

The City of Winnipeg Purchasing Policy  
with respect to Sustainable Development and  
Environmental Issues. File FP

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89 - 7. Council has, in at least two motions, directed that the purchasing policy be reviewed with respect to environmental issues.

In order to address these directives, the Purchasing Department has developed a Purchasing Policy with respect to sustainable development and environmental issues.

On July 11th, 1990, Council adopted the recommendations in the report of the Committee on Works and Operations, entitled "Waste Minimization and Recycling - Action Plan", dated June 26th, 1990, as amended by the Executive Policy Committee recommendations and by Council motion. Included in the report was a recommendation that the City "develop and implement a procurement policy pertaining to the materials and supplies purchased by the City, which is preferential towards materials that facilitate reduction, re-use, recycling or recovery."

On October 10th, 1990, Council adopted the recommendations in the report of the Executive Policy Committee, entitled "Task Force to Conduct a Coordinated Environmental Review of City Hall", dated October 3rd, 1990. Included in the report was a recommendation that the Task Force "conduct a coordinated environmental review of City Hall" including assessment of purchasing policy.

#### Recommendation No. 1

Given a commitment to a sustainable development strategy, the principle of global responsibility requires that the City recognize the need to act to consider environment and economics in decisions and to develop comprehensive and equitable solutions to problems.

In addition, the principle of integration of environmental and economic decisions requires that a purchasing policy balance environmental impacts and economic consequences.

The purchasing policy is applied at the points of acquisition and disposal of products and services but its influence extends throughout the life cycle of the products and services and therefore the effect on all stages must be fully considered.

At present, waste minimization is considered a key strategy in reducing damage to the environment. The activities promoted under the waste minimization strategy, in order of general preference, are source reduction, reuse, recycling, recovery of energy and residual management.

The reasoned application of sound purchasing principles within the context of the current purchasing policy can readily encourage waste minimization throughout the life cycle of most products and services.

The competitive bidding process exerts economic pressure for bidders to maximize their efficiency by various means, including waste minimization.

#### Examples:

1. Many commodities are offered in minimum packaging or returnable, reusable containers. This is not a recent trend. Many manufacturers have long offered such packaging, for purely economic reasons, where retail marketing was not a primary consideration.
2. Many commodities are offered with recycled material content. This is not a recent trend in some industries. Some manufacturers have long utilized recycled material content for purely economic reasons but did not advertise the practice until it became popular.

Purchasing on the basis of evaluated cost, including criteria such as durability, efficiency in use and price, promotes waste minimization in the City's operations.

#### Examples:

1. Scrap automobile tires are a major concern at present. The Purchasing Department has developed a specification for the Police Department that evaluates safety, durability and price. The result has been a significant reduction in the number of tires used and discarded and a cost saving.

2. If efficiency in use is used as an evaluation criterion, automobiles and other fuel consuming equipment would be evaluated for fuel use and price.

Purchasing on the basis of evaluated cost, including criteria such as residual value/disposal cost promotes the purchase of goods which can be reused or recycled after disposal by the City.

Residual value is a very good indicator of a reuse or recycling market for goods disposed of by the City.

Example:

1. The Purchasing Department has established several contracts for the sale of surplus and waste, including vehicles, equipment, scrap metal, waste oils and scrap batteries. Consideration of residual value at the time of acquisition may improve this diversion from the waste stream.

The City is a member of the Association of Canadian Cities for Environmentally Sound Strategies (ACCESS).

ACCESS has recommended that all of its members adopt a common statement of principle:-

"In order to increase the development and awareness of Environmentally Sound Products, all departments in conjunction with Purchasing Department staff, review their contracts and tender specifications for goods and services to ensure that wherever possible and economical, specifications are amended to provide for expanded use of products and services that contain the maximum level of post-consumer reusable or recyclable waste and/or recyclable content, without significantly affecting the intended use of the product or service; and that it be recognized that cost analysis is required in order to ensure that the products are made available at competitive prices."

The Purchasing Department supports the activities of ACCESS but their statement of principle addresses only one action in support of environmental concerns - recycling. Although recycling is undoubtedly the most publicized activity, it should be recognized that it is the third choice option in the waste minimization strategy.

The Purchasing Department considers the ACCESS statement of principle, although worthwhile, to be too narrow in scope to encompass the full range of options available by exercising a City-wide cooperative effort.

Adoption of the recommended statement of principle should be considered to be adoption, by inclusion, of the ACCESS statement of principle with respect to recycling to demonstrate support for their activities.

Recommendation No. 2

Implementation of the purchasing strategy to promote environmentally sound products and services will be an expensive undertaking.

Reviewing and revising specifications for products and services to provide for expanded use of those that have the least harmful impact on the environment will not be a simple task. Although many products are purported to be environmentally sound, verification of claims will require a significant commitment of time.

Evaluation criteria which are quantifiable and verifiable must be developed for each commodity to ensure the integrity of the evaluation process and relevance to changing industry and technology.

Many products purported to be environmentally sound are promoted as such on the basis of their impact during only a portion of their life cycle. Without detailed analysis on a product by product basis, or in some cases, a manufacturer by manufacturer basis, the total environmental impact is not obvious.

Example: Some manufacturers have promoted paper bags as environmentally preferable to plastic bags for "obvious" reasons: Wood fibre is a renewable resource and biodegradable; plastic bags are manufactured from non-renewable petrochemicals and are not biodegradable.

A second look, by no means in sufficient detail to truly determine which is preferable, would consider that fast-growing, single-species forests are often created by clearing mixed-species, old-growth forests (a practice condemned by some as comparable to the destruction of the Amazon Rain Forest); petrochemicals are used in the logging industry; biodegradability is questionable in a landfill; waste effluent from pulp mills has an environmental impact.

