**CITY OF CORAL GABLES**
**- MEMORANDUM -**
**PROCUREMENT DIVISION**

**TO:** **Cathy Swanson-Rivenbark** **DATE:** **February 4, 2016**
**City Manager**

**FROM:** **Michael P. Pounds,** MPP **SUBJECT:** **Sustainable Procurement**
**Chief Procurement Officer** **& Buy American Preferences**

---

The City Commission at their August 25, 2015, Meeting requested that the Procurement Division of Finance conduct research on the cost of adopting Sustainable Procurement and Buy American Preferences in City procurement processes. Attached for your review is a report from the Procurement Division that provides information from various governmental entities and private sector sources as to the cost and viability of implementing Sustainable (Green) and Buy American procurement preferences under the Procurement Code in the City of Coral Gables.

If you have any questions about the attached Sustainable and Buy American Preferences report please don't hesitate to let me know.

CC: Diana Gomez, Finance Director
Mathew Anderson, Sustainability Coordinator
Carlos Coro, Finance Department Intern

# SUSTAINABLE AND BUY AMERICAN PREFERENCES(6)

The City Commission last year requested that the Procurement Division of Finance research the cost of adopting Sustainable Procurement (Green) and Buy American Preferences in City procurement processes. This report provides information from various governmental entities, non-profit and private sector sources as to the cost and viability of implementing Sustainable and Buy American procurement preferences under the Procurement Code in the City of Coral Gables. In the case of Sustainable Procurement, this research is timely with reference to the City's Sustainability Plan, which is in the process of being finalized for consideration by the City Commission. Within the plan, green purchasing is considered a Best Management Practice. This report's objective is to provide a starting point for consideration as to whether Sustainable Procurement and Buy American Preferences is right for Coral Gables.

## Sustainable Procurement Preferences

### Background

The National Institute of Governmental Purchasing and the Chartered Institute of Procurement and Supply define Sustainable procurement as a purchasing and investment process that takes into account the economic, environmental and social impacts of the entity's spending. NIGP and CIP further state that "sustainable procurement allows organizations to meet their needs for goods, services, construction works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment".

In addition, sustainable procurement should provide the delivery of operational cost savings through more efficient goods, works and services; challenging demand at source to ensure need; reducing end of life disposal costs; driving efficiency in the supply chain; and developing market capacity, innovation and competitiveness, and should reduce waste, which reduces cost.

### Framework for Green Procurement Cost

In two major (2) studies of Sustainable Procurement conducted by the International Council for Local Environmental Initiatives (ICLEI) and by a collaboration of INSEAD Business School, and consulting firms EcoVadis, and Price, Waterhouse, Coopers, frameworks are provided for determining the real cost of Sustainable Procurement that go beyond purchase price to justify the additional front-end cost of sustainable goods and services.

According to the ICLEI the most commonly used argument against sustainable procurement is that green products cost more is not always true. The report goes on to that say that in many cases the sustainable products are available at the same purchase price as conventional products, or a slightly higher price. If the price is higher for a product it could be a result of the premium for new technologies and design, or economies of scale have not been achieved.

In determining the real cost of a product, "the costs throughout the product's life-cycle must be considered, i.e., the costs of purchasing, operating and maintaining, and disposing of the

product," as seen in the following example from the ICLEI study:

> Compact Fluorescent lamps are more expensive than conventional incandescent bulbs, but last 10 times longer and use only a quarter of the electricity incandescent bulbs use, offering savings of more than 4 times the amount in utility bills during their useful life.

**Procurement recommends as the most straightforward method of determining the cost of Sustainable Procurement, the use of the life cycle cost method when cost can't be justified by purchase price.**

Alternatively, a collaborative study on the value of Sustainable Procurement Practices conducted by the INSEAD, EcoVadis, and Price, Waterhouse, Coopers to determine the value of Sustainable Procurement found that the following "value drivers" need to be considered: "Cost Reduction, Risk Reduction and Revenue Growth". According to the study, if you consider all three "value drivers" as in the model below a business case can be made for Sustainable Procurement:

1. Risk reduction thru:

| | |
|---|---|
| Reduced material costs | Cost increase & decrease related to supplier's energy and CO2 consumption |
| Reduced consumption | Savings from reduction in fuel consumption |

2. Revenue growth (improved value) through:

| | |
|---|---|
| Direct costs | Economic cost of supply chain disruptions (product recall & financial penalties) |
| Indirect costs | financial impact on brand value from bad supplier practices (child labor, & pollution) |

3. Cost reduction through:

| | |
|---|---|
| Eco-Innovation | Additional revenue from innovation through ecofriendly products/services |

*Some "value drivers" have been omitted as they pertain to the private sector only.

