

Report and Recommendations  
to the Eugene City Council  
and Community of Eugene



FROM THE

# SUSTAINABLE

## Business Initiative Task Force

PEOPLE | PLANET | PROFITS

AUGUST, 2006



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## INTRODUCTION AND OVERVIEW

ONE HUNDRED AND TWENTY SIX THOUSAND DOLLARS in revenue - not bad for selling used materials. That's what Market of Choice made in 2005 from selling its discarded cardboard packaging to Weyerhaeuser. About 2,000 tons of waste diverted from the landfill and the prevention of the equivalent of approximately 6,000 tons of carbon dioxide emissions. That's what recycling the cardboard did for the environment. A half million dollars in increased sales. Most businesses would be thrilled with that type of return on a \$50,000-\$100,000 investment. That's what GloryBee Foods estimates it generated through its outlay for third-party organic certification. Forty-two thousand dollars a year - that's the average salary paid by local companies in the green building industry. These are just a few examples of benefits local companies and sectors have found through their use of sustainability measures.

Small and large companies here and abroad are finding numerous economic, social, and environmental advantages when they use sustainable practices or produce sustainable goods and services. To help more local firms understand and benefit from this growing field, in June of 2005, Eugene Mayor Kitty Piercy, with support of the Eugene City Council, launched the Sustainable Business Initiative (SBI). The purpose of the SBI is to identify, support, and propose deliberate steps that, by 2020, can make Eugene one of the nation's most sustainable mid-size communities. Strengthening the economy by finding ways to support businesses and expand quality jobs that use sustainable measures is the heart of the strategy.

Members of the Eugene community desire a healthy economy that conserves the environment while providing equitable access to jobs with fair wages, benefits and other services crucial to families. The field of sustainability, which incorporates measures to simultaneously achieve economic, social and environmental wellbeing—often called the Triple Bottom Line – has emerged around the globe as the means to achieve those desires. The SBI seeks to build upon the City of Eugene's sustainability goals and to capitalize on the community's long history of outstanding involvement in sustainability activities.

The Mayor named a 16-member citizen Task Force to lead the SBI. She charged this group with obtaining ideas from the public and sustainability experts and then making recommendations to the City Council, the private sector, and other local organizations for retaining, growing, and creating Triple Bottom Line sustainable businesses and jobs. A 50 person Technical Advisory Committee assisted the Task Force. Students and faculty from Resource Innovations at the University of Oregon staffed the SBI.

The Task Force developed their recommendations through an extensive outreach process involving over 750 people. This involved two "open houses," meetings with numerous community organizations and two online surveys. In addition, the Task Force held roundtables on the following 12 topics/sectors: green building; education and technical assistance for local

businesses; reuse and recycling; financing and funding for sustainable businesses; biofuels; renewable energy; natural and organic foods; sustainability in public education systems; sustainable healthcare; natural products; sustainable forest products; and bicycles. A summary of the recommendations generated through these processes appears in Appendix D of this report.

As a result of these activities, even before the SBI Task Force developed its recommendations, a number of private companies, industry groups, local schools and governments took further steps to move toward sustainability. These activities are summarized in Section I (G) of the report.

The Task Force used a large-scale change process called “Appreciative Inquiry” as well as “Systems Thinking” to guide its activities. They screened all recommendations for their ability to contribute to the Triple Bottom Line. They also evaluated recommendations based on their potential to enhance the four key elements of successful business and job development as described by Michael Porter’s “Diamond of Competitive Advantage.” These elements are discussed in section I (F) of this report.

Through this process, the SBI Task Force found that the adoption of sustainability practices and/or production of sustainable goods and services could provide private companies, workers, and the community as a whole with a number of benefits. For example, the adoption of sustainability measures can help organizations:

- Reduce greenhouse gasses and seize business opportunities posed by global warming
- Reduce exposure to growing uncertainties in the supply and affordability of oil
- Prepare for increased global competition created by developing nations’ economies
- Save money by reducing energy use and eliminating and making money from waste
- Increase productivity through improved efficiency and employee commitment
- Increase revenue and market share by producing high-quality products for growing sustainability markets
- Enhance the ability to attract and retain top talent who are increasingly drawn to companies that use sustainability measures
- Reduce many types of business risks and mitigate or preempt government regulations
- Create many types of quality jobs for local workers
- Conserve the environment and enhance quality-of-life for local residents

These and other benefits, along with examples of how companies here and elsewhere have applied sustainability measures, are discussed in Section II of the report.

Information generated through the extensive outreach process, combined with the knowledge and expertise of Task Force members, led to an ideal vision of success that sees Eugene as America’s most sustainable mid-size city by 2020. The vision is described in Part III of the report.

An overwhelming message from local practitioners as well as solid data from other regions made it clear that both the private sector and government must play key roles in growing sustainable businesses and jobs. The SBI Task Force therefore offers recommendations to the City of

Eugene, to private companies, non-profits, and to other local governments and educational institutions. The recommendations are intended to assist any business interested in adopting sustainability measures. They also seek to support the expansion of businesses already using sustainable practices and/or producing sustainable products and services.

#### **THE SBI TASK FORCE RECOMMENDS THAT EUGENE CITY GOVERNMENT:**

1. Publicly commit to supporting businesses that use sustainable practices and/or produce sustainable products and services.
2. Establish an Office of Sustainability within City government to highlight the City's commitment to sustainability and to champion and coordinate internal City sustainability activities.
3. Establish a Sustainability Board or Commission to help expand sustainability efforts within City government and externally within the business community.
4. Adopt the explicit goal of becoming carbon neutral in all City owned facilities by 2020 and develop an internal City climate action plan to achieve that goal.
5. Purchase and use sustainable practices, products and technologies.
6. Adopt sustainability criteria for decision making in all aspects of City operations, beginning with a policy requiring staff to complete a Triple Bottom Line analysis of proposed policies or actions for city council, and with a sustainable purchasing policy.
7. Adopt the explicit goal of achieving zero waste to landfills (and incinerators) from City facilities and operations by 2020 and develop an internal City plan to achieve that goal.
8. Adopt sustainability indicators and a measurement system to assess internal City operations as well as community-wide progress toward sustainability.
9. Educate and enhance the professional skills and understanding of sustainability among City employees.
10. Provide incentives and recognition for businesses using sustainable practices and remove barriers to their use.
11. Form partnerships with private, public and non-profit entities in order to play a key role in the growth of sustainability practices, products, and services.

#### **THE SBI TASK FORCE ASKS THAT THE PRIVATE SECTOR AND NON-PROFITS CONSIDER THE FOLLOWING ACTIONS:**

1. Help all interested local businesses apply or expand sustainability measures.
2. Commit to expanding sustainable business clusters.
3. Recruit new businesses that can fill niches and increase dynamism within existing sustainable clusters.
4. Help businesses in key sustainability sectors form local associations or networking mechanisms to increase communication and solve common problems.
5. Implement campaigns to educate the public and grow the local market for sustainable products and services.
6. Improve access to loans, grants, and other forms of business financing.

