Procurement for sustainable local economic development

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Abstract
Purpose – The paper seeks to demonstrate how local entities, such as cities and counties, can use environmentally preferable purchasing plans as a tool in developing the local green economy. First, the authors focus specifically on either the rise of economic development programs through buy-local efforts, or the focus on environmental sustainability through green procurement programs. Second, the authors discuss how locally driven, environmentally preferable purchasing could be used as a strategy to marry these goals together and utilize procurement as a tool to achieve green local economic development.

Design/methodology/approach – This research used qualitative methods to examine both procurement for economic development through the use of buy local campaigns, in addition to environmentally preferable procurement policies that have been used to bolster environmental quality in communities.

Findings – Green local economic development can be achieved by melding together procurement programs previously singularly focused on either economic development aims, or environmental preservation. It is found that procurement can be used as a viable tool in fostering both economic and environmental goals, and as a key policy and planning tool for sub-national governments in the pursuit of a green economy.

Originality/value – Given the increased attention of achieving sustainable development in communities, this paper seeks to re-envision procurement as one crucial tool for municipalities and regional governments that seek to bolster green jobs in their communities. The paper seeks to develop a new framework for public procurement through this investigation.

Keywords Environmental management strategy, Economic development, Public procurement, Sustainable development, Local economies

Paper type Research paper

From Ancient Syrian and Greek cultures to modern nations such as the US, public procurement has achieved broad social outcomes. Throughout the nineteenth and twentieth centuries, cities like Chicago, Cleveland, New York, and Los Angeles centralized purchasing, culminating in the American Bar Association’s creation of the 2000 Model Procurement Code for State and Local Governments (Thai, 2001). The literature around purchasing has likewise diversified since the 1990s with the emergence of multiple journals including the Public Contract Law Journal and the Public Procurement Law Review. Although research around procurement initially focused on the private sector, scholars have increasingly considered the role of politicians and public bureaucracies in shaping public procurement strategies (Murray, 2007, Murray, 2009a, b).
Moving beyond lowest cost calculations, procurement has served economic development purposes, as well as enhanced equity and social justice values through bolstering demand for locally produced goods and services via “buy local” preferences. Likewise, a 2007 survey indicated 26 states with preferences for in-state bidders (Qiao et al., 2009) and a 2011 survey conducted by the Institute for Local Self Reliance found such policies in 140 cities nationwide (Shahan, 2011). Similarly, local governments (defined here as municipal and county entities) are increasingly developing “green” or “environmentally preferable” procurement policies, often exclusive of economic goals (McCrudden, 2004), in order to directly reduce their environmental footprint. In Kent Portney’s study of sustainable cities, 11 of 24 studies cities included recycled product purchasing (Portney, 2003).

The following paper examines how local governments can potentially utilize environmentally preferable purchasing policies as a tool in developing the local green economy through an integration of sustainability values directly into their municipal procurement activities. First, we examine the role of municipal procurement through qualitative analysis of a number of polices in singularly fostering two key values: environmental sustainability through green procurement programs, or the rise of economic development programs and sometimes-corollary equity considerations through buy-local efforts. Second, we will discuss how local governments could utilize sustainable procurement that ideally merges equity, environmental, and economic goals.

As sustainability becomes an intensifying focus for policymakers (Zeemering, 2009; Wheeler, 2000; Jepson, 2004) and is arguably elevated to a new paradigm (Mazmanian and Kraft, 2009), public procurement actions have increasingly considered economic, equity-driven, and economic goals within the local constituency and beyond. In point of fact, the definition of sustainability has widely varied (Langhelle, 1999; Roberts, 2004; Hempel, 2009); it has often been referred to as a “fuzzy concept” (Gunder, 2006; Wissenburg, 2006) that is difficult to operationalize. Sustainability, as defined here, is driven by an incorporation of economic, environmental, and equity-driven values and policy aims – further defined by Weybrecht as people, profit and planet. (Weybrecht, 2010)[1]. Research suggests that governments can move towards implementation of sustainability goals, characterized as such “triple bottom line” solutions, by strategic integration of procurement plans.

Part 1: local government’s role in procuring a sustainable future: integrating the “three Es”

Procurement supports government functions (Coe, 1989) through a make/buy process (Murray, 2007). Procurement, generally characterized as purchasing, by private or public organizations is broadly defined as the act of obtaining goods and/or services (New Economic Foundation, 2005). Foundational to the role of government itself, procurement has been conceptualized as one of four major economic activities performed by government – apart from providing a legal framework, redistribution of income through taxation and spending, and the provision of public goods at no additional cost to the public (Thai, 2001). Within a broader analytical framework, local government goals and values influence government purchasing processes through two broad goal areas: internally or externally, as summarized by Figure 1. Internal goals are focused on meeting the internal operational and logistical needs of the local
government entities, whereas purchasing goals that consider the entities outside the local government are known as external goals.

