



Memorandum

TO: MAKING GOVERNMENT WORK
BETTER COMMITTEE

FROM: Scott P. Johnson
John Stufflebean

SUBJECT: ENVIRONMENTAL PROCUREMENT DATE: 02-03-06
REPORT FOR 2005

Approved

Date

RECOMMENDATIONS

Approve the report on Environmentally Preferable Procurement Policy activities during calendar year 2005.

BACKGROUND

The City of San José has been a leader among government agencies in the area of integrated waste management and the use of recycled content products since the first Recycling and Waste Reduction Policy was adopted in 1989. On September 25, 2001, Council adopted the comprehensive Environmentally Preferable Procurement Policy. Within that Policy, staff was directed to report annually on the implementation and achievement of the adopted policy and proposed actions for the upcoming reporting period.

The purpose of the San José Environmentally Preferable Procurement Policy (see Attachment A) is to minimize negative environmental impacts of City activities by promoting the procurement of services and products that reduce toxicity, conserve natural resources, materials and energy and maximize recyclability and recycled content. Through the procurement of environmentally preferable products, the City supports markets for recycled goods and other environmentally preferable products and services.

The Environmentally Preferable Procurement efforts are coordinated by a Steering Committee with representatives from the Environmental Services Department and the Purchasing Division of the Finance Department. In an annual report to Council, the EPP Steering Committee describes the activities of the past year and outlines the plans for the next year.

ANALYSIS

The majority of action items approved by Council in November 2004 for Fiscal Year 2004/2005

were accomplished by the end of Calendar Year 2005. Following are summaries of accomplishments for 2005 and Projected Activities for 2006.

2005 Accomplishments

The accomplishments for 2005 encompass four major areas – 1) Awareness and Training, 2) Procedures and Products, 3) Research and Testing, and 4) Planning and Collaboration. These achievements are listed below under the most applicable area.

1) Awareness and Training

- Creation of a “WebCheck” training class for City staff to use the internet to check for – environmentally preferable alternatives prior to submit purchase requisitions to Purchasing.
- Completion of Webcheck training with Purchasing – Warehouse staff.
- Training on EPP lighting alternatives for City energy and procurement staff.
- Identification and review of EPP online training for procurement personnel.

2) Procedures and Products

- Replacement of selected cleaning products with environmentally preferable alternatives.
- Discussion of incorporation of EPP in standards set by the General Services Facilities Management Division for Minor Public Works projects.
- Discussion with Public Works to incorporate EPP into bids and RFPs.
- Reduction of paper usage by 33% in the Environmental Services Department.
- Purchase and utilization of recycled content products with an estimated value of \$1 million (see Attachment B).

3) Research and Testing

- Review of national and international sources of EPP data for products.
- Identification of EPP tools to assist departments and buyers to implement “Green” purchasing.
- Completion of research for utility paper towels.
- Review of environmental impact of cleaning products carried in City’s Warehouse
- Completion of pilot to use 100% recycled copy paper.
- Completion of test to use 40% recycled paper.
- Collection of data on recycled content expenditures for 2005 (Attachment B).

4) Planning and Collaboration

- Participation in the inaugural, regional EPP meeting.
- Participation in the United Nations Environment Day workshop on Municipal Environmental Purchasing in San Francisco.
- Major cost saving from EPP lighting alternative for City Hall employee garage.

Projected Activities for 2006

As discussed above, in 2005, the EPP Steering Committee started a collaborative effort with General Services and Public Works to identify potential inclusion of the Environmentally Preferable Purchasing Policy in City construction and maintenance projects. Therefore, for 2006, the EPP Steering Committee will include a Green Building representative.

The 2006 recommended plan for the EPP Steering Committee is presented in the following four major areas – 1) Awareness and Training, 2) Procedures and Products, 3) Research and Testing, and 4) Planning and Collaboration.

1) Awareness and Training

- Add information on EPP policy to New Employee Orientation program.
- Conduct outreach to vendors and contractors on the City's EPP Policy.
- Develop and/or expand City's EPP intranet and internet sites.
- Expand on the EPP awareness and training initiatives for City and Redevelopment Agency staff.
- Train City staff who make purchases to use WebCheck to look for EPP alternatives.

