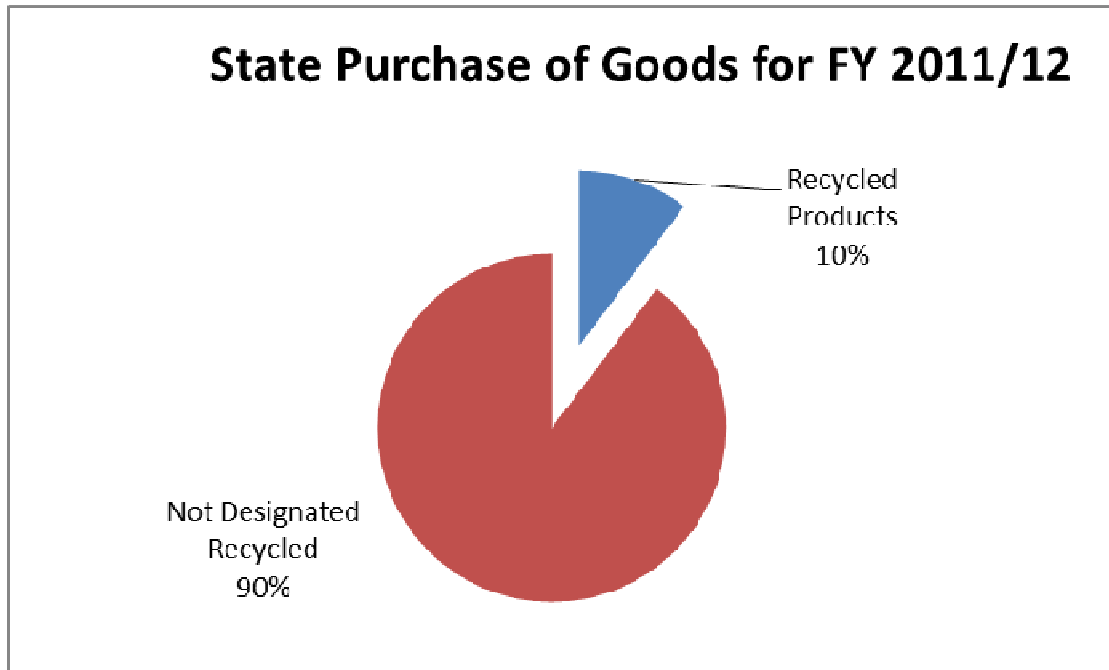


Background

State Procurement

The state procured approximately \$1.27 billion¹ in goods in Fiscal Year 2011/12. About \$130 million of these purchases were reported under the State Agency Buy Recycled Campaign (SABRC) as recycled products. The following chart shows the percentages of recycled products under the SABRC Program and those not designated as recycled.



State Agency Buy Recycled Campaign (SABRC)

The State Agency Buy Recycled Campaign (SABRC) is a joint effort between the California Department of Resources Recycling and Recovery (CalRecycle) and the Department of General Services (DGS) to implement state law requiring state agencies and the Legislature to purchase recycled-content products in order to reduce the waste in California landfills.

SABRC requires every state department, board, commission, office, university and the Legislature to purchase products that contain specified minimum amounts of postconsumer recycled-content material in 11 reportable product categories defined in statute; attain recycled-content procurement mandates that require 50% of purchases to be spent on recycled products; require all suppliers to certify the postconsumer recycled-content of their products that fall

¹ Based on DGS' State Contract & Procurement Registration System data of non-information technology goods.

within the 11 categories; and submit an annual report on dollars spent on recycled and non-recycled products purchased in the 11 categories (Public Contract Code Sec. 12200-12217).