**The above methods that require analysis by Procurement to determine real cost will also impose a cost on the City in terms of staff time needed to determine whether a Sustainable Procurement is justified from standpoint of life-cycle cost or other criteria.**

## Examples of Sustainable Procurement

### Construction Procurement (LEED)

A key factor in implementing sustainable procurement is the integration of Leadership in Energy & Environmental Design (LEED) certification on City construction projects. From the standpoint of procurement of utility services, LEED certified building have a significant impact on City operational cost. LEED certified buildings consume 25% less energy and 11% less water, and are predicted to reduce annual $CO_2$ emissions by 5% by the year 2030. LEED Buildings are also responsible for reducing over 80 million tons of waste from landfills, and is expected to divert 540 million tons by 2030. Retrofitting and remodeling buildings also qualify for LEED certification. Firms that have undergone these efforts report a decrease in operating costs over one year by 9%, and expect their return-on-investment within seven years.

According to study conducted by Colorado LEED Associates, one of the greatest barriers to building LEED Buildings is the assumption of significant higher costs during construction, which could vary depending on the LEED ratings. Colorado Associates conducted a research study in the Boulder, Colorado area to assess the cost of LEED building compared to conventional building. The total building cost of a LEED Silver certified bank of 4,455 square feet reached $2,568,978, including the additional LEED cost of $37,200. The additional costs imposed by obtaining LEED Silver certification totaled to only 1.45% increase in the total building costs. In comparison, a 4,240 square foot bank built to conventional standards during the same year had a total building cost of $2,537,911. The LEED Silver Certified bank costs $576.65 per square foot, while the conventional bank costs $598.56 per square foot. This is an example where the cost of the sustainable LEED standard for construction, could be considered marginal at the front end with significant rewards over the life of the building.

It should be noted that the City of Coral Gables include requirements for LEED in its construction procurements and is developing as part of sustainable city planning an ordinance that would require LEED construction for certain project size thresholds. In addition, in regards to hiring architectural consultants, LEED certification may be a factor in determining whether a firm will be selected to work for the City.

In terms of imposing LEED standards on buildings other than the City's, the City of Miami Beach has a "GREEN BUILDING ORDINANCE," that establishes standards and procedures and incentive for requiring that all new construction or substantial renovations of 10,000 square feet or more of floor area as needing to meet LEED Silver Certification. This ordinance is not in the purview of Procurement, but it is something that came up in our research.

### Supplies & Services Procurement

There are a number of contracts that can be procured that offer sustainable alternatives, such as office supplies, IT, automotive and janitorial supplies and services (currently being solicited). These alternatives are offered alongside their conventional products and services. In many cases the City are already uses the sustainable (green) alternative. These are examples of green procurement practices that are already in place:

For example, the City's Automotive Division recaps truck tires as an alternative to purchasing new tires. The cost to recap 251 tires last fiscal year was $31,882, while the cost of purchasing new tires for every tire that had been capped would be approximately $75,350, which is an annual savings of $43,468. If a tire is recapped 3 times (allowed limit), the saving could be as high as $130,404. In this case, we are increasing the life span of tires by re-capping, which is in itself sustainable, and also saving money.

In addition, the Automotive Division purchases re-built parts when available, such as batteries, starters and alternators, water pumps, AC compressors, certain brake components, drivetrains, etc., which are always less cost, on average about 15%. The Division also uses eco-friendly tool cleaning solvents that are fully bio-degradable, which ongoing cost over conventional solvents are not significant after up-front costs for the purchase of cleaning equipment.

The Automotive Division has analyzed switching to electric or hybrid vehicles when certain administrative and parking vehicles are replaced. The analysis shows a cost of $1,562,184 (current discounted price) to purchase 78 electric vehicles, with a 10 year life-cycle. The additional cost to purchase electric vehicles over fuel driven vehicles of $312,000 can be made up entirely with the fuel saving over 10 years in the amount of $336,900, while leaving a small saving of $24,900 during that same period. That savings could potentially be greater as the analysis does not include reduced maintenance and repair costs for electric vehicles, and future fuel costs increases. Based on this analysis and the environmental benefits of electric vehicles, the Automotive Division has recently purchased 20 electric vehicles for the City's fleet.

The City's IT Department has established procurement standards related to EPA eStewards; EnergyStar, Xerox guidelines and has committed to 100% "green" procurement for IT products. For example, IT reduced the carbon footprint of the data center by reducing the number of servers (100 to 20), and by implementing new Energy Star and other energy saving equipment. These changes by IT resulted in a reduction of cost in capital hardware maintenance, co-location rental cost, and energy usage. The estimated savings from decreased capital hardware maintenance cost, while taking into consideration offsetting software licensing and Cloud servicing cost is estimated to be roughly 20%. According to ICLEI energy efficient IT products, are generally no more expensive to buy than the less efficient alternatives.