First, governments at all levels procure goods and services to serve their internal day-to-day organizational functions. For example, janitorial products are purchased to clean the facilities in which such public agencies operate. In other cases, public agencies procure services that impact the public economic and environmental sphere directly and are drawn from beyond their “in-house” resources such as contracting private builders to construct public works projects. As such, the overarching goal of procurement is “to obtain the most appropriate and highest quality good or service possible for the least cost” (McCue and Gianakis, 2001). Consequently, much of government procurement was historically conducted on a lowest economic cost basis (sometimes referred to as “taking the lowest cost bid”) and without a solid strategic plan (Murray, 2009a, b; Steele and Court, 1996). Following this criterion provided transparency and regularity for the bureaucracy, simplified the decision-making process, and provided an easily quantifiable guideline that appeared unbiased by groups questioning purchasing decisions.

Second, governments are beginning to focus on the external goals and aims of procurement. Moving beyond internal motives often focused on lowest cost, economic and environmental goals can be a component of procurement values. Governments pursue these values as a part of their sustainability goals, as potentially measured by Portney and others and represented in Table I (Portney, 2003; sustainlane). All “three Es” values, could be theoretically pursued through the pursuit of external goals through sustainable procurement at the local level. As summarized below and systematically reviewed on a local government basis in Table I, research suggests that a variety of local procurement policies have demonstrated such emergent values[2].

