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Item No. 3

Halifax Regional Council
October 30, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in blue ink, appearing to be "S. Dale MacLennan".

For S. Dale MacLennan, CA, Director, Finance

A handwritten signature in black ink, appearing to be "Cathie O'Toole".

Cathie O'Toole CGA, Director, Infrastructure and Asset Management

DATE: October 24, 2007

SUBJECT: Update - Ethical Procurement/Green Procurement

INFORMATION REPORT

ORIGIN:

Councillors' inquiries on aspects of Sustainable Procurement including life cycle costing for vehicles and ethical procurement.

BACKGROUND

In a report dated September 12, 2006, staff provided Council with an progress update on the development of a comprehensive, ethical procurement policy in the context of the broader concept of sustainable procurement that includes: best value for money (such as price, quality, availability, functionality, etc), environmental (green procurement) and social (distribution of resources, labour conditions, human rights, etc) considerations.

Council was advised that staff was closely monitoring the issues concerning ethical procurement and best practices and would return to Council at a later date with a draft ethical procurement policy once the Business Systems and Control Group had completed their review of HRM's procurement process. In the meantime, staff would continue to review current practices in the area of sustainable procurement and specific green procurement initiatives that may be adopted by HRM.

In March 2007, staff provided Council with information on life cycle costing for vehicles. The information report concluded that staff was committed to adopting sustainable procurement practices and would be directing their efforts toward integrating life cycle costing, including consideration for fuel economy, into vehicle purchases.

DISCUSSION

Sustainable procurement is an integral and important component of HRM's overall sustainability initiative. Greening Corporate HRM - A Sustainability Snapshot (Attachment A) provides a corporate perspective and update on this overall initiative

Over the last year staff has continued to monitor best practice and has taken steps to incorporate, where possible, aspects of sustainable procurement into current practice. A review of best practice indicates a strong movement within municipalities across Canada toward the adoption of policy on sustainable procurement and a commodity based approach to the sustainable procurement of goods and services. However, there are significant challenges in the application of this type of policy including financial implications, resourcing and consistency in approach. This has delayed progress in this area.

As part of HRM's continued commitment to the principles of sustainability, staff from procurement and the client business units has participated in the Atlantic Canada Sustainability Initiative, a collaborative project designed to build the capacity and momentum around sustainability issues in Atlantic Canada. Workshops held as part of this initiative are providing an appreciation of the challenges and opportunities to incorporate environmental, social and economic considerations into the procurement of goods and services within HRM in conjunction with other networking and training sessions available to the broader procurement community. On an ongoing basis, procurement staff are members of the Corporate Sustainable Transition team which is responsible for greening the corporate culture through the promotion of sustainable practices, policies, education and awareness throughout HRM.

There are several initiatives currently under consideration or underway within procurement that support the concept of sustainability including:

- life- cycle costing to fleet purchases
- anti-idling policy in price agreements
- reduction of packaging in specifications
- use of EcoLogo certified products (cleaning supplies, paint etc.)
- use of fair trade specifications for catering contracts
- increased Post consumer waste requirements for paper products
- environmental considerations in vendor performance evaluations
- refurbishment/disposal of products in an environmentally sensitive manner
- dedicated training for both procurement and client business unit staff
- discussions with commodity suppliers to explore opportunities.

The Business Systems and Control Group is reviewing HRM's procurement processes including a review of best practices and expects to present their findings and associated recommendations shortly. It is anticipated that these recommendations will address sustainable/green procurement as it relates to existing policy, process and procedures.

Sustainable/Green Procurement is included in the 2007/08 Finance business plan objectives. Over the next six months to a year staff will undertake to:

- develop a corporate organizational framework that promotes and guides sustainable procurement and includes:
 - amendments to the Procurement Policy to incorporate sustainability as a guiding principle and provides for consideration of social and environmental factors in the purchase of goods and services
 - a staff committee responsible for overseeing sustainable procurement
 - a budget funding mechanism that reflects the increased costs attributable to sustainable procurement
- commence implementing the recommendations of the Business Systems and Control Group
- augment existing staff resources to assist in the preparation of business cases that outline and support opportunities for commodity based sustainable procurements such as paper, IT products, chemicals and various service contracts.
- continue to incorporate principles of sustainability in procurement practices and contracts.
- focus on education and training initiatives for staff.

Staff will return to Council with recommendations on sustainable procurement once the organization framework and implementation plan is developed.

BUDGET IMPLICATIONS

Funds are currently available from the Sustainable Community Reserve, in project #CII00740 - Whole Systems Methodology, to assist staff in developing sustainable procurement practices.

The implementation of specific sustainable initiatives may impact operating budgets. A more detailed discussion of these impacts will be addressed in subsequent staff reports to Council on sustainable procurement.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

NA

ATTACHMENTS

Attachment "A" - Greening Corporate HRM - A Sustainability Snapshot (October 2007)

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Anne Feist, Operations Manager, Procurement at 490-4200

**Greening Corporate HRM
A Sustainability Snapshot
(October 2007)**

Background

Sustainability is considered one of the greatest challenges facing every Canadian municipality.

Simply, sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Regional Council recognized this important consideration when it adopted four corporate operating themes, including “healthy, sustainable, vibrant communities”.

Sustainability Analysis (How sustainable was HRM?)

