



City of Palo Alto

City Council Staff Report

(ID # 9629)

Report Type: Consent Calendar

Meeting Date: 10/15/2018

Summary Title: Green Purchasing Audit Status

Title: Policy and Services Committee Recommendation to Accept the Continuous Monitoring Audit: Green Purchasing

From: City Manager

Lead Department: Public Works

Recommendation

Policy and Services Committee and the Office of the City Auditor recommends acceptance of the Continuous Monitoring Audit: Green Purchasing.

Background

At its meeting on June 21, 2018, the Policy and Services Committee approved and unanimously recommended that City Council accept the report. The attached report includes updates in interdepartmental Green Purchasing efforts, as discussed at the Policy and Services Committee meeting. [The City Auditor's original report to the Policy and Services Committee](#) and the [transcript minutes](#) are available on the City's [Policy and Services Committee website](#).

Attachments:

- Attachment A: Green Purchasing Audit Update ID# 8900, June 21 2018



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 8900)

Report Type: Action Items

Meeting Date: 6/21/2018

Summary Title: Green Purchasing Audit Update

Title: Staff Recommendation That the Policy and Services Committee Recommend the City Council Accept the Green Purchasing Audit Status Update

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that City Council accept the attached Status of the City Auditor's Green Purchasing Program Audit Recommendations.

Executive Summary

Staff has completed or made progress on seven of the eight Auditor's recommendations. This report summarizes the progress made to date.

Background

In April, 2017 the City Auditor's Office issued an audit on the City's Green Purchasing Program. The purpose of the audit was to determine whether the City of Palo Alto complies with applicable green purchasing requirements in its purchases. The audit report presented one finding with a total of eight recommendations and 17 tasks.

Staff from Public Works, Administrative Services, Utilities and IT have worked together to address the recommendations. Details are covered in Attachment A–Green Purchasing Audit Matrix Spring 2018.

Attachments:

- May 2 20 18 Green Purchasing Spring 2018 Audit Final

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

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)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
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>	In progress.	<p>March 2018 Management Update: Roles, responsibilities and staffing needs were drafted by PWD, CMO and ASD.</p> <p>Funds for a 0.5 contract position have been requested as part of the FY 2019 budget and were not approved because of a federal law suit regarding contracted staff which may also pertain to City contracted staff. The issue is under review in the Attorney’s Office. When a decision is made, the Green Purchasing Team will reconsider how best to increase staffing levels.</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. 	Complete	<p>March 2018 Management Update: On April 26, 2018 the Attorney’s Office Confirmed that no revisions to the Municipal Code are necessary.</p>

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

Recommendation	Responsible Department(s)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
		b) Revise municipal code as needed.		
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.	CMO/ASD/PWD	<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. 	In progress.	<p>March 2018 Management Update:</p> <p>3a) Staff requested a 0.5 contracted position for FY19 to help implement Green Purchasing Program which was not approved. See Status Update in Recommendation #1.</p> <p>3b) Completed. Staff revised P-Card Guidelines to reflect procurement requirements relating to zero waste, pollution prevention and other environmental policies.</p> <p>3c) Completed. Staff have updated the Procurement of Recycled Paper and Recycled Paper Products Policy as suggested and renamed it the Paper Reduction and Procurement of Environmentally Preferable Paper Products Policy. This policy is currently under review by the CMO before it is added to the online policy manual.</p> <p>3d) The paper policy (see #3c) and two fleet procurement policies (see #8) were revised.</p>

