



# County of Santa Cruz

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## COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

February 21, 2001

Agenda: February 27, 2001

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, California 95060

### **Certified Wood and “Green Energy” in County Contracting**

Dear Members of the Board:

On November 14, 2000, as part of your Board’s consideration of an ordinance articulating environmental principles and policies to guide County government throughout the decade 2000-2009, your Board directed staff to return with an analysis of the feasibility of requiring environmentally-certified wood in County contracting, as well as the feasibility of the County utilizing “green energy.” The County Administrative Office consulted with the departments of Public Works and General Services in conducting our initial review of these matters and present this report for your consideration.

#### **Certified Wood**

Over the past decade, there has been a growing interest in sustainable forestry practices and a number of certification programs have developed to support and address this interest. Three significant certification programs are the Forest Stewardship Council, the Sustainable Forestry Initiative, and the Canadian Standards Association.

The Forest Stewardship Council (“FSC”) is an international body which promotes the environmentally responsible, socially beneficial, and economically viable management of forests. The FSC is an association whose membership includes environmental and social groups, the timber trade and the forestry profession, indigenous people’s organizations, community forestry groups and forest product certification organizations from around the world. The FSC accredits third-party organizations which, in turn, certify whether forest product companies are in compliance with the FSC’s articulated principles and criteria for certification. Most notably, this is a third-party certification which tracks the chain of custody of any given forest product all the way to its source.

The Sustainable Forestry Initiative (“SFI”) was developed in the United States by the American Forest and Paper Association, whose members represent 84 percent of the paper production, 54 percent of the solid wood production, and 90 percent of the industrial timberland in the U. S. The international use of SFI is currently expanding through international licensing. The SFI

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does not require mandatory, third-party certification, and allows timber firms greater discretion regarding their level of compliance. The SFI is sometimes criticized because it certifies that a company is a participant in the program, rather than tracking the chain of custody of individual products and certifying that particular products are derived from sustainably-managed forests. It is reportedly possible for an SFI-certified company to purchase wood from non-certified company and to sell that wood under its own SFI certification. The owners of the Headwaters Forest, Pacific Lumber Company, is reportedly SFI certified.

The Canadian Standards Association (“CSA”) is a certification organization established by Canadian industry and government. Unlike the FSI, the CSA does require third-party certification, but does not require tracking and labeling products according to their chain of custody. It is unclear to what extent the CSA will be adopted outside Canada and throughout the world.

Given the international reach of the FSC and its third-party certification program, which tracks individual products to their source, staff believes that any potential Santa Cruz County certified wood policy should utilize FSC, or equivalent, certification.

A number of jurisdictions have considered or are at various stages of adopting policies in favor of FSC-certified, or equivalent, wood procurement. These jurisdictions include the cities of New York, Philadelphia, San Francisco, Berkeley, Los Angeles, Santa Monica, Arcata, as well as Ashland, Oregon and Bainbridge Island, Washington. Similar efforts have been made at the state and federal levels.

Common elements of such programs include the following rules:

- 1) An expressed preference for FSC-certified wood, or its equivalent;
- 2) Bid specifications calling for bids including both FSC-certified wood, or its equivalent, as well as non-certified wood;
- 3) Bids may be submitted with only non-certified wood, if the bidder certifies that certified wood is not available in the types and grades required for the project;
- 4) If the price for certified wood is within ten percent of the lowest acceptable bid utilizing non-certified wood, then the jurisdiction has the discretion to select the bidder using certified wood.

After reviewing this matter, staff has some concerns about the price and availability of certified wood products. Accordingly, we are recommending that any policies considered should be flexible enough to avoid any risks which may be associated with these uncertainties. Several legal and policy issues must be considered further in the development of such a policy for Santa Cruz County, including price preferences and sole-source issues. Also, there are indications that the market for certified wood has not yet fully developed. At least two local firms, Big Creek Lumber in Santa Cruz and Hayward Lumber in Monterey, are committed to FSC-certified wood products. Moreover, through additional firms in the San Francisco Bay area and elsewhere in

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California, competition in this market appears to be growing.

Staff believes that through continued communication with local firms, non-governmental organizations, as well as other jurisdictions, we have the opportunity to further develop policy options for your Board's consideration. Such a policy would be intended to promote responsible, long-term forest management, as well as the market for the products which are derived from such practices. If your Board so directs, staff proposes to continue developing possible policies for Santa Cruz County certified wood procurement, and to report back to your Board on the progress of these efforts on April 24, 2001.

**Green Energy**

Given the recent developments in the energy market and current legislative efforts, the future of the "green energy" market in California is uncertain. For example, on February 20, 2001, the San Jose Mercury News reported Green Mountain, one of the largest alternative energy service in California, returned 50,000 of its 58,000 California customers to their local utilities and kept only those customers with long-term contracts. Accordingly, staff recommends that further consideration of the County's use of "green energy" be deferred until these uncertainties are resolved. As your Board is aware, staff is presently in negotiations concerning the Buena Vista Landfill Gas Power Project, which proposes to utilize currently-flared landfill gas to generate electricity. In addition, on March 17, 2001, staff will present your Board with a broader report concerning the status of the energy crisis and its affects on our County's residents.

IT IS, THEREFORE, RECOMMENDED THAT YOUR BOARD:

- 1) Accept and file this report;
- 2) Direct staff to continue developing feasible policy options regarding the use of certified wood in County contracting and report the status of these efforts on April 24, 2001, and
- 3) Defer consideration of the County utilizing "green energy" until the recent energy market uncertainties have been resolved.

Very truly yours,

  
SUSAN A. MAURIELLO  
County Administrative Officer

cc: Big Creek Lumber  
Hayward Lumber  
County Counsel

General Services Department  
Department of Public Works