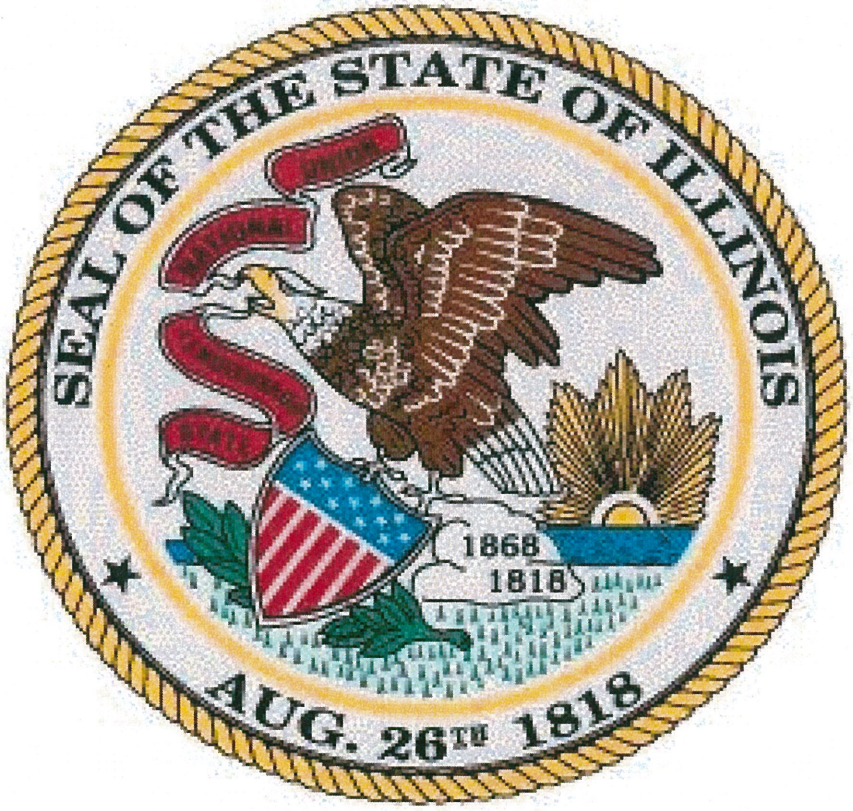
Recycling & Recycled Paper Procurement Update

State Fiscal Year 2017



CMS

ILLINOIS Bruce Rauner, Governor
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
Michael M. Hoffman, Acting Director

November 1, 2017

To the Honorable Members of the General Assembly:

I am pleased to submit the Recycling and Recycled Paper Procurement Report for FY17 as mandated under the Illinois Solid Waste Management Act. Our sustainable recycling programs within the State of Illinois continue to stand as a model for other states to emulate. The Department of Central Management Services (CMS) is committed to the recycling of aluminum cans, mixed paper, toner cartridges, tires, oil, fluorescent light bulbs and other materials which are collected throughout state properties. Through the economic impact of recycling, it is estimated that the combined direct, indirect, and induced impacts from recycling, recycling reliant, and reuse industries are roughly responsible for a total of 111,500 jobs, a payroll of 3.6 billion in additional gross receipts, and over $1 billion in state and local taxes. CMS is proud to have programs that contribute to recycling in Illinois.

CMS I-Cycle is continuously monitoring commodity prices and market condition to ensure the best possible value for recycled material. The international market for post-consumer goods has resulted in imbalance between supply and demand of some grades of post-consumer recycled commodities. With domestic supply at high levels and China's ban on many recycled materials previously accepted, the availability to recycle may become more challenging. Approximately 24 categories of post-consumer plastic scrap, one grade of unsorted paper, several types of used textiles, and metal slags containing vanadium are part of that new challenge.

CMS contracts with the non-for-profit community rehabilitation facilities under CMS's State Use Program to recycle its surplus computers, cell phones, and other electronic equipment in order to prevent leaks of mercury, lead and other toxins into the environment. During FY17 the CMS I-Cycle program began a programmatic evaluation in order to continue to provide recycling services across the state in the most efficient and cost effective manner. The initial evaluation focused on the Springfield area. This evaluation has resulted in some changes to the I-Cycle Program that were implemented in 2017 including the use of a state use contract for services under the program. The evaluation process will continue through FY18 and will focus on the remaining areas of the State.

