



TO: HONORABLE CITY COUNCIL

FROM: HARRIET RICHARDSON, CITY AUDITOR

DATE: AUGUST 14, 2017

SUBJECT: **AGENDA ITEM NUMBER 16** - Policy and Services Committee Recommendation to Accept the Audit of Green Purchasing Practices

Attached is the April 25, 2017, memo to City Council regarding the Audit of Green Purchasing Practices. This was inadvertently excluded from the packet item.

Harriet Richardson

Harriet Richardson
City Auditor



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

April 25, 2017

The Honorable City Council
Palo Alto, California

Audit of Green Purchasing Practices

In accordance with the Fiscal Year 2016 Annual Audit Work Plan, the Office of the City Auditor has completed the Audit of Green Purchasing Practices. The audit report presents one finding with a total of eight recommendations. The Office of the City Auditor recommends that the Policy and Services Committee review and recommend to the City Council acceptance of the Audit of Green Purchasing Practices.

Respectfully submitted,

Harriet Richardson
City Auditor

ATTACHMENTS:

- Attachment A: Audit of Green Purchasing Practices (PDF)

Department Head: Harriet Richardson, City Auditor



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

August 14, 2017

The Honorable City Council
Palo Alto, California

Policy and Services Committee Recommendation to Accept the Audit of Green Purchasing Practices

The Office of the City Auditor recommends acceptance of the Audit of Green Purchasing Practices. At its meeting on April 25, 2017, the Policy and Services Committee approved and unanimously recommended that the City Council accept the report. The Policy and Services Committee minutes are included in this packet.

Respectfully submitted,

Harriet Richardson
City Auditor

ATTACHMENTS:

- Attachment A: Audit of Green Purchasing Practices (PDF)
- Attachment B: Policy and Services Committee Meeting Minutes Excerpt (April 25, 2017) (PDF)

Department Head: Harriet Richardson, City Auditor



FBS
COUNCIL MEETING

4/25/2017

Received Before Meeting
 Received at Meeting

1

**CITY OF PALO ALTO
MEMORANDUM**

TO: POLICY AND SERVICES COMMITTEE

FROM: CITY AUDITOR

AGENDA DATE: April 25, 2017 ID# 7468

SUBJECT: Audit of Green Purchasing Practices – Corrections

- 1) Subsequent to the audit, a vendor revised information on its website. The first paragraph on page 10 in the "Cleaning supplies and paper products not monitored to ensure they were green" section, should read:

"About 6,300 ounces (73 percent) of the nonbulk cleaning chemicals and floor-care products that the contractor used were not Green Seal-certified products."

- 2) Page 21 should be labeled as Appendix 2.

Harriet Richardson

HARRIET RICHARDSON
City Auditor

THIS IS AN UPDATED VERSION WITH REVISIONS TO THE EXECUTIVE SUMMARY AND TEXT ON PAGES 10 AND 21.



Audit of Green Purchasing Practices

April 13, 2017



Office of the City Auditor

Harriet Richardson, City Auditor

Lisa Wehara, Performance Auditor II

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OFFICE OF THE CITY AUDITOR

EXECUTIVE SUMMARY:

Audit of Green Purchasing Practices

April 13, 2017

PURPOSE OF THE AUDIT

The objective of the audit was to determine whether the City of Palo Alto complies with applicable green purchasing requirements in purchases.

REPORT HIGHLIGHTS

Finding: The City does not always comply with applicable requirements in its green purchasing policies (Page 7)

The City's green purchasing policies and goals are not fully achieved because the City does not have consolidated, formal written procedures to implement the Environmentally Preferred Purchasing Policy; other procedures have not been updated; there is a lack of a clear governance structure and a lack of awareness of policies and procedures; and the City does not have technical tools to track green purchases.

- Only 59 percent of Staples paper product purchases and only 19 percent of paper product purchases from other office supply vendors met or most likely met the recycled content requirement.
- The City purchased and distributed drinking water in plastic bottles against policy. Staff identified this issue and took corrective action during the audit.
- The City's janitorial contractor that services most City facilities did not always use green products or provide reports of bulk chemicals as required by the contract, nor did the City monitor the products to ensure they were green.
- All of the \$1.0 million in computers, notebooks, and monitors that the City purchased were Electronic Product Environmental Assessment Tool certified, and in May 2016, received the 2016 Electronic Product Environmental Assessment Tool Sustainable Purchasing Award, which recognizes excellence in sustainable electronics procurement.
- Public Works has not formally documented its assessment of the suitability of battery-electric or plug-in hybrid vehicles during its review of the fleet replacement capital improvement plan in the annual budget process.

Key Recommendations:

- The City Manager's Office should clearly define the department(s) responsible for implementing green purchasing policies, determine if additional staffing and funding is needed to implement the policies, and provide the responsible department(s) with the authority to implement green purchasing across the City.

The responsible department(s) should then:

- Consult with the Attorney's Office to align the Municipal Code as needed with green purchasing policies.

- Write and distribute consolidated procedures to implement green purchasing policies, including the 10 different areas in the Environmentally Preferred Purchasing Policy, and update existing policies and procedures to reflect current requirements, including recycled paper and procurement card guidance.
- Evaluate if the new e-procurement system and proposed enterprise resource planning system or other specialized software can help with tracking and reporting green purchases. As part of the planned transition of the Annual Performance Report to the City Manager's Office, determine what green purchasing performance measures to track and report on, such as the number and percentage of green products purchased and their environmental benefits. The Sustainable Procurement Playbook for Cities provides potential criteria for what to track.

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ABBREVIATIONS

ASD	Administrative Services Department
EPEAT	Electronic Product Environmental Assessment Tool
EPP	Environmentally Preferred Purchasing
P-card	Procurement Card
USDN	Urban Sustainability Directors Network

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INTRODUCTION

Objective

The objective of the audit was to determine whether the City of Palo Alto (City) complies with applicable green purchasing requirements in purchases.

Background

Triple bottom line

Sustainable, or “green” purchasing, includes environmental stewardship, along with social responsibility and economic equity.

These are often referred to as the “triple bottom line” or the “three pillars of sustainability.”

The City’s green purchasing efforts began in the early 1990s when the City Council approved two policies for the procurement of recycled products and recycled paper and paper products. The City adopted a policy expressing support for sustainability in April 2000, and the City Council approved a revised policy in June 2007. The City’s intent was to be a sustainable community – “one which meets its current needs without compromising the ability of future generations to meet their own needs.” By adopting this policy, the City accepted its responsibility for the triple bottom line, through its operations, programs, and services, to:

- Enhance the quality of air, water, land and other natural resources by minimizing human impact on local, regional and global ecosystems through greater conservancy, reduced pollution, increased efficiency, and protection of native vegetation, fish, wildlife habitats and other ecosystems.
- Continuously improve the quality of life for all Palo Alto community members without adversely affecting others.
- Maintain a healthy, thriving and well-balanced economy comprised of a blend of large and small business, which encourages the development of independent businesses and is resilient to the changes common to California’s economy.

