

The Power Of the Green Purse

Procurement as a
strategic tool for
climate action

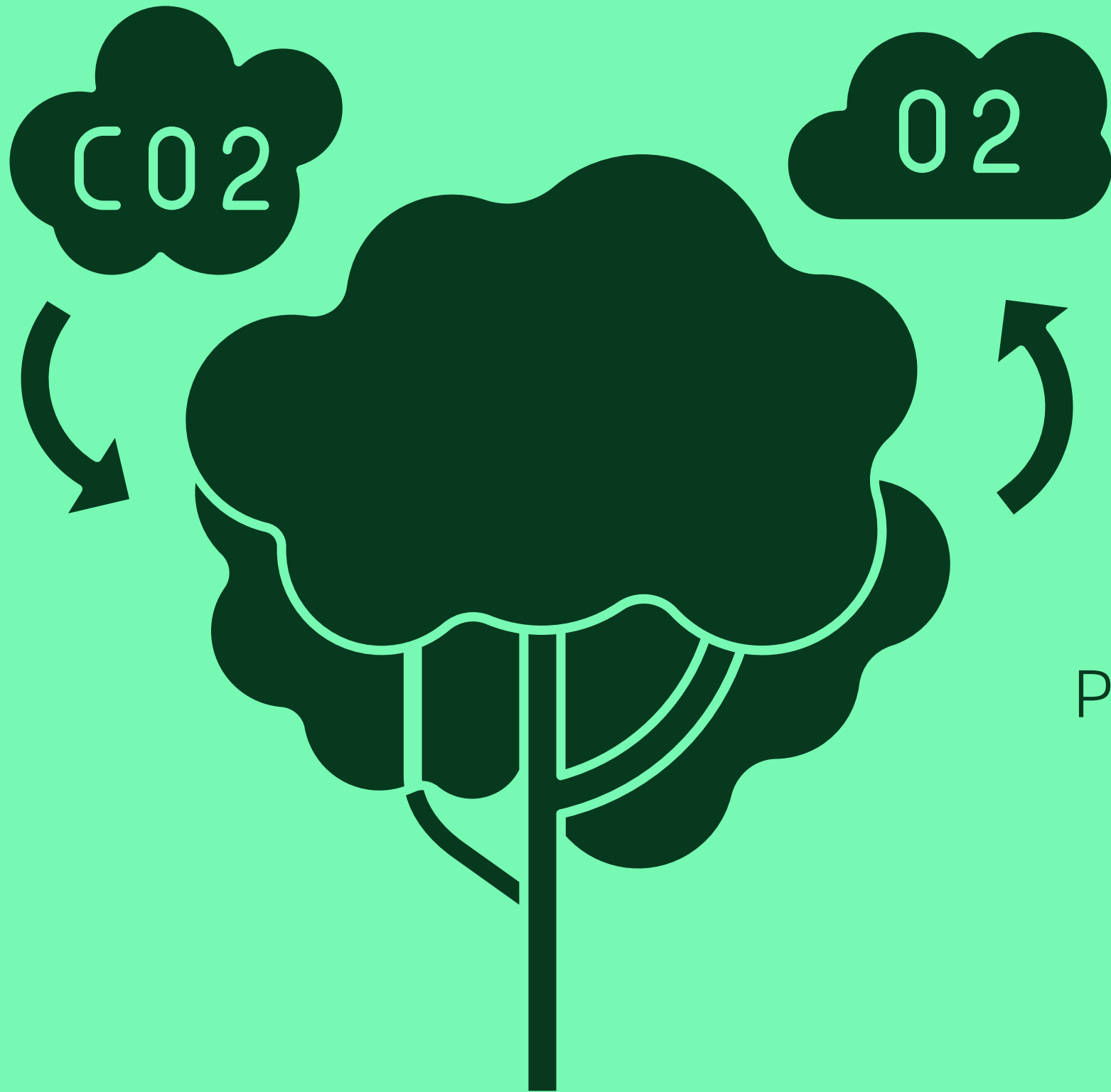


City leaders can take steps at the local level to mitigate climate change, but they face constraints

- Ø1 – Ambition Gap
- Ø2 – Power of Procurement
- Ø3 – Recommendations
- Ø4 – Leveraging IIJA, IRA, SEC
- Ø5 – Discussion



Closing the Ambition Gap



Local governments are not using all of their existing financial and policy levers to support climate action.