The 11 reportable product categories are below:

- Paper products
- Printing and writing papers
- Mulch, compost, co-compost
- Glass products
- Lubricating oils
- Plastic products
- Paint
- Antifreeze
- Tires
- Tire-derived products
- Metal products

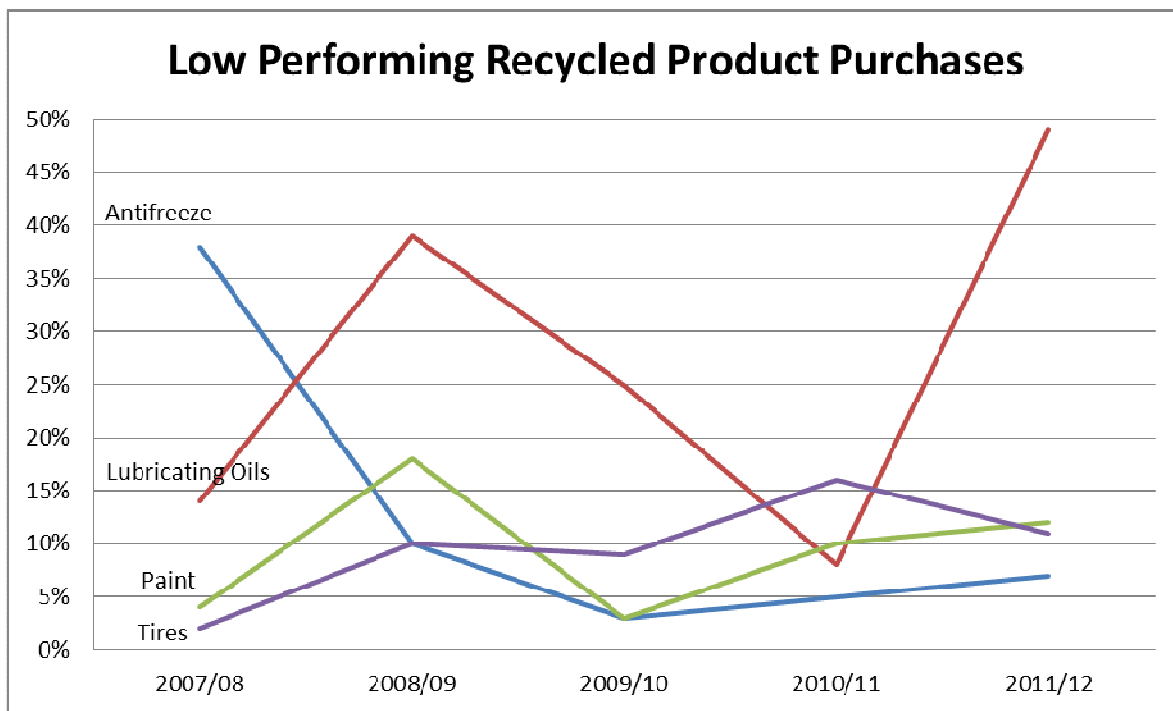
State agencies are required to purchase recycled products whenever available, if fitness and quality are equal and the products cost the same or less than non-recycled products.

State agencies must track all of their purchases in order to submit an annual report to CalRecycle. CalRecycle works with state agencies to revise procurement policies and practices to meet SABRC requirements, and posts SABRC compliance/non-compliance data by product and agency on its website. CalRecycle also makes recommendations to the Legislature every three years for changes to increase the purchase of recycled-content products and improve SABRC program efficiency.

SABRC Operations

AB 4 (Eastin), Chapter 1094, Statutes of 1989, established SABRC. State agencies are required to purchase recycled items for 50% of purchases in the 11 reportable product categories. State agencies annually report information about their purchases in these categories to CalRecycle. CalRecycle then compiles this information and produces reports about SABRC compliance by product category and department.

In the last 10 years, state agencies have purchased between 60% – 78% of recycled products for the total of these categories. However, some product categories have historically fallen short of the 50% mandate. These products include antifreeze, lubricating oils, paint, and tires. These products and the percentages of recycled purchases by year are shown below.



To encourage participation in SABRC, CalRecycle works with departments and produces educational material about the program. Additionally, CalRecycle posts information on its web site that specifies which vendors sell the types of recycled products within the 11 categories. As of the beginning of June 2013, more than 2,200 recycled products have been posted.

CalRecycle works to educate agencies that do not meet SABRC's purchasing requirements, but it lacks enforcement authority.

Environmentally Preferable Purchasing (EPP)

Environmentally preferable purchasing (EPP) refers to the procurement or acquisition of goods and services that have a lesser or reduced effect on human health and the environment when compared to competing goods and services that serve the same purpose (Public Contract Code Sec. 12400-12404). Essentially, EPP means “Buying Green.”