All products have environmental impacts, and among the benefits of green products are that their environmental impacts are less than those of similar products. However, the greenest option may be avoiding buying a product, if possible, for example, by repairing an item to extend its life or converting to a paperless file management system to reduce the need for paper and ink.

No direct federal or state mandates or goals for green purchasing

There are no direct federal or state mandates or goals for green purchasing in local governments, except in certain cases where specific federal or state grants may require green purchasing. Cities may have both direct and indirect requirements related to green procurement through permits tied to state or federal legislation. Green purchasing initiatives can also help local governments meet other state environmental goals.

City's Green Purchasing Policies

Green purchasing in Palo Alto includes areas such as goods and services, energy and gas purchases, green building materials, and the use of pesticides. Some of Palo Alto's green purchasing policies are the:

- Environmental Preferred Purchasing (EPP) Policy
- Procurement of Recycled Paper and Recycled Paper Products Policy
- Extended Producer Responsibility Policy
- Vehicle and Equipment Use, Maintenance and Replacement Policy
- Green Information Technology Purchasing Policy

Environmentally Preferred Purchasing Policy

The City adopted the EPP Policy, also known as the Green Purchasing Policy, in February 2008 (see Appendix 1). Its purpose was to align the City's purchases and purchasing policies and procedures with the City's many environmental and sustainability policies and programs to:

- Protect and conserve natural resources.
- Minimize the City's contributions to global warming, solid waste, local and global pollution, and toxic chemical exposures to people and the environment.
- Promote human health and well-being.

The policy required the City Manager to convene a Sustainable Purchasing Committee, including management-level staff from key departments, to implement the policy by creating a plan and procedures to address 10 different areas (see Appendix 1).

Procurement of Recycled Paper and Recycled Paper Products Policy

The City adopted the Procurement of Recycled Paper and Recycled Paper Products Policy in June 2003. This policy requires the City to purchase paper products consisting of at least 50 percent secondary and postconsumer waste, whenever the recycled alternative meets the City's requirements and specifications for paper products, and within the constraints of staff time and cost factors.

Extended Producer Responsibility Policy

Green purchasing also includes product packaging. The City's Extended Producer Responsibility Policy acknowledges that producers have the greatest ability to minimize impacts and, therefore, the most responsibility. The policy creates requirements for manufacturers and suppliers to reduce waste and pollutant releases in the City. It also requires City vendors of designated products to minimize and reduce packaging and take back designated products and packaging for reuse, recycling, or responsible disposal, when convenient and at a nominal additional cost. This policy aligns with the Single-use Plastics Policy discussed in the "Drinking water in plastic bottles purchased against policy" section.

Vehicle and Equipment Use, Maintenance and Replacement Policy

The City revised its Vehicle and Equipment Use, Maintenance and Replacement Policy in March 2016 and includes a section on alternative fuel vehicles which was originally adopted in April 2015. The City's policy is to acquire "plug-in electric vehicles upon replacement or for new needs when they are available, and meet needed range, load and emergency response requirements."¹

Green Information Technology Purchasing Policy

The Green Information Technology Purchasing Policy established specific guidelines for purchasing Electronic Product Environmental Assessment Tool (EPEAT) certified computer equipment and packaging to reduce plastics. Information Technology staff were previously unaware of this policy, but stated that it needs to be updated, and it is unclear whether the City approved the policy (see discussion in the "Lack of awareness of environmental and green purchasing policies" section).

Sustainable Procurement Playbook for Cities

The *Sustainable Procurement Playbook for Cities*, issued in October 2016, provides practical advice, best practices, resources, and tools to help cities with their sustainable procurement efforts. The playbook is a project of the Urban Sustainability Directors Network (USDN) and was written primarily by Alicia Culver, the City's green purchasing consultant and the executive director of the Responsible Purchasing Network, with input from 19 cities, including Palo Alto.² The USDN is a peer-to-peer network of local government professionals from over 135 cities in the United States and Canada.

¹ The current terminology is "battery-electric or plug-in hybrid vehicles." Policy terminology should be updated accordingly.

² Alicia Culver, et al. *Sustainable Procurement Playbook for Cities*, Urban Sustainability Directors Network, October 2016, available at http://usdn.org/uploads/cms/documents/rpn-usdn-sustainable-purchasing-playbook-101216_final.pdf

Green Purchasing Activities and Accomplishments

The City's green purchasing activities and accomplishments include:

- Developed environmental performance specifications for priority goods and services including landscaping services, landscaping and structural pest control, computer equipment, office supplies, lighting, custodial supplies, and single-use plastics.
- Developed green purchasing workplans beginning in October 2008; the most recent one is for 2015-2017.
- Created a flowchart to guide decision-making about when to specify green products.
- Revised City contract terms and conditions to include vendor responsibilities for waste reduction and pollution prevention.
- Revised processes for petty cash reimbursements to restrict City purchases of disallowed products such as single-use plastics.
- Made recommendations to City departments regarding policies, permits, or other goals, using the green purchasing consultant services as needed.
- Participated in developing the USDN *Sustainable Procurement Playbook for Cities*.
- Received the 2010 Green California Leadership Award.

Scope

Because the City does not track green purchases, the total amount of potential green purchases is not known. We reviewed the City's purchases of office supplies, cleaning supplies, and computers to assess whether purchases complied with the City's green purchasing policies. For each category, we included the City's purchases made with procurement cards (p-cards) from July 1, 2014, through June 30, 2016. In addition:

- We evaluated the City's compliance rate for recycled content of paper product purchases from its main office supply vendor, Staples, from July 1, 2014, through June 30, 2016.
- We reviewed the cleaning supplies purchased by the City's janitorial service contractor from January 2016 through the beginning of July 2016.³
- We reviewed bulk computer and monitor purchases from purchase orders in April 2014, January 2015, and May 2015.⁴

We did not review vehicle purchases because Public Works had not formally documented its assessment of the suitability of battery-electric or plug-in hybrid vehicles during its review of the fleet

³ The most recent calendar year information available at the time of our review.

⁴ The most recent large purchase orders for computers and monitors at the time of our review.

replacement capital improvement plan in the annual budget process (see the discussion in the “Battery-electric or plug-in hybrid vehicles” section).

Methodology

To accomplish our audit objective, we:

- Reviewed the relevant data and policies and procedures and interviewed Public Works, Administrative Services, and Office of Sustainability staff.
- Obtained information from the City’s green purchasing consultant from the Responsible Purchasing Network and the City Attorney’s Office regarding federal and state mandates and goals that apply to green purchasing.
- Conducted a risk assessment to identify and prioritize risks associated with green purchasing.
- Obtained and reviewed data from the City’s main office supply vendor, Staples, to evaluate the City’s compliance with minimum recycled content required for paper products.
- Reviewed a sample of the City’s purchases of office supplies, cleaning supplies, and computers to assess the extent to which purchases are made in compliance with the City’s green purchasing policies.