Connecting the dots between planning, sustainability, budget, and procurement.

Procurement must become a more strategic tool and have a voice at the table.

The Power of the Purse: How to Make Government Procurement a Tool for Innovation and Growth in Local Economies



**Read the
issue brief**

1. Streamlining for user-centered procurement
2. Focusing on outcomes and results
3. Elevate the work of procurement
4. Transparency, security and efficiency



Recommendations

User-centered procurement

- Case example Long Beach, CA: Internal engagement followed by external engagement to completely redesign the city's procurement interface. Resulted in five-times the vendor response to RFPs and a dramatic increase in responses from local businesses and MWBEs.



Recommendations

Focusing on outcomes and results

- Re-framing the procurement conversation
- Proof of concept: Instead of “what do we want to buy?” ask “what problem are we trying to solve?”



Recommendations

Elevate the work of procurement

- Identify bottlenecks and pain points by interviewing all procurement system users, from RFP to contract execution to payment.
- Create a cabinet-level position focused on procurement policy.



Recommendations

Transparency, security, efficiency.

- Invest in a data collection strategy and/or public-facing tool.
- Allow independent procurement audits.



IIJA & IRA Basics

Infrastructure Investment & Jobs Act

- \$1.2 trillion investment over five years
- \$110 billion for roads and bridges
- \$39 billion for public transit
- \$7.5 billion for a national network of electric vehicle charging stations
- Environmental justice programs
- Funding to adopt/ pilot new tech: crash avoidance, carbon capture, traffic management, etc.

Inflation Reduction Act

- The largest amount of federal funding ever allocated to address climate change
- Nearly \$370 billion for climate and energy programs
- Including \$5 billion in grants available to states and municipalities.
- New tax credits for governments
- Environmental justice, clean energy, zero emissions technology, water conservation.

Funding Timelines



Engagement

- How are you including your residents in the decision-making process? Are you getting feedback from those who will be impacted/helped?

Equity

- In what ways will this help historically disadvantaged groups in your community? What gaps are you seeking to close?

Environment

- Does your project improve air or water quality? Does it target an environmental injustice?

Evidence

- How do you know your project/idea will work? Are you measuring the outcomes? What technology are you employing?