Purchase of city-wide janitorial supplies is another area of procurement that can take advantage of a number of Green substitutes. The RFP for Janitorial Services and Supplies that is currently being solicited will include green cleaning products as a contract requirement. To provide some idea of the cost of Green janitorial products, the following examples offered for your review are from the article "The Real Costs of Institutional Green Cleaning" (Monterey International Institute and San Francisco Department of Environment):

1. The Monterey Institute of International Studies in Monterey, California performed a research study to evaluate the cost and effectiveness of EPP cleaning products. They surveyed 373 cleaning products across eight product categories from twenty-six manufacturers. They found that using ready-to-use (RTU) cleaning products and aerosols were significantly more expensive than, yet not any more effective, than concentrated

products. The average RTU price was $30.10/gallon, compared to concentrate price of $2.16/gallon, while aerosols averaged $57.60/gallon.

2. The City Santa Monica, California, replaced its traditional cleaning products with less toxic or nontoxic alternatives in 15 of 17 cleaning product categories, which reduced spending on janitorial products by approximately 5%.

City-wide office supplies are another procurement area that can take advantage of a number of green substitutes in favor of conventional products that are less sustainable. Regarding the City of Coral Gables contract with Office Depot, a State of Florida Piggyback Contract, one larger item in our spend in terms of quantity/cost, which illustrates the cost of moving to a more sustainable product is copy paper. The conventional Office Depot paper, which is made up of 30% recycled content, and is recognized as an environmentally favorable purchase, costs $28.18 per case. The cost to purchase copy paper with higher recycled content would be $51.99 per case ($23.81 more per case), which would increase the City's annual cost for copy paper by $11,905 per year. Other examples of Green office supplies available under the Piggyback contract, and their cost in relation to conventional products can be seen in the following table:

| Conventional Supplies | Quantity | Price | Sustainable Supplies | Quantity | Price |
|---|---|---|---|---|---|
| Office Depot of 8 1/2" x 11" Paper | 5000 Sheets | $28.18* | EnviroCopy 5M Sheets of 8 1/2" x 11" paper | 5000 Sheets | $51.99 |
| Dixie 12oz Hot Cups | 50 Cups | $5.50 | Office Depot 42% Recycled 12oz Hot Cups | 50 Cups | $4.99 |
| Disinfectant Wipes | 75 Wipes | $5.99 | Seventh Generation Disinfectant Wipes | 35 Wipes | $4.99 |
| Sharpie Highlighter | 12 Highlighters | $4.41 | Office Depot 100% Recycled Highlighter | 12 Highlighters | $2.09 |
| Pilot Pens | 12 Pens | $5.30 | Pilot Recycled Pens | 12 Pens | $5.30 |
| Smead Redrope Top-Tab Pocket | 25 Pockets | $28.05 | Smead Redrope End-Tab Pockets 100% Recycled | 25 Pockets | $29.85 |
| Legal - 50 Sheet Pad | 12 Pads | $9.96 | TOPS 100% Recycled Legal - 50 Sheet Pad | 12 Pads | $12.40 |

On certain high spend office products, one of our Benchmark Cities, Chapel Hill, North Carolina; found that there was actually slight decrease in cost by purchasing green alternatives.

In the Public Service Division, Melaleuca (Invasive Species in the Everglades) and Eucalyptus mulch are used as mulch in lieu of native Cypress Trees and are considered a green purchase, because the product does not "float", it's longer lasting, and it is unattractive to termites. However, the use of this mulch can be up to 50% more costly than other alternatives to Cyprus. Public Service also uses slow release fertilizer, which reduces the amount of applications, thus decreasing environmental impacts and cost. Slow release fertilizer is only slightly more costly in price than quicker release fertilizer.

Sustainable Procurement Preference Ordinances

There are few Cities that we found well defined Sustainable Procurement Ordinances. These ordinances are attached for your review. Key provisions of these ordinances are as follows:

City of Portland, OR

In comparing goods from two or more Bidders, and at least one (1) Bidder offers goods manufactured from recycled materials, and at least one (1) Bidder does not, the City shall select the Bidder offering goods manufactured from recycled materials if each of the following conditions exits:

**a.** The recycled product is available;

**b.** The recycled product meets applicable standards;

**c.** The recycled product can be substituted for a comparable non-recycled product;

**d.** The recycled product's costs do not exceed the costs of non-recycled products by more than five percent, or higher if a written determination is made by the City and set forth in the Solicitation Document; and

**e.** Offerors, when required in the Solicitation Document, certify in their submitted Offers the minimum, if not exact, percentage of post-consumer waste and total recovered materials content in the products offered.

City of Rancho Cucamonga, CA

If fitness and quality are equal, and to the extent that such use does not negatively impact health, safety or operational efficiency, all city departments shall procure environmentally preferable products or services, including recycled content products, whenever:

1. Environmentally preferable products or services are available at the same or lesser total cost than competing products or services that serve the same purpose;

2. Product or service specific procurement guidelines are prepared for the product or service; or

3. The life-cycle cost of the product or service is determined to be less when taking into consideration quality, performance and ownership costs of the product or service, including, but not limited to, costs of acquisition, extended warranties, operation (including energy and water consumption), supplies, maintenance, and the expected lifetime compared to other alternatives.