**Purchasing for economic development[3]**

Economic development goals are increasingly a function of procurement (Murray, 2009a, b, 2001a). Specifically, scholars have increasingly discussed the role of procurement as an economic development tool and as a driver of innovation (Uyarra and Flannigan, 2010; Elder and Georgiou, 2007; Murray, 2001). Hemenway (1989), for example, describes how a 1980s effort towards large-scale installation in public vehicles lead to the origin of vehicular airbags as a standard commodity. Two decades
<table>
<thead>
<tr>
<th>Procurement policy</th>
<th>Sustainability rankings</th>
<th>Policy impacts</th>
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| City of Los Angeles, California   | 5 (28 programs)         | **Environmental**: Bid process considers resource conservation, pilot testing of new products, pollutant releases, waste generation, ability to be recycled, recycled content, energy consumption, depletion of natural resources, potential adverse health effects, and environmental effects (City of Los Angeles, 2009)  
**Equity**                          |                         |
| City of New York, New York        | 17 (23)                 | **Environmental**: Established energy and water efficiency standards for products; Restrict procurement of goods containing hazardous materials; Reduced carbon footprints by 25,000 tons through LED conversion; Enacted Local Law 118 that develops standards to "conserve energy and water, increase the use of recycled and reused materials, reduce hazardous materials, decrease greenhouse gas emissions, improve indoor air quality, promote end-of-life management, and reduce waste"; In 2006, purchased $66.9 million worth of energy-efficient appliances; Implemented pesticide reduction program including Local Law 123 (Greening our Cleaning Act) and Local Law 37. (New York, 2005; Culver, 2008)  
**Equity**                          |                         |
| City of Portland, Oregon (with Multnomah County) | 2 (30 programs)         | **Environmental**: In Multnomah County: Tested bio-based fuels for vehicles and equipment; set toxicity guidelines on pesticide and disinfectant use; Procured green computer equipment; Retrofitting traffic lights conserves 475 million KWh per year. In Portland: Purchase products that are “durable, recyclable, reusable, readily biodegradable, energy efficient, made from recycled materials, and nontoxic” (City of Portland 2004); Consider lifecycle costs analysis and procurement; Enacted a “Sustainable Paper Use Policy” in 2003; Passed city-wide renewable fuels policy; Operate car-sharing program (Culver, 2008)  
**Equity**                          |                         |
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<th>Policy impacts</th>
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<td>Portney, 2010</td>
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<td>Sustainlane, 2008</td>
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| **Sustainability rankings** |                     | Equity. Helped local disadvantaged businesses offer green building products and services to companies seeking to increase competitiveness in municipal construction contracts (Culver, 2008).
|                    |                        | Portland: Considers "greatest common good" when making procurement decisions; Training and workshops for minority women and emerging small businesses (Culver, 2008).
| **Economic**       |                        | Multnomah: Purchased 45 percent of county's produce from local sources (Portland Multnomah County, 2005). Saved 50 percent on painting costs by using low-VOC paint; Reduced energy bill by 85 percent through LED bulb replacement (Culver, 2008).
|                    |                        | Portland: Spent $57,000 on food from local farms in 2004 (Portland Multnomah County, 2005).
| **City and County of San Francisco, California** | 15 (25 programs) | 2 |
| **Environmental**  |                        | Defined list of approved products and require contractors to disclose toxic chemicals in products; Established integrated pest management program in 1996; Established environmental preferable purchasing pilot in 1999; Established Precautionary Principle in 1993; Targeted specific greener products for office equipment and supplies, food, grounds maintenance products, vehicular chemicals (San Francisco, 2006; Culver, 2008).
|                    |                        | San Francisco, Chapter 12U.
| **Equity**         |                        | Require vendors to disclose working conditions of workers making products.
| **Economic**       |                        | Stimulate local jobs by buying food products from local sources.
| **City of San Jose, California** | 8 (27 programs) | 21 |
| **Environmental**  |                        | Environmental Preferable Procurement Policy: Procurement of services and products that reduce toxicity, conserve natural resources, material, and energy, maximize recyclability and recycled content (City of San Jose, 2001).
|                    |                        | Up to 5 percent bid preferences for minority-owned and women-owned businesses (City of San Jose, 2011).
| **Equity**         |                        | Local Preference Policy gives up to 5 percent bid preference for local business enterprises and additional that are also small business enterprises (City of San Jose, 2004).
| **Economic**       |                        | (continued)
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<tr>
<td>City of Santa Monica, California</td>
<td>11 (27 programs)</td>
<td><strong>Environmental.</strong> 15 to 17 categories of cleaning products replaced with less toxic/nontoxic options; Implemented integrated pest management approach to all city facilities; Recycled product purchasing; use of 67.5 percent re-refined motor oil and antifreeze in city fleet; 20 percent of city vehicles are powered by alternative fuels including compressed natural gas, electricity, and propane (US EPA, 1998) A total of 20 items targeted for conversion to environmentally preferable items (City of Santa Monica, 2009)</td>
</tr>
<tr>
<td></td>
<td>NA</td>
<td><strong>Equity</strong></td>
</tr>
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<td><strong>Economic.</strong> Saved 5 percent on cleaning supply costs; Saved 25 percent on fleet motor oil costs; 30 percent decrease in pest management cost; Local business bidding preference of 1 percent (business located in City of Santa Monica) (City of Santa Monica, n.d.)</td>
</tr>
<tr>
<td>City of Seattle, Washington and King County, Washington</td>
<td>1 (31 programs)</td>
<td><strong>Environmental.</strong> In King County: goal of purchasing 100 percent green products with $36 million spent on green products in 2006 (King County, 2006b); Maintaining a website to educate employees and aid them in purchasing choices. Reduced landfill needs through purchase of recycled products; Half of computer purchases were certified by Electronic Products Environmental Assessment Tool in 2006; Banned lead-containing wheel weights on cars in trucks in 2005 (King County, 2005); Use low-toxicity road-patching materials (King County, 2006) In Seattle: consider environmental factors including pollutant releases, waste generation, recycled content, energy consumption, depletion of natural resources, and potential health (human and environmental) impact (City of Seattle, 2003); 10 percent price preference for products meeting US EPA comprehensive guidelines for minimum post-consumer recycled content; 10 percent price preference for lower toxin alternatives (City of Seattle, 2002)</td>
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<td>Equity. Seattle: Identifies social equity considerations including use of small, minority and women-owned businesses and companies with lowest total cost of ownership, defined by initial costs, energy and operational costs, longevity and efficacy of services and disposal costs. (City of Seattle, 2003)</td>
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<td>Economic. $640,000 in savings from procurement policy in 2006 (King County 2006); Developed contracts for innovated green products; Saved $230,000.00 in 2006 through procurement of re-tread tires; Saved $300,000 through procurement of recycled print cartridges. (King County, 2006b)</td>
</tr>
<tr>
<td>Woodbury County</td>
<td>NA</td>
<td>Economic. County departments must purchase only USDA-certified organic food grown within 100 miles from Sioux City. Food purchased is for the jail, work release center, and juvenile detention facility. Food purchases are placed through “an incorporated farmer-run cooperative” which acts as a “Single-Point-of-Contact-Broker” who will facilitate negotiations in which the farmer is expected to make a fair profit (Woodbury County, 2006)</td>
</tr>
<tr>
<td></td>
<td>NA</td>
<td>Equity. Policy stipulates that the single-point-of-contact-broker negotiates prices for food purchases with the County that provides a reasonable profit to the local farmer (fair market value) (Woodbury County, 2006). As of 2010, the number of organic farms in Woodbury County increased 400 percent between 2007 and 2009 (Marqusee, 2010)</td>
</tr>
<tr>
<td>State-level:</td>
<td>NA</td>
<td>Environmental. States of Washington, Maine, Minnesota, and Wisconsin consider recycled content, acquiring renewable energy, and buying less toxic products and energy efficient machines as part of purchasing policies, (EPA, 2000)</td>
</tr>
<tr>
<td></td>
<td>NA</td>
<td>Equity. State of California Transportation Department: integration of bid allowances for minority-owned businesses has lowered procurement costs. (Marion County, 2007)</td>
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<tr>
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<td>Economic.</td>
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later, Edler and Georghiou’s (2007) study of over 1000 firms and 25 federations found that over 50 percent of respondents pointed to expanded market demand as the main driver of innovation (also see Murray, 2001).