CMS is confident our programs will continue to increase the operational efficiency and environmental stewardship of the State of Illinois; therefore, improving the overall sustainability of State Government. Your continued support of these initiatives and goals is very much appreciated.

Sincerely,

Michael M. Hoffman
Acting Director

In accordance with 415 ILCS 2-/3 (From Ch. 111 ½, Par.7053), the Director of the Department of Central Management Services shall submit the following report to the Members of the Illinois General Assembly on or before November 1, 2017.

> (d) However, the Department of Central Management Services shall report to the General Assembly on an annual basis the total dollar value of printing contracts awarded to private sector vendors that included the use of recycled paper.
>
> (j) The Department of Central Management Services shall submit an annual report to the General Assembly concerning its implementation of the State's collection and recycled paper procurement programs. This report shall include a description of the actions that the Department of Central Management Services has taken in the previous fiscal year to implement this Section. This report shall be submitted on or before November 1 of each year.

The following report identifies the sustainable practices undertaken in the past fiscal year by the Department of Central Management Services (CMS) in accordance with the above referenced statute.

State of Illinois' Surplus Program

CMS Facilities Management, along with other state agencies, utilizes the state surplus program. State agencies receive direct access to furniture, electronics, desks, bookcases, file cabinets, partitions, computer stands and other non-traditional supplies collected by the program. Approximately 95% of all office items are recycled by reuse throughout all state offices leased and owned. In accordance with 30 ILCS 605/7a; 44 Ill. Adm. Code 1.2043c, to ensure Agencies utilize the Surplus Program first before purchasing new items, they are required to fill out a CMS New Furniture Purchase Form verifying that CMS does not currently have in surplus the item (in useable condition) they intend to purchase.

During FY2017, the State has disposed of 43,978 computers, monitors, printers, fax machines, and other electronic equipment. This means CMS has ensured the responsible recycling and disposal of 43,978 electronic assets, and prevented 695.89 tons of electronics from entering Illinois landfills from July 1, 2016 through June 30, 2017.

Estimated combined savings to state agencies, boards, commissions, universities, and constitutional office-holders are as follows:

> Recycling savings by using State Use Recyclers (at $12.50 ea. Asset) = $549,725
>
> Savings by wiping/removing/destruction (19,622 HDs at $20 ea. Hard drive) = $392,440
>
> Additional Transportation Savings to agency/state (fuel, labor, packaging at $.50 per pound) = 1,391,780lbs. x $.50 = $695,890.
>
> The total savings for Fiscal Year 2017, for electronics recycling by the State of Illinois equates to approximately $1,638,055.

In addition, 100% of the state's enterprise desktops and laptops ordered through the CMS Master Contract meet Energy Star and Electronic Product Environmental Assessment Tool (EPEAT) standards.

PROPERTY MANAGEMENT

Wind Power and Energy Efficiency

Approximately 13% of electricity used by the State of Illinois facilities is accounted for through wind power agreements. This translates into approximately 43.3 MWh of electricity usage at a premium cost of roughly $1.14 million. The entirety of this voluntary purchase took place in the City of Springfield, in which the State of Illinois is entering the final year of its 10 year Intergovernmental agreement to purchase wind power at 100% of total usage from the utility. The remainder of the state's wind power purchase consists of the involuntary purchase of roughly 7% of overall power purchases. As is the case in Springfield, the RPS price impact is to add a roughly $350,000 premium to the base case of power.

In FY17, CMS and other state agencies through the State's Illinois Energy Now program within DCEO's Office of Energy and Recycling received $6.4 million in lighting upgrades through the Free Lights Program. Preliminary estimates are showing a savings to taxpayers of approximately $16 million in energy saving over the life of the products. Agencies participating in this initiative include: CMS, Illinois Department of Human Services, Illinois Department of Natural Resources, Illinois Department of Corrections, Illinois Department of Transportation, Illinois Tollway Authority, Illinois Department of Veterans Affairs, and the Illinois Secretary of State's Office.