**Conclusions about Sustainable Procurement**

**Based on our research Sustainable Procurement is an idea "that's time has come."** It is still at the early stages in the United States in comparison to Europe, but some cities are taking

steps to adopt sustainable procurement ordinance and procedures. Cities on the west coast seem to be ahead of the rest of the nation in adopting these ordinances.

Sustainable Procurement can no longer be decided based on up-front bottom line costs. The costs have to be looked at in terms of life-cycle and other variables. It is also evident that many products and services are available on the market at the same price point, or not greatly different from conventional good and services. There was a time when recycled good was substantially more expensive, which is many case is no longer true. Preferences may be needed to overcome price differentials, but in many cases they can be justified by considering other Green Procurement cost frameworks, such as life-cycle costing.

As expected the cost of Sustainable Procurement varies from product or service. The examples cited in this memo are just a small sampling of potential areas of Sustainable Procurement. There are undoubtedly many more areas where Sustainable Procurement is possible and in many cases practical, because of real cost of the good or service. Nevertheless, this sample of Sustainable Procurement shows that it can be done without having negative consequences to the budget. Although, in some cases, where the environment is so adversely impacted, an argument could be made that the cost should not be the deciding factor.

This report offers a few examples of Sustainable Procurement Preference Ordinances to give you an idea of what they consist of and how comprehensive they are to implement. There may be other ordinances that can be used to more specifically tailor such an ordinance for Coral Gables. Please note that we did not find very many Sustainable Procurement Ordinances in the research conducted for this report, as these policies seems still to be at an early stage in much of the country. Should the Commission wish to proceed with such an ordinance, **Procurement will draft an ordinance with the help of user departments, the Sustainability Specialist, and the City Attorney to develop an ordinance that is a right fit for Coral Gables, which complies with the goals of the Sustainability Plan, while meeting the City's operational requirements.** The implementation of such an Ordinance would place Coral Gables ahead of the curve among many other cities in regard to Sustainable Procurement.

## BUY AMERICAN PROCUREMENT PREFERENCES

### BACKGROUND

In addition to the Sustainable Procurement Preferences, you asked that we look at Buy American Procurement Preferences. In our research of this preference we found very limited information on the topic of Buy American Preferences and the cost of implementing this type of preference.

In terms of what was found in other cities in the South Florida area in regards to buying American products, Buy American preferences are extremely limited. The cities of Miami, Miami Beach, Pembroke Pines, Fort Lauderdale, Doral and Coral Springs have no such specification or preference for buying American products, but instead have local preference ordinances. These cities, as well as the City of Coral Gables, have an ordinance to give preference to local bidders whose price is within five percent of the lowest responsible bidder. As these ordinances promote buying local products and services, these ordinances may in many

cases have the "net effect" of promoting the buying American goods and services.

In regard to examples of Cities outside of Florida that were found to have a Buy American Ordinances, there were a few cities found in Missouri and a City in Kentucky that had such an ordinance. Apparently Buy American Ordinances in Missouri were driven by the State Legislature who passed legislation requiring Cities to by American made goods if the price would not increase the cost by more than 10%, but provided an exemption to cities who adopted a formal written policy to encourage the purchase of products manufactured, assembled or produced in the United States.

The City of St. Louis has a Domestic Products Procurement Act, requires that solicitations for any goods or commodities, and contracts entered into wherein the construction, alteration, repair or maintenance of any public works facilities contain a provision that the goods or commodities furnished or used in the furtherance of said project by any contractor or subcontractor be manufactured, assembled or produced in the United Stated. This ordinance would not apply to the following contracts: repairs or renovation is less than $1,000.00, and where the acquisition of U.S. manufactured or produced goods would increase the cost by more than (10%) percent.

Another Missouri City, Glendale, took advantage of the above exemption by specifying their preference for buying American products by encouraging the Purchasing Agent to buy American goods, as follows:

1. Purchases in excess of $5,000, the Purchasing Agent will attempt to select products manufactured, assembled or produced in the United States if the quality and price are comparable with other goods.

3. Contracts for public works construction or maintenance in excess of $5,000.00 shall contain a provision requesting the contractor use American products in the performance of the contract if quality and price are comparable with other goods.

Although we found only a few cities with these ordinances, the American Bar Association Municipal Procurement Code Template includes a Buy American provision. Under the Bar template, if a contract is being funded in whole or in part by assistance from a federal agency, the [City] shall adhere to the appropriate "Buy American" requirements of the federal agency providing the assistance. Conversely, according to the American Bar Association unless there is a Buy American requirement mandated by the federal grantor agency, federal agencies will not bear the additional costs associated with compliance with local "Buy American" requirements.

Looking at state government Buy American Preference statutes paints a similar picture in regards to the procurement preferences of American made products in that they consist of a preference for goods made in their states. Typically each state has their own preference in regards to buying domestically produced products manufactured within state lines, and as noted above as good and services are being purchased from firms within the State, these statutes may in many cases have Buy American consequences. For example, the State of Florida has a preference statute to buy and do business with Florida businesses and allows for preference up to 5% of the lowest responsible bidder.