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

Recommendation	Responsible Department(s)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
<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, CMO, PWD</p>	<p>Concurrence: Agree Target Date: Ongoing as milestones in this document are achieved. Action Plan: Ongoing as milestones in this document are achieved.</p>	<p>In progress.</p>	<p>March 2018 Management Update: Some outreach has already been done, and outreach will be an ongoing task. Efforts to date include:</p> <ul style="list-style-type: none"> • Don't Sprint to Print email campaign from Zero Waste group; • PCard guidelines and training have been revised to reflect prohibited purchases; • Purchasing is developing educational material in the City's "Comearound" self-training tool which will be completed by July 1, 2018; • Provided training to IT staff on April 24, 2018) about City policy to purchase EPEAT Certified products (Electronic Product Environmental Assessment Tool) <p>Discussion about additional education and outreach beyond what has already been done will begin after FY2019 budget approval when potential contracted staff availability has been determined.</p>
<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</p>	<p>PWD/Facilities</p>	<p>Concurrence: Agree Target Date (see related Action Plan targets below): a) April 22, 2018 (see 3c) b) Ongoing</p>	<p>In Progress</p>	<p>March 2018 Management Update: 5a) In progress. City's custodial contractor is now using Green Seal certified toilet paper and 100% recycled content toilet seat covers throughout City facilities, and hand towels are now 20% post-consumer content. Higher</p>

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

Recommendation	Responsible Department(s)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
<p>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>		<p>c) September 1, 2017</p> <p>Action Plan:</p> <p>a) Include evaluation of custodial paper products under 3c.</p> <p>b) Continue to monitor custodial contractor’s use of Green Seal products.</p> <p>c) Analyze more environmentally preferable options for trashcan liners.</p>		<p>content paper towels will need to be considered for the FY 2020 budget as costs of higher recycled content paper towels are \$23,000 higher than what is currently purchased.</p> <p>5b) Ongoing. Two types of hand soaps are currently used – one is Green Seal Certified and the other is Eco Logo Certified.</p> <p>5c) In progress. Trash can liners with 70% post-consumer recycle content were evaluated and deemed acceptable. These liners meet EPA standard for recycle content. The cost to changeover to these liners is \$8,000 annually with the City’s custodial contractor. The request for additional funding for these liners was approved at the first phase of the FY 2019 budget process, and if approved by Council will be used as standard practice as soon as the contractor can transition them in beginning July 2018.</p>
<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</p>	<p>ASD/PWD</p>	<p>Concurrence: Agree</p> <p>Target Date (see related Action Plan targets below):</p> <p>a) December 1, 2017</p> <p>b) September 1, 2018</p> <p>Action Plan:</p>	<p>In progress.</p>	<p>March 2018 Management Update:</p> <p>6a) A committee was formed and recommended ERP specifications were submitted to ASD in fall 2017. Interviews with ERP candidates occurred in late January. A decision on the ERP contractor will occur by summer 2018 (ASD is lead).</p>

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

Recommendation	Responsible Department(s)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
<p>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>		<p>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.</p> <p>b) Identify best indicators to track environmental performance for select contracts and services (e.g., less GHG, waste reduction).</p>		<p>6b) Discussion will begin in summer 2018, but the ability to implement additional measures beyond what is currently done may be contingent on staffing availability given that a 0.5 contracted position was not approved. It is time intensive to create, educate, monitor and report environmental impact indicators, and so this task would need to be prioritized while factoring in other department responsibilities.</p>
<p>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.</p>	<p>ASD/PWD</p>	<p>Concurrence: Agree.</p> <p>Target Date (see related Action Plan targets below):</p> <p>a) September 1, 2017</p> <p>b) Ongoing</p> <p>Action Plan:</p> <p>a) Identify selected services and goods requiring vendor data and specify data needed.</p> <p>b) Monitor and enforce data collection.</p>	<p>Discussion will begin after FY2019 budget is determined.</p>	<p>March 2018 Management Update:</p> <p>7a) This is related to item 6b. Discussion will begin in summer 2018, but the extent to which staff can implement additional measures beyond what is currently done may be contingent on:</p> <ul style="list-style-type: none"> • when contracts expire (the opportunity to add new requirements), • staffing availability (see 6b).

**STATUS OF AUDIT RECOMMENDATIONS
GREEN PURCHASING PRACTICES – ISSUED 4/13/17**

Recommendation	Responsible Department(s)	Original Target Date and Response	Status	Implementation Update and Expected Completion Date
<p>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.</p>	<p>PWD/Fleet by</p>	<p>Concurrence: Agree Target Date: Sept 30, 2017 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. 	<p>Completed.</p>	<p>March 2018 Management Update: A Fleet Procurement Policy was revised and includes auditor recommendations. Tasks 8a and 8b were addressed in the policy revision.</p>