Sampling methodology

We selected a statistical, stratified random sample of 87 p-card purchases using a 95 percent confidence level and a 10 percent confidence interval. We selected the sample items in proportion to the total number of p-card purchases in each category: office supplies, cleaning supplies, and computers. We also selected statistical random samples for office supplies not purchased from Staples and for computer purchases. However, green purchasing was not applicable to the majority of items in these samples. We chose these sample designs to ensure that we reviewed an appropriate number of items from each category to support our conclusions regarding the City’s compliance with its green purchasing policies. Although this was a statistical sample of p-card purchases within these categories, we did not project our conclusions to the population of purchased items because the total population of potential green purchases is not known.

Data reliability

To assess the reliability of the data needed to answer the audit objective, we reviewed the data for completeness, consistency, and

reasonableness, and obtained an understanding of the data by discussing with knowledgeable City and Staples staff. For the data review, we reviewed receipts for p-card data, matched receipts to Staples data, and compared both p-card and Staples data to the City's SAP enterprise resource planning system. From these efforts, we believe the information is sufficiently reliable for this report.

Compliance with government auditing standards

We conducted this audit of Green Purchasing Practices in accordance with our Fiscal Year 2016 Annual Audit Work Plan and generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We would like to thank management and staff in the Public Works and Administrative Services Departments, and the Office of Sustainability for their time, cooperation, and assistance during the audit process.

Finding

The City does not always comply with applicable requirements in its green purchasing policies

The City's green purchasing policies and goals are not fully achieved because the City does not have consolidated, formal written procedures to implement the Environmentally Preferred Purchasing Policy; other procedures have not been updated; there is a lack of a clear governance structure and a lack of awareness of policies and procedures; and the City does not have technical tools to track green purchases.

- Only 59 percent of Staples paper product purchases and only 19 percent of paper product purchases from other office supply vendors met or most likely met the recycled content requirement.⁵
- The City purchased and distributed drinking water in plastic bottles against policy. Staff identified this issue and took corrective action during the audit.
- The City's janitorial contractor that services most City facilities did not always use green products or provide reports of bulk chemicals as required by the contract, nor did the City monitor the products to ensure they were green.
- All of the \$1.0 million in computers, notebooks, and monitors that the City purchased were EPEAT certified, and in May 2016, received the 2016 EPEAT Sustainable Purchasing Award, which recognizes excellence in sustainable electronics procurement.
- Public Works has not formally documented its assessment of the suitability of battery-electric or plug-in hybrid vehicles during its review of the fleet replacement capital improvement plan in the annual budget process.

Paper products not always at least 50 percent recycled as required

From July 1, 2014, through June 30, 2016, the City purchased paper products that were less than the required 50 percent recycled content:

- 62,100 (59 percent) of 106,000 pounds of Staples paper product purchases met the requirement.
- 2 (4 percent) of 53 paper product purchases from other office supply vendors met the requirement. Another 8 (15 percent) most likely met the requirement because, although the recycled

⁵ Paper products include copy machine paper, envelopes, business cards, and forms.

percentage was not cited on the invoice, the merchant's website for those purchases states that it has an eco-friendly commitment and uses 100 percent post-consumer waste recycled white paper and an earth-friendly line of color paper.

- 28 (53 percent) of 53 purchases of paper product purchases from other office supply vendors had insufficient information to determine whether the purchases met the required recycled content.

Our November 2012 audit, *Contract Oversight: Office Supplies*, also cited the City's noncompliance with this policy by showing that the City had spent about \$230,000 on 30 percent recycled paper instead of buying 50 percent recycled paper, from late 2005 to mid-2012. Some departments with high production printing needs did not use higher recycled content paper due to concerns about performance deficiencies, such as paper jams in the equipment and poor duplex print quality. The equipment, rather than the paper, could have been a factor since 100 percent recycled content paper has been used successfully for several years by many public organizations.

The Purchasing Division in the Administrative Services Department (ASD) advises departments on policies and procedures and best practices when there are questions, but departments are responsible for complying with the policy and returning any goods that do not conform to policy.

Effect of paper purchases on the environment

The City's paper product purchases used about 60 tons of wood, from about 400 trees. If all 106,000 pounds of paper products purchased had met the 50 percent recycled content requirement, about 130 fewer trees would have been used.

Manufacturing the paper products that the City purchased produced greenhouse gas emissions equivalent to the emissions from about 20 cars per year. If all 106,000 pounds of paper products purchased had met the 50 percent recycled content requirement, the greenhouse gas emissions produced would have been reduced by an amount equivalent to the emissions from about one car per year. If the City had purchased all 100 percent recycled content paper, the

Drinking water in plastic bottles purchased against policy

greenhouse gas emissions produced would have been reduced by an amount equivalent to the emissions from about three cars per year.⁶

The City purchased and distributed drinking water in single-use plastic bottles although City policy states that single-use plastic water containers shall not be purchased, distributed, or sold after December 31, 2009. The City adopted the Single-use Plastics Policy in 2009, recognizing that single-use plastic containers, including plastic water bottles, can end up as litter that harms the environment and affects global warming by using energy that creates carbon dioxide. However, several City departments have purchased drinking water in plastic bottles for training and other events. Staff identified this issue and took corrective action during the audit, including updating procedures and blocking the purchase of drinking water in plastic bottles on the Staples website.

Cleaning supplies and paper products not monitored to ensure they were green

The janitorial contractor that services most City facilities used about 520 cases of 100 percent recycled fiber paper towels with 20 percent postconsumer fibers, although the contract requires that paper towels contain the highest postconsumer content available, but not less than the minimum 40 percent postconsumer fibers recycled content standard established by the United States Environmental Protection Agency.⁷ Public Works staff said they did not enforce the contract requirement because when the City selected paper towel dispensers years ago, the only paper towels available to fit the dispensers had no more than 20 percent postconsumer fibers. Public Works staff has not yet evaluated the quality, performance, and cost of the 40 percent postconsumer fiber paper towels that are now available.

The contract also requires the contractor to use cleaning chemicals and floor care products that meet a Green Seal environmental certification standard and to provide periodic reports of total products used. Green Seal-certified products reduce the use of hazardous chemicals and natural resources while delivering the

⁶ We used the Environmental Paper Network Paper Calculator, Version 3.2.1, to calculate the estimated environmental impact. For more information, visit www.papercalculator.org.