The State of Iowa has a Buy American preference in purchasing energy consuming goods, and weighs their decision by comparing the Life-Cycle costs of foreign alternative. Life-cycle cost and energy efficiency are included in the criteria used by public universities in Iowa in developing standards for purchasing energy consuming products. Under the Iowa Statutes, life-cycle cost means the expected total cost of ownership during the life of a product.

South Carolina provides a 7% preference for procurements. Preference request must be claimed at time bid is submitted. This in-state preference does not apply to:

- Procurement of construction
- When price of a single unit involved is more than $30,000
- Requests for Proposals
- Awards less than $10,000

On the Federal level the preferences and requirements to buy American products are governed by multiple laws and treaties; The Buy American Act, Buy America Act, NAFTA and other trade agreements, and the WTO. The Buy American Act typically applies when the federal government is directly purchasing products or materials or construction (such as US highways, federal prisons, etc.). The Act requires 51% of the components of the final product to be made in the US.

The Buy America Act is directly related to transit-related procurements valued over $100,000, or when funding includes grants administered by the Federal Transit Administration (FTA) and generally applies to local government when there is FTA funding.

According to an article in Bloomberg Business it's difficult to determine the effectiveness of Buy American preferences, as most states and the federal government offer exceptions to the rules, laws vary across states, and spotty public reporting of contracting data. In addition, many foreign countries aren't subject to Buy America laws because of free-trade agreements, which provide for reciprocity in procurement.

## Current Economic Trends

However, current Global Economic trends may provide an impetus and economic rationale for Buying American over competing products manufactured outside of the United States. According to the Boston Consulting Group, who are a widely recognized economic and business consulting firm, "when you compare the factors of production – total labor costs, energy expenses, productivity growth and currency exchange rates – the United States and China are virtually equal in total cost of production." Moreover, a comparative study published by Bloomberg Business revealed that for every dollar required to manufacture in the United States, it costs $0.96 to manufacture in China.

Countries who were leaders in manufacturing a decade ago are beginning to become less competitive. According to the Boston Consulting Group; Brazil, China, Czech Republic, Poland and Russia are under "serious pressure of deteriorating competitiveness as a result of a number

of factors". For example, China has seen their cost advantage from cheap labor erode over the last decade. The cost of labor was on average $4.35 hourly in 2004, while labor costs in 2014 averaged $12.47 hourly for a 187% increase. In comparison, the average U.S. labor cost was $17.54 hourly in 2004, while the hourly average labor cost in 2014 was $22.32.

The Boston study also found that the cost of energy for manufacturing has also increased significantly in China, as the cost per kilowatt per hour has risen from $0.07 in 2004 to $0.11 in 2014, which is an increase of 66%. Industrial natural gas costs have also risen sharply in China.

The above trends in manufacturing are helping efforts to Buy American more economically justifiable based on price and could increase opportunities to purchase America good by promoting manufacturing opportunities in the US.

**Conclusions about Buy American Preferences**

Buy American preferences at the present time appear to be largely driven by Federal Statutes referred to as The Buy American Act and The Buy America Act through grants and other funding mechanisms. States and local government tend to have preferences for businesses located in their jurisdictions, and enforce Buy American when involved in a Federal infrastructure programs. In many cases, however, Buy American preferences in Cities and States occur indirectly as result of local and state preferences in procurement laws.

Under current economic trends impacting global manufacturing the economic rationale for buying American products will be increasingly more justifiable from a cost standpoint, and the opportunities to Buy American should expand as US competiveness increases in relation to our overseas competitors.

As there are potential economic and sustainability benefits to Buying American, Procurement will draft an ordinance that would be similar to our local preference ordinance in that it would provide to a responsive and responsible bidder, who is within five (5) percent of the lowest and best bidder, an opportunity of providing goods or general services for the lowest responsive bid amount. The proposed Buy American Preference would require exceptions including, but not limited to the following:

(1) Professional services
(2) Goods or services under COOP or piggyback contracts.
(3) Purchases made under emergency or noncompetitive situations (sole source, bid waiver, etc.).
(4) The business is determined to be unqualified to perform the work as determined by the City.
(5) The business submits a bid that exceeds the projected budget.
(6) Transactions involving Federal and State funds, which are in conflict with such preferences.
(7) RFP & RFQ solicitations.

Finally, in preparing this report, I would like to acknowledge the tremendous assistance of Sustainability Specialist Matthew Anderson and Finance-Procurement Intern Carlos Coro who provided substantial input in the research and development of this report. If you have any questions about the information provided in this report, please do not hesitate to contact me.

**5.33.080 Environmentally Preferable Procurement.** - Printable Version

(Amended by Ordinance Nos. 181547, 183445 and 185898, effective February 20, 2013.)

