

Procurement Work Group Report – Phase I: Energy Security & Climate Mitigation
July 31, 2008
Mayor's Task Force on Peak Oil and Climate Change

Acknowledgements:

This report was completed by the Procurement Work Group, who volunteered their time, creativity, experience and energy under a very tight deadline. They are: Geoff Glenn (co-chairman), Deborah Besinius, Ann Murphy, Thea Bremer, and Connie Wahl, all with the City of Spokane; Mary Carr, Spokane Community College; Jim Wavada (co-chair), Department of Ecology; Kathy Netteberg, and Mike Broemeling, AvistaCorp; Louise Fendrich, Greater Spokane Incorporated; and Tiara Schmidt, EWU student and Laura Lenny, Gonzaga University student, who volunteered to help with team documentation.

A special thanks also to Susanne Croft for her tireless support through our initial confusion about the use of the assessment tool and to everyone on the Built and Unbuilt Environment Team and the Water Resource Team, whose willingness to share their reporting templates greatly facilitated completion of our own tasks.

SUMMARY

The Procurement Work Team developed a list of 31 recommendations for implementation of purchasing policy and practice changes that we believe will help the city achieve some mitigation of green house gas emissions in its procurement activities, as well as reducing the consumption of fossil fuels in an increasingly challenging economic environment.

To the best of our ability we identified and ranked those activities we feel will have the most impact on green house gas emissions. We also identified activities we characterize as “low hanging fruit.” In some cases, these activities may not have scored as high on an environmental impact scale as other activities; but some of these lower rated actions may ultimately be more readily implemented due to low startup costs or fewer interim steps needed to reach completion.

Some observations on the process. The Work Group effort was certainly a challenge to all involved. We undertook this challenge with folks who may not have worked together previously, who come from different organizational and professional backgrounds, and who struggled with different levels of understanding of the task and the tools to be used to accomplish it. However, we all shared a belief that there is a better, more efficient and responsible way for the city, in all of its manifestations, to exercise its considerable purchasing power for the good of the environment and the citizens of Spokane. We were fortunate that so many of our Team were

able to meet during work hours on a regular schedule and that our Work Group leader, Geoff Glenn, was so steadfast in his commitment to produce a usable set of recommendations.

In our group, we spent a considerable amount of time defining what green procurement might mean in a practical sense. We also struggled with how to surmount the burden of accounting and accountability controls expressed through legislation and rigid rules for purchasing and contracting that seem to prevent some creative approaches or local standards setting.

In the end, we decided to make addressing these barriers one of the key tasks to be undertaken, so that we could free our thinking to be more creative about the procurement system itself.

Like most of the other work groups, we made minor additions or adjustments to the assessment tool to help us deal with factors like short-term versus long-term impact and ease of implementation; but otherwise were able to use the tool successfully to combine our thinking on various proposals.

To make it easier for the Sounding Board and the Task Force to focus on our principal recommendations, we included a Top Ten ranked Table in our work product along with the spreadsheet and diagrams inherent in the original assessment tool.

We hope you will find our recommendations helpful and we look forward to moving forward into the Adaptation phase of this project. Feel free to contact any of us through our co-chairs, Geoff Glenn, 625-7988, gglenn@spokanecity.org, or Jim Wavada, 329-3545, jwav461@ecy.wa.gov.

The Procurement Work Team of the Mayor Sustainability Task Force.

Procurement Work Team Mission Statement
Thursday, July 24, 2008

Mission statement:

The City of Spokane is committed to developing and promoting environmentally responsible purchasing practices for goods and services. These practices should be supported by policies that encourage waste reduction, sustainability, conservation of natural resources and community well-being. These policies and practices will support efforts to ensure responsible stewardship of the environmental resources under the city's influence or control.



Procurement Ideal Vision Statement:

The City of Spokane recognizes its role as a leader in the community with regard to responsible stewardship of environmental resources through its commitment to “green” procurement of goods and services. The City’s green purchasing policy is based on a system of established priorities and precedents that help encourage a variety of localized and diverse resources.

Through a coordinated purchasing network, the City sets a positive example in evaluating its purchasing decisions based on clear impact profiles, which not only consider costs but give priority to environmentally responsible purchasing practices and waste reduction, provided that the products and services meet acceptable use and performance standards.

The City embraces both a short- and long-term vision regarding its operations and environmental responsibility through forward-looking assessments, participation in ongoing legislative and regulatory development, and active, regular reassessment of its policies and procedures.

Through an open-minded perspective regarding alternative products and processes, the City of Spokane strives to balance environmental and fiscal responsibilities in making green purchasing decisions in order to provide the best services for its citizens while encouraging zero waste industry and localized markets.