As summarized by Table I, governments have discussed and implemented municipal procurement and widely integrate economic development goals into procurement decisions by targeting local businesses through “buy-local” campaigns. Emergent policies may develop as governments seek to bolster employment within their jurisdictions and specifically as “Buy America” provisions are integrated into America Resource and Recovery Act and other funding packages (US Department of Energy, 2011). Given the recent economic crisis, using procurement to stimulate the local economy may be an attractive and opportunistic move for governments seeking to accomplish such external goals (Murray, 2009b).

**Purchasing for economic equity**

Drawing on fostering economic opportunities as a key external goal in procurement, buy local polities can be specifically crafted as a tool to mediate equity concerns by targeting economic opportunities at particular groups in terms of geography, historical disadvantages in economic opportunities, or disproportionate economic need. Scholars including McCrudden (1992, 1998, 2004) have noted the historical origins of the equity and social justice dimensions of procurement. The Public Works Act of 1977, for example, required that a proportion of federal government contracts be given to black-owned businesses, and 10 percent of local work grants were mandated to minority business enterprises (McCrudden, 2004).

More recently, strategies related to this effort have included the institution of minority-owned business requirements in procurement policies by requiring contractors to specifically reach out to minority and woman owned firms as subcontractors, or through giving additional points to minority and business owned contractors or subcontractors within the evaluation of responses to bids. Research suggests that such policies have been adopted in a variety of locales in order to integrate equity and economic values into the external goals of local procurement. The City of San Jose, California and the City of Seattle, Washington provide examples of such an approach.

**Purchasing to achieve environmental benefit**

Following the 2002 World Summit on Sustainable Development, environmental goals have been integrated into policy through procurement (Preuss, 2007; Murray, 2001a; Preuss, 2009; Walker and Brammer, 2009). Environmental Preferable Purchasing is defined as buying, “products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose” (EPA, 2000).

Research suggests that many local governments have implemented official policies, some of which are described in Table I, allowing, and sometimes mandating, municipal purchasing departments to apply environmental considerations to purchasing decisions. Programs vary in design and implementation, but generally require purchasing products with a higher percentage of recycled content, acquiring renewable energy, and buying less toxic products and energy efficient machines. The Environmental Protection Agency cites some examples of local purchasing programs as particularly effective, including King County in Washington, San Diego
County, California and Santa Monica, California; additionally, the EPA also cite statewide examples of green procurement in the States of Washington, Maine, Minnesota, and Wisconsin (EPA, 2000). While Santa Monica and Los Angeles need to address urban environmental challenges like waste management (recycling) and toxics for their employees, Woodbury County is a rural farming community primarily concerned with economic growth, and reflects a purchasing policy aimed at bolstering local farmers and also achieving an environmental benefit (City of Los Angeles, 2009; Woodbury County, 2006a, b; Bruskotter, 2010; Marqusee, 2010).

Part 2: merging environmental, equity, and economic goals through sustainable local economic development

Sustainability is hinged on the integration of environmental, economic, and equity goals through a reorientation of the growth process within the urban context (Roberts, 2004; Reinhart, 2000). Public sector values are evolving to include environmental and social well-being through the adoption of sustainability principals and policies (Mazmanian and Kraft, 2009). Sustainability, through the highly linked achievement of a green economy, is increasingly discussed in academic and practitioner’s circles as a key goal for local governments (Murray, 2001). Policymakers and local government officials are integrating sustainability goals through a wide diversity of specific policy approaches that span from land use policies to building retrofits. Research by Zeemering, Wheeler and other scholars suggest that local governments play a leading role, as evidenced by groups such as the US Council of Mayors Climate Change group and the rapidly expanding ICLEI membership, through their unique ability to address and govern environmental issues including climate change (Zeemering, 2009; Wheeler, 2000). “Green jobs”, or employment opportunities in industries that are preservative of the environment, are seen as an opportunity to foster sustainable development in communities (Chapelle, 2009; OECD, 2001, 2006) in that they provide employment directly in functions that are preservative of the environment. Through this, they help to bridge the gap between environmental and economic goals, thus reconciling one of the key conflicts in reaching sustainability goals for policymakers (Campbell, 1996).

Given this, what is the municipal government’s specific role in fostering the supposed new “green economy” through “triple-bottom line” approaches towards sustainability governance and goals inclusive of the “three Es”? What policy and planning tools can help us to operationalize this often-elusive trilogy of sustainability values and corresponding goals? Directly connecting to a municipality’s daily operations, procurement can become a key component of the sustainability paradigm and a wider component of a local government’s sustainability strategy. Local sustainable procurement, through providing a richer paradigm for purchasing, can fundamentally change the way in which these municipal decisions are arbitrated. Local sustainable procurement can be broadly carried out to get the “best value” of goods and services (Murray, 2007; Preuss, 2007) through an expanded definition of costs and an integration of sustainability-driven “triple-bottom line” metrics. Through this approach, as noted by Schaltegger et al. (2003), efficiency, consistency and sufficiency can provide key guiding values within sustainability management.