A. Definitions:

1. "Alternative Environmentally Preferable Paper" is paper with environmental attributes beyond those of the U.S. Environmental Protection Agency's (EPA) Comprehensive Procurement Guidelines (CPG). These attributes include paper that is unbleached or is bleached without the use of chlorine compounds, goes beyond the EPA CPG post-consumer recycled content standard, is not derived from genetically modified organisms, or is made with fibers that come from certified, well managed forests, agricultural residues, sustainably-produced tree-free crops, or recycled non-tree fibers.

2. "Biodegradable" means capable of being broken down, especially into innocuous products, by the action of living things such as microorganisms.

3. "Energy Star® compliant" products mean products that meet or exceed the U.S. Environmental Protection Agency's (EPA) Energy Star® criteria for energy efficiency.

4. "Environmentally Preferable" means products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.

5. "Industrial Oil" means any compressor, turbine or bearing oil, hydraulic oil, metal-working oil or refrigeration oil.

6. "Life Cycle Analysis" means the comprehensive examination of a product's environmental and economic aspects and potential impacts throughout its lifetime, including raw material extraction, transportation, manufacturing, use, and disposal.

7. "Lubricating Oil" means any oil intended for use in an internal combustion crankcase, transmission, gearbox or differential or an automobile, bus, truck, vessel, plane, train, heavy equipment or machinery powered by an internal combustion engine.

8. "Post-Consumer Waste," means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item. "Post-consumer waste" does not include manufacturing waste.

9. "Price Premium Payback Period" means the number of years it takes for the savings in operating costs to offset any additional upfront price of the product versus a lower price, less-energy efficient model. It is calculated by dividing the price premium by the annual savings in operating costs.

10. "Readily Biodegradable" shall be defined according to the Organization for Economic Cooperation and Development's (OECD) measurement guidelines.

11. "Reblended Latex Paint" or consolidated latex paint, contains 100 percent post-consumer content from good-quality surplus with no virgin materials such as resins and colorants added.

12. "Recyclable Product" means a product that, after its intended end use, can demonstrably be diverted from the solid waste stream for use as a raw material in the manufacture of another product, preferably higher value uses.

13. "Recycled Latex Paint," or reprocessed latex paint, means latex paint with a post-consumer recycled content level that at a minimum meets the requirements specified by the Environmental Protection Agency's (EPA) Recovered Materials Advisory Notice (RMAN) for reprocessed latex paint.

14. "Recycled Material" means any material that would otherwise be a useless, unwanted or discarded material except for the fact that the material still has useful physical or chemical properties after serving a specific purpose and can, therefore, be reused or recycled.

15. "Recycled Oil" means used oil that has been prepared for reuse as a petroleum product by refining, reclaiming, reprocessing or other means provided that the preparation or use is operationally safe, environmentally sound and complies with all laws and regulations.

16. "Recycled Paper" means a paper product with not less than:

a. Fifty percent of its fiber weight consisting of secondary waste materials; or

**b.** Twenty-five percent of its fiber weight consisting of post-consumer waste.

**17.** "Recycled PETE" means post-consumer polyethylene terephthalate material.

**18.** "Recycled Product" means all materials, goods and supplies, not less than fifty percent of the total weight of which consists of secondary and post-consumer waste with not less than ten percent of its total weight consisting of post-consumer waste. "Recycled product" includes any product that could have been disposed of as solid waste, having completed its life cycle as a consumer item, but otherwise is refurbished for reuse without substantial alteration of the product's form.

**19.** "Retreaded Tire" means any tire that uses an existing casing for the purpose of vulcanizing new tread to such casing that meets all performance and quality standards in the Federal Motor Vehicle Safety Standards determined by the United States Department of Transportation.

**20.** "Reusable Product" means a product, such as a washable food or beverage container or a refillable ballpoint pen, that can be used several times for an intended use before being discarded.

**21.** "Secondary Waste Materials" means fragments of products or finished products of a manufacturing process that has converted a virgin resource into a commodity of real economic value. "Secondary waste materials" includes post-consumer waste. "Secondary waste materials" does not include excess virgin resources of the manufacturing process. For paper, "secondary waste materials" does not include fibrous waste generated during the manufacturing process such as fibers recovered from waste water or trimmings of paper machine rolls, mill broke, wood slabs, chips, sawdust or other wood residue from a manufacturing process.

**22.** "Used Oil" means a petroleum-based oil which through use, storage or handling has become unsuitable for its original purpose due to the presence of impurities or loss of original properties.

**23.** "Virgin Oil" means oil that has been refined from crude oil and that has not been used or contaminated with impurities.

**24.** "VOC" (Volatile Organic Compound) means an organic compound characterized by a tendency to readily evaporate into the air, contributing to indoor air pollution and photochemical smog.

**B.** Environmentally Preferable Procurement General Policy. In developing plans, drawings, work statements, specifications, or other product descriptions, the City shall insure, to the maximum extent economically feasible, the purchase of environmentally preferable products or services that comply with the City's Sustainable City Principles. This includes, but is not limited to, products that are durable, recyclable, reusable, readily biodegradable, energy efficient, made from recycled materials, and nontoxic. Furthermore, the City shall purchase products and services based on long-term environmental and operating costs, and find ways to include environmental and social costs in short-term prices.