7. Form a task force among business owners and organizations, workers and their representatives, non-profits, local governments and others to discuss ways to enhance social equity among area workers.

**THE TASK FORCE ASKS THAT OTHER LOCAL GOVERNMENTS AND EDUCATIONAL INSTITUTIONS CONSIDER THE FOLLOWING RECOMMENDATIONS:**

1. Support the local consortium on sustainability in public education organized by Lane Community College.
2. Develop and operate a consortium to provide sustainability education, training and technical assistance for local businesses.
3. Develop a metro-area wide consortium, adopt a goal of becoming carbon neutral by 2020, and implement a metro-area wide climate action plan to achieve the goal.
4. Develop a metro-area wide consortium, adopt a goal of achieving zero waste to landfills (and incinerators) by 2020, and implement a metro-area wide zero waste strategy to achieve that goal.

Details on these recommendations appear in Part III of this report.

These recommendations provide a starting, not ending point, for making Eugene one of the nation's most sustainable mid-size communities by 2020. They focus on establishing the basic organizational, communications, and educational infrastructure required for the journey. Capturing competitive advantage from the rapidly growing field of sustainability will require a sustained effort by local business, government, non-profits and educational institutions. Actions that build on the SBI proposals will be needed in the future.

The SBI Task Force believes that the expanded use of sustainability measures can produce a high standard of living through the provision of quality job opportunities for all Eugene residents. Local residents will be accorded respect and dignity and live in a community with exceptional quality-of-life. In addition, we will honor the place we live—the natural environment and built environment as well as all its inhabitants—by maintaining and restoring the climate and ecological systems that support us all.



## I. BACKGROUND

### A. SBI PURPOSE AND GOALS

A new approach to business, social wellbeing and the environment is emerging across the globe. It is growing in response to increasing environmental threats such as climate change, concerns about the supply and affordability of oil, the need for living wage quality jobs, and pure economic self-interest. The field is called sustainable development, or sustainability.

A number of local companies and organizations are at the forefront of the sustainable development movement. For example, Rexius and Pepsi-Cola have recently switched their fleet vehicles to run on biodiesel. About 75 businesses and organizations purchase wind power from the Eugene Water and Electric Board. West Wind Forest Products recently installed a 65 kW solar photovoltaic system that is expected to generate 73,000 kWh/year, allowing the firm to be energy independent. The University of Oregon uses life cycle costing to evaluate its purchasing decisions. The UO spent 10 percent more in the first year purchasing environmentally sound cleaning products but this investment paid off in five years.

These examples typify the type of practices, products, and services Eugene Mayor Kitty Piercy wanted local businesses to take advantage of when she launched the Sustainable Business Initiative (SBI) in June of 2005. The mission of the SBI is to support and propose deliberate and thoughtful steps to strengthen the local economy in a manner that fits the community and can make Eugene one of the nation's most sustainable mid-size

communities by 2020. Education and training to expand the use of sustainability practices and the production of sustainable goods and services is the cornerstone of the SBI.

Members of the Eugene community desire a healthy economy that conserves the environment while providing equitable access to jobs with fair wages, benefits and other services crucial to families. The field of sustainability, which incorporates measures to simultaneously achieve economic, social and environmental wellbeing—which is often called the Triple Bottom Line—has emerged around the globe as the means to achieve those goals. Mayor Piercy initiated the SBI to build upon the City government's sustainability goals and to capitalize on the local private and public sector's long history of exemplary sustainability activities.

The Mayor appointed a 16-member Task Force to lead the SBI. This report summarizes the work of the Task Force. It outlines the process used to solicit information and ideas from the public, the conclusions drawn, and the Task Force's recommendations for retaining, growing, and creating sustainable businesses and jobs in Eugene.

### B. PROJECT SCOPE AND LIMITATIONS

One can approach sustainability from a number of directions. Due to a need to expand quality job opportunities in Eugene, Mayor Piercy chose business and job development as the entry point. The SBI therefore focused on identifying mechanisms to achieve four interconnected goals:

- Apprise and assist all interested businesses in applying Triple Bottom Line sustainability measures.
- Assist industries already engaged in sustainability to expand practices, products or services.
- Expand and establish government policies and procedures to serve as role models for others and help grow the market for sustainable products and services.
- Educate consumers about the value of sustainable products and services and build demand.

Communities are composed of many interrelated systems. The SBI focused primarily on the local business and job development system. Although the SBI Task Force examined a wide range of issues, due to time and resource constraints and other reasons it did not address a number of local systems that will influence the expansion of sustainable practices, products, and services. For example, it did not address the local land use planning system, industrial land planning system, transportation systems, affordable housing systems or agricultural land protection systems. These systems will need to be addressed if Eugene is to become one of the most sustainable mid-size communities in the nation. The Task Force encourages the Eugene City Council and other organizations to address them in the near future.

In addition, the Task Force found it much easier to identify mechanisms to promote the economic and environmental aspects of the Triple Bottom Line than the social equity components. For example, questions continually arose among Task Force members about how increased company revenues and profitability could translate into higher wages and benefits for employees. In the

end the Task Force determined that it had just scratched the surface on social equity issues. Establishing community norms and educating executives about the business and community benefits of paying employees at or above living wages, providing sufficient health care and retirement benefits, flexible work schedules, opportunities for career advancement, and supporting worker rights provide a starting point for making social equity an equal partner with economic and environmental concerns in sustainable business. However, much more work is needed on this issue. The SBI Task Force encourages Eugene City Government and the community at large to pursue additional actions to address social equity issues.

### C. SBI TASK FORCE MEMBERS, ADVISORY COMMITTEE AND STAFF

The SBI Task Force represents the business, environmental, academic, social service, and non-profit communities. David Funk, of Funk Levis Associates, and Rusty Rexius, of Rexius Company, co-chaired and ably led the Task Force. The Task Force includes:

- **Lisa Arkin**  
OREGON TOXICS ALLIANCE
- **Josh Bruce**  
RAINBOW VALLEY DESIGN AND CONSTRUCTION, INC.
- **Julie Daniel**  
BRING RECYCLING
- **Roger Ebbage**  
LANE COMMUNITY COLLEGE
- **Lynn Feekin**  
LABOR EDUCATION AND RESEARCH CENTER, UNIVERSITY OF OREGON
- **Dave Funk (Co-Chair)**  
FUNK/LEVIS & ASSOCIATES, INC.
- **Kartar Khalsa**  
GOLDEN TEMPLE