Increasing attention has been given to sustainability by fostering green economic opportunities through green jobs strategies incorporating firm and job attraction. We previously discussed the diverse array of values and outcomes germane to government procurement for economic development. 

141
procurement, including the emergence of such values through a review of local procurement policies as presented in Table I. Research suggests such procurement policies have largely singularly addressed either environmental concerns and economic development aims in a largely mutually exclusive manner, but has neglected incorporating the third value, equity, into the policy. We shall now briefly discuss the integration of multiple external goals into procurement plans, with the intention of moving towards achieving the “triple bottom line” approach germane to sustainability with a particular focus on the environmental and economic components of the trilogy of sustainability values. As such, public agencies can achieve the multiple goals of greening and revitalizing the economy through purchasing activities that invest in the green economy. Equity considerations can be layered onto the equation through distributional analysis of economic, and even environmental benefits.

To achieve success, municipalities must identify and articulate their sustainability goals and consider the sustainability impacts of their procurement policies. Providing a potential step forward, the City of Los Angeles passed the Environmental Preferable Purchasing Policy (EPPP) in 2009. The policy, moving beyond requirement to choose the lower cost bid (defined as the contractor who provides the lowest cost service estimate in response to a request for proposals), thus allows the City to apply environmental considerations into its purchasing protocol. The motivation for the EPPP is tied in with the city’s current emphasis on environmental health and sustainability, and the preamble sites such programs as: the Recycled Energy, Natural Resources, and Economic Benefit Plan (City of Los Angeles, 2005); departmental sustainability plans; and a desire to develop markets for environmentally preferable products. The Ordinance also cites the EPPP as an extension of a 1990s Recycled Products Purchasing Program implemented to protect the environment through better management of natural resources and an improved curb-side recycling program, and to likewise achieve economic goals through facilitating employment within a market for recycled-content products. The current EPPP expands the vision and considers the following when choosing products that are purchased: conserve resources; enhance markets for environmentally preferable products through employee education; encourage pilot testing of new products; adopt innovative standards, specifications, and contracts for products; and create opportunities for collaboration with other jurisdictions. The policy considers such factors as pollutant releases, waste generation, ability to be recycled, recycled content, energy consumption, depletion of natural resources, potential adverse health effects, and environmental effects. These consideration must also be balanced with the need to fulfill real needs with quality products at a reasonable cost to the City, which the policy expresses as an intention to “encourage suppliers and contractors to offer [. . .] products and services at competitive prices.” Such considerations are to be inserted into City offerings for contract bids as well as purchases not large enough to reach the bid threshold.

Moreover, after review of the buy-local and green procurement approaches suggested above, three key steps emerge in implementing sustainable procurement. First, local governments should examine current public procurement processes and evaluative metrics, and then subsequently define whether or not any of those products could be manufactured within their locale. Second, economic development analysis is necessitated in order to see if such growth is appropriate for the community in terms of industrial mix and workforce capabilities, and correspondently determine other economic incentives
and industry incubation strategies that could be married to government incentives to further facilitate sustainability outcomes in the form of green jobs. Third and finally, sustainable procurement should be implemented, potentially in terms of phase-in priorities and procurement structures, through a process that incorporates and environmental, equity, and economic goals. Measuring success of integration of externally-focused sustainability goals, as summarized in Figure 1, will be particularly difficult, but important, to successful implementation of such procurement.

How can sustainable purchasing be specifically developed and implemented within the local governance structure? After evaluation of the buy local and environmentally preferable procurement policies indicated above, we organize efforts through three main procurement approaches of increasing specificity and intensity: bureaucratic assistance programs, bid preferences, and blanket policies. Through the sections below and Table II, we discuss the definition, advantages, disadvantages and impacts of methods of increasing specificity that governments have utilized to achieve economic, equity driven, and/or environmental benefits through structured procurement approaches.