CMS, in FY18, will continue deployment of energy efficiency programming for additional sites throughout the State pending availability of funds. CMS will also continue to work to benchmark State facilities through our mutual data tracking relationship with the University of Chicago - Energy Resource Center. This will allow CMS to monitor the outcomes of energy efficiency upgrades and to identify targets for future retrofits. CMS will continue to manage the procurement of electricity supply and secure cost savings and risk-management strategies wherever possible.

Other Initiatives

CMS remains committed to supporting and assisting its client agencies in implementing and monitoring the outcomes of capital upgrades and operational practice changes designed to improve indoor comfort, energy efficiency, and indoor air quality standards.

All CMS janitorial vendor contracts require the use of green cleaning products. In addition, all CMS state-owned facilities that are cleaned by in-house staff are cleaned by the use of green products procured through state-wide contracts.

Finally, CMS Property Management is working in concert with the Capital Development Board and the Department of Innovation & Technology to identify opportunities to integrate "Smart

Building Technologies" into the operations of facilities where economically feasible and beneficial.

I-CYCLE PROGRAM

Created by the Solid Waste Management Act of 1986, the State of Illinois I-Cycle Program facilitates the recycling efforts of more than 225 state locations and 40,000 state employees. I-Cycle recycles and promotes recycling of:

> Cardboard, Standard paper, Aluminum cans, Plastics, Re-Tread Tires, Books, Fluorescent lights, Motor oil, Toner, and Electronics.

Paper

Approximately 3,946,010 lbs. (1,973 tons) of traditional recyclable paper and cardboard materials were captured in FY2017 by Illinois Correctional Industries (ICI) alone. The ICI recycling centers are located at the following facilities: Centralia, Danville, Illinois River, Menard, Vandalia, Logan, Western Regional, and Shawnee. Some of these facilities accept recycling from the local cities and towns in their region as well.

CMS recycling vendors can be broken down into regions with one of the largest areas being the Central Illinois Region. For this region, CMS has contracted with a local non-profit, United Cerebral Palsy (UCP) Land of Lincoln for recycling services. This vendor utilizes persons with disabilities in its workforce to collect and process paper and cardboard materials. They currently employ 26 people with disabilities at their Springfield facility.

A breakdown of paper recycling vendors in FY 2017 includes the following:

ARC of Rock Island, Highland (Metro East) and Community Resources total 52,360 lbs.

Center Stone Recycling for Carbondale and Marion areas, 20,327 lbs.

Correctional Industries recycling centers, 3,946, 010 lbs.

Huron Recycling Des Plaines Area, 590,955 lbs.

Independent Recycling in Chicago Area, 1,041,620 lbs.

Midwest Fiber, 1,039,036 lbs.

On-Site Destruction in Quincy, 135 lbs.

Allied/Republic statewide, 581,600 lbs.

Shred-It on-site shredding for IDES, 10,400 lbs.

UCP/Gone for good Program for Central Illinois, 769,800 lbs.

Opportunity Secure Data Destruction, 795,095 lbs.

TOTAL: 8,847,338 lbs. (4,423 tons) of captured paper recycling in FY2017. *

*This number includes Illinois Correctional Industries figures

I-Cycle's Recycling website, www.Icycle.illinois.gov, offers paperless documents for recycling services, and for requesting new bins, and signage. I-Cycle provides information and education on recycling within State government and participates in Earth Awareness Day activities within Central Management Services.

I-Cycle encourages each Agency to keep an updated Record Retention policy for purging outdated paper and electronic documents. Maintaining a pro-active record retention policy allows Agencies to store fewer documents, freeing up building space for other uses or decreasing the amount of space the State is required to lease and thereby saving tax dollars. In addition, purging outdated electronic documents frees up server space and saves on additional IT related expenses.