2) Procedures and Products

- Develop forms and procedures to begin formal data collection on vendors offering EPP products and/or services.
- Incorporate EPP language into the standard Bid and Request for Proposal documents
- Revise procedures for handling of Universal Waste (batteries, lamps, etc.) to align with legislative requirements.
- Continue to integrate EPP with Green Building practices in cooperation with General Services facility guidelines and Minor Public Works projects.

3) Research and Testing

- Research lifecycle cost methodologies that can be used for evaluation of EPP initiatives or proposals.
- Pursue the funding for the acquisition of an "E Procurement Solution" through the Fiscal Year 2006/2007 budget process, which will assist with tracking EPP purchases.
- Test environmental alternatives to products currently in use by the City and/or pilot new products.

4) Planning and Collaboration

- Host a strategic vision workshop for EPP stakeholders within the City and relevant agencies or organizations to provide input for a strategic plan.
- Review and revise, if necessary, the existing EPP policy based on input from strategic vision workshop.
- Submit EPP policy for Council consideration
- Create a strategic plan for EPP that provides vision and direction.

- Identify performance measures that will document progress on implementation of this policy and environmentally preferable product purchases (including recycled content product purchases).
- Continue to partner with other government agencies on environmental procurement and exchange data/research results in this growing field.
- Continue to leverage opportunities to work with other citywide environmental initiatives in outreach to businesses and the public.
- Align complementary goals with other City environmental initiatives such as Green Building, Green Business, Sustainable Energy and Water Conservation.

PUBLIC OUTREACH

Not applicable.

OUTCOMES

If the resolution to reconfirm the EPP policy is adopted, the City will be more competitive when submitting applications for state grants.

COST IMPLICATIONS

The Environmentally Preferable Procurement Policy includes the following statement regarding cost: *“Nothing in this policy shall be construed as requiring a department, agency or contractor to procure products that do not perform adequately for their intended use or are not available at a reasonable price in a reasonable period of time.”*

For 2006, with the possible exemption of small pilot projects funded within the current Environmental Services budget, it is not anticipated that there will be any cost implications for EPP efforts. However, as part of the Strategic Planning efforts, it is anticipated that new initiatives with cost implications will be discussed. If there are any budget implications arising from plans for 2007, they will be addressed in the 2006-07 midyear budget adjustment process and/or the 2007/2008 budget process and will be presented to the City Council in the 2007 Environmental Procurement Report.

COORDINATION

This report was coordinated with the City Manager’s Office, General Services, and Public Works.

MAKING GOVERNMENT WORK BETTER COMMITTEE

02-03-06

Subject: Environmental Procurement Report for 2005

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CEQA

Not a Project.

SCOTT P. JOHNSON

Director of Finance

JOHN STUFFLEBEAN

Director of Environmental Services

Attachments

CITY OF SAN JOSE

COUNCIL POLICY

TITLE	PAGE	POLICY NUMBER
Environmentally Preferable Procurement Policy	1 of 4	4-6
	EFFECTIVE DATE	REVISED DATE
City Council on September 25, 2001	9-25-01	
	APPROVED BY:	

BACKGROUND

The mission statement of the Environmental and Utility Services City Service Area (CSA) reflects a commitment to provide environmental leadership through policy development and program design.

By incorporating environmental considerations in public purchasing, the City of San José can serve this commitment by reducing its burden on the local and global environment, removing unnecessary hazards from its operations, protecting public health, reducing costs and liabilities, and potentially improving the environmental quality of the region. This policy is an effective way to direct the City's effort in procuring environmentally preferable products and services.

PURPOSE

The primary purpose of this policy is to minimize negative environmental impacts of the City's activities by ensuring the procurement of services and products that:

- reduce toxicity;
- conserve natural resources, materials, and energy;
- maximize recyclability and recycled content.

A collateral purpose is to support markets for recycled goods and other environmentally preferable products and services.

DEFINITIONS

The following terms shall have the assigned definitions for all purposes under this policy:

- A. **City of San José** means the City of San José elected officials, staff, and agencies.