**Bureaucratic assistance**

Assistance in navigating the bureaucratic process can integrate sustainability values into municipal procurement in the most indirect, yet most time intensive and long term, manner. Belfast, Ireland provides an empirical example of this approach. In 1996, Belfast City Council implemented a “customer-driven resource productivity” process (otherwise known as “easing access”) with the goals of improving the environmental performance and the competitiveness of local business. The city facilitated access to contracts for small and medium-sized businesses through outreach and education to business owners regarding the city’s purchasing decision-making process, the creation of a “purchasing contact point” for businesses wanting to introduce themselves as potential suppliers, and feedback given to unsuccessful bidders in order to improve their chances for future bid acceptance. Within four years, local businesses had increased the number of contracts with the city, and the city had saved 10 percent on these contracts (Murray, 2000). Environmental goals were achieved through outreach and education of local businesses regarding the environmental standards desired by the city for such contracts. The city also implemented a key contact representative that would meet monthly with contracted business managers and help managers reach the city’s environmental goals. Success in this endeavor was demonstrated by businesses completing audits that tracked their progress. For example, in one case a business reduced its paper use by 75 percent through minor changes to office procedures such as recycling and digitization of documents (Murray, 2000). Similarly, Portland, Oregon, in partnership with Multnomah County, implemented a program in which “local disadvantaged businesses offer green building products” in order to bolster their competitiveness for municipal construction contracts (Culver, 2008). Such an approach hinged on bureaucratic assistance can also be seen as a long-term process that can bolstering competitiveness (Murray, 2000) in meeting sustainability goals beyond the immediate winning of bids.

**Bid preferences**

Directly impacting the evaluation of procurement choices, sustainability values can be integrated into bid preferences whereby contractors are given extra “points” in the scoring process based on specific sustainability criteria. In some cases including Marion
### Table II. Impact and effectiveness of sustainable procurement policy approaches

<table>
<thead>
<tr>
<th>Procurement implementation strategy</th>
<th>Bureaucratic assistance</th>
<th>Blanket policies</th>
<th>Bid preferences</th>
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<tbody>
<tr>
<td>Policy definition</td>
<td>Offering case management within procurement process for firms representative of sustainability values</td>
<td>Widespread policy incorporating sustainability goals within procurement decisions</td>
<td>Integration of sustainability goals within the ranking of prospective firms</td>
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**Policy implementation: ease in adoption/pragmatism**

**Policy advantages**
- Allows strategic targeting of particular types of businesses, including smaller businesses
- Allows government entities to specifically engage businesses that are in a start-up phase, thus providing opportunities to bolster innovation and entrepreneurship
- Allows for long-term personal and customized support, potentially leading to the largest impact on the businesses benefiting from the program

**Policy disadvantages**
- Requires intensity in management, labor and time for city officials.
- Difficulty in evaluating the success of potential selected businesses
- Creates potential for favoritism amongst selected entities. In implementation, city officials must devise a selection criterion that is transparent and rigorous in order to stem criticism
- May not return immediate results (such as businesses winning contracts right away) but has long-term potential

**Policy implementation: ease in adoption/pragmatism**

**Policy advantages**
- Sends strongest and most unambiguous message in regards to procurement values. Fixes policy targets and ensures particular overall outcome
- May provide effective implementation of procurement goals by ensuring that only those contractors that meet the state values are evaluated by staff. May ensure the most rigorous implementation of programmatic goals
- Particular groups may be targeted for benefits
- Flexibility in meeting multiple, multi-layered outcomes
- Ability to layer procurement policies on top of existing contracting evaluative metrics by adding additional criterion
- Flexibility in the implementation process

**Policy disadvantages**
- May be politically infeasible due to its wide net. In policy development, it is difficult to create consensus around the development of such a broad reaching policy
- Implementation can result in favoritism due to the ambiguity, flexibility, and complexity of evaluative metrics
- May not return immediate results (such as businesses winning contracts right away) but has long-term potential

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<tr>
<td><strong>Integrating sustainability values</strong></td>
<td>Equity, economic and environmental goals are engaged by ensuring that all businesses meet some minimum criteria. Lack of flexibility, although leading towards less flexibility, ensures that the stated threshold of goals are met</td>
<td>Environmental goals can be specifically targeted through a detailed approach of evaluating and quantifying environmental benefits, giving preferences to different environmental outcomes, such as air quality benefits versus water quality goals</td>
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<td><strong>Environmental impacts</strong></td>
<td>Effectively engages economic goals through collaborative efforts with those programs already underway. Strategic coordination with other economic development policies such as land use approaches and other incentives</td>
<td></td>
<td>Economics can be bolstered in terms of ability to flexibly pursue lowest costs, amidst the other values</td>
</tr>
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<td><strong>Economic impacts</strong></td>
<td>Arguably most effectively engages equity of the three options by allowing city staff to reach out to those companies that may not be otherwise competitive for city contracts. This may present a unique opportunity to foster business opportunities in minority owned businesses, or those that are located in lower income areas</td>
<td></td>
<td>Effectively engages equity issues through the ability to target certain types of business. The implementation of the policy can be layered onto existing programs such as those related to minority businesses, or businesses located in lower income areas</td>
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<td><strong>Equity impacts</strong></td>
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| **Sample policies** | Belfast, Ireland  
King County, Washington  
Portland, Oregon and Multnomah County, Oregon | Woodbury County, Iowa  
San Francisco, California | Cal Trans, California  
Marion County, Oregon |
County in Oregon (Marion, 2007), the preference is calculated by forgiving the highest-priced bids a certain amount. This process thus favors firms broadly representative of sustainability values. For example, cities wishing to grant more contracts to minority-owned businesses may implement a policy where minority-owned businesses are given a five percent boost in their score based on this characteristic, allowing firms that are less cost-competitive to have an advantage by considering this factor in the selection process. Although this method does not guarantee that the “right” firm wins the bid, it increased its likelihood. In addition to the achievement of particular goals (such as environmental quality or social improvement), bid preferences have also been shown to have inner-agency benefits, despite opponents’ objections with regard to increased short-term cost or efficiency loss. Marion, citing a case in which CalTrans used bid preferences in a public works project to favor small businesses, notes that, “public procurement of goods and services is a significant means of redistribution across economic agents. Bid preferences have the potential to achieve redistribution while at the same time lowering procurement costs to the government” (Marion, 2007).