In an ideal procurement environment the city of Spokane typically:

- purchases as much as possible from local sources and maintains reasonable targets for local purchasing;
- has a good grasp of its purchasing mechanisms and controls its purchasing to achieve its goals;
- the city has an environmental impact profile available on product or service it buys on a regular basis;
- has gone paperless in its administrative operations;
- is committed to an industrial ecology that promotes zero waste policies;
- supports a purchasing system that keeps technical nutrients in a technical cycle and organic nutrients in an organic cycle;
- strictly limits the use of toxic chemicals;
- is open minded toward alternative products, processes and policies;
- routinely examines the long-run consequences and long-term (entire) life cycle (seven generations) of products it purchases;
- considers total costs as opposed to just the initial cost;
- implements appropriate new, environmentally friendly technologies as they become available;
- fully supports product stewardship efforts and the state’s Beyond Waste plan, moving beyond recycling and reuse to emphasize waste avoidance in its purchasing decisions;
- possesses thoroughly researched information that identifies where products originate and terminate geographically and maintains a directory and database for available services and products specifically indexed by their environmental impacts ;

- assesses the total environmental impact of a product, including the impact of shipping and the environmental impact of the composition and manufacture of the items to be purchased;
- has enacted legislation to encourage greater corporate and industrial responsibility;
- supports locally owned businesses;
- uses its purchasing power to influence markets for recovered materials (recycling);
- is “best in class” re green purchasing.

-end-

Procurement Team Risk List:

Thursday, July 24, 2008

Risks:

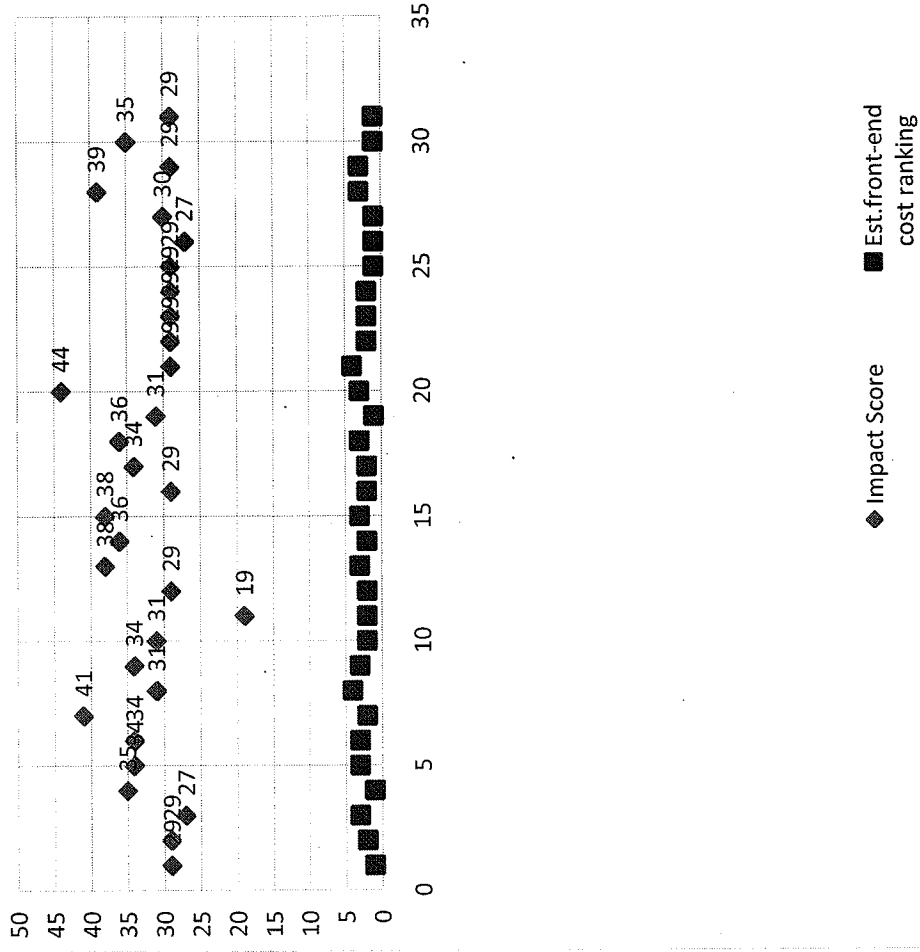
- Current purchasing policy does not address environmentally preferable purchasing preferences or mandate practices.
- Decentralized purchasing activities make it difficult to consolidate requirements, competitively bid and manage EPP spend.
- Difficult to evaluate current purchasing activity, opportunities, and/or compliance due to lack of enterprise purchasing and/or inventory management system data and measurements.
- Material specifications and/or scope of work for contracted services may or may not address environmental requirements.
- Current bidding and award practices are based on low qualified bidder. Practices do not utilize a total cost of ownership (TCO) methodology and/or allow preferential purchasing of EPP compliant products.
- Limited local markets for goods and services to support a local EPP program.
- Lack of governance to ensure accountability and adherence to EPP policies.
- Limited education efforts and promotion of EPP successes.
- Adoption of EPP policy may result in higher material and service contract costs due to lack of local sources and transportation costs.
- Future population growth likely to impact the amount of waste disposal.
- Sizeable transportation fleet and reliance on oil continues to drive costs upward.
- Inability to provide competitive services results in reduced profits, levels of City of Spokane income
- Inability to fund accessory programs or City of Spokane infrastructure
- Unquantifiable impacts to the environment and human health
- Significant global impacts that are not amenable to mitigation



