


Government of the District of Columbia
Office of the Chief Financial Officer



Fitzroy Lee
Interim Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Interim Chief Financial Officer 

DATE: April 7, 2021

SUBJECT: Fiscal Impact Statement – Green Food Purchasing Amendment Act of 2021

REFERENCE: Bill 24-18, Draft Committee Print as provided to the Office of Revenue Analysis on April 1, 2021

Conclusion

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill's implementation will cost \$220,000 in fiscal year 2021 and \$1.1 million over the four-year financial plan period to support the Department of Energy and Environment's (DOEE) implementation of the bill. The Office of Contracting and Procurement (OCP) also expects to need additional resources to support the bill's implementation, but the agency has not provided sufficient information to estimate those costs at this time.

The bill's implementation is subject to the required fiscal resources being included in an approved budget and financial plan.

Background

The District requires contracting agencies to use environmentally preferred products and services (EPPS),¹ to the extent practicable, for every contract over \$100,000.² The District must issue an

¹ Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.04(30)).

² D.C. Official Code § 2-361.01.

environmental certification to affirm that EPPS specifications have been included in the procurement unless the procurement conforms to a Default Environmental Preference Standard.³ The bill ensures that EPPS standards include consideration of products' or services' greenhouse gas emissions and requires the District to perform an analysis as to whether EPPS are available and competitive. The bill requires the District to include a statement from DOEE affirming that EPPS are being procured or waiving the EPPS requirement prior to the issuance of the environmental certification which will be included in the contract package. The bill allows DOEE to issue a list of products or services that are exempt from EPPS. OCP staff and executive agency staff responsible for contract oversight must ensure that EPPS requirements included in a solicitation are fulfilled by the contractor. The bill also requires OCP to include EPPS requirements and guidelines in its trainings and training materials.

The bill also requires DOEE to provide recommendations on how to reduce greenhouse gas emissions associated with all government procurements, including identifying which goods and services procured by the District can be tracked and analyzed. DOEE should issue a report on this effort by January 1, 2023.

The bill establishes parameters for the District to understand, track, and reduce greenhouse gas emissions related to all meal food and beverage procurements over \$10,000. DOEE must develop a methodology, in consultation with OCP, to estimate greenhouse gas emissions for food and beverage procurements over the food and beverage's life cycle and assess the feasibility of implementing the methodology. DOEE may also consider incorporating air pollution emissions into the methodology. Covered contracting agencies⁴ must be able to use the methodology to track and implement policies that will demonstrate emissions reductions over time. The bill requires DOEE to establish a baseline assessment of greenhouse gas emissions associated with food and beverage procurements and provide covered agencies with best practices to reduce emissions. The methodology must be developed and these activities must be completed by January 1, 2023. Agencies should implement food and beverage policies that will help achieve reductions in emissions while ensuring there are no declines in food nutrition or culturally appropriate choices

The bill establishes greenhouse gas emissions reduction goals for food and beverage purchases. The reduction goals are the following: 10 percent by fiscal year 2025; 18 percent by fiscal year 2027; and 25 percent by fiscal year 2030. Each covered contracting agency must report to DOEE by February 1, 2025 and annually thereafter on its progress toward reducing food and beverage emissions. By July 1, 2025 and annually thereafter, DOEE must report to the Mayor and the Council on the District's progress toward reducing greenhouse gas emissions and provide policy recommendations to support continued reductions. DOEE should also provide recommendations for the reduction of private sector food and beverage related emissions and may provide financial incentives to support these recommendations.

³ D.C. Official Code § 2-351.04(21).

⁴ Covered contracting agencies and covered agencies are those that purchase and provide meals to residents.

The Honorable Phil Mendelson

FIS: Bill 24-18, "Green Food Purchasing Amendment Act of 2021," Draft Committee Print as provided to the Office of Revenue Analysis on April 1, 2021

Financial Plan Impact

Funds are not sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The bill makes changes to the existing EPPS framework and establishes new guidance for food and beverage purchase. The bill's implementation will cost at least \$220,000 in fiscal year 2021 and \$1.1 million over the four-year financial plan period.

The bill requires DOEE to review District procurements over \$100,000 prior to the issuance of an EPPS environmental certification and affirm that EPPS are being procured or that the EPPS requirement is waived. DOEE must complete these reviews and approvals prior to an agency submitting its contract statement of work to OCP for processing. DOEE does not currently have an active role in the EPPS procurement framework and OCP processes nearly one thousand procurements over \$100,000 annually. DOEE will need to add staff to perform the reviews and issue approvals, develop an understanding of all products and services procured by the District, develop lists of exempt products and services, and help enhance the EPPS standards. An additional two program staff will cost \$170,000 in fiscal year 2021 and \$713,000 over the four-year financial plan period. DOEE also requires \$50,000 in one-time non-personnel resources in fiscal year 2021.

The bill's food and beverage provisions require DOEE to develop a methodology to estimate greenhouse gas emissions from food and beverage procurements, provide covered agencies with recommendations and best practices to implement, and report to the Mayor and the Council on the District's progress toward meeting the bill's greenhouse gas emission reduction goals. DOEE will need to hire one program staffer beginning in fiscal year 2022 to develop the methodology, calculate the District's baseline emissions, work with covered contracting agencies and covered agencies to implement its policy recommendations, and gather the required data and information to complete the bill's required reports. This employee would start in fiscal year 2022 and cost a total of \$291,000 over the four-year financial plan period. DOEE will also need \$75,000 in one-time non-personnel resources in fiscal year 2022 to help implement the bill's provisions.

OCP has expressed concerns with implementing both the bill's EPPS provisions and green food provisions and how they will impact the District's overall contracting processes. However, the agency has not provided sufficient data or detailed OCP's impacted processes to support the Office of Revenue Analysis' development of a full cost estimate for the bill's implementation.

Green Food Purchasing Amendment Act of 2021					
Bill 24-18					
DOEE Implementation Costs					
Fiscal Year 2021 – Fiscal Year 2024					
(\$000s)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
DOEE EPPS Staff	\$170	\$175	\$181	\$187	\$713
DOEE Green Food Staff	\$0	\$94	\$97	\$100	\$291
DOEE EPPS and Green Food NPS	\$50	\$75	\$0	\$0	\$125
Total	\$220	\$344	\$278	\$287	\$1,129