is working toward an aspirational goal of making Toronto the first municipality in Ontario with a circular economy. Transition to a circular economy provides opportunities to enhance social and environmental outcomes and improve economic performance and profitability. Circular economy transition also has the potential to decrease the risk associated with relying on external sources of raw materials and labour, as well as to increase the resiliency of City services and infrastructure.

As illustrated in Figure 1 below, a circular economy aims to reduce waste and maximize resources by shifting away from the current linear "take-make-and-dispose" approach, in which materials are extracted, used for a short period, and then disposed of. Instead, applying a circular economy approach to service delivery, challenges the City to rethink how it can provide services to residents based on three core principles:

1. *Limitation:* Reducing the City's carbon footprint and reliance on scarce, non-renewable resources;
2. *Maximum Value:* Retaining or maximizing the value of existing City assets through strategies such as purchasing for durability, placing increased emphasis on product reuse and repair, and consideration of sharing and/or leasing options rather than ownership; and
3. *System Improvements:* Re-examining the City's existing service delivery systems and finding new ways to put valuable materials back into circulation and 'design out' waste.

Figure 1 - A depiction of waste bins representing the linear, recycling, and circular systems.



Piloting Circular Procurement

Staff from the Solid Waste Management Services and Purchasing and Materials Management Divisions, in collaboration with staff from other divisions, are undertaking work to identify and action up to ten divisional and corporate CE Pilots. Based on the opportunities identified within divisional procurement plans and individual procurements, staff will establish circular criteria, requirements, and contract management tools for CE Pilots on a case-by-case basis.

Current CE Pilots include the awarded procurements and preliminary outcomes listed in Attachment 1. In addition to the CE Pilots outlined in Attachment 1, there are 3 additional initiatives currently being advanced which cannot be included in this report, as they are in the planning or procurement process. Staff will continue to incorporate circular principles into selected procurements where feasible, ensuring alignment with the City's procurement timelines, procedures, and purchasing bylaws.

Staff will also explore opportunities for CE Piloting in the City's procurement of textiles and uniforms, food and catering services, office equipment, and information technology. These areas are being targeted based on waste reduction opportunities identified in the Long Term Waste Management Strategy as well as international best practice research on circular public procurement. Additionally, Solid Waste Management Services and Transportation Services staff are working to integrate circular economy approaches into temporary public space design elements.

Training, Capacity-Building, and Stakeholder Engagement Completed to Date

Since the adoption of the CE Procurement Framework in June 2018, the City of Toronto has played a lead role in convening key stakeholders in a number of circular economy

training and capacity-building engagements. For example, staff initiated and concluded a public appointment process for a City of Toronto Circular Economy Working Group (CEWG), which launched in January 2019 and is comprised of 46 public members representing 13 economic sectors. In acknowledgement of its notable contributions to the circular economy, in January 2019, the City of Toronto received Runner Up recognition in the Public Sector Category at The Circulares, the world's premier circular economy award program.

Strategic partnerships are a crucial element of the City's circular economy work. In June 2019, the City of Toronto, The UN Environment Programme of North America, and the Council of the Great Lakes Region joined forces to bring together 150 key stakeholders to generate a shared vision for a circular economy in the binational Great Lakes region.

These capacity-building and stakeholder engagements enable staff to gather feedback from market and industry representatives in order to inform the City's ongoing circular procurement work. It also supports staff in documenting promising practices and lessons learned in other jurisdictions. Staff will continue to demonstrate the City of Toronto's leadership and action in circular procurement through convening procurement stakeholders and entering into key strategic partnerships.

For a comprehensive list of the City's circular procurement stakeholder engagements and activities, please refer to Attachment 2.

Current and Planned Circular Procurement Work

Work is currently underway to develop circular economy-specific training resources for City of Toronto staff responsible for planning, executing, and managing procurement calls.

Work is also underway to develop a baseline analysis of the City of Toronto's existing level of circularity, including material flows and economic indicators such as domestic production, domestic consumption, waste, and export. It is expected that the outcomes of this research will enable staff to better understand industry-specific readiness to implement circular principles, thereby informing engagement with prospective industries, sectors, and spend categories. Research findings will also be used to develop a multi-year Circular Economy Road Map for the City of Toronto.

In early 2020, staff will identify appropriate opportunities, through current CE Pilot procurements and ongoing Category Management and Strategic Sourcing processes, to engage with vendors. Leveraging opportunities for vendor engagement will help the City to assess the readiness of the market to respond to circular economy procurement calls, notify potential vendors of the City's circular ambitions, and inform the development sector-specific circular economy procurement measurement tools.

Finally, per 2017 direction from Government Management Committee, staff are developing a multi-year Circular Economy Road Map strategy. The Circular Economy Road Map will articulate city-wide circular economy targets and outline Key Performance indicators to enable staff to track progress against social, environmental,

and economic outcomes. The Circular Economy Road Map strategy will also support City Council approved goals and actions such as those outlined in the Long Term Waste Management Strategy, TransformTO, the Toronto Food Strategy, and the City of Toronto Resilience Strategy.

Revised Work Plan and Next Steps

Based on key learnings in the first year of CE Framework implementation, staff are expanding the CE Framework Implementation Plan beyond its existing 2 year timeframe to better align with the City's existing procurement planning processes. To inform future policy and ensure that staff have a robust set of circular procurement case examples to monitor and evaluate, the revised work plan will also align with planned circular economy Baseline research and Road Map work.

Table 1 below outlines updated timelines for Solid Waste Management Services and Purchasing and Materials Management Division staff to provide a final report on the CE Framework to the General Government and Licensing Committee, including recommendations and City-wide implications.

Table 1 - Revised Work Plan

Phase	Milestone	Target Timeline
Policy Development	Development and Approval of Draft CE Framework	June 2018 (Complete)
	Circular Economy Baseline analysis	2022
	Circular Economy Roadmap Development	2022-2024
Consultation/Engagement	Stakeholder Review of Draft CE Procurement Framework	2018 (Complete)
	Training and Capacity-Building	Ongoing
	Vendor Engagement Activities	2019-2021
Piloting	Identification of circular criteria and metrics	Ongoing
	Identification of CE Pilot divisions	Ongoing
	CE Piloting process	2018-2021
Monitoring/Evaluation/	Interim Report to Council on CE Procurement Framework Implementation	November 2019

Reporting	Establish CE Procurement Key Performance Indicators	2019-2021
	Update of CE Procurement Framework to reflect CE Pilot results/Stakeholder feedback/Baseline analysis results	2021-2022
	Final reporting: Report to GGLC with City-wide implications and recommendations	June 2022

Per existing Roles and Responsibilities outlined in the CE Procurement Framework, Staff will continue to identify and implement CE Pilots and concurrently identify and monitor circular economy metrics where they exist.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Current Circular Economy Procurement Pilots
Attachment 2: Circular Economy Procurement Framework Training, Capacity-Building, and Stakeholder Engagement Activities