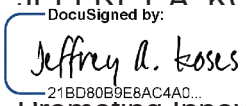




GSA Office of Governmentwide Policy

Acquisition Letter MV-21-10  
11/2/2021

## MEMORANDUM FOR THE GSA ACQUISITION WORKFORCE

FROM: JEFFREY A. KOSES, SENIOR PROCUREMENT EXECUTIVE  
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 ACQUISITION POLICY (MV)  
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SUBJECT: Promoting Innovation in Sustainability through Contracts

**1. Purpose.**

GSAM Change 138 (for GSAM Case 2021-G528) adds the Chief Sustainability Office to major acquisition review boards, identifies sustainable acquisition considerations for procurement strategies, and requires greater detail on sustainability in acquisition plans. The purpose of this Acquisition Letter (AL) is a call for innovation in the area of climate action, further enhancing the GSAM policy change. This AL encourages the use of innovative contracting solutions that address environmental issues, beyond merely looking at the attributes of a product being purchased alone. It also provides guidance on existing flexibilities within acquisition to support better environmental outcomes.

Much of this AL offers a new approach to thinking about climate related factors in acquisition. The Office of Acquisition Policy and GSA's Acquisition Innovation Advocates will offer executive-level acquisition backing, for those entities interested, to support trying out some of these innovations and develop best practices.

**2. Background.**

Climate change has been identified as a risk to our nation's security, health, and economy. Executive Order (E.O.) 14008 *Tackling the Climate Crisis at Home and Abroad* and E.O. 14030 *Climate Related Financial Risk* both identify the power of Federal procurement as a significant means to develop solutions to reduce the risk of climate change.

E.O. 14008 called on GSA, and other agencies, to prioritize actions on climate in our acquisitions. The goal of the prioritization is to find innovative solutions to address the climate crisis through Federal procurement. There could be many ways to prioritize actions and this AL explains some of them.

One example and reasonable approach to prioritizing climate action on acquisitions, while providing innovative solutions, is to significantly increase the weight of climate considerations as part of best value tradeoff award decisions. While FAR part 23 calls out some of the existing authorities for environmental and sustainable acquisition, it does not provide guidance on how to consider environmental considerations as part of

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best value tradeoff award decisions.

A traditional approach is to consider the full life cycle cost, inclusive of disposal. This is certainly one reasonable, though often complex path. Another approach is to examine the externalities in the evaluation. Externalities are the side effects or consequences of a transaction particularly as they affect other parties. For instance, a bee keeper may keep bees to produce honey. A positive externality may be the pollination of crops for nearby farmers. Externalities are difficult to quantify.

GSA is recognized as the leader of innovative acquisition solutions for the Federal government. The agency has also been at the forefront of developing sustainable acquisition policies and environmental market research tools, such as the Sustainable Facilities Tool ([sftool.gov](http://sftool.gov)).

This AL encourages GSA acquisition organizations to test out approaches to both reduce or eliminate our carbon footprint, promote adaptation to climate change, consider full life cycle cost, consider externalities, and demonstrate opportunities to use acquisition in response to E.O. 14008. This AL also encourages communication of best practices for sustainable contract solutions within the agency.

### **3. Authority.**

This AL is issued under the authority of GSAM 501.370. This policy exceeds the current guidance provided in FAR Subpart 23.1, Sustainable Acquisition Policy.

### **4. Guidance.**

The Federal Acquisition Service and the Public Buildings Service are encouraged to review the ideas enclosed in this AL and to identify at least three acquisitions where it will use one or more supporting innovations. The Office of Administrative Services is encouraged to review and to identify at least one acquisition. Once an acquisition project is selected please complete the following survey for tracking purposes: [Innovations in Sustainability Intake Survey](#).

When developing possible contracting solutions, consider ideas that will encourage community/social inclusiveness, low carbon footprint, and efficiency. Ideas for consideration throughout the acquisition lifecycle may include addressing the following topics in proposed solutions, however this is not an exhaustive list:

#### **Acquisition Planning Ideas:**

- ***Climate Supply Chain Risk Management.*** The acquisition team could analyze supply chain risk related to climate change (e.g., power disruption, flooding, tornados, fires) as well as supply chain management opportunities (e.g., innovative technology within the market, promotion of new businesses entering the market). The Framework for Managing Climate Risks to Federal Agency

Supply Chains (sftool.gov) is available to help conduct such a risk analysis. If the supply falls under [GSA's Vulnerability Assessment List](#) (e.g. products that are most vulnerable such as real property, information and communications technology, water and waste utilities, transit access, and products and services vulnerable to the global supply chain) document this in the intake survey.