- **Terry McDonald**  
ST. VINCENT DEPAUL SOCIETY OF  
LANE COUNTY
- **Mark Miksis**  
ARLIE AND COMPANY
- **Deborah Noble**  
WEST WIND FOREST PRODUCTS
- **Scott Pope**  
SUSTAINABLE WEALTH MANAGEMENT
- **Rusty Rexus (Co-Chair)**  
REXIUS COMPANY
- **Jack Roberts**  
LANE METRO PARTNERSHIP
- **Randy Ross**  
HONORING OUR NATIVE AND ETHNIC  
YOUTH (HONEY); LANDSCAPING
- **Claire Syrett**  
EUGENE-SPRINGFIELD SOLIDARITY NETWORK/  
JOBS WITH JUSTICE
- **Claudia Villegas**  
DOWNTOWN LANGUAGES

A 50-member plus Technical Advisory Committee (TAC) supported the Task Force. The list of TAC members is provided in Appendix A. UO students Sarah Mazze and Ray Neff staffed the project under the supervision of Bob Doppelt, Director of Resource Innovations in the Institute for a Sustainable Environment at the University of Oregon. UO students Coelyn Barry, Shana Sweitzer, Daniel Henderson, Melissa Cohen, and Melissa Maki provided research assistance. Claudia Villegas did the layout and design of this report.

#### **D. ROUNDTABLES, COMMUNITY MEETINGS, AND OTHER SBI ACTIVITIES**

The SBI was shaped by a meeting in April 2005 when over 50 community leaders discussed their vision for Eugene

as a sustainable community and the steps necessary to achieve it. In the fall and early winter, 2006, the SBI held roundtables and community meetings and distributed web-based surveys to the general public and members of the business community. Each roundtable engaged local practitioners as well as outside experts in a discussion of ways to enhance sustainable business and job development. A number of the roundtables met twice and some continued to meet on their own focusing on issues such as establishing on-going networking and problem solving mechanisms and consumer education campaigns.

The SBI held roundtables on the following topics: green building; education and technical assistance for local businesses; reuse and recycling; financing and funding for sustainable businesses; biofuels; renewable energy; natural and organic foods; sustainability in public education systems; sustainable healthcare; natural products; sustainable forest products; and bicycles.

We estimate that over 750 business leaders, government representatives, and residents participated in the SBI.<sup>1</sup> We also conservatively estimate that SBI Task Force members, local business and civic leaders and others invested over 1,500 in-kind hours.<sup>2</sup> In addition, University of Oregon students and faculty provided well over 450 in-kind hours.

#### **E. THE SBI BUILDS ON EUGENE'S LONG TIME LEADERSHIP IN SUSTAINABILITY**

Sustainable business practices are not new to Eugene. Many local businesses and governments have been engaged in the field for years. Indeed, the economic, social, and environmental achievements of

these organizations illuminate the potential sustainability holds for the community and thus made the SBI possible.

In addition to the examples already listed, in the private sector many local companies avidly recycle paper, cardboard and other sorts of waste; BRING Recycling has been leading the effort to educate our community on the benefits of recycling since 1971 through workshops, educational displays, and a resource library; Organically Grown Company is incorporating sustainability into its internal operations and is assisting all of its suppliers, distributors, and retail customers to go beyond organic certification and adopt sustainability practices throughout the value chain. Many other examples could be cited.

The City of Eugene government has been a leader in the public sector. City government reduced its greenhouse gas emissions almost to 1990 levels, uses B20 biodiesel in all of its diesel equipment, and replaces City owned passenger vehicles with hybrid vehicles.<sup>3</sup> The City purchases over 50 percent of its goods and services from local companies and recently instituted a far-sighted policy to purchase 100% recycled paper for all City operations. To offset the additional cost, they have implemented strategies to cut down on overall paper use through staff training and purchasing printers that do double-sided printing. Many City departments have Green Teams focused on reducing environmental impacts in their operations; an Environmental Policy Team, made up of pertinent division and department managers, oversees the City's environmental practices. The City Council adopted community standards for the west Eugene Enterprise Zone providing incentives to companies to meet specific wage and benefit standards. In addition, the standards encourage companies to adopt

the "Build Oregon Responsibly" agreement, which pledges the business to utilize contractors that pay prevailing wages and benefits, abide by all BOLI and OSHA rules, and offer equal opportunity employment to women and minority groups. In July 2006 the City Council adopted a green building policy requiring all city-owned and occupied buildings to be constructed and maintained in environmentally and economically sound ways in compliance with the Leadership in Energy and Environmental Design (LEED) standards. The City adopted a Sustainability Resolution in 2000 and has engaged in many other sustainable practices than are listed here. The Resolution provided the starting point for the SBI.

Local educational institutions have also shown exemplary leadership. For example, Lane Community College made an institutional commitment to sustainability that is being applied throughout their facilities and curriculum. LCC is also EWEB's largest wind power customer. The University of Oregon has one of the nation's leading green chemistry programs, an award winning recycling program, uses life cycle costing for its purchasing policy, and is engaged in other leading initiatives. New school facilities in the 4J District have green design elements and several local schools at the K-12 level compost and/or have school gardens. Numerous other activities are taking place at the K-12 level in Bethel and 4J School Districts.

## F. SBI PRINCIPLES AND PROCESSES

### 1. Overall Process Based on Appreciative Inquiry

The SBI Task Force used a four-phase process based on "Appreciative Inquiry" (AI) to accomplish its goals. AI emphasizes helping

people bring new ideas and desires into being rather than problem solving, which aims at making problems go away. The SBI's AI process included:

- a. **Discovery Phase:** *Information gathering from community*—June 2005 through February 2006
- b. **Dream Phase:** *Vision development* – February through March 2006
- c. **Design Phase:** *Clarify the changes needed to achieve the vision* – April 2006
- d. **Destiny Phase:** *Identification of specific recommendations* – May through June 2006

## 2. Systems Thinking

Throughout each phase of the SBI, the Task Force used Systems Thinking as a fundamental guiding principle. Systems Thinking is a way to understand and resolve complex problems. It helps people look closely to understand the thinking, assumptions, and beliefs that may be at the root of unsustainable activities. It also helps people examine cause-and-effect relationships.

## 3. Triple Bottom Line Screen

The Task Force evaluated business and job options based on their ability to produce economic, social and environmental benefits. Focus groups organized by SBI Task Force members Lynn Feekin and Claire Syrett and the UO Labor Education Research Center (LERC) found “considerable awareness of and support for the concept of sustainable business development, along with a deep sense of pride that Eugene is a community with many businesses already committed to sustainable practices.” The research also found “strong belief that sustainable

businesses should explicitly benefit the local community and the local economy.” Concern was also expressed, however, “about business commitment to sustainability and the achievement of social equity.” An executive summary of the study is found in the appendix of this report.