⁷ Recycled fiber paper towels can be made from preconsumer- or postconsumer-recycled content. Preconsumer-recycled content is made from manufacturer waste that is repurposed into something new. Postconsumer-recycled content is made from waste used by consumers, disposed of, and diverted from landfills, which is more environmentally friendly than using preconsumer-recycled content.

performance that consumers expect. Although most of the cleaning chemicals and floor care products used by the contractor were bought in bulk, the City did not require the contractor to provide reports of these bulk products, nor did the City monitor the products used to ensure they met the certification requirement. About 6,300 ounces (73 percent) of the nonbulk cleaning chemicals and floor-care products that the contractor used were not Green Seal-certified products. These products represented a small portion of the total cleaning products that the contractor used. Although not required by the contract, the City could increase its use of other green products, such as Green Seal-certified soap and trash bags with recycled content.

City staff also bought cleaning supplies and paper products that were not green, such as floor polish, paper towels, and toilet tissue. Although one of the EPP Policy goals is to conserve natural resources, 10 (71 percent) of 14 cleaning supply and paper product purchases, totaling about \$2,200, were not green products.

Computer purchases were green and saved energy

All of the \$1.0 million in computers, notebooks, and monitors that the City purchased were EPEAT certified (about \$850,000 Gold certified and \$150,000 Silver certified).⁸ EPEAT provides environmental product ratings based on manufacturers' information on the ability of the products to meet required and optional criteria that address the full product lifecycle, from design and production to energy use and recycling. The City received an EPEAT Sustainable Purchasing Award in 2016, which recognizes excellence in the procurement of sustainable electronics. The Public Works Department is also working with the Information Technology Department to find ways to reduce plastics packaging for computer purchases, including new specifications to address both EPEAT and packaging for future computer purchases in accordance with the City's Extended Producer Responsibility Policy and the Green Information Technology policy (see the discussion in the "Lack of awareness of environmental and green purchasing policies" section).

Effect of EPEAT-certified purchases

These EPEAT purchases resulted in an estimated 69,200 kilowatt hours of first-year energy savings, which is equivalent to greenhouse

⁸ Gold certified products meet all required criteria and at least 75 percent of optional criteria while silver certified products meet all required criteria and at least 50 percent of optional criteria.

gas emissions from about 10 passenger vehicles driven for one year or the energy use of about 5 homes for one year. The lifetime energy savings of the EPEAT purchases is estimated to be 262,000 kilowatt hours, which is equivalent to greenhouse gas emissions from about 39 passenger vehicles driven for one year or the energy use of about 19 homes for one year.⁹

Battery-electric or plug-in hybrid vehicles

The City's policy is to acquire "plug-in electric vehicles upon replacement or for new needs when they are available, and meet needed range, load and emergency response requirements." Public Works staff developed a checklist that departments must use when submitting a Vehicle/Equipment Request and Analysis form for vehicles that are requested outside of the annual budget process. However, Public Works has not formally documented its assessment of the suitability of battery-electric or plug-in hybrid vehicles during its vehicle review of the fleet replacement capital improvement plan in the annual budget process. Instead, Public Works staff evaluate vehicles based on their general knowledge of what is available, as well as feedback after providing staff in other departments the opportunity to test drive electric cars and motorcycles. The City has bought two battery-electric vehicles in an effort to start greening its fleet but has not bought more due to concerns regarding range limitations, vehicle and battery costs, lack of maintenance and parts support, lack of infrastructure, vehicle charging time, and employees forgetting to charge the vehicles.

There are different perspectives on the costs of plug-in electric vehicles compared to gas vehicles. For example, one cost comparison showed that it is about \$4,100 more expensive in total lifecycle costs over seven years to operate a 2014 Ford Focus electric vehicle compared to a 2014 Ford Focus gas vehicle for a vehicle driven about 13,000 kilometers (8,078 miles) per year but that the total lifecycle costs of the electric vehicle is about \$2,800 less than the gas vehicle if the annual mileage increases to 20,000 kilometers (12,427 miles) and the vehicle is kept for ten years.¹⁰ In contrast, a study of public fleets in disadvantaged communities found that fleets could save nearly

⁹ We used the Electronics Environmental Benefits Calculator from the United States Environmental Protection Agency to calculate the estimated environmental impact.

¹⁰ *Finding the Business Case for EVs in Public Fleets*, West Coast Electric Fleets, February 29, 2016, available at <http://www.westcoastelectricfleets.com/wp-content/uploads/2016/03/Full-Slide-Deck-Feb-29-Compressed.pdf>.

25 percent of the total cost of ownership over the life of a vehicle by replacing certain cars with plug-in electric vehicles.¹¹ However, neither of these comparisons factors in the environmental costs incurred (such as the price of carbon) by operating a gasoline-powered vehicle or available federal and state tax credits if the vehicle is leased.

Buying green vs. not - examples of different costs

The comparison of cost involves more than simply looking up prices on the internet because the actual costs of green products may vary based on different vendors, and the City may also be able to negotiate discounts based on a core list or market basket of green products. The whole picture should be considered when comparing costs. For example, if the City reduces its overall copy paper use and has cost savings from other products in a contract, the cost savings could offset the price difference in buying higher recycled content copy paper. Also, conventional products generally do not include the cost of environmental impacts.

Although the direct cost of buying green can be more expensive than buying conventional products, this is not always the case as demonstrated in the following examples, which show it can cost about:

- 69 percent *less* for a green cleaner than for bleach. For example, it cost \$1.77 to make one gallon of disinfectant cleaner from a concentrated product recommended by the City's consultant. In contrast, germicidal bleach cost \$5.65 for almost one gallon.
- 5 percent *more* for 50 percent recycled content copy paper (current policy) than paper without recycled content. For example, it cost \$3.80 for a ream of 50 percent recycled paper and \$3.62 for a ream of paper without recycled content.
- 12 percent *more* for 100 percent recycled content copy paper (policy revision pending) than paper without recycled content. For example, it cost \$4.07 for a ream of 100 percent recycled paper and \$3.62 for a ream of paper without recycled content. Fewer trees are used for recycled paper.

¹¹ *Electric Vehicle Suitability for Public Fleets in Disadvantaged Communities*, Center for Sustainable Energy, October 2016, available at https://cleanvehiclerebate.org/sites/default/files/attachments/EVSA-Summary-Report-2016_0.pdf.

- 14 percent *less* for remanufactured toner cartridges than new cartridges. For example, it cost \$60.52 for a remanufactured toner cartridge and \$70.42 for a regular toner cartridge.

The City should not necessarily buy conventional products simply because they cost less individually because, as described above, the City may be able to negotiate discounts for green products, and conventional products may not consider the environmental impacts. Although it can be more expensive to buy green, the City's policy goals look beyond cost to protect and conserve natural resources; minimize the City's contributions to global warming, pollution, and toxic chemical exposures; and promote health and well-being.

The United States Environmental Protection Agency's website identifies several potential impacts that products can have on our health and the environment through toxic exposures, air and water pollution, climate change, natural resource use, waste disposal and ecosystem damages. Buying green products helps protect our health and the environment.