The Department of General Services' (DGS), Procurement Division serves as the lead agency for EPP in California. EPP requires consideration of numerous environmental concerns such as: postconsumer recycled content, energy efficiency, durability, low/zero air emissions, low/zero hazardous substances, water efficiency, non-hazardous maintenance, end-of-life material management (reuse and recycling), responsible manufacturing, packaging and distribution efficiency, and low life-cycle cost.

AB 498 (Chan), Chapter 6, Statutes of 2002, established the EPP program approximately 10 years ago. However, existing law does not identify specific green purchasing requirements or goals. Instead, it instructs DGS to provide state agencies with information and assistance regarding EPP and states that DGS should implement EPP with its existing resources.

To implement the EPP program, DGS has incorporated green purchasing into some statewide contracts that departments can purchase from; worked with departments on requests for proposals to encourage green purchasing on a project-by-project basis; provided state agencies with training and educational materials about green purchasing; and created the Buying Green Guide.

This guide, which is available on DGS' website, includes information, tools, and tips for state agency buyers. It refers buyers to specific statewide contracts where they can buy green products. Another part of the guide provides information to suppliers on how the state views green products and business.

DGS does not track green purchasing as part of the EPP program (and is not required to do so under the Public Contract Code). This lack of tracking means that the percentages of state purchases that are green and how these percentages have changed over time is unknown.

EPP at the Federal Level

In 1993, the United States Environmental Protection Agency (EPA) created the EPP Program to help agencies across the federal government comply with green purchasing requirements, and, in doing so, began using the federal government's buying power to stimulate market demand for green products and services.

The EPA developed five guiding principles to provide broad guidance for applying EPP in the federal government setting. These five principles are described below:

Guiding Principle 1: Environmental considerations should become part of normal purchasing practice, consistent with such traditional factors as product safety, price, performance, and availability.

Guiding Principle 2: Consideration of environmental preferability should begin early in the acquisition process and be rooted in the ethic of pollution prevention, which strives to eliminate or reduce up-front potential risks to human health and the environment.

Guiding Principle 3: A product or service's environmental preferability is a function of multiple attributes from a life cycle perspective.

Guiding Principle 4: Determining environmental preferability might involve comparing environmental impacts. In comparing environmental impacts, Federal agencies should consider: the reversibility and geographic scale of the environmental impacts, the degree of difference among competing products or services, and the overriding importance of protecting human health.

Guiding Principle 5: Comprehensive, accurate, and meaningful information about the environmental performance of products or services is necessary in order to determine environmental preferability.

Applicability of these principles in specific acquisitions varies depending on a variety of factors, such as: the type and complexity of the product or service being purchased; whether or not the product or service is commercially-available; the type of procurement method used (e.g., negotiated contract, sealed bid, etc.); the time frame for the requirement; and, the dollar amount of the requirement.

The EPA's website maintains the EPP Database of Environmental Information for Products and Services that contains standards and specifications developed by governmental and non-governmental organizations on a wide range of products and services.

The EPA began issuing comprehensive procurement guidelines (CPGs) in 1995 in response to a requirement in the Resource Conservation and Recovery Act for federal procuring agencies to buy recycled content products. The guidelines designate items that must contain some recycled content when purchased by federal agencies and they have been adopted by some state and local governments. CPGs are updated every two years and factor in content, quality, availability, and cost when designating items. Products that have EPA CPG specifications include construction products, landscaping products, paper and non-paper office products, parks and recreation products, and transportation products. According to the EPA, circumstances that may preclude the purchase of recycled content products include if the price is unreasonable; there is an inadequate supply of the product; the product purchase results in an unreasonable delay in the delivery; or, the product does not meet reasonable agency specifications.

EPP/Recycling Activities in Other States

Arizona state law requires the State Procurement Office (SPO) to provide an annual report to the Governor and Legislature regarding the purchase of recycled products and environmentally friendly procurement. However, according to its most recent report covering the 2012 fiscal year, the SPO notes that accurate means are not available for the SPO to fully collect and track detailed data regarding all types of purchases of recycled products because the SPO does not perform the actual purchasing function for state agencies and the state lacks an automated statewide procurement system. As a result, the SPO points out that the information available in the report is obtained from contractors. The report indicates that, in FY 2012, the SPO offered recycled products through six statewide contracts covering fine paper, envelopes, office supplies, recycled paper, janitorial supplies, and toner cartridges.