HRM staff learned about The Natural Step, a science-based sustainability management tool, through discussions with the Federation of Canadian Municipalities. After some initial workshops, the municipality engaged The Natural Step of Canada to complete a corporate-wide sustainability analysis. It was an eye opener.

Although HRM had some great successes and good stories to tell about its sustainable community efforts, the analysis revealed many challenges in becoming a healthy, sustainable community - both within the organization, and in the greater community.

The sustainability analysis brought forward 12 high level corporate wide recommendations. These were then reviewed by the corporate Environmental Initiatives Group and prioritized to three immediate priorities;

1. Green Corporate Culture
2. Green Buildings
3. Green Procurement

The sustainability analysis also suggested that HRM’s sustainability efforts were not well linked.

Efforts began immediately to focus on the three priority areas, and to move towards an integrated systems approach to clean air, land, water and energy. The work paid off quickly. One year later, the actions were recognized by the Province of Nova Scotia with the 2005 InNOVAward of Excellence for HRM’s sustainable environment strategic efforts.

Regional Plan (and Other Internal Sustainability Efforts)

At the same time, work was nearing completion to ensure the environmental efforts were in full support of HRM’s 25-year regional land use plan. The regional plan, four years in the making, received final Regional Council and Provincial approvals in the summer of 2006. It’s as much a regional planning document as it is a framework for sustainability in future subdivision development and land use patterns.

Since the first successes, HRM has brought forth additional green initiatives that are quickly ensuring the long-term sustainability of the community at large. Some of these include:

- clean air strategy
- corporate and community greenhouse gas emission plans
- climate SMART (climate change mitigation and adaptation project)¹

¹ These two corporate projects both were recognized nationally with Sustainable Community Awards from the Federation of Canadian Municipalities

- reduced idling programs
- bio-fuels in the transit system
- methane gas capture at the former landfill
- community energy plan
- HRWC water wise - leak reduction efforts¹
- storm and wastewater strategies

Community and Regional Sustainability Collaborations

HRM's sustainability efforts also extend to the greater community and two recent partnership examples include:

- **Municipal Sustainability Office (UNSM) - HRM is a founding partner, along with the Union of Nova Scotia Municipalities and Province of Nova Scotia, in the establishment of the Municipal Sustainability Office.**

Municipal governments have an important contribution to make in protecting air, water and land resources. Citizens want a quality of life that includes a cleaner, healthier environment, even as the impacts of climate change become more evident. Nearly half of Canada's greenhouse gas (GHG) emissions are under direct or indirect control or influence of municipal governments. In Nova Scotia, there is a growing awareness amongst municipalities that we are front and centre in the climate change battle. The majority of our municipalities, including HRM, touch the coast. With an economy that is both resource and tourism based, we are particularly susceptible to the impacts of climate change. We recognize that the potential impacts of climate change on municipal infrastructure watersheds, health and education systems will be significant and costly to our municipalities and to our way of life.

Implementing energy efficiency and renewable energy programs - to reduce the use of fossil fuels, and to reduce the release of GHG's and air pollutants - have been identified as priorities for municipal governments. Municipalities want to increase their capacity to address climate change and sustainability issues.

Therefore, the UNSM, in partnership with HRM and the Province of Nova Scotia, has committed to assisting all NS municipalities meet this challenge by supporting the creation of the Municipal Sustainability Office, and the hiring of the Municipal Sustainability Coordinator. A portion of the staff time is spent on HRM specific projects.

- **Atlantic Canada Sustainability Initiative - HRM is one of the founding partners of the Atlantic Canada Sustainability Initiative (ACSI).**

The ACSI is a collaborative project designed to build capacity and momentum around sustainability in Atlantic Canada using The Natural Step framework as a guide. It was developed by a grass-roots network of municipalities, businesses and NGO's in Atlantic Canada in order to better understand the challenges and opportunities of sustainability and to move the region toward sustainable solutions. United by a common vision of a sustainable Atlantic Canada - and a common commitment to action - these organizations want to engage other communities, other businesses, and other levels of government to create a broad-based network that acts as a tipping point for greater sustainability in the region.

Objectives:

- **Build capacity and competence within partner organizations to become**

- better leaders in sustainable development
- Implement a plan of action that advances sustainability through concrete actions within each partner organization
- Develop role models by sharing each organization's successes and lessons with respect to sustainability
- Build an effective network that collaborates and supports progress towards sustainability
- Build regional momentum towards sustainability by engaging citizens, organizations and governments within the Atlantic Region
- Identify and act on opportunities collaboratively to help move the region towards sustainability

Corporate Sustainability Transition Team

Led by the Infrastructure and Asset Management Department, the corporate Sustainability Transition Team includes representation from several business units (i.e. Community Development, Transportation and Public Works, Finance, Police, Infrastructure and Asset Management, etc.).

The fundamental mandate of the Team includes, “greening the corporate culture through the promotion of sustainable practices, policies, education and awareness throughout the corporation”.

The Sustainability Transition Team is also directly involved with the Atlantic Canada Sustainability Initiative and its training and capacity building initiatives.

Further Information

Further information on HRM's sustainability efforts, including copies of reports, plans and strategies on clean air, land, water and energy initiatives, is available on-line at www.halifax.ca/environment and follow the “Get Involved” links.

**Stephen King, Manager
Sustainable Environment Management Office
Infrastructure & Asset Management**