No formal written procedures to implement EPP Policy

The City's green purchasing policies and goals are not fully achieved because the City does not have consolidated, formal written procedures to implement the EPP Policy. The policy requires the City Manager to convene a Sustainable Purchasing Committee, including management-level staff from key departments, to implement the policy by creating a plan and procedures addressing 10 different areas (see Appendix 1). However, the Sustainable Purchasing Committee, also known as the Green Purchasing Team, has not created centrally located comprehensive, formal, written procedures that address the 10 areas.

Other requirements in the City's green purchasing policies also have not been fully implemented. For example, except for purchases from Staples, the City has not required annual vendor reports on sustainable product purchases that track units purchased, dollars spent, and other information.

Some procedures and Municipal Code not updated

The City's petty cash procedures have been updated to disallow the purchase of pesticides, single-use plastic water containers and plastic foam products. However, other City procedures that could be affected by the EPP Policy have not been updated to implement green purchasing goals. For example, March 2016 revisions to the p-card guidebook that address green purchasing policies, including pest management and single-use plastics such as drinking water in plastic bottles, have not been approved and distributed to City staff.

There also has not been an assessment of whether Municipal Code amendments are necessary to implement City goals. For example, there is a conflict between the City's green purchasing policies and the Municipal Code requirement to obtain goods and services at the lowest cost possible.¹²

Successful sustainable procurement programs establish clear and comprehensive procedures for employees and vendors to follow to ensure consistent implementation of sustainable purchasing policies.

Lack of awareness of environmental and green purchasing policies

There is also a lack of awareness of the City's environmental and green purchasing policies. For example, several City departments may have purchased drinking water in plastic bottles because they were not aware of the policy and reasons for not buying it. In another example, the City is working to reduce foam packaging included with computer and monitor purchases although the policy addressing this was adopted in 2009. In addition, Public Works staff brought to our attention a December 2009 Green Information Technology policy. However, Information Technology staff were previously unaware of this policy, which needs to be updated, and it is unclear whether the City approved the policy. Public Works staff stated that greater and more frequent education is needed to increase awareness of environmental and green purchasing policies.

Lack of clear governance structure

The City's sustainability policies and goals are not fully achieved because there is a lack of clear governance structure. The *Sustainable Procurement Playbook for Cities* says that it is a best practice when the policy clearly delineates staff roles and responsibilities in carrying out the goals and requirements of the jurisdiction's sustainable purchasing policy. It also says that a sustainable procurement policy

¹² Palo Alto Municipal Code Sections 2.30.010, 2.30.400, and 2.30.440.

is stronger if it assigns specific tasks to staff or departments and includes guidance on how everyone will work together.

Three City employees are involved in green purchasing efforts: a project manager in the Public Works Department, the chief procurement officer in ASD, and the chief sustainability officer in the Office of Sustainability. However, green purchasing is not part of their core responsibilities, and they estimate their total combined time to be about one-fourth of a full-time equivalent (0.25 FTE). Public Works staff contribute most of the staff time to maintain green purchasing, but the department does not have authority to implement green purchasing across the City or immediate knowledge or access to other departments' processes and purchases to make necessary and relevant operational and policy changes in other department's processes.

The Sustainable Purchasing Committee, also known as the Green Purchasing Team, also has responsibilities, as described in the EPP Policy. Its members include the three employees above, along with other staff from the Administrative Services, Information Technology, and Public Works Departments. The team is informally structured and meets as needed to discuss green purchasing topics.

Inadequate technical tools to track green purchases

Without adequate technical tools, including software to track green purchases, the City cannot ensure that its plans, goals, and objectives are met. Other jurisdictions have used their e-procurement systems, accounting systems, and vendor reports to determine the amount spent on specific products and services. Current reporting systems, both external and internal, do not provide sufficient information to evaluate and manage green purchasing. For example, although the City currently receives monthly spend and environmental reports from Staples, ASD's Purchasing Division uses only the spend reports to analyze the amounts spent. ASD and Public Works have suggested to Staples that the environmental reports include more granular information and trends for green purchases so the City can use the reports to determine compliance with green purchasing requirements. Purchasing Division staff indicated that they need a means to identify or flag purchase orders with green items to report on green purchasing activity.

The Public Works Department has tried using checklists to trigger green purchases, but stopped because the checklists usually came too late in the process. Public Works staff said that a new and improved enterprise resource planning (ERP) system could flag purchasers and green purchasing stakeholders when a contract or service is up for renewal so discussion could be prompted early in the procurement cycle. Other jurisdictions have used their e-procurement systems, accounting systems, and vendor reports to determine the amount spent on specific products and services. This indicates that an improved ERP system or specialized software could help the City flag high priority goods and services and allow for better tracking of items purchased.

Recommendations

1. The City Manager's Office should clearly define the department(s) responsible for implementing green purchasing policies, determine if additional staffing and funding is needed to implement the policies, and provide the responsible department(s) with the authority to implement green purchasing across the City.
The responsible department(s) should then:
2. Consult with the Attorney's Office to align the Municipal Code as needed with green purchasing policies.
3. Write and distribute consolidated procedures to implement green purchasing policies, including the 10 different areas in the EPP Policy and update existing policies and procedures to reflect current requirements, including recycled paper and p-card guidance.
4. Educate staff on green purchasing policies and procedures through various means, which could include citywide emails, p-card and other training, department staff meetings, and new employee orientations.
5. Evaluate the quality, performance, and cost of 40 percent postconsumer fiber paper towels, monitor the janitorial contractor's use of cleaning supplies and paper products to ensure compliance with the green purchasing contract requirements, and evaluate the feasibility of including other green products such as Green Seal certified soap and green can liners in the next janitorial contract, as appropriate.

6. Evaluate if the new e-procurement system and proposed enterprise resource planning system or other specialized software can help with tracking and reporting green purchases. As part of the planned transition of the Annual Performance Report to the City Manager's Office, determine what green purchasing performance measures to track and report on, such as the number and percentage of green products purchased and their environmental benefits. The *Sustainable Procurement Playbook for Cities* provides potential criteria for what to track.
7. To the extent possible, require approved vendors to provide data on the amounts of green products and services that the City purchases from them annually.
8. Develop and implement a process to formally document the assessment and suitability of battery-electric and plug-in hybrid vehicles and an evaluation of the cost effectiveness as part of the fleet replacement capital improvement plan budget process. The assessment should consider lifecycle costs and environmental impacts in addition to the initial cost of the vehicle.

APPENDIX 1 – City of Palo Alto Environmentally Preferred Purchasing Policy

POLICY AND PROCEDURES 5-03/MGR

Effective: February 6, 2008

ENVIRONMENTALLY PREFERRED PURCHASING POLICY

POLICY STATEMENT

The City recognizes that its purchases of goods and services can contribute significantly to the success of its sustainability policies and goals. Therefore, the City shall incorporate environmental, economic and social stewardship criteria into its purchases of products and services. This policy will align the City's purchases and Purchasing Department policies and procedures with the City's sustainability policies and programs to:

- protect and conserve natural resources;
- minimize the City's contributions to global warming, solid waste, local and global pollution, and toxic chemical exposures to people and the environment; and
- promote human health and well-being.