Connecticut's EPP program within the Department of Administrative Services (DAS) assists state agencies in greening their procurement activities by identifying and researching environmentally preferable products, establishing environmental specifications, evaluating products, and providing education and training. In addition, DAS offers the following EPP products in its state contracts: recycled content paper and office supplies; recycled content traffic

cones; re-manufactured ink and toner cartridges; re-refined oil products; fluorescent lamp disposal; computer devices; retread tires; carpeting; and antifreeze.

Maryland has developed Green Purchasing Guidelines for its state agencies to provide best practices in obtaining, utilizing, and disposing of office equipment necessary to carry out the functions of state government. The guidelines cover such items as appliances and electronic devices; toner and ink cartridges; cleaning supplies; indoor lamps and fixtures; bottled drinking water; paper and cardboard packaging; and, food and beverage containers and utensils. Additionally, the Maryland Department of General Services, which oversees state procurement, notes that higher education institutions in Maryland have implemented numerous sustainability initiatives on their own and developed procurement guidelines and processes for the promotion of sound environmental stewardship, including specific guidelines for procuring energy efficient computing equipment.

In Massachusetts, the Department of Environmental Protection's Operational Services Division (OSD) acts as the state procurement office that provides information to municipalities and state agencies on procuring a variety of recycled content and environmentally preferable products. The OSD estimates that about 50% of Massachusetts-produced glass is made of recycled bottles, a significant quantity of the state's tissue paper is made of recycled content, and at least 19 out of 31 Massachusetts paper/pulp mills use recycled material. According to the OSD, Massachusetts has 173 companies that collectively use an estimated 3.7 million tons per year of recycled material that otherwise would enter the waste stream.

State agencies in North Carolina are required to recycle newspaper, office paper, and various beverage containers. They must also comply with statewide landfill bans on fluorescent lights, pallets, and plastic bottles. The North Carolina Department of Environment and Natural Resources offers three statewide recycling outreach campaigns to help promote recycling programs, including a grant program established in 2011 to assist state agencies with implementing or improving their recycling programs. State agency recycling practices are compiled in an annual report submitted to the Legislature.

The Oregon Sustainability Board is an executive branch board that works to establish green building policies that incorporate environmental baselines for the construction of transportation structures, and state procurement practices that emphasize sustainability considerations when making contracting and purchasing decisions. The Board assists local governments and the private sector in promoting sustainable economic investment and development, and in advancing sustainability performance in state government. Additionally, the State Procurement Office actively supports sustainability, most notably paper conservation, and incorporates all reasonable sustainability practices into contracts and price agreements.

Virginia established mandatory state agency recycling programs in 1989 and, since then, the programs have expanded significantly beyond the initial efforts in which aluminum cans and office paper were generally the only materials collected. This activity is the result of directives that required all state agencies to establish programs for the use and collection of recyclable materials. Historically, Virginia state agencies have reported an average recycling rate of 30%. Many agencies developed comprehensive programs to address the issues of waste reduction and

recycling. The largest amount of materials collected from state agencies for reuse is yard waste and corrugated cardboard.

Washington state law also requires the use of recycled content products. The law is intended to substantially increase the procurement of recycled-content products by all local and state government agencies and public schools and it provides a model to encourage a comparable commitment by Washington citizens and businesses in their purchasing practices. In addition, the law provides for a 10% purchasing preference for bid evaluation purposes.

Potential Policy Issues for Discussion

SABRC

- Where do opportunities exist for the state to increase the purchase of recycled products?
- Does CalRecycle have the appropriate authority to implement SABRC? If not, what changes would benefit the program?
- SABRC requirements cover 11 categories that are specified in law. Should there be changes to increase the number of categories or percentage requirements? If so, what would be the most appropriate approach to making these changes?

EPP

- What is an appropriate approach to develop a "roadmap" to strengthen the state's EPP program? How should DGS be directed to define best practices for EPP and criteria for environmentally preferable products?
- Should DGS have the authority to define categories for EPP and populate those categories with environmentally preferable products?

Long-Term Issues

- Which agencies should be responsible for which aspects of green purchasing?
- What areas, if any, could be further developed to better coordinate the efforts of DGS and CalRecycle?