**C.** Recycled Materials and Products Price Preference.

**1.** In accordance with ORS 279A.125, notwithstanding provisions of law requiring the City to award a contract to the lowest responsible bidder or best proposer or provider of a quotation, and subject to Subsection 5.33.080 C.2., the City shall give preference to the procurement of goods manufactured from recycled materials.

**2.** In comparing goods from two or more Bidders or Proposers, and at least one Bidder or Proposer offers goods manufactured from recycled materials, and at least one Bidder or Proposer does not, the City shall select the Bidder or Proposer offering goods manufactured from recycled materials if each of the following conditions exits:

**a.** The recycled product is available;

**b.** The recycled product meets applicable standards;

**c.** The recycled product can be substituted for a comparable non-recycled product;

**d.** The recycled product's costs do not exceed the costs of non-recycled products by more than five percent, or higher if a written determination is made by the City and set forth in the Solicitation Document. For purposes of making the foregoing determination, the City shall consider the costs of the goods following any adjustments the City makes to the price of the goods for purposes of evaluation pursuant to Section 5.33.610; and

**e.** Offerors, when required in the Solicitation Document, certify in their submitted Offers the minimum, if not exact, percentage of post-consumer waste and total recovered materials content in the products offered.

D. Purchasing Environmentally Preferable Paper & Related Equipment.

1. The City shall procure recycled content paper and other alternative environmentally preferable paper according to the City's Sustainable Paper Use policy (Resolution No. 36146).

2. In accordance with the City's Sustainable Paper Use Policy, the City shall procure printers, copiers, and fax machines that, at a minimum, have duplex capability.

E. Purchasing Recycled Oils.

1. Preference for Oil Products with Greater Recycled Content: The City shall require that purchases of lubricating oil and industrial oil be made from the vendor whose oil product contains the greater percentage of recycled oil, unless a specific oil product containing recycled oil is:

a. Not available within a reasonable period of time or in quantities necessary to meet the City's needs;

b. Not able to meet the performance requirements or standard recommended by the equipment or vehicle manufacturer, including any warranty requirements; or

c. Available only at a cost that exceeds the price preference established in Subsection 5.33.080 C.

2. In accordance with ORS 279B.240 the City shall ensure that its procedures and specifications for the procurement of lubricating oil and industrial oil do not exclude recycled oils and do not require oils to be manufactured from virgin materials.

F. Purchasing Retreaded Tires.

1. All tires for use on the non-steering wheels of City vehicles shall be equipped with retreaded tires unless one of the following exceptions applies:

a. The vehicles are emergency vehicles as defined in ORS 801.260;

b. The vehicles are other fire suppression or emergency assistance vehicles;

c. The vehicles are passenger-carrying vehicles with a gross weight rating of one ton or more; or

d. The cost per mile differential of the retreaded tires exceeds the five percent preference set forth in Subsection 5.33.080 C.

G. Purchasing Energy Efficient Products.

1. As available, the City shall procure products that meet or exceed Energy Star® criteria for energy efficiency. This applies to:

a. any equipment that uses electricity, natural gas, or fuel oil; and

b. products that indirectly impact energy use, such as, but not limited to, windows, doors and skylights.

2. City procurement language for such products described in Subsection 5.33.080 G.1. shall request from vendors:

a. Evidence that the equipment meets or exceeds the Energy Star® criteria for energy efficiency; and

b. Savings analyses including: energy (kWh/yr, therms/yr, gallons of gasoline/yr, etc.), operating costs ($/yr), and the price premium payback (years).

3. Price Differential and Payback Period: While many Energy Star® compliant products are currently available for no price premium, should a price differential exist, the City will apply a simple life cycle cost analysis. Purchases where the price premium payback period is within five years or less shall be encouraged. Where the price premium payback period is longer than five years, Energy Star® compliant products may still be used; however, the City shall not be obligated to purchase and use Energy Star® compliant products in those circumstances.

H. Purchasing Interior/Exterior Architectural Paint Products.

**1.** All paint must be low-VOC by complying with the current standards set forth by the California South Coast Air Quality Management District Rule 1113 for Architectural Coatings or the VOC and chemical component limits of Green Seal's Standard GS-11, section 4.1.

**2.** Recycled or reblended latex paint with low-VOC properties, as demonstrated by periodic tests conducted by the manufacturer, shall be given preference and used whenever feasible to the extent that the price differential between the recycled or reblended and virgin latex paint does not exceed the five percent price preference set forth in Subsection 5.33.080 C.