This policy shall not require the City to exclude competition, or to purchase products or services that do not perform adequately or are not available at a reasonable price in a reasonable period of time.

Applicability of this Policy

To achieve these goals the City Manager shall convene a Sustainable Purchasing Committee. The Committee will include management-level staff from key departments as identified by the City Manager or his/her designee. The Committee will create a plan and related procedures that include:

- a framework to identify preferable products and services;
- criteria to evaluate the cost, performance and sustainable benefits of those products and services. This criteria would employ a total cost of ownership analysis which includes life cycle factors such as energy and water use, maintenance, replacement, disposal and recycling, and environmental and social benefits to the local and global community;
- an assessment of whether Municipal Code amendments are necessary to implement City goals;
- commitment and engagement of all City staff to identify sustainable products and services that are not purchased centrally;
- training for staff on new products and purchasing procedures that are centrally purchased; and
- support for external purchasing-related initiatives and programs that benefit City sustainability goals, e.g., extended producer responsibility and independent product and service performance certifications.

POLICY AND PROCEDURES 5-03/MGR

Effective: February 6, 2008

- requirements for annual vendor reports on sustainable product purchases tracking dollars spent, units purchased, and other information as specified by the City
- an appropriate program reporting approach
- recommendations for financial and human resources that are needed to implement and maintain this policy
- a three year timeline for implementing changes to the City's purchasing specifications, scopes of service, and procedures. Tasks will be prioritized based on need and available resources. This timeline will be reviewed annually and adjusted as needed.

This policy and plan will be reviewed every three years by the Environmentally Preferred Purchasing (EPP) Committee or as needed to realign with City priorities and requirements.

PROCEDURES

Coordinating environmental and ASD policies and purchases

1. This policy shall not require the City to exclude competition, or to purchase products or services that do not perform adequately or are not available at a reasonable price in a reasonable period of time.
2. Evaluation prices for goods and services shall factor in life-cycle costs, total product cost over the lifetime of the product (use, maintenance, disposal), risk management, regulatory requirements and penalties for non-compliance.
3. Administrative Services and other staff comprising the Environmentally Preferred Purchasing Committee will collaborate and coordinate efforts before, during and after any new environmental purchasing policy implementation to ensure mutual program needs are met and confer and resolve problems jointly.
4. Necessary training or education for City staff as a result of a new purchasing policy will be planned in consultation between the environmental program and ASD.

Policy Maintenance

5. Existing environmentally preferred product and service specifications will be kept accessible via the Purchasing manual and will link to Environmental Policies, programs and specifications listed in the City Manager Policies and Programs.

POLICY AND PROCEDURES 5-03/MGR

Effective: February 6, 2008

6. Changes to any environmental policy can only be made by the department issuing the policy and must be coordinated through the City Manager's Office.

Environmentally Preferred Product and Service Specifications**Pest Control**

Specs

Policy/CMR

NOTE: Questions and/or clarification of this policy should be directed to the Public Works Department.

APPENDIX 2 - City Manager's Response

The City Manager has agreed to take the following actions in response to the audit recommendations in this report. The City Manager will report progress on implementation six months after the Council accepts the audit report, and every six months thereafter until all recommendations have been implemented.

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan	Status
Finding: The City does not always comply with applicable green purchasing requirements in purchases			
<p>1. The City Manager's Office should clearly define the department(s) responsible for implementing green purchasing policies, determine if additional staffing and funding is needed to implement the policies, and provide the responsible department(s) with the authority to implement green purchasing across the City.</p> <p>The responsible department(s) should then:</p>	ASD/CMO	<p>Concurrence: Agree</p> <p>Target Date: August 1, 2017</p> <p>Action Plan: Staff will prepare a document identifying the responsibilities, funding, and staffing needs as suggested.</p>	
<p>2. Consult with the Attorney's Office to align the Municipal Code as needed with green purchasing policies.</p>	ASD/Attorney	<p>Concurrence: Agree</p> <p>Target Date (see related Action Plan targets below):</p> <ul style="list-style-type: none"> a) September 15, 2017 b) September 15, 2018 <p>Action Plan:</p> <ul style="list-style-type: none"> a) Determine which parts of municipal code, if any, need to be revised to reflect City policies. b) Revise municipal code as needed. 	

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan	Status
<p>3. Write and distribute consolidated procedures to implement green purchasing policies, including the 10 different areas in the EPP Policy and update existing policies and procedures to reflect current requirements, including recycled paper and p-card guidance.</p>	<p>CMO/ASD/PWD support</p>	<p>Concurrence: Agree</p> <p>Target Date (see related Action Plan targets below)::</p> <ul style="list-style-type: none"> a) July 1, 2017 b) September 1, 2017 c) April 22, 2018 d) Ongoing. <p>Action Plan:</p> <ul style="list-style-type: none"> a) Short term (12-18 months): Identify funding and/or staff to implement. This could be via consultant services or Office of Sustainability staff. b) P-Card: Confirm proposed revisions to P-Card guidelines, and integrate into PCard Guidelines, training, and approval process. c) Revise Recycled Paper Policy and procedures and develop an integrated City-wide paper reduction and recycled-content paper procurement plan. d) Draft/implement/revise policies and procedures as needed. 	
<p>4. Educate staff on green purchasing policies and procedures through various means, which could include citywide emails, p-card and other training, department staff meetings, and new employee orientations.</p>	<p>ASD</p>	<p>Concurrence: Agree</p> <p>Target Date: Ongoing as milestones in this document are achieved.</p> <p>Action Plan: Ongoing as milestones in this document are achieved.</p>	

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan	Status
<p>5. Evaluate the quality, performance, and cost of 40 percent postconsumer fiber paper towels, monitor the janitorial contractor's use of cleaning supplies and paper products to ensure compliance with the green purchasing contract requirements, and evaluate the feasibility of including other green products such as Green Seal certified soap and green can liners in the next janitorial contract, as appropriate.</p>	PWD/Facilities	<p>Concurrence: Agree</p> <p>Target Date (see related Action Plan targets below):</p> <ul style="list-style-type: none"> a) April 22, 2018 (see 3c) b) Ongoing c) September 1, 2017 <p>Action Plan:</p> <ul style="list-style-type: none"> a) Include evaluation of custodial paper products under 3c. b) Continue to monitor custodial contractor's use of Green Seal products. c) Analyze more environmentally preferable options for trashcan liners. 	
<p>6. Evaluate if the new e-procurement system and proposed enterprise resource planning system or other specialized software can help with tracking and reporting green purchases. As part of the planned transition of the Annual Performance Report to the City Manager's Office, determine what green purchasing performance measures to track and report on, such as the number and percentage of green products purchased and their environmental benefits. The <i>Sustainable Procurement Playbook for Cities</i> provides potential criteria for what to track.</p>	ASD/PWD support	<p>Concurrence: Agree</p> <p>Target Date (see related Action Plan targets below)::</p> <ul style="list-style-type: none"> a) December 1, 2017 b) September 1, 2018 <p>Action Plan:</p> <ul style="list-style-type: none"> a) Form City-wide stakeholder committee to recommend green purchasing performance measures for ERP system to track number and percentage of green products purchased. If ERP system cannot achieve this, consider other options. b) Identify best indicators to track environmental performance for select 	