To properly support this undertaking, product approval committees, comprising individuals with a wide range of

expertise, are necessary.

Wherever possible, existing product approval committees should be utilized to provide the technical resources necessary. Wherever necessary, new product approval committees should be formed to provide these resources.

Although this entails a significant commitment of time and effort, the City can expect economic as well as environmental benefits from the process. Past experience has shown that detailed review of a commodity, for any reason, typically generates cost savings which can continue for years after the review.

The suggested plan of attack is consistent with Section 9(e) of the Policy on Purchasing Procedures and the Disposal of Surplus Supplies.

#### Recommendation No. 3

Acquisition of information including City usage, manufacturer's data and disposal implications could be performed in conjunction with the current purchasing function with only a moderate impact on workload.

Analysis of information will have a major impact on workload. It is estimated that, on average, approximately 0.1 person-years of Purchasing Department staff time will be required to initially evaluate a commodity group and 0.02 person-years per year will be required to maintain and update information.

An initial review indicates that twenty to thirty commodity groups will encompass most of the potential reduction in the City's waste volume.

Assuming no increase in Purchasing Department staff, only two or three major commodity groups could be evaluated in depth per year initially. As the number of commodity groups evaluated increases, maintenance and updating will erode the available staff time until, after ten commodity groups are evaluated, little or no further progress will be achieved.

Assuming one additional Purchasing Department staff member addressing environmental concerns on a full time basis, it is estimated that an additional five to ten commodity groups per year could be evaluated. The evaluation of twenty to thirty commodity groups would become a reasonably attainable goal.

It should be noted that a completed evaluation will not necessarily result in an immediate course of action. In some cases the current technology and industry will not provide feasible alternatives and actions may be deferred.

Regardless of any increase in Purchasing Department staff, some additional resources would be necessary to address environmental concerns. Funds would be required for testing, research and participation in the activities of such groups as ACCESS.

#### Recommendation No. 4

Special cases, including some not obviously related to environmental impact, will arise that may not be adequately addressed by the general purchasing policy.

Typically, the focus of these special cases will be at the extreme ends of the spectrum: global issues and isolated local or product specific issues.

Examples:

- a) Impact on specific ecosystems such as the Amazon Rain Forest, the North American West Coast forests, or the Canadian northland. In some cases the only choice available may lie in where we are willing to tolerate harmful impact to the environment.
- b) Ethical issues such as product testing on live animals. In some cases such testing may be involved in determining toxicity in order to assess potential environmental impact.
- c) Political issues such as apartheid in South Africa. In some cases products that reduce harmful impact on the environment are dependent on scarce materials such as platinum which is largely available only from South Africa.
- d) Vendor category issues such as local preference, small business preference or minority business preference. In some cases a decision will have to consider the relative importance of such issues with

respect to environmental and economic impacts. It is suggested that such cases be addressed on a case-by-case basis but with full consideration for their cumulative impact on the City's efforts in support of sustainable development. Such cases could be evaluated by the Purchasing Department, subject to adequate staff resources, or by the Research and Policy Analysis Branch of the Board of Commissioners, or by specially assembled task forces.

#### Recommendation No. 5

It is not recommended that any arbitrary preference or pricing advantage in the competitive bidding process be granted to purportedly environmentally sound products or services.

Pricing advantages do not necessarily flow to the companies actually deserving economic assistance; any premium paid for environmentally sound products or services may be absorbed as additional profit by the distribution chain. If economic assistance is necessary to develop an industry it should be through a targetable system such as development loans.

The Association of Canadian Cities for Environmentally Sound Strategies (ACCESS) in adopting their statement of principle has stated that "they will not pay a premium nor will they show preference for the goods and services required for their daily operations". The groups feel that "doing what is environmentally sound is good business and good business processes and practices will stand on their own."

A purchasing policy which flows from a sustainable development strategy should not foster artificial industries dependent on preferential policies.

#### Conclusion

Environmental concerns can largely be addressed effectively under the current purchasing policy. The only requirement to exercising this potential is a commitment to do so.

The Purchasing Department therefore recommends the adoption of the statement of principle and the approval of the purchasing strategy.

#### Your Executive Policy Committee recommends:-

1. That the City adopt the following statement of principle:- In order to increase the development and awareness of environmentally sound strategies, the City will, wherever possible and economical, provide for the expanded use of products and services that have the least harmful impact on the environment without significantly affecting the intended use of the product or service.

It is recognized that life cycle analysis is required to determine the total environmental and cost impact of such products and services, and that such analysis will be a continuing process keeping pace with technological and industrial development.

2. That the following actions in support of the statement of principle be approved:-
  - a) All departments, in conjunction with the Purchasing Department, review their specifications for goods and services to ensure that wherever possible and economical, specifications are amended to provide for expanded use of products and services that have the least harmful impact on the environment without significantly affecting the intended use of the product or service.
  - b) Wherever possible, existing product approval committees be utilized as technical resources in the review of specifications.
  - c) Wherever necessary, product approval committees be formed to review specifications.
3. That the Purchasing Department be given direction as to the resources to be allocated and the rate at which the action plan is to be pursued.
4. That special cases that cannot necessarily be addressed by the general purchasing policy be considered on a case-by-case basis.
5. That the City base its purchasing decisions on quantifiable and verifiable evaluation of environmental and economic concerns, and not pay any premium nor show any arbitrary preference for purportedly environmentally sound products or services in the competitive bidding process.

Council Minutes - November 21st, 1990

Moved by Mayor Norrie,  
Adoption of the clause.

Carried.