**Blanket policies**

Blanket purchasing policies provide the most specific and regulatory-integrated approach to sustainable procurement through direct government action and unambiguous, widely sweeping standards. Such strategies define a specific overarching guideline through which procurement decisions are made. Metrics are specifically based upon different standards of sustainability such as particular environmental consequences, firm ownership, and economic considerations. City staff are specifically directed to purchase products from a certain type of businesses and thus choose among a smaller, specific pool of companies that meet minimum sustainability standards. Woodbury County, Iowa provides a relatively well-developed example of strategic integration of a blanket policy. In 2006, Woodbury County passed a resolution to exclusively purchase locally produced, organic food for their operations (or food from local farmers who are transitioning to organic certification). Locally produced food is defined as food grown within a 100-mile radius of the Sioux City courthouse. All sales to Woodbury County facilities are funneled through an incorporated farmer-run cooperative which acts as a “Single-Point-of-Contact-Broker” who will facilitate negotiations in which the farmer is expected to make a fair profit, based on market value for products. Woodbury County thereby receives the lowest cost possible. For Woodbury County, the impetus for this change in policy was a desire to “increase regional per capita income, provide incentives for job creation, attract economic investment, and promote the health and safety of its citizens and communities” (Woodbury County, 2006a, b). This move was also a response to decades-long economic downturn in the area, due in part to federal farm subsidies that have hurt small local farmers. The Woodbury County purchasing policy is part of a broader economic development approach that aims to diversify and support the local producer, broker, and markets. Other measures implemented in the County to this end include real tax relief in 2005 for farmers converting to organic farming methods, building a community-owned food brand that contains at least 50 percent locally produced ingredients and which has been packaged and processed in the County, and creating a local business certification for those businesses which use or serve locally-grown organic food (Woodbury County, 2006a, b).
Part III: conclusion
As planners and policy makers seek sustainability solutions that foster economic opportunities in the green economy (Worrel and Nijaki, 2010), there is a need for “triple-bottom” line policy approaches that will achieve concurrent goals of environmental preservation, equity, and economic development. The preceding analysis examined one potential tool in the policy toolbox for directly leading to sustainable economic opportunities. As described in the first section, some governments are utilizing procurement policies for either economic development, or for environmental preservation. The second section of this paper aimed to combine these disparate policy goals, as necessitated by sustainability’s complex matrix of values, through specific approaches towards implementation of local sustainable procurement. Further bolstered through the implementation of sustainable local economic development as part of a larger green jobs strategy potentially inclusive of land use policies and other measures, procurement can directly generate demand for desired green industries within a particular locale.

However, preferential purchasing policies can fuel implementation challenges and even generate considerable controversy. Policies may cause economic imbalances between the public and private sectors, ultimately creating dead weight loss sparked by favoring local green businesses that may be otherwise unsuccessful in the market. Another impediment is the reality, or perceived reality, of having to pay higher prices for green product alternatives. This extra cost may clash with other budgetary priorities (Preuss, 2007). Furthermore, policy makers must also ensure procedural fairness and transparency within a more complex evaluative matrix. Public perception of favoritism can backfire for local governments, as demonstrated in the 1990s when the City of New York implemented a policy giving preference to local businesses when purchasing goods and services. In an effort to support the local economy in a recession, the city allowed up to a 10 percent increase in costs for local businesses bidding for contracts. Suppliers outside of New York challenged the policy in court. As Thomas J. Lueck notes in his 1992 New York Times article, the city subsequently set up a rule-making board to oversee procurement activities with the intention of making contract granting more competitive. These questions around policy implementation ease and overall pragmatism must be further addressed through additional research on current and potential procurement approaches.