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan	Status
		contracts and services (e.g., less GHG, waste reduction).	
7. To the extent possible, require vendors to provide data on the amounts of green products and services that the City purchases from them annually.	ASD/PWD support	<p>Concurrence: Agree.</p> <p>Target Date (see related Action Plan targets below):</p> <ul style="list-style-type: none"> a) September 1, 2017 b) Ongoing <p>Action Plan:</p> <ul style="list-style-type: none"> a) Identify selected services and goods requiring vendor data and specify data needed. b) Monitor and enforce data collection. 	
8. Develop and implement a process to formally document the assessment and suitability of battery-electric and plug-in hybrid vehicles and an evaluation of the cost effectiveness as part of the fleet replacement capital improvement plan budget process. The assessment should consider lifecycle costs and environmental impacts in addition to the initial cost of the vehicle.	PWD/Fleet	<p>Concurrence: Agree</p> <p>Target Date: Sept 30, 2017</p> <p>Action Plan:</p> <ul style="list-style-type: none"> a) Establish a process to formally document the suitability of battery electric and plug-in hybrid vehicles within the design and planning process of capital replacements. b) Conduct an evaluation of the cost effectiveness of battery electric and plug-in hybrid vehicles in coordination with the budget office and the Chief Sustainability Officer. This will include life cycle costs and environmental impacts. 	



POLICY AND SERVICES COMMITTEE TRANSCRIPT EXCERPT

Special Meeting
Tuesday, April 25, 2017

Chairperson Wolbach called the meeting to order at 7:00 P.M. in the Community Meeting Room, 250 Hamilton Avenue, Palo Alto, California.

Present: DuBois, Kou, Wolbach (Chair)

Absent: Kniss

Agenda Items

1. Audit of Green Purchasing Practices.

Chair Wolbach: Our first item is an audit of Green Purchasing Practices. I'll turn it over to the auditor for a Staff Report?

Harriet Richardson, City Auditor: Good evening Mr. Chair and Members of the Committee. Harriet Richardson, City Auditor, here to present the audit of Green Purchasing Practices. With me is Lisa Wehara, who worked on this audit. So, we wanted to start off with a couple of positive things. The green purchasing activities and their accomplishments before we get into what the audit found. Right here is a list of things that they've accomplished. Just a couple of them is that they've created a flow chart to help them with decision making on green products. They've written some performance specifications. They have incorporated contract terms and conditions regarding vendor responsibilities for waste reduction and pollution prevention. They've developed a sustainable procurement playbook for Cities. They were a participant in developing that and the City also received a Green California Leadership Award in 2010. There's more detail in the audit report on Page 13 of your packet. It has a more complete list of the accomplishments. The objective of this audit was to determine whether or not the - whether the City of Palo Alto complies with the applicable green purchasing requirements in its purchases. In Palo Alto, green purchasing includes areas such as goods and services, energy and gas purchases, green building materials, and use of pesticides. I'm going to turn it over to Lisa to talk a little bit about what she did and what she found during the audit.

Lisa Wehara, Performance Auditor: Lisa Wehara, Performance Auditor

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II, and the audit focused on the City's purchases of office supplies, cleaning supplies and computers. To assess whether purchases complied with the City's green purchasing policies mostly during the period of July 1st, 2014 thru June 30th of 2016. The audit shows that the City's green purchasing policies and goals were not fully achieved primarily because there are no consolidated formal written procedures to implement the environmental preferred purchasing policy, which is also known as the Green Purchasing Policy. There are other procedures not updated and there's a lack of awareness of policies and procedures. There's also a lack of a clear governance structure that clearly defines who is responsible for implementing various components of the Green Purchasing Policy. The City does not have adequate technical tools to track green purchases. Some examples of what we found are all of the \$1 million in computers, notebooks and monitors that the City purchased were electronic product environmental assessment tool or EPEAT certified. In May 2016, the City received the 2016 EPEAT Sustainable Purchasing award, which recognizes excellence in sustainable electronics procurement. Only fifty- nine percent of Staples and paper product purchases and only nineteen percent of paper product purchases from other office supply vendors met or most likely met the recycled content requirement. The City purchased and distributed drinking water in plastic bottles, which is against policy. Staff had identified this issue and took corrective action during the audit. We also found that the City's janitorial contractor that services most City facilities didn't always use green products or provide reports of bulk chemicals as defined by the contract, nor did the City monitor the products to ensure that they were green. Public Works has not formally documented its assessment of the suitability of battery electric or plug-in hybrid vehicles during its review of the fleet replacement capital improvement plan in the annual budget process. We have some key recommendations up on the screen. The audit report includes eight recommendations, including that the City Manager's Office should clearly define the departments responsible for implementing green purchasing policies, determine if additional Staffing and funding are needed to implement the policies and provide the responsible departments with the authority to implement green purchasing across the City. The responsible department should then consult with the attorney's office to align the Municipal code as needed with green purchasing policies. It should write and distribute consolidated procedures to implement green purchasing policies including the ten different areas in the environmentally Preferred Purchasing Policy and update existing policies and procedures to reflect current requirements, including recycled paper and procurement card guidance. Also, the

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responsible department should then evaluate if the new e-procurement system and proposed Enterprise Resource Planning System or other specialized software can help with tracking and reporting green purchases. Then as part of the planned transition of the annual performance report to the City Manager's Office to determine what green purchasing performance measures to track and report, such as the number and percentage of green products purchased and their environmental benefits. The Sustainable procurement playbook for Cities provides potential criteria for what to track and also, the City Manager's Office and the departments, Public Works, administrative services and the Office of Sustainability agreed with all recommendations in our report and specified their corrective action plan in appendix two, which should be on Page 30 of the packet.

Ms. Richardson: Yeah, I wanted to - oops. I wanted to also point out that you have an At Places memo in front of you regarding this audit. Subsequent to the audit, one of the vendors that we looked at information from, revised information on its website so, on your Packet Page 19, the first paragraph says that cleaning supplies and paper products were not monitored to ensure that they were green. It states that about 7,600-ounces of the non-bulk cleaning chemicals and floor care products that the contractor used were not green sealed certified. That should say, now 6,300-ounces, which is seventy-three percent instead of eighty-eight percent. Then, we also forgot to label appendix two as appendix two so the City Manager's response beginning Packet Page 30 should be labeled as Appendix 2. That completes our presentation and we are ready to answer any questions you have.

