

ARTICLE 4 DEFINITIONS

Direct fossil fuel relationship means companies that fund operations and companies associated with extracting, producing, and investing in fossil fuels.

Financial Services means contractual services with businesses that manage money including banking services, deposits, treasury management, credit cards, payment services, and loans/leases.

Fossil Fuel Industry means the sector involved in the exploration, extraction, production, and distribution of fossil fuels. These fuels include coal, oil, and natural gas.

Fossil Fuel Adjacent Companies means businesses that operate closely with or provide services to the Fossil Fuel Industry but are not directly involved in the exploration, extraction, production, and distribution of fossil fuels themselves. These companies may include suppliers of equipment and technology used in fossil fuel extraction, transportation, and refining processes, as well as firms engaged in activities such as exploration, environmental remediation, consulting, or finance tailored specifically to the fossil fuel sector.

Indirect fossil fuel relationship means companies that fund companies that themselves have exposure to fossil fuel investments.

ARTICLE 32 SUSTAINABLE PROCUREMENT

The City of Flagstaff recognizes the importance of focusing procurement processes on sustainable purchasing practice. All procurements will require consideration of the following sub articles.

Section 32.1 Financial Services

- A. When procuring Financial Services, the Purchasing Agent will follow the prescribed process below related to the relationships with Fossil Fuel Industry.

OPTION 1 (Objective and Measurable, Competitive)

B. When procuring Financial Services through a competitive process, the following evaluative criteria will be included in the solicitation regarding the relationship between the firm and the Fossil Fuel Industry.

1. Evaluation criteria are determined by the Purchasing Director and the end-user or City Treasurer. Evaluation criteria shall be objectively measurable and allow for the evaluation, selection, and award of a contract in the best interest of the City.
2. Lesser direct business relationships with the Fossil Fuel Industry will provide a higher point value. Demonstration of approach to limiting future direct involvement with Fossil Fuel Industry will be considered.
3. All solicitations advertised shall include the evaluation criterion “Business with the Fossil Fuel Industry” as follows:

Business with the Fossil Fuel Industry (10 points/10%)

Financial institutions with greater relationships with the Fossil Fuel Industry will be assessed a lower point value. Financial institutions showing a commitment to climate action, carbon neutrality, and reducing relationships with Fossil Fuel Industry may gain a higher point value. Financial institutions doing business with the City of Flagstaff must provide documentation showing their involvement with the Fossil Fuel Industry.

Relationships with Fossil Fuel Industry

1. Explain your institutional involvement with the Fossil Fuel Industry.
2. Describe what Fossil Fuel Industry that you currently provide financing. Provide a list of your current financing by type and amount.

Commitment to Climate Action

1. Share your institution’s commitment to climate action and reduction of investment in the Fossil Fuel Industry.
2. Include any initiatives your company has for reducing carbon emissions and how long the initiatives have been in place, as well as financing towards green energy (i.e., solar, wind, etc.).
3. Please provide at least two years of progress reports toward carbon emission reductions.
4. Provide your company’s initiatives to reduce financing for Fossil Fuel Industry.

OPTION 2: (Less Objective and Competitive, still Measurable)

B. When procuring Financial Services through a competitive process, the following evaluative criteria will be included in the solicitation regarding the direct relationship between the firm and the Fossil Fuel Industry or Fossil Fuel Adjacent Companies.

1. Evaluation criteria are determined by the Purchasing Director and the end-user or City Treasurer. Evaluation criteria shall be objectively measurable and allow for the evaluation, selection, and award of a contract in the best interest of the City.
2. Lesser direct business relationships with fossil fuel companies or Fossil Fuel Adjacent Companies will provide a higher point value. Demonstration of approach to limiting future direct involvement with Fossil Fuel Industry or Fossil Fuel Adjacent Companies will be considered.
3. All solicitations advertised shall include the evaluation criterion "Business with Fossil Fuel Industries" as follows:

Business with the Fossil Fuel Industry (10 points/10%)

Financial institutions with greater relationships with the Fossil Fuel Industry and Fossil Fuel Adjacent Companies will be assessed a lower point value. Financial institutions showing a commitment to climate action, carbon neutrality, and reducing relationships with Fossil Fuel Industry may gain a higher point value. Financial institutions doing business with the City of Flagstaff must provide documentation showing their involvement with the Fossil Fuel Industry.

Relationships with Fossil Fuel Industry

1. Explain your institutional involvement with the Fossil Fuel Industry and Fossil Fuel Adjacent Companies.
2. List industry, their business, and length of association.
3. Describe the nature of your institution's association.
4. Provide a list of your current financing by type and amount.

Commitment to Climate Action

1. Share your institution's commitment to climate action and reduction of investment in the Fossil Fuel Industry.
2. Include any initiatives your company has for reducing carbon emissions and how long the initiatives have been in place, as well as financing towards green energy (i.e., solar, wind, etc.).
3. Please provide at least two years of progress reports toward carbon emission reductions.
4. Provide your company's initiatives to reduce financing for Fossil Fuel Industry and Fossil Fuel Adjacent Companies.

OPTION 3: (Direct exclusion, clear and concise.) This would be considered as responsible or non-responsible.

- B. The City of Flagstaff will not do business with financial institutions that engage in the direct or indirect exploration, production, financing, profiting, or marketing of fossil fuel. Financial institutions doing business with the City of Flagstaff must provide a signed declaration, and share evidence annually to the City Treasurer, such as third-party verification, that the institution does not directly or indirectly provide financing to the Fossil Fuel Industry.
 - 1. If a financial institution engages in financial support during the term of the contract, the City will consider termination of the contract with the institution.
 - 2. The signed declaration will be a factor for the City when determining “Responsibility” of the financial institution’s response.