Given the limitations of local government control and the challenges of sustainability governance, new coordination in policy development and implementation is required (Murray, 2007). Government officials must treat procurement as concurrently an economic development activity and as an environmental policy, and likewise examine opportunities to incorporate equity considerations. New coordination must thus reverse internal institutional silos that impede the effective implementation of policies. In making these changes, government officials must exercise creativity and persistence necessitated by novel and nontraditional engagement with departments and topics. Specifically, agencies should seek the highest directive possible in order to foster accountability. Supportive middle-managers, charged with training employees throughout the transition, are critical to successful implementation. Finally, policy makers and enforcers must educate employees and create buy-in within each department. This may mean involving previously isolated departments in purchasing decisions and getting
feedback regarding the efficacy, quality, and manageability of products and services that are procured (Marqusee, 2010). As is increasingly noted by the literature, politicians and political agendas must also be a critical component of developing procurement strategies at the local level (Murray, 2009a, b).

After evaluation of a range of procurement strategies undertaken by locales and review of the literature, procurement emerges as an important aspect of any government’s interplay with the market. Public agencies can utilize their market power by procuring goods and services through a rich framework holistically infused with economic, environmental, and equity-driven values. Sustainability necessitates local governments’ pursuit of environmental benefits and economic development side-by-side, instead of at the expense of one another. Through a merging of buy local and green procurement policies, local governments can move towards economic, environmental, and equity-driven goals in the sustainability frame.

Notes

1. Sustainability and sustainable development has been defined by a myriad of scholars and practitioners (see Higgens, 1996; Campbell, 1996; Roberts, 2004). Weybrecht (2010) defines sustainable development along the metric of social equity, environmental protection, and economic development. Social equity “refers to issues such as human rights, peace, security, justice, gender, equity, and cultural diversity, among other things.” Likewise, environmental protection “refers to the natural environmental including water, energy, agriculture, biodiversity, fish, forest and air.” Finally, economic development “refers to an understanding of the potential of economic growth and includes issues such as poverty reduction, responsible consumption, corporate responsibility, energy efficiency, and conservation, waste management, and education.” Sustainability and sustainable development definitions also integrate components of intergenerational justice (see Howe, 1997; Langhelle, 1999; Schaltegger et al., 2003) As noted by Reinhart (2000), “macroeconomic definitions of sustainability focus on the need to maintain aggregate stocks of natural and manufactured capital constant over time so that future generations have consumptions possibilities similar to those of the current generation.” Thus, sustainable development provides a descriptive, albeit elusive, conception of a true merging of the multifaceted three “E”s. Within this analysis, we rely on a definition that merges all three values of sustainability, as defined by Weybrecht and others. Sustainable procurement, thus, is defined by the integration of these three values in some measure. Although economic development and economy are the two prevalent values within the approach suggested and were more heavily researched within the context of this paper, equity is an equally important, although often left behind (see Gunder, 2006; Wissenburg, 2006) aspect of the sustainability conception that can also be fostered through integration of sustainability procurement in a manner that considers the distributional impacts of environmental and economic goods and ills.

2. Our research utilized qualitative analysis of public procurement policies at the local level, utilizing the municipality and/or county as the primary unit of analysis. We examined procurement policies in a number of cities and counties, and additionally looked at procurement in several states. Examined policies were selected after a comprehensive review of academic and practitioner-based literature, and identification of policies that were frequently cited in the literature. Policies reviewed are at different junctures in the policy development and implementation process. In the analysis and evaluation of the procurement policies, we examined a range of secondary sources from academic literature and government reviews by the Environmental Protection Agency, among others. We additionally examined primary sources. Primary sources included review and analysis of the policy, ordinance, or program scope itself, and other publicly available sources including
associated implementation plans, press releases, and policy descriptions available from studied government’s websites. As summarized in Table I, we evaluated procurement goals and values for all examined procurement policies. We additionally engaged in more detailed analysis of three selected cases: Woodbury County, Iowa, Santa Monica, California, and Los Angeles California. Within these cases, we examined the fuller array of sustainability policies within the selected areas. We also interviewed elected officials engaged with the policy. These selected policies represented three levels of localized government: county, large metropolitan city, and smaller municipality. They also represented opportunity to further understand external procurement values – Woodbury County representing a economic development driven program, Santa Monica widely accepted as a “best practice” of environmentally preferable procurement (EPA, 2000), and Los Angeles representing an emergent attempt to weave together environmental and economic values through locally driven sustainable procurement.

3. There are a variety of strategies that are used by government agencies to guide local economic development. “Local economic development” is defined by an increase in the local economy’s capacity to create wealth for the local residents (Bartik, 2003). “Local economic development” is undertaken with the goal of creating new jobs leading to fiscal benefits (tax revenue) and employment benefits (employment for people who would otherwise be employed, or better pay). There are several types of economic development strategies. These include: attraction and incentives, which are characterized by tax breaks, job training programs, and infrastructure provisions; business retention; new business development; high tech development, where industries that produce goods and services use production processes that involve the intense use of new scientific or technical knowledge; and at times procurement (Bartik, 2003).

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Further reading


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