

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 27, 2022

CAO File No. 0220-06029-0000
Council File No. 19-1351
Council District: All

To: Honorable Members of the City Council

From: Matthew W. Szabo, City Administrative Officer



Subject: **No/Low Carbon Contracting Standards Implementation**

RECOMMENDATIONS

The City Council:

1. INSTRUCT Bureau of Sanitation (BOS) to work with the City Administrative Officer (CAO), the General Services Department (GSD), and the CAO's Office of Procurement (OOP) to identify an inventory of procurement contracts to establish a carbon baseline;
2. INSTRUCT the BOS and OOP, with the assistance of the Bureau of Engineering (BOE), CAO, and any necessary departments, to report on the scope of work, resources necessary, and phased delivery of a carbon footprint study of the inventory of procurement contracts as identified in this report; and,
3. INSTRUCT the OOP, with the assistance of GSD, BOS, and any necessary department, to report to Council with recommendations for contracting standards to reduce the City's carbon emissions based on the completed BOS procurement carbon footprint study.

SUMMARY

On October 21, 2021, the City Council adopted recommendations from the Energy, Climate Change, Environmental Justice, and River Committee, instructing the OOP to report on recommended strategies to establish contracting standards to reduce carbon emissions of the City's procurement activities. The OOP finds that contracting standards that would provide a measurable reduction of carbon emissions could not be determined due to the lack of baseline data that identifies the carbon impact of citywide procurement activities. Without baseline data, recommendations for standards could result in unintended consequences of delays in departmental operations and services delivery and potentially hinder current efforts to achieve the City's 2025, 2035, and 2045 goals. A study of the City's procurement at this level of complexity and analysis has never been conducted. Therefore, this report recommends that the Council instruct BOS, with the assistance of necessary departments, to report to the Council on the resources needed to complete a carbon footprint study of procurement, manage the phasing and development of the study, and present the findings of the study. Additionally, once the report is completed, this report recommended that Council instruct the OOP to establish carbon emission contracting standards for departments.

DISCUSSION

Through Mayor Garcetti's Green New Deal and other climate policies and programs initiated by the Council, the City has set goals to accomplish carbon neutrality by 2050. As part of this goal, the City is making efforts to reduce municipal greenhouse gas levels by 55 percent by 2025 and 65 percent by 2035 to reach total carbon neutrality by 2045 (based on the 2008 baseline levels). As part of these efforts, the OOP was tasked to establish contracting standards for departments to increase the number of sustainable contractors and improve sustainable contracting practices. The standards would attempt to reduce greenhouse gas emissions by purchasing sustainable goods and services and indirectly influence the private sector to become more sustainable. As part of the analysis, with the assistance of the GSD and the Mayor's Sustainability Team, the OOP evaluated the information needed to set contracting standards to reduce the emissions from the City's procurement activities. The OOP finds that if the City is to set standards, data identifying the emissions of the City's procurement programs would be the most effective method of targeting emission-heavy procurements. Much like the City's other procurement guidelines, a single set of standards would not be applicable, nor feasible, between commodities, services, and construction contracting activities.

The City has not conducted a study to show the carbon footprint of procured goods and services, and it is not possible to establish contracting standards without the baseline carbon footprint study outlining the greenhouse gas emissions from the lifecycle of the City's procurement activities. The best example of a carbon footprint study is the State of California's Buy Clean California Act (BCCA). The BCCA set maximum limits in the procurement and use of structural steel, concrete reinforcing steel, flat glass, and mineral wool board insulation. These maximum limits were established by reviewing the acceptable Global Warming Potential (GWP) by the California Department of General Services in consultation with the California Air Resources Boards that established contracting and use standards by reviewing the carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).

In order to establish similar programs and set contracting standards, including emission maximums, the City would need to identify its procurement's greenhouse gas emissions through a carbon footprint study, which is an analysis to determine the cleanliness of our goods and services. The analysis should determine the direct and indirect global amount of carbon dioxide and other greenhouse gasses accumulated over the full lifecycle of a product, service, or operation. However, due to limited resources and a lack of expertise in this work, the City would need to contract for this study, using State of California's established factors to calculate a carbon baseline to use for taking action to achieve the City's 2025, 2035, and 2045 reduction goals. The OOP was unable to identify a comparable report that reviewed the cleanliness of an entire organization's inventory of procured goods and services. Therefore, a report should be completed to provide an estimate of costs and timing necessary to complete this analysis. BOS and CAO are the departments with the experience and expertise regarding sustainability policy, and this report recommends that Council instruct BOS and CAO, with the assistance of necessary departments, to report on the framework of the study, resources necessary, phases of delivery, and the findings of the study. Once the study identifies the most carbon-intensive areas of the City's procurement activities, the OOP will work with BOS's Climate Action Program and the CAO to prepare and present contracting standards for the Council's consideration.

While the City works towards contracting standards, departments are not limited in continuing their efforts to facilitate carbon-neutral goals. The creation of specific procurement industry programs such as prime contractor to subcontractor sustainable mentorship, implementation of an eco-friendly vendor pre-qualification program, and training protocols for the vendor pool about the City's carbon neutral goals. Additionally, the City can further identify sustainable vendors through the Regional Alliance Marketplace for Procurement by allowing vendors to self-disclose their sustainability efforts and if they hold environmental certifications such as Leadership in Energy and Environmental Design, Ecolabels, and other related carbon-neutral certifications. Departments may also participate in other programs set by the Los Angeles Department of Water and Power, including Ecovadis, which would allow vendors to grade their sustainability in comparison to other businesses in their industry.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will not result in an immediate General Fund impact. However, funding will be required for the completion of a carbon footprint study and will be evaluated once BOS reports on the anticipated resource needed.

FINANCIAL POLICIES STATEMENT

In as much as this report has no immediate fiscal impact, it complies with the City's Financial Policies. If the Mayor and Council add additional resources to conduct a carbon footprint study detailed in this report, increased General Fund revenues or offsetting reductions will be needed to fund these efforts.

MWS:SDH: AIC