As outlined in Part II of the report, the Task Force found the economic benefits of sustainable practices, products and services fairly easy to understand and promote. They help position companies to respond more effectively to external pressures and they provide numerous internal organizational benefits. Increased revenues, profits, and jobs can result.

Similarly, the environmental benefits of sustainability were relatively easy to recognize. Increased reuse and recycling, for example, can reduce waste. Reduced energy consumption and a shift to renewable energy such as wind or solar power can reduce greenhouse gas emissions.

However, as previously discussed, the Task Force found it much more difficult to identify mechanisms to promote the social equity aspects of sustainable business. LERC's focus group research found that “health benefits, flexible work scheduling, living wage, and opportunities for career advancement were seen as the most important social equity indicators in the workplace.” Although there was unanimous agreement among Task Force members of the importance of these issues, it could not come to agreement on how best to promote them. As a result, one of the recommendations made in Part III of this report is to establish a private-public task force to continue the dialogue on how to incorporate social equity issues into sustainable business and job development.

#### 4. Business and Job Development Model: The “Diamond of Competitive Advantage”

The SBI Task Force used Harvard Economist Michael Porter’s “Diamond of Competitive Advantage” as its model for business and job development.<sup>4</sup> After years of research, Porter found that four fundamental conditions must be sufficiently robust for industries to grow and generate quality jobs. Each of the four elements influences the others and weakness in any one of them can undermine an entire industry or economy.

Porter found that in the most successful efforts, government plays an important role by creating, supporting, or strengthening each of the four conditions that are vital to private sector success. The SBI Task Force therefore focused on the role of both the private and public sectors in sustainable business and job development. The four elements are described below.

- **Factor Conditions:** *These are the basic inputs necessary for any industry to successfully grow and compete.*

Factor conditions include the skills, knowledge, and costs of local labor; availability of key raw materials; the local climate; availability of capital; the conditions of local infrastructure (communications, transportation, health care systems); and proximity to major markets. Factor conditions can be inherited, such as our area’s abundance of good agricultural land, and created through investments, such as when government builds roads and funds education.

Some of the most common themes heard during the SBI Discovery Phase were the need to improve the skills and knowledge of local business managers and workers,

access to capital, local information systems, supplies of locally produced raw materials, and educational systems. As a result, many of the SBI recommendations seek to strengthen these core factors.

- **Demand Conditions:** *This addresses the number and make-up of knowledgeable and demanding local customers.*

Porter’s research found that the most successful industries grow where knowledgeable local customers exist who put pressure on local firms to continually improve their products and services. For example, the organic and natural foods industry in Lane County grew, in part, due to the number of local consumers who wanted healthy food. Three key elements determine the impact of local demand: the nature of customer needs; the timing, size, and make up of early demand; and the way businesses translate local customer preferences into external markets. Government procurement can play a major role in building demand for products, especially early in the development and market diffusion stages. The appendix of the report includes a summary of how the purchasing policies of the City of Portland and King County, Washington have helped drive the market for sustainable goods and services.

A consistent theme heard from practitioners throughout the SBI was the need to educate local consumers to build demand for locally produced and sold, sustainable practices and products. Another theme was the need for the City of Eugene and other local governments to help stimulate early demand for sustainable products and services through its purchasing decisions. Eugene City government spent over seventeen million dollars on purchases in FY 2006, with the majority being spent in the local Eugene-Springfield area or the

State of Oregon. This suggests that the City of Eugene’s purchasing decisions can have an influence on the market. As a result, several recommendations focus on increasing local demand for locally produced and sold sustainable goods and services.

- **Related and Supportive Industries:**  
*This describes the presence or absence of local suppliers and companies in closely related industries.*

Porter found that the presence of local product suppliers provides efficient, early, and sometimes preferred access to low-cost quality raw materials. Similarly, the presence of many types of companies in similar or related fields increases dynamism within all local industries. Close communication among companies in the same and related industries leads to solutions to problems all entities face. Networking among local industry clusters also helps spur innovation and continual product and process improvements among all companies.

Through the SBI, businesses leaders pointed out gaps in local supply chains that require them to purchase key feedstocks from afar. We also heard about the need to attract businesses to the area that could produce needed supplies or increase the dynamism of local industry clusters. Several recommendations are therefore aimed at expanding the number of local suppliers and at recruiting businesses to fill niches in existing sustainable business clusters.

- **Firm Strategy, Structure, and Rivalry:**  
*This addresses the context in which firms are created, organized, managed, and compete.*

Porter found that local expectations often drive the way companies function.

Community norms and goals focused on sustainability, for example, may encourage companies to manage their operations and generate products to meet those objectives. Of special importance is rivalry between local companies. Competition to be among the leaders in the use of sustainability practices and/or to produce quality products is key to stimulating innovation. Innovation drives improvements in process and product quality. Rivalry also leads to new businesses by creating spin-offs and encouraging new entrepreneurs to enter the field. In addition, rivalry captures the attention of consumers, which helps expand local demand.

A dominant theme heard throughout the SBI was that local companies would respond if City of Eugene government established clear and ambitious sustainability goals for its own operations and the community at large. We also heard that City government needed to support these goals by making a public commitment to purchasing sustainable goods and services, using sustainable practices and by supporting and rewarding companies that do the same. A number of SBI recommendations are consequently aimed at achieving these ends.

### *The “Diamond’s” Self-Reinforcing Effects Grows Business and Job Opportunities*

When each of the four elements of the Diamond of Competitive Advantage is sufficiently strong, the system feeds on itself. For example, improving the knowledge and skills of local workers (enhancing factor conditions) increases the productivity of local companies. An improved workforce also attracts new firms to the region in similar industries who need comparable types of trained workers. New firms expand

employment and increase firm rivalry and related and supportive industries. The entry of new competitors also often triggers competition and thus intensifies innovation among local companies, which leads to new products that capture the attention of local consumers and increases local sales (improved demand conditions). Growing demand increases revenues. Enhanced revenue causes local firms to expand or create spin-offs, and it may draw new entrepreneurs into the field, all of which increases job opportunities. Business expansion increases the need for more specially trained workers. Thus, the entire process becomes self-reinforcing, leading to the expansion of sustainable businesses and jobs.

*More information about each of these principles and processes appears in Appendix G.*

## **G. EARLY OUTCOMES OF THE SBI**

Even before the Task Force developed its recommendations, the SBI triggered numerous activities. These early successes underscore the tremendous energy and commitment within the community for sustainable business.

### **Industry Activities:**

- The Cascadia Chapter of the U.S. Green Building Council joined with City of Eugene staff to discuss how to coordinate and increase green building education for local building trade professionals.
- A group of design and engineering professionals, builders, subcontractors, building managers, developers and other interested parties are forming a local branch of the U.S. Green Building Council Cascadia Chapter. Their first meeting was held 6/27/06.
- Members of the natural and organic foods industry developed a new local association,

the Willamette Valley Sustainable Foods Alliance.