Leveraging Federal Funding Opportunities

Biden administration programs for federally-funded projects

Federal Buy Clean Initiative

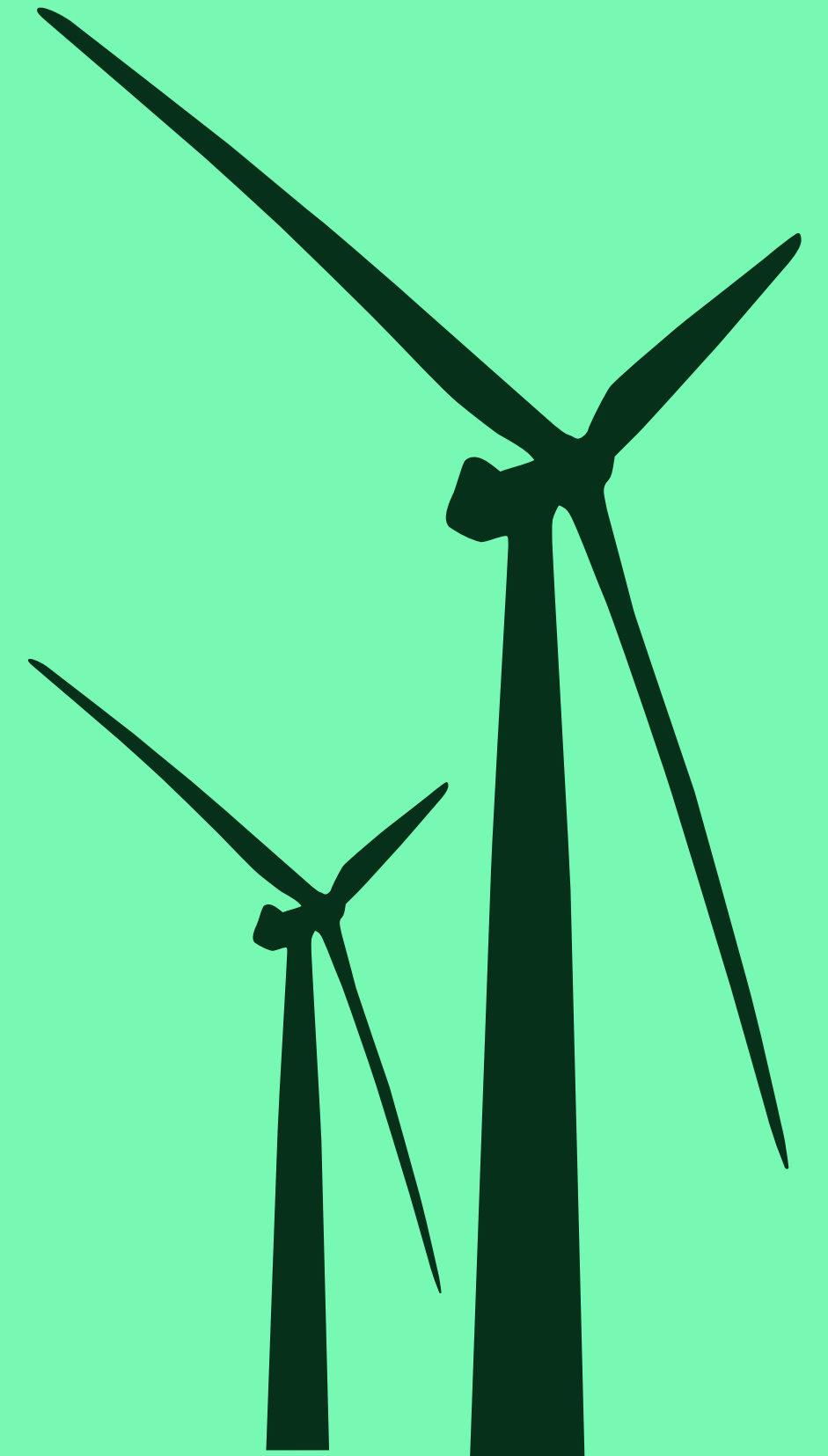
Goal: Promote the purchase of American-made, lower-carbon construction materials, such as steel, concrete, asphalt, and flat glass products, in federal procurement and federally-funded projects.

Procurement of Clean Construction Materials

Goal: Expand government procurement and funding of clean, lower-carbon construction materials and products. FHWA received \$2 billion to reimburse or incentivize the use of low-embodied carbon construction materials and products in federally-funded highway projects.

Justice40 Initiative

Goal: Deliver 40% of the overall benefits of climate and clean energy investments to disadvantaged/ EJ communities



Leveraging Federal Funding Opportunities

Other preferences

Many IIJA programs favor and many of the IRA's clean energy tax provisions offer bonus credits to projects that are:

- Located in low-income communities or energy communities,
- Pay prevailing wages,
- Use registered apprentices,
- Or meet certain domestic content requirements.



Leveraging Federal Funding Opportunities

Production Tax Credit for Electricity from Renewables (IRA)

Goal: Tax credit/ direct pay for production of electricity from renewable sources.

Credit is...

- increased by 5 times for projects meeting prevailing wage and registered apprenticeship requirements.
- increased by 10% if the project meets certain domestic content requirements for steel, iron, and manufactured products.
- increased by 10% if located in an energy community.

Ride and Drive Electric (Bipartisan Infrastructure Law)

Goal: Build a national network of EV chargers by supporting charging reliability, resiliency, equity, and workforce development.

Applications due July 28, 2023

Clean School Bus Grant Program (IRA)

Goal: Expand fleets of zero emissions or clean school buses.

Applications due August 22, 2023



The SEC Climate Disclosure rule

- Aims to give investors a better picture of how things like droughts and wildfires, or changes in environmental policy might affect a company's management and finances.
- Applies to public companies, including investor-owned utilities like PG&E and Dominion Energy.
- It could be a benchmark for ESG disclosure standards the Municipal Securities Rulemaking Board (MSRB) is now considering for government issuers.



Discussion

- What are the most powerful tools your government has related to climate change?
- To what extent is your locality using those tools?
- What are the barriers /challenges?
- To what extent is procurement integrated into the project planning and design?
- Have you applied for federal funding and/or do you have capacity to pursue additional grant opportunities?
- Your questions?



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Thanks