**3.** To reduce waste and support the recycled latex paint market, all surplus latex paint shall be recycled using a local latex paint recycling program. Surplus paint includes all latex paint in excess of quantities stored for touch-up purposes. Latex paint stored for touch-up purposes may not exceed 5 percent or 5 gallons, whichever is smaller, by volume, to the nearest gallon.

http://www.portlandonline.com/auditor/?c=37766&a=441003

The City of Rancho Cucamonga will revising the current recycling policy to be named "Green Procurement" and with the following language:

Section 3.08.160 (Recycled Product Procurement Policy) of Chapter 3.08 (Purchasing System) of Title 3 (Revenue and Finance) is to be amended as indicated below:

**3.08.160 ~~Recycled product procurement policy~~ Green procurement policy.**

**The purpose of the provisions of this Section 3.08.160 are to promote the procurement of environmentally preferable products or services throughout all city departments in order to foster the practice of responsible purchasing choices that reduce impacts on the public health and environment and support markets for environmentally preferable products or services.**

A. **If fitness and quality are equal, and to the extent that such use does not negatively impact health, safety or operational efficiency, all city departments shall procure environmentally preferable products or services, including recycled content products, whenever:**
B. **All city departments, whenever practicable, or when specific procurement guidelines have been developed, shall designate environmentally preferable products or services when procuring products or services from contractors or consultants and, if applicable, shall require contractors or consultants to specify the minimum percentage of recycled content in the products offered, both post-consumer material and secondary material.**
C. **All city departments shall require the use of recycled paper with a minimum thirty percent (30%) post-consumer material on all outside print jobs, wherever practicable.**
D. **To reduce transportation-related greenhouse gas emissions, stimulate the local economy and support environmentally friendly business practices, all city departments shall make an effort to procure goods and services from local contractors or consultants, contractors or consultants that use environmentally friendly business practices and/or contractors or consultants that demonstrate a high level of environmental and social responsibility by:** 1. Offering free or low-cost product take-back services for their products to ensure that these items are reused and/or safely managed at the end of their useful life; 2. Disclosing any hazardous materials contained in their products; 3. Assisting the city in documenting, monitoring and reporting the climate and other environmental benefits of the products they sell to the city; or 4. Instituting any other procedures that help the city to fully implement the provisions of this Section 3.08.160.
E. **All city departments shall require outside contractors and consultants to use environmentally preferable products or services in the performance of services for the city, wherever practicable.**

**~~A.~~F.** All city departments, offices and commissions shall, at least annually, conduct a review of existing and future product and service specifications to determine whether existing specifications either require the use of **environmentally preferable** products **or services ~~manufactured from~~**

~~virgin materials~~ or exclude the use of ~~recycled~~ **environmentally preferable** products **or services**~~, reusable products or products designed to be recycled~~.

~~B.~~**G.** In the event that such specifications do exclude the use of ~~recycled products or require the use of virgin materials~~ **environmentally preferable products or services**, then such exclusions or requirements must be eliminated unless the pertinent department or entity can demonstrate to the satisfaction of the city manager that such ~~recycled~~ **environmentally preferable** products **or services** would not achieve a necessary performance standard.

~~C.~~**H.** All city departments and agencies shall, at least annually and following the review described in subsection **AI** of this section, recommend changes to the city manager to ensure that performance standards for particular products can be met and that specifications are not overly stringent, and to recommend changes to ensure that specifications will incorporate a requirement for the use of ~~recycled materials, reusable products, and products designed to be recycled to the maximum extent practicable~~**environmentally preferable products or services**, subject to an alternative showing that either the performance of the product will be jeopardized or that the product **or service** will negatively impact health, safety or operational efficiency.

~~D.~~**I.** Outside contractors bidding to provide products or services to the city, including printing services, must demonstrate that they will comply with the specifications described in subsection **CK** of this section to the greatest extent feasible.

~~E.~~**J.** City staff will, to the greatest extent possible, utilize high-speed copiers that will accept recycled paper. In addition, recycled paper shall be purchased and used in all copy machines that will accept it.

~~F.~~**K.** When ~~recycled~~**environmentally preferable** products **or services** are used, reasonable efforts shall be undertaken to label the products **or services** to indicate that they contain recycled materials. City departments and agencies shall use for their masthead stationery and envelopes recycled paper that includes post-consumer **material or** recycled content **products** and indicate on the paper and envelopes that they contain recycled material. Other ~~recycled~~**environmentally preferable** products **or services** used by the city shall also indicate that they contain recycled material to the extent practicable.

~~G.~~**L.** A five percent price preference may be given to ~~recycled products, reusable~~ **environmentally preferable** products **or services**~~offered as alternatives to disposable products, and products designed to be recycled where they are~~ offered as alternatives to nonrecyclable products.

~~H.~~**M.** The city will cooperate to the greatest extent feasible with neighboring city and county governments in an effort to develop a comprehensive, consistent and effective procurement effort intended to stimulate the market for ~~recycled products, reusable products and products designed to be recycled~~**environmentally preferable products or services**.

~~I.~~**N.** All related city departments shall work cooperatively to further the purposes of this section. The city's economic development process shall incorporate the goal of stimulating the market for ~~recycled material~~**environmentally preferable products or services**.