- Members of the natural products industry met to discuss formation of a local network.
- A group of renewable energy professionals continues to meet to discuss forming a local mechanism to increase employee-training opportunities and identify ways to educate the public about the benefits of renewable/solar energy.
- Lane Community College initiated a process to help local school districts and governments involved with public education develop sustainability curriculum, train teachers, and possibly hire a local sustainability coordinator to serve all school districts.
- The Oregon Department of Community and Economic Development determined that local businesses could use one of their low interest loan programs to pay for sustainability audits and consultants.
- Ecotrust and UO Resource Innovations initiated a project to place sustainably harvested wood from the Siuslaw basin into local green building projects and lumberyards. It also seeks to raise public awareness about the benefits of stewardship contracting and why purchasing sustainable wood from the Siuslaw contributes to watershed and economic health.

### **Community-Based Efforts**

- ShoreBank Enterprise Pacific, which provides non-bank loans and technical assistance to sustainable businesses, began to consider how it could become active in the Eugene area.
- Local groups involved with tourism discussed progress in making local events more sustainable and presented a list of recommendations for the SBI Task Force to consider.

- The Northwest Energy Education Institute (NWEEI) at Lane Community College offered to create a website to serve as an information clearinghouse on sustainable business activities for the entire community. The NWEEI is currently working to deploy the site.
- Terry McDonald, director of St. Vincent de Paul, is pursuing an idea to establish a retail outlet at the Aurora Building in downtown Eugene to sell local sustainable products and to possibly serve as an incubator space for start-up businesses.
- Two SBI Task Force members, Lynn Feekin and Claire Syrett, worked with the Director of the UO Labor Education and Research Center, Bob Bussel, to obtain funding for community-based research into workers' and business owners' views and expectations of the social equity elements of sustainable business development. They held a series of focus groups exploring the question of how a sustainable business can or should fulfill its commitment to workers and community that makes up the promise of social equity. The result of this research can be found in the appendix of this report.

### Communication and Public Education about Sustainability

- A number of TV and radio news spots have mentioned the SBI over the past months and local media has increased coverage of sustainable business products and services.
- Jerry's Home Improvement offered to add sustainability-focused workshops to their How-To educational efforts.
- The Neighborhood Leaders Council offered to publish articles on what area residents and neighborhood organizations can do to promote sustainable practices within their community regions.
- Cumulus Radio, which owns six radio stations in Eugene, offered to provide the SBI with a year's worth of free publicity in the form of public service announcements to promote sustainable business practices, products and services.

## II. DESCRIPTION AND DRIVERS OF SUSTAINABLE BUSINESSES & JOBS

*“Sustain - to cause to continue (as in existence or a certain state, or in force or intensity); to keep up, especially without interruption, diminution, flagging, etc.; to prolong.”*

Webster's New International Dictionary

**B**Y DEFINITION, to “sustain” means to maintain something over time. Everyone knows, however, that circumstances change and nothing can be maintained in the same form forever. As a practical matter, therefore, sustainability involves the capacity to adapt successfully to changing conditions. Savvy business executives know how vital it is to keep an eye on emerging trends, act early to avoid problems, and be among the first to enter new markets. Doing so often saves money and creates competitive advantage over those that fail to do so.

The SBI grew out of the Mayor's belief that increasing concerns such as global warming, uncertainties over the supply and affordability of oil, growing international competition, and other factors may increasingly constrain business practices and products that ignore economic, social, and environmental issues. One the other hand, these forces provide growing opportunities for businesses that make the Triple Bottom Line a priority. The Mayor felt it was important to help local companies and government prepare for and take advantage of these emerging trends.

### A. DESCRIPTION OF SUSTAINABLE BUSINESS PRACTICES, PRODUCTS AND SERVICES

The U.N World Commission on Environment and Development first coined the term ‘sustainable development’ in their 1988 report, “Our Common Future”:

*“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

Although this is a laudable goal, the definition provides little guidance on how an organization can ensure that its activities do not compromise the ability of future generations to meet their needs. As a result, numerous experts have proposed more refined definitions to achieve these ends. There is no single ‘best’ way to define sustainability.

However, careful review of the most common definitions finds agreement that from an economic perspective, sustainability involves a shift from a ‘linear’ to a ‘circular’ production system. Since the dawn of the industrial revolution, businesses have used a linear ‘take-make-waste’ production model. This means we extract natural resources such as minerals, metals, and wood from the Earth's surface, make them into goods and services



for human use, then discard the [often toxic] waste back into nature as quickly and efficiently as possible without much concern for environmental or human impacts.

The linear system has produced tremendous economic benefits. However, the linear approach also generates some unintended negative side effects that are now becoming apparent, such as global warming. Sustainability therefore can be thought of as the next logical step in society's thinking about how our economic systems should function. It ties together the ends of the linear approach into a circular 'borrow-use-return' production system.

In a circular approach, natural resources and energy are carefully harvested from nature. Raw materials are then temporarily turned into goods and services for human use. Technical materials we now consider waste are then re-circulated back into the economy for further use. Biological by-products from the economic system are reincorporated into nature. Each step is accomplished without harm to employees, communities, or the environment. Ample data shows that the shift to this *closed-loop* approach can lead to cost savings, increased productivity, and ultimately to competitive advantage for business while improving quality-of-life and conserving nature.

Making the shift from a linear to circular economic system requires an expanded commitment to the health and well-being of employees and the community-at-large. People are the most important part of any business and every community. Helping employees improve their knowledge and skills and providing wages and benefits that allow for a high quality-of-life are critical to the long-term health of an organization and to society as a whole.

### Sustainability focuses on the Triple Bottom Line:

- **Economic Bottom Line:** This addresses *financial capital* such as profitability, cash flow, market share, shareholder value, and future economic viability. Companies cannot stay in business unless they are financially viable.
- **Social Bottom Line:** This addresses *social capital and equity* such as paying employees living wages, providing affordable housing and access to sufficient health care, and enhancing employee knowledge and skills. It also focuses on actions to enhance the local community, people who live where raw materials are produced or waste is deposited, and future generations. Building social capital is vital for robust economies and communities.
- **Environmental Bottom Line:** This addresses *natural capital* including air and water quality, soil health, plants and animals, and atmospheric and climatic conditions. Healthy stocks and flows of natural capital provide the basis for all social and economic activity.

As described below, the use of sustainability measures generates benefits in all three elements of the Triple Bottom Line. Further, sustainable industry clusters can be powerful economic niches for our community.