Procurement Cost Benefit- Analysis

Action #	Impact Score	Est.front-end cost ranking
PR-01	29	1
PR-02	29	2
PR-03	27	3
PR-04	35	1
PR-05	34	3
PR-06	34	3
PR-07	41	2
PR-08	31	4
PR-09	34	3
PR-10	31	2
PR-11	19	2
PR-12	29	2
PR-13	38	3
PR-14	36	2
PR-15	38	3
PR-16	29	2
PR-17	34	2
PR-18	36	3
PR-19	31	1
PR-20	44	3
PR-21	29	4
PR-22	29	2
PR-23	29	2
PR-24	29	2
PR-25	29	1
PR-26	27	1
PR-27	30	1
PR-28	39	3
PR-29	29	3
PR-30	35	1
PR-31	29	1

Procurement Cost/Benefit



Ranked Action Recommendations (by impact score, then cost ranking)

Action #	Description	Impact Score	Front-end Cost Rank
Top Ten Recommendations			
PR-20	Identify one city department as an ERP pilot program. Create system of assessment, review, and enforcement of a departmental ERP for that group.	44	3
PR-07	Identify how city government can influence products sold and packaging used at city venues.	41	2
PR-28	City takes active role in education/inform outreach to reduce waste generated internally.	39	3
PR-13	Re-evaluate current credit card purchases tracking procedure. Develop credit card use reporting system to assess ERP purchases. Move to limited use credit cards for city employees.	38	3
PR-15	Expand and Increase use of city-wide purchasing system and inventory management to better manage ERP purchases and centralize data/reporting. Track origin and catalog of purchases for assessment and enforcement.	38	3
PR-14	Develop appropriate annual ERP targets. Measure results, including departmental compliance. Create and disseminate report results to city management and elected officials.	36	2
PR-18	Establish a baseline for purchasing goods and services that incorporates associated fuel consumption and GHG emissions as purchasing considerations.	36	3
PR-04	List best purchasing practices and reward/recognize good things that City departments are already doing.	35	1
PR-30	Maintain active city membership in Northwest Product Stewardship Council & Product Stewardship Institute.	35	1
PR-17	Explore alternative bidding/award practices, develop recommendations and obtain approval to incorporate in procurement practices.	34	2

Low-hanging fruit (Actions that didn't score in top ten but are perceived to be more easily achieved, but not necessarily at less cost than others, that may rank higher for impact)

PR-05	Encourage local suppliers to carry "green" products or services. Identify gaps in green purchasing resources.	34	3
PR-27	Network with state and federal agencies and other governmental entities regarding sustainability and GHG emission reduction strategies, policies and practices.	30	1

Action #	Description	Impact Score	Front-end Cost Rank
PR-01	Develop mayoral green purchasing directive.	29	1
PR-25	Make evaluation managers' effectiveness at participating in City ERP programs a major element of manager performance evaluations.	29	1
PR-16	Compile product list certified as green by an independent third party verifier . Identify gaps in local sources.	29	2
PR-22	Create standing cross-functional committee for research and recommendation to ombudsman and to promote ERP program ideas and innovations from staff level or from outside of city government.	29	2
PR-23	Create an office of green purchasing, distinct from ombudsman, charged with educating department heads about green purchase options, monitoring purchasing practices and enforcing ERP policies.	29	2
PR-24	Identify departmental ERP coordinators with responsibility to drive ERP initiatives. One of whom would, will lead city ERP green team.	29	2
PR-26	Continue focused discussion with other purchasing department managers in Washington and neighboring states .	27	1
PR-03	Create green purchasing incentive programs for departments.	27	3
PR-11	Identify products and services that are subject to ERP policy, specifications and practices.	19	2