I-Cycle has worked with the Illinois Secretary of State's Office on document destruction at the State Archives building and at their Klein and Mason Warehouse. Special attention has been given to these two facilities due to the sheer volume of paper being recycled on a regular basis. The State Archives is currently on a destruction rate of 20 pallets per week.

Furthermore, the CMS Electronic Timekeeping Application is currently being used by 27 agencies reducing paper usage, mailing/personnel costs and overall storage footprints.

Fluorescent Lighting

CMS' light recycling efforts are handled by Fluorecycle Inc. The total number of fluorescent lights that were purchased with state tax dollars and recycled through the vendor in FY 17 was roughly 77,000, according to statistics provided by the company. A large portion of these lights were used by the Illinois Tollway Authority and Illinois Department of Transportation for continuous roadwork lighting.

Strategic Sourcing (BOSS)

CMS Bureau of Strategic Sourcing's (BOSS) efforts to support recycling initiatives include the establishment of three statewide master contracts. Those contracts are as follows: statewide recycling of fluorescent light bulbs, electronic equipment recycling/reuse, and a used oil pickup and recycling program contract. These contracts may be utilized by all agencies in the state. CMS will continue to increase recycling through its strategic sourcing efforts to assist the State of Illinois in becoming as environmentally friendly as possible.

BEP recently launched an online registration portals for vendors. This eliminated the need for paper based forms.

In addition, CMS procurement incorporates the purchase of recycled toner cartridges and other recyclable office supplies when readily available. In FY2017, CMS alone purchased 145 remanufactured toner cartridges for use in the Agency.

Vehicles

The CMS Division of Vehicles (DOV) continues to employ sustainable fleet purchasing practices. DOV has maintained 33 electric charging stations across the state in FY17. Employees are provided maps showing the locations of the electric charging stations. The total number of electric vehicles in fleet is now 54, total hybrids are 186, and total E85 vehicles are 6,291 as of the end of FY2017.

The majority of the 2,744 diesel vehicle fleet utilizes biodiesel purchased by CMS DOV. In FY2017, vehicles consumed 64,742 gallons of recycled (re-fined) oil and over 1,159 recycled (re-tread) tires.

DOV's State Employee Business Transportation Policy guides agency decisions to sustainable fuel and cost efficient choices such as the use of Amtrak. It also promotes alternatives such as the use of videoconferencing and webinars to reduce travel. DOV provides agencies with a cost calculator tool to help make informed and efficient decisions when choosing among transportation options. DOV also coordinates Bike to Work Week activities across agencies annually.

In addition, the Division of Vehicles holds regular Agency Vehicle Coordinator meetings throughout each fiscal year, to keep Agencies apprised of any changes in policies and procedures. This provides Agencies with the opportunities to ask questions and provide ideas to better improve vehicle services in State government.

Finally, in FY2018, the Division of Vehicles along with I-Cycle, plans to help organize and participate in a focus group regarding the increase of the use of compost in the State's roadways, parks and public lands. We plan to identify prospective compost purchasers and study the feasibility of competitively soliciting for compost master contract(s).

Recycled Paper Procurement Statistics

The following table summarizes the spend on recycled paper and paper products procured by CMS for state agencies during the past fiscal year. Besides the office paper and envelopes purchased by the CMS Printing Unit, the Bureau of Strategic Sourcing (BOSS) purchases paper products such as toilet tissue, napkins, and paper towels for state agencies.

Comparative numbers for FY2017 are as follows:

FY17	Non-Recycled Content	Recycled Content	Total $	% Recycled Products
Printing Unit: FY17 Paper	2,338,348.52	463,112.51	2,801,461.03	16.5%
Printing Unit FY17 Envelope	0.00	940,955.07	940,955.07	100.0%
Printing Unit Totals	2,338,348.52	1,404,067.58	3,742,416.10	37.5%
Other FY17 Paper Products	154,975.88	1,776,434.62	1,931,410.50	92.0%
FY17 Total	**2,493,324.40**	**3,180,502.20**	**5,673,826.60**	**56.1%**

Notes:

- Values are in dollars.
- In addition, FY17 outside printing contracts bid by CMS Printing Unit using recycled paper totaled $71,506.38.