Chair Wolbach: I'll turn it over to my Colleagues. Tom or Lydia, do either...

Ms. Richardson: Also, we have representatives from several departments here too - available for questions.

Chair Wolbach: Excellent. Tom or Lydia, would either of you like to kick us off on questions?

Council Member DuBois: Does all of the City's purchasing go through the purchasing department?

David Ramberg, Assistant Director of Administrative Services: David Ramberg, Assistant Director of Administrative Services Department. The purchasing division is within the Administrative Services Department and we are a centralized purchasing operation for the City

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so all purchases do make their way through to - through the purchasing division, except for purchases that are made on p-card. Those are made at - individual - purchase card - Visa purchase card. Those are made by the individual purchases in departments, up to a level of a maximum of \$10,000 per purchase.

Council Member DuBois: Ok, thanks. I was just wondering in terms of awareness. If the Purchasing Department could kind of make people aware of the policy and also kind of enforce it I guess.

Mr. Ramberg: We can. Our primary - and we do. I think part of what this audit brings forward is possibly a more centralized effort for making the green purchasing requirements prevalent throughout the City. What we are

- our primary mission in the purchasing division is to make sure that we're accomplishing the procurement of goods and services in a timely manner. To ensure that departments have the contracts to provide the services that they need through - to the community. We are operating to try to be as efficient as possibly to put contracts in place. So, where we can and where we work in close collaboration with the rest of the sustainability team here at the City. We build in the green requirements as we can, into the contracts that have them appropriate. I think what this audit points to a better dissemination of the green purchasing requirements throughout all aspects of the purchases that go on throughout the City. That can be at the p-card level, for those individual purchasers who make purchases up to \$10,000, it can be through the contracting process, it can be in the RFP process, it can be in the specification process for when contracts are being put together at the department level.

James Keene, City Manager: If I just might add to that? I think David hit this well but at the same time - I mean the Procurement Department really needs to be something of a safety net because a lot of the specs are developed in the departments so we've got to make sure that people are thinking about it at that level. Also, it's a lot to expect that everyone purchasing would be sort of experts in the environmental standards that we want to pursue so it is distributed.

Council Member DuBois: The policies, it's a preferred policy, right? Not a requirement. Are there situations where either for cost or speed that you would not make the environmental purchase?

Julie Weiss, Project Manager for Public Works: I'm Julie Weiss, I'm in

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our Public Works Watershed Protection Program and in the policy itself, the Green Purchasing Policy itself, it doesn't state that certain things are required but we have a number of other policies the City has adopted that say it is required. For example, we have a Mercury and Dioxide Reduction Policy that said that we need to purchase a certain type of lighting and paper that has less chemicals in them that we're concerned about that we see in San Francisco Bay. We have a less Toxic Management Policy that says that we're going to be doing things to purchase less toxic pesticides. We have a number - we have other policies like that. We have other policies that are attached to and relevant to the green purchasing policy.

Ms. Richardson: One thing that I would like to point out is that I think Julie is the one who did this. They've tried to pull together a lot of those policies on the City's intranet more recently because they were kind of scattered and so I think it may be clear in the future to people what all those are policies are because they are grouped together now. There are quite a few separate policies.

Council Member DuBois: Great. Ok. Thank you and thank you for the audit.

Council Member Kou: I'm new to all this so the p-card, can you give me a little bit more understanding of what it does and does it - is it the holder up to \$10,000 can order anything or does it go through the Procurement Department? How does that work?

Mr. Ramberg: Right, so a little history. We've had a purchase card - we use to be on the CAL-Card programs which was a State program through the State of California, it was called the Cal Card. About 5-years ago, we wanted to update our system so that we can have an online review of activity and so we switched over to a modern purchase card system through JP Morgan Chase. Part of that purchase card program - they are one of the leading providers of corporate purchase cards through -- in the Country and they have a massive system and we're able to get rebates. A rebate revenue as well so we get something in the neighborhood of about \$60,000 a year in terms of rebate revenue based on our spending. We have about \$6-\$7 million in spend right now on p-card. That's all what we call very small purchases, ok? Certainly under \$10,000, very few even get close to &10,000. These are -- a very typical purchase card purchase is buying office supplies through our Staples contract. We have a contract with Staples for office supplies and they are supposed to provide our office supplies at a very competitive rate that we've contracted for. We make all of our purchases from Staples on

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purchase cards - on Visa purchase cards. That's a classic example of how we use our p-card.

Council Member Kou: So, what kind of products does the - what goes to the Procurement Department? I mean, do we - does the purchaser and the p- card check with the Procurement Department or the inventory list before they go out purchasing more? I mean, just how does it work?

Mr. Ramberg: That's a good question. The Municipal Code allows for small dollar purchases under \$10,000 to be purchased by an individual without a solicitation. That means that those do not need to go through the Procurement Department because there is no solicitation required but in many cases, the p-card is buying items that have already been contracted for at a contracted low price. In the case of offices supplies, we have a contract with Staples that is competitively bid for low price office supplies, compared to competitors and we make all the purchases on the p-card so that's one example. If an individual has an urgent need in a department, let's say in the Community Services Department and it's a summer camp and they need to go out and buy water because it's a very hot day. They can go down to the local store and buy water or buy whatever else is needed on their p-card and there would be no issues with that. It would be a small purchase and it would be appropriate for business use.

Chair Wolbach: Any other questions? I didn't have any additional questions beyond that. Does anyone want to offer a Motion?

Council Member DuBois: I'll make a Motion that we accept the audit of Green Purchasing Practices. Though, I don't know, did you want to say something?

Chair Wolbach: Gil?

Gil Friend, Chief Sustainability Officer: Yeah, Council Member. Gil Friend, Chief Sustainability Officer. I just wanted to add an additional response to your question about whether this is a preferred policy or a required policy. The way the policy was original written, it encourages us to buy greener products where feasible or where not too expensive and so forth and this is a fairly typical approach for most Cities. A year ago, the City Manager suggested to the Staff or directed the Staff to default to green. In other words, to revise the priority and say let's buy the greener product as the basic assumption, except where it is not feasible, not practical, doesn't meet service requirements or is too

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expensive. It's a subtle change but it directs us to look in a different direction as we implement.

Chair Wolbach: So, I think you were trying your hands in a Motion. Do you want to finish it up and see if there's a second?

MOTION: Council Member DuBois moved, seconded by Council Member Kou to recommend the City Council accept the Audit of Green Purchasing Practices.

Chair Wolbach: Alright, we have a motion by Council Member DuBois, seconded by Council Member Kou. Any other - anything you would like to say on speaking to the motion or second? Alright, all in favor? Aye. Passes unanimously with Council Member Kniss absent. Thank you very much for that one.

MOTION PASSED: 3-0 Kniss absent