### Evaluation Ideas:

- **Total Life Cycle Cost.** Require the contractor to price out all life cycle costs, inclusive of disposal, in their offer. Life Cycle Cost (LCC) calculators are available at various websites. One example is the [Energy Star LCC Calculator](#).
- **Environmental Evaluation Factors.** Environmental evaluation factors can be used for making award decisions. Language could include asking contractors to highlight environmental objectives in their offers such as waste reduction, source reduction, or recycled content. Anticipated holistic outcomes from utilizing alternative solutions (or combinations of solutions) should be documented.
  - **Best Value Tradeoff.** Include language stating that the environmental evaluation factors are more important than price.
- **Contractor Corporate Policies.** Assess contractor's policies such as a company's greenhouse gas emission statement, or their overall company environmental, social, and governance strategy or plan.. This could be addressed when planning for services (to include professional services and information technology services) and supplies acquisitions. For example, a business policy that allows for remote work and cloud based solutions could reduce the travel needed to commute and lessen climate impact. If considering this tactic, remember to be clear about whether or not there are minimum requirements in the solicitation, or if you are using this as part of the best value trade-off decision.
- **Regional Resourcing.** Government contracts are performed in various locations, and can influence many markets. To maximize the opportunity to expand upon the availability of sustainable goods and services, contracting officers participating in this innovation initiative could consider, if appropriate, evaluation factors or requirements that consider the availability of regionally-sourced supplies and services for contract performance; meaning as geographically close to the place of delivery or performance as allowable. Regional resourcing may promote the Government's goals of building local economies by supporting small businesses, and supporting environmental justice initiatives.
  - **Use of local set asides or preferences.** Consistent with available authorities (e.g., AbilityOne, Federal Prison Industries) if regional resourcing provides a significant advantage to the Government, then the regional area (or locality) could be considered when defining contract requirements and evaluation factors. This applies to contracts performed

- inside the United States; contracts performed outside the United States are not the best candidates for this initiative.
- **Externalities.** Consider an evaluation factor for externalities, or additional external benefits to what you are purchasing. An externality can be viewed as the ripple effect from what is being procured. An example of an externality is a city procures a public transportation system with the intent of reducing traffic. The externalities would be improved air quality, which could lead to reduction in healthcare costs. Allow the contractor to briefly explain any externality in its offer. Weigh the externalities similar to how you have weighed socioeconomic considerations in other acquisitions.

### **Contract Award Ideas:**

- **Mutual learning opportunities.** Incorporate a performance requirement for industry to provide data that will benefit both parties. By learning where the opportunities may lie for a more environmentally preferable solution, the Government can better manage how to adapt to climate change, and industry can learn how to better compete in their market. One example of this is commercial airline carriers agreeing to include greenhouse gas monitors on their commercial aircraft for the Government to collect real time data. This action benefits both the airline industry as well as Government emission monitoring programs, with the long term solution being to identify how commercial flights can be less harmful to the environment.

The results of any innovative acquisitions should be documented by the acquisition team to include where in the acquisition lifecycle the innovation occurred (i.e., acquisition planning, solicitation, evaluation, award, or post award). When considering solutions, consider techniques that already exist to build upon. For example performance based contracting often promotes contractor innovation, this could be utilized to assist in identifying more sustainable solutions. The documentation should include lessons learned and what overall benefit was received from the acquisition.

Once the innovation is applied, please complete the following survey to record your results: [Innovations in Sustainability Outcomes Survey](#).

### **5. Approvals.**

If the innovation that you are proposing extends beyond current procurement policies, or could conflict with current practices, please reach out to [GSARPolicy@gsa.gov](mailto:GSARPolicy@gsa.gov) to find out if a new policy or deviation is needed (see FAR 1.4 and GSAM 501.4). An approved policy deviation, or other supporting documentation, can ensure that the contracting officer has the right authorities and approvals in place for experimental innovations that could invite more risk or scrutiny.

### **6. Effective Date.**

This AL is effective immediately and remains in effect until rescinded, or incorporated into the GSAM.

**7. Point of Contact.**

Any questions regarding this letter may be directed to [GSARPolicy@gsa.gov](mailto:GSARPolicy@gsa.gov).