- B. **Environmentally Preferable Products and Services** means products and services that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product.
- C. **Life Cycle Cost** means the amortized annual cost of a product, including capital costs, installation costs, operating costs, maintenance costs, and disposal costs discounted over the lifetime of the product.
- D. **Practicable** means sufficient in performance and available at a reasonable price.
- E. **Recyclable Product** means a product which, after its intended end use, can demonstrably be diverted from the City of San José's solid waste stream for use as a raw material in the manufacture of another product.
- F. **Recycled Material** means material and byproducts that have been recovered or diverted from solid waste, and have been utilized in place of raw or virgin material in manufacturing a product. It is derived from post-consumer recycled material, manufacturing waste, industrial scrap, agricultural waste, and other waste material, but does not include material or byproducts generated from, and commonly reused within, an original manufacturing process.
- G. **Virgin Material** means any material occurring in its natural form. Virgin Material is used in the form of raw material in the manufacture of new products.

POLICY

The City of San José commits to:

1. Procure environmentally preferable products and services where criteria have been established by governmental or other widely recognized authorities (e.g. Energy Star, EPA Eco Purchasing Guidelines).
2. Integrate environmental factors into the City's buying decisions where external authorities have not established criteria. Examples:
 - replacing disposables with reusables or recyclables;
 - supporting eco-labelling practices by buying products bearing such labels in preference to others, where they are available and provide value for money
 - taking into account life cycle costs and benefits;
 - evaluating, as appropriate, the environmental performance of vendors in providing products and services;
3. Raise staff awareness on the environmental issues affecting procurement by providing relevant information and training;

4. Encourage suppliers and contractors to offer environmentally preferable products and services at competitive prices;
5. Encourage providers of services to consider environmental impacts of service delivery.
6. Comply with all environmental legislative and regulatory requirements in the procurement of products and services.

Nothing in this policy shall be construed as requiring a department, agency or contractor to procure products that do not perform adequately for their intended use or are not available at a reasonable price in a reasonable period of time.

Procedures and Guidelines may be established as necessary to ensure the continuation of a strong Environmental Procurement Program.

Responsibility

All City of San José departments, offices and agencies shall identify and purchase the most environmentally responsible products and services that are available for the intended purpose and that meet the performance requirements. Factors that should be considered when determining the environmentally preferable good or service include, but are not limited to:

- Minimization of virgin material use in product or service life cycle
- Maximization of recycled products used in product or service life cycle
- Environmental cost of entire product or service life cycle
- Reuse of existing products or materials in product or service life cycle
- Recyclability of product
- Minimization of packaging
- Reduction of energy/water consumption
- Toxicity reduction or elimination
- Elimination of uncertified hardwoods in product or service life cycle
- Durability and maintenance requirements
- Ultimate disposal of the product

Purchasing Division Responsibilities:

1. Develop and maintain information about environmentally preferable products and recycled products containing the maximum practicable amount of recycled materials, to be purchased by departments, agencies, consultants and contractors whenever possible.
2. Inform departments, agencies and contractors of their responsibilities under this policy and provide implementation assistance.
3. Institute product testing and trial service to evaluate environmentally responsible alternatives pursuant to established testing guidelines.
4. Require the use of recycled materials and recycled products by incorporating them in bid specifications where practicable;

5. Disseminate information on recycled and environmentally preferable product procurement requirements, specifications, and performance to assist vendors with procurement opportunities with the City.
6. Establish guidelines governing the review and approval of specifications for the procurement of selected materials based on considerations of recycling, energy and water conservation, life cycle costing and other environmental considerations.
7. Submit reports of policy impacts on an annual basis.

Environmental Services Department Responsibilities:

1. Support Purchasing in its implementation of this policy by providing training, information when requested, and assistance in the evaluation of the EPP status of a product or service.
2. Support departments and agencies in evaluation and analysis of products and services for EPP criteria.
3. Help establish and promote needed environmental procurement legislation.

Department and Agency Responsibilities:

1. Evaluate each requested product and service to determine the extent to which the specifications could include an environmentally preferable option.
2. Ensure that contracts issued by the departments and agencies include environmentally preferable products and recycled products wherever practicable;
3. Determine standard at which products are considered environmentally preferable and use in selective criteria.
4. Expand the awareness and use of environmentally preferable products.

Document Review

This policy must be reviewed every three years.

Attachment B

2005 City Expenditures on Products Containing Recycled Content

<u>Product Category</u>	<u>2005</u>
Office Supplies	\$131,138
Warehouse Supplies	
Paper	\$509,523
Non-paper	\$171,548
Traffic Beads	\$20,817
Automotive Products	131,400
Compost	\$34,000
TOTALS	\$1,000,431