

Date: February 2, 2007



**TO: Board Members – Vancouver Park Board**  
**FROM: General Manager – Parks and Recreation**  
**SUBJECT: Ethical Purchasing Policy Update**

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## **RECOMMENDATION**

*THAT the Board receive this report for information.*

## **POLICY**

Ethical Purchasing Policy (EPP) as amended by the Board at its meeting on Monday, June 12, 2006

## **BACKGROUND**

Council approved the original EPP on February 17, 2005, and provided an additional \$246,000 for the Park Board operating budget for full year coverage of additional costs and revenue impacts related to the introduction of the EPP. Subsequent to Council's approval, the Park Board approved the implementation of the EPP and Supplier Code of Conduct (SCC) at its meeting of February 28, 2005. The policy covered all City departments and the Park Board and applied to the procurement of apparel items and fair trade agricultural products, including coffee.

On June 12, 2006 the Board approved the implementation of an amended Ethical Purchasing Policy (copy attached) and directed staff to report back in early 2007.

## **DISCUSSION**

The amended policy allows different treatment when awarding contracts for products being sold to the public from those for internal use. Since 40% of the Park Board operating budget relies on income generated from revenue programs such as food services, it is imperative that these programs are operated cost effectively and meet customer needs. The EPP was amended to allow staff the flexibility to operate cost effectively and offer a variety of products to customers.

When contracting for products where customer choice is not an issue, i.e. products not for resale to the public, the EPP will be applied in the current manner. When contracting for products where customer choices are impacted, i.e. resale items (including agricultural

products), bids would be accepted for both fair trade certified products and non-certified products.

In determining the award of such contracts, where all factors are generally equivalent, the contracts will be awarded within the parameters of the EPP and SCC. However, for contracts where the products are being resold to the public, should the costs of certified fair trade items be higher than non-certified items, the Board will reserve the right to bypass the EPP and use the criteria of best value to the Board in awarding contracts. This could include a joint award of both certified fair trade and non-certified products for resale, in order to offer more choice to our customers. Justification will be provided to and written approval will be requested from the Director of Corporate Services or the General Manager when bypassing the use of the EPP in awarding a contract.

The EPP applies to the purchase of certified fair trade agricultural products (including coffee), as well as clothing and uniforms. The Park Board food supply tenders are awarded for the period April 1<sup>st</sup> to March 31<sup>st</sup> annually. It should be noted that although the EPP was amended in June 2006, the amended policy did not affect the contract for food supply items for the 2006/2007 season. The amended EPP will affect the upcoming food supply tender which will be out to bid in February 2007. In 2006, the Park Board purchased fair trade coffee, sugar, hot chocolate mix, and large size chocolate bars under the original Ethical Purchasing Policy.

Agricultural Products

The Park Board’s annual food supply tender includes items covered by the Ethical Purchasing Policy and Supplier Code of Conduct. The items affected by this policy in 2006 were certified fair trade coffee, sugar, hot chocolate mix and chocolate bars. Other items may be affected as new items are certified by Trans Fair Canada. Purchases of EPP affected products in 2005 and 2006 were as follows:

	2005	2006
Coffee	\$36,190	\$30,880
Hot Chocolate	\$9,750	\$9,500
Sugar	\$3,550	\$5,500
Large Fair Trade Chocolate Bars	\$730	\$810

The table below provides a comparison of the quantities of fair traded products purchased in 2005 and 2006:

	2005	2006
Coffee - bulk	30 pounds	160 pounds
Coffee – 2oz packets	38,136 packets	35,860 packets
Hot chocolate	2799 pounds	2200 pounds
Sugar packets	190,000 packets	245,000 packets
Chocolate bars – 100 gram	276 bars (partial year – April 2005)	312 bars

In looking only at the cost side, the Park Board experienced an overall cost-savings after implementation of the original EPP in 2005. Given that prices for all commodities purchased except coffee were higher after the EPP, at least a portion of the cost savings must be linked to the lower quantities of products purchased.

The Board is currently in the process of going out to bid for food supply items for the 2007/2008 season. The amended EPP will be used in the award of this contract.

### Apparel Items

The Park Board has jointly tendered with other City departments for the supply of clothing and uniforms. Because of the high volume, the Park Board should realize approximately \$3500.00 in savings per year over the four year contract. All successful suppliers must comply with the EPP and SCC, and factory locations are posted on the Park Board public website.

In 2006, due to the contract term set for the food supply tender, the amended EPP was not implemented. The impact of the EPP to cost and sales were insignificant in 2006. It is important to maintain the amended EPP for 2007, as it will provide more choices to our customers. It is unknown at this time how significant the prices will be for any newly certified products.

### Ethical and Sustainable Purchasing

In addition to ethical purchasing, the Park Board is committed to sustainable purchasing. Staff are currently working with other City departments towards improved ethical and sustainable purchasing. This team is gathering information in order to draft an ethical and sustainable purchasing policy. This is anticipated to be completed by year end.

The following are examples of purchasing related decisions currently being implemented:

- A new joint contract for courier and cartage services has been negotiated where the criteria for award involved reduction in emission levels, compliance with City Idle Free by-law, and use of bicycle couriers
- A new contract has been awarded for the supply of “green certified” janitorial cleaning chemicals.
- Park Board has discontinued use of bleach and ammonia for general use. These items are still purchased to a small extent, but only under special order.
- A new contract has been awarded for the supply of “green certified” toilet paper and paper towels.
- A pilot project utilizing biodegradable and compostable food containers for use in the concessions is underway. Containers are made from sugar cane fibre and biodegrade quickly in the landfill.
- All Park Board letterhead and business cards are printed on 100% post consumer recycled paper that is chlorine free and printed with vegetable based inks.

- The Park Board is testing various types of biodegradable and/or compostable garbage bags.
- The Park Board has been purchasing Energy Star rated appliances, (washers, dryers, freezers etc.) as per the Energy Efficiency Purchasing Policy adopted in January 2005.

## **SUMMARY**

It should be noted that the amended Ethical Purchasing Policy, although approved by the Board in June 2006, has not yet affected any contracted commodities. The current food supply contracts expire on March 31, 2007, and at the time of their award were governed by the original EPP. Staff will monitor the effect of the amended EPP and SCC over the next year, as well as its effect on the 2007/2008 food supply tender. The Park Board will continue to balance its commitment to servicing the public and providing parks and recreation services, while remaining committed to sound ethical and sustainable purchasing principles.

Prepared by:

Corporate Services  
Vancouver Board of Parks and Recreation  
Vancouver, BC