*Examples of Sustainable Practices Include the Use of:*

- Renewable energy such as biofuels, solar photovoltaics, wind power and biomass that reduce the use of fossil fuels and thus greenhouse gas emissions;
- Third-party certified forestry, organic and natural farming and food processing;
- Lean manufacturing and careful management of supply chains to reduce the amount of raw materials, energy, water, and packaging used and waste that is produced;
- Natural, non-toxic, and biodegradable raw materials in products and processes;
- Reuse and recycling aimed at eliminating waste to landfills and incinerators;
- Buildings designed, constructed, remodeled, landscaped, and maintained with green building practices;
- Actively seeking ways to incorporate more family time into employee's schedules;
- Compensating employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to increase their social and economic opportunities.

The application of sustainable practices often requires new products and services. In addition, the global changes discussed below are increasing market demand for products that embody sustainability.

*Examples of Sustainable Products and Services Include:*

- Energy efficiency technologies such as high efficiency motors, building materials, heating and cooling systems, and solar hot water systems;
- Renewable energy technologies such as windmills, solar photovoltaics, biofuels, biomass, and wave power;
- Construction materials and household items made of certified sustainable wood;
- Natural, non-toxic commercial and household cleaning solvents, glues and paints;
- Natural personal care products such as cosmetics, body lotions, and supplements;
- Organic and natural foods;
- Non-toxic, recyclable and fully biodegradable packaging;
- Renewable-energy powered vehicles such as electric and flex fuel cars;
- Products made from recycled materials;
- Education, design work, and consulting that help organizations use sustainable practices or produce such products.

## B. DRIVERS OF SUSTAINABLE BUSINESS

Research as well as practical experience here and abroad demonstrates that businesses adopt sustainability measures for a variety of reasons. The drivers include socio-economic pressures originating outside of local organizations and those originating within organizations.

### External Drivers

- **The Risks and Opportunities Posed by Global Climate Change**

Every year since 1997 has been in the Top 10 list of hottest years in recorded history. 2005 was deemed the warmest on record. Average global temperatures have risen by 1.4 degrees F since the late 19th century. Globally, the warming in the 20th century is the largest of any century during the past thousand years. Scientists have confirmed that the increased temperature is due primarily to the accumulation of human-produced greenhouse gasses such as carbon dioxide and methane (and other human activities such as deforestation).<sup>5</sup> A growing number of scientists are concerned that more than a 2-3°F temperature increase above pre-industrial levels may generate immense and possibly irreversible economic, social and ecological impacts worldwide.

Many scientists agree that stabilizing the climate will ultimately require reducing global greenhouse gas emissions by 60-80% from 1990 levels. Thus, businesses and communities here and abroad will increasingly be under pressure to become ‘carbon neutral.’ Becoming carbon neutral means reducing net carbon production to zero. It can be achieved through a combination of increased energy efficiency, use of renewable energy, and the purchase of carbon offsets. A number of companies and communities in the U.S. are

responding to these challenges by adopting practices that reduce their emissions and by producing products and services to help others do the same.

In the private sector, for example, Weyerhaeuser Co. recently pledged to set an example to the rest of the industry by cutting its greenhouse gas emissions by 40 per cent by 2020, a move it said should be good for both its bottom line and the environment. The company says it will achieve that goal by investing in new technology that will allow its North American pulp mills to run on alternative energy sources such as biomass, instead of fossil fuels.

On June 23, 2006, 250 mayors from 42 states representing over 46.3 million Americans, including Eugene Mayor Kitty Piercy, endorsed the U.S. Mayors Climate Protection Agreement. Among other actions, it calls for cities to “take actions in their own operations and communities” to “strive to meet or exceed Kyoto Protocol targets (reducing global warming pollutants to 7 percent below 1990 levels) by 2012”. On June 5, the U.S. Conference of Mayor’s adopted the “2030 Challenge” (Resolution #50) which sets the goal of carbon-neutral city buildings by 2030. This means, “new city buildings will use no fossil-fuel or greenhouse gas emitting energy sources to operate” for ALL buildings. In 2001, Seattle City Light adopted Resolution Number 30359 to become the first major utility in the country to achieve zero net greenhouse gas emissions. The utility achieved this goal in November 2005 through a combination of energy conservation programs, divesting from a coal plant, purchasing renewable energy, and buying the equivalent of about \$2 per person annually in emissions offsets. (See Appendix I for the U.S. Mayors Agreement, the U.S. Conference

of Mayors resolution, and other information about reducing greenhouse gas emissions).

The early adopters will be positioned to avoid the economic volatility that growing limitations on carbon emissions are certain to bring. They are also likely to become leaders in their fields. Industries that help reduce carbon emissions such as energy efficiency, renewable energy, green building, sustainable farming, natural bio-products, reuse and recycling and others will likely be the big winners.

- **The Risks and Opportunities Posed by Uncertainties in the Supply and Affordability Of Oil**

A number of researchers are increasingly concerned that the world may hit “peak oil” within the next decade or so. This means global demand for oil will outweigh supply and as demand increases, supplies will continue to decline. As with any commodity, if and when peak production occurs, oil prices are likely to be volatile and the reliability of supplies may be at risk.

High energy prices were one of two factors negatively impacting Oregon’s small businesses, according to LibertyBank’s Small Business Index for June 2006. Record high oil prices of \$73 to \$75 per barrel affect the economy by draining additional funds from consumer spending, leaving less for other purchases.

Risks of price and supply volatility are amplified by the fact that a major portion of U.S. oil supply is derived from the politically unstable Middle East. Should peak oil be reached or political unrest disrupt the flow of oil, companies and communities heavily dependent on oil may experience serious economic disruptions. Those that take steps

to reduce their use of fossil fuels through energy efficiency and a shift to homegrown renewables will avoid these problems and control their own destiny.

- **Increased Global Competition**

The economies of China, India, and other developing nations are growing rapidly and the trend is expected to continue. The robust entry into the world economic stage of developing nations is creating intense pressure on U.S. companies to increase efficiency and productivity and produce products that serve market niches that other nations are not meeting. A growing number of U.S. companies have realized that sustainable practices and products help reduce operating costs. They also can lead to new products and services that can successfully compete in the increasingly competitive global marketplace.

- **Local Economic, Social, and Environmental Drivers**

The unemployment rate in Lane County was 5.6 percent in June of 2006. This compares to the statewide rate of 5.4 percent and the national unemployment rate of 4.8 percent during the same month. The 2000 Census found that median income for a household in Eugene was \$35,850 compared to a statewide average of \$40,916. Almost nine percent of Eugene families live at or below the poverty line. A 2005 report found that 36,550 people in Lane County out of a total population of 335,180 did not have health care insurance. This data suggests that job growth applicable to a variety of skill levels as well as health care insurance and other employee benefits are priorities for the community.

In seeking to identify strategies for achieving social equity within sustainable business

development the Task Force did not reach consensus on a single most effective approach. Some Task Force members asserted that a union contract offered workers and business a democratic means of ensuring good wages, benefits and job security. Other Task Force members believed that each of the many business types and sizes in Eugene require different approaches to family sustainability. Therefore, other strategies including cooperatives, Employee Stock Ownership Plans (ESOPS), not-for-profit organizations, and increasing revenues and profitability through sustainable business operations could best serve to meet employee needs. Despite these differences, the Task Force agreed unanimously that paying at or above living wages and providing health care and other key employee benefits are key drivers of the need to enhance the economic and social health of our community. They also acknowledged that the costs of our current health care system pose a real challenge to businesses seeking to provide health insurance to employees.

The Eugene Water and Electric Board sold 2,741,522 kW of electricity in 2005 in the Eugene area, and the total has increased by more than .5% annually over the last three years. When the energy production from other local utilities as well as natural gas, petroleum and diesel fuels used for transportation are added, it is clear that the community generates a significant amount of greenhouse gasses. In addition, in 2002, the Eugene community generated just under 118,000 tons of solid waste and 330 tons of hazardous waste and waste generation rates have increased 19% in the Lane County Wasteshed in the past decade. Further, the Willamette River suffers from point and non-point pollution. Other local ecosystems and species are also at risk. This information suggests that business practices, products and

services that contribute to the restoration and enhancement of the environment while generating quality jobs and incomes can make an important contribution to the sustainability of our community.

### Internal Organizational Drivers

- **Cost Savings**

As demonstrated by examples in the next section, sustainability measures can lead to significant cost savings. Many savings result from eliminating waste in all of its forms. When a business purchases raw materials, it owns them – they are company assets. When these assets are discarded, either by putting them into the waste stream or converting them into pollution (air and water pollution are simply molecularized waste), companies are tossing out assets they paid for but are no longer getting value from. In contrast, when companies reduce waste they save money, extend the life of often costly assets, and demonstrate prudent financial management.

- **Increased Productivity**

Research shows that the application of sustainability measures often increases productivity due to increased employee commitment that comes from engagement in exciting, challenging goals and from improved working conditions for employees. Employees increasingly want to work for companies that allow them to live their social and environmental values. They also want to work where safety is a priority and where they are not exposed to harmful environmental effects.

- **Increased Revenue and Market Share**

Most companies ultimately base their business strategy on revenue and market share. Differentiation is the key to market share and means that a company, product

or service stands out from the competition. Numerous companies have found that sustainably produced goods and services offer a unique way to differentiate products because they create a brand image that sticks in the minds of consumers. The benefits of this improved brand image include increased market share by attracting green and socially responsible consumers; increased revenue from higher customer loyalty; and increased publicity through the ability to receive recognition and awards from public agencies and organizations.<sup>6</sup>

- **Greater Ability to Attract and Retain Top Talent**

As the population ages, baby boomers near retirement, and competition increases, the ability to attract and retain high-caliber employees becomes an increasingly important issue for businesses. Most executives can see direct links between revenue, profitability, and their ability to attract and retain key employees. The cost of recruiting, screening, and training new employees is high. The costs of losing employees with key skills and institutional memory can be even higher. Because an increasing number of people want to work for employers that provide special care for the environment, local community, and employees, companies that employ sustainable practices often find it easier to attract and retain highly qualified employees to the company.<sup>7</sup>

- **Reduce Business Risks**

Most business executives define risk as any potential threat to meeting objectives and find that effective risk management is critical to business success. Research has found that companies that employ sustainability measures can reduce risks in a number of ways including lowered risk of:<sup>8</sup>

- > Regulatory bans and restrictions on sales of harmful products
- > Reduced market demand for core products or services
- > Core products or service quality being reduced by environmental degradation
- > Customer boycotts or reduced product acceptance
- > Remediation liabilities for polluted lands
- > Lower insurance underwriting costs
- > Impairment of property values from leaking storage tanks and toxic holding facilities
- > Damage assessments from major spills or accidents
- > Employee civil action against employers for unsafe workplaces
- > Expensive regulation-driven process changes
- > Product redesign to meet new industry standards or government regulations
- > Waste treatment and pollution control expenses

- **Mitigate or Preempt Government Environmental Regulation**

Increased concern about climate change, risks to human and ecological health caused by pollution, and lack of landfill space are leading to caps on and rising costs for waste disposal and the release of greenhouse gas emissions. Although carbon dioxide caps and restrictions on products with materials harmful to human health do not yet exist in the United States, they do exist in Europe and many believe they will soon exist in the U.S. as well (e.g. in June 2006 the CEOs of some of the nation's largest utilities called for the federal government to implement CO<sub>2</sub> emission limits). A number of companies are proactively positioning themselves for an easy transition to emissions caps by analyzing their greenhouse

gasses, implementing steps to reduce them, and then selling their “surplus” emission capacity on the Chicago Climate Exchange or other means and generating a profit.

The SBI Task Force believes local businesses will benefit by understanding these drivers and by complementing their existing activities or shifting their emphasis to sustainability measures.

### C. BENEFITS AND COSTS OF SUSTAINABLE PRACTICES, PRODUCTS AND SERVICES

The drivers come to life by examining examples of the benefits companies have found through sustainable practices, products and services. Additional examples can be found in the appendix of this report.

#### *Examples of Cost and Resource Savings Found by Small and Mid-Size Companies<sup>9</sup>*

- Lamb’s Thriftway in the Portland area now saves over 1.3 million kWh of electricity annually, worth about \$65,000 per year, through a comprehensive package of renovations made to their facility that was constructed in 1981. This was done at the same time they were expanding their floor space by about 80 percent. The company upgraded its refrigeration systems, store lighting, heating and air conditioning control systems. The annual energy savings are equal to what Lamb’s net income increase would be if they boosted their grocery sales by \$8.7 million a year. These steps also substantially reduced their greenhouse gas emissions.
- Evanite Fiber Corporation, which has three manufacturing facilities at its Corvallis campus: hardboard (wood interior panels), glass fibers, and battery separator material. Faced with an air compressor system that was not performing well, Evanite reconfigured and repaired leaks in the compressor system. These steps saved the firm \$36,000 a year in electric bills, plus an avoided capital cost of \$27,000 to replace the compressor system. Estimated resource savings are 900,000 kWh in energy annually with associated reductions in greenhouse gas emissions. When the company closed one of its plants, a purchasing agent chose to list 34 items needing removal as “available” materials in the Industrial Materials Exchange (IMEX). Within two months, Evanite had found users ranging from Portland to New Jersey for 12 of the listings, including various types of plastics and organic chemicals. The company saved at least \$3,500 in avoided disposal costs. The market value of materials re-used was over \$11,500.
- Legacy Health System in Portland has undergone a variety of changes to increase their resource efficiency and save money. In addition to all the activities described below, they recycle cardboard, office paper, glass bottles, metal cans, and several resins of plastics. Legacy has:
  - > Replaced disposable foam mattresses with reusables.
    - Financial Savings: \$81,527/year.
    - Resource Savings: 16,350 pounds of waste per year.
  - > Eliminated rarely used items from custom packs of surgical supplies.
    - Financial Savings: more than \$30,000/year.
    - Resource Savings: 11,000 pounds/year.
  - > Consolidated duplicative admitting kits for maternity patients.
    - Financial Savings: more than \$3,500/year.
    - Resource Savings: 2,700 pounds/year.

- > Reduces photocopying by keeping originals in shared files.
    - Financial Savings: more than \$128,000/year.
    - Resource Savings: 2,100 pounds/year.
- Corvallis Hardware/True Value purchases the large majority of its products from Cotter & Company. Deliveries from the Portland distribution center are shipped in reusable plastic totes. Empty totes from the previous week are picked up for reuse when new merchandise is dropped off. Cotter & Company also redesigned its billing statement; invoices are now sent every two weeks rather than weekly.
  - Financial Savings: more than \$20,000/year (Cotter & Company).
  - Resource Savings: 22.5 tons of paper/year (Cotter & Company).
- > Corvallis Hardware is also retrofitting magnetic ballasts and T-12 fluorescent lamps with electronic ballasts and T-8 lamps as old lamps and ballasts burn out. This will eventually reduce electricity bills by about \$1,300/year.
- The Collins Company, with headquarters in Portland, saved over \$1 million through a sustainability initiative at its Klamath Falls hardboard and plywood plants.

#### *Examples of Benefits and Costs Found By Local Companies and Organizations*

- In addition to making \$126,768 last year from selling their cardboard to Weyerhaeuser for recycling, driven by customer demand, plastic bags and deli containers at Market of Choice are corn or sugarcane based and are compostable. At the 29<sup>th</sup> and Willamette store, they compost food waste in an EarthTub composter and will soon be installing an array of solar panels.
- Golden Temple builds market share as well as attracts and retains employees through their contributions to the community at large. At least 10% of the profit made from Peace Cereal goes to peaceful causes and the company has recently created a nutritious and attractive product that they donate to Food for Lane County, which distributes it to school children in the county. Golden Temple has received job applications from individuals willing to relocate to Eugene in order to work for their socially responsible company and feels that customers identify their brand with their charitable activities.
- McKenzie-Willamette Medical Center estimates that they have saved between \$10,000 and \$50,000 over the past five years by selling their used cardboard to Weyerhaeuser.
- Euphoria Chocolate Company saves \$3,000 a year by reusing their shipping boxes 20-30 times each and saves as much as \$10,000 a year through a more energy efficient HVAC system in their Willamette St. store and on-demand water heater in their processing area.
- In addition to the 500% return on investment GloryBee Foods estimates it made on its third-party certified organic food processing methods over the last 7 years, the company reuses totes and drums for their honeys and sweeteners, which they sell to community members when no longer at food grade quality. They sell many of their plastics to Weyerhaeuser for recycling. They recently purchased 100% wind power, use biodiesel, and purchased a hybrid vehicle for sales calls. They expect that only the hybrid will save the company money in the short run, but all of the energy related actions will decrease their carbon emissions, increase employee and community buy-in, and create a competitive advantage.

- Sustainable Wealth Management engages in multiple sustainable practices. Because their operations mainly involve office work, the majority of their carbon emissions derive from commuting and work-related travel. The business has therefore increased its teleconferencing and seeks travel modes that have the least environmental impact. In addition, it has developed a carbon-offset program through which they measure their emissions and mitigate them through the purchase of blocks of renewable energy, or carbon offsets, through the Bonneville Environmental Foundation. In order to discourage the use of single occupancy vehicle travel, the company contributes to bicycle maintenance for employees who commute by bike and provides a hybrid vehicle purchasing incentive program. Whenever possible, the company supports vendors who meet stringent environmental standards and attempts to reduce their resource consumption via the use of recycled products, two-sided printing, and electronic delivery of documents.
- The University of Oregon has adopted a purchasing policy based on 'life cycle costing.' The results have been very impressive. By 2004, Facilities Services had reduced packaging by 50% or more over the last five years. UO facilities staff said the program has resulted in, "using less product, less product is being wasted, products are less harmful, and we negotiated a long term price based upon long term usage and factoring in all the costs." One example is institutional paper products, in which their last contract actually saved the UO 8% in costs, even with the market bearing price increases of 30% or more. They did this by buying 100% recycled where they could in a larger roll, which costs less in labor to maintain and gives the supplier a long-term volume to negotiate with the mill. They also have the supplier deliver to different points around campus, saving the UO fuel and labor costs.
- SeQuential Biofuels expects to produce up to half of the energy for their new biofuels retail station with a 33.6 kilowatt, 144 panel solar array. Passive solar and other green design elements will allow SeQuential to avoid using electricity or other fuels to heat and cool the convenience store for up to nine months of the year. A green roof and a bioswale will filter runoff from up to a one-year storm event, reducing the station's stormwater bills and their impact on the system. The convenience store will sell local products and was built using as much FSC certified wood as could be purchased.

#### **D. CHARACTERISTICS OF LOCAL COMPANIES ENGAGED IN SUSTAINABLE BUSINESS**

To understand the make-up of local companies that use sustainability measures, a questionnaire was distributed to businesses involved with the SBI as well as to EWEB's commercial wind power customers. Eighty-three companies responded. Below is a summary of the findings (the percentages

refer to the valid percent, or the percent of those whom answered that particular question, rather than to the percent of the total number of respondents).

- Total annual revenues of the companies were a minimum of \$214.5 million in 2005 and respondents estimated this figure would rise to over \$305.7 million in 2006.<sup>10</sup>

- Total annual payroll in 2005 was a minimum of over \$28.7 million and respondents estimated this figure would rise to over \$33.1 million in 2006.<sup>11</sup>
- The majority of respondents (77%) said they would increase employment in 2007-2009 and 75% believe their industries will grow in the next three years. Only 6% thought they would decrease employment in 2007-2009.
- Respondents employ at least 5000 full-time and over 3500 part-time employees, which suggests that companies that are engaging in some type of sustainability practice employ at least 10% of the local area full time workforce.
- Average wages are \$17.55. The high-end average was \$28.49 and the low-end was \$10.43.
- Over 80% of respondents pay for 50% or more of health care insurance, vacation, holidays, and employee education and training for full time employees. Fifty-seven percent pay dental insurance and 72% pay sick days. Nearly 45% pay family health insurance, retirement benefits and vision insurance.
- Forty-seven percent of the respondents pay vacation and 56% pay employee education and training for part-time employees. About a third of the respondents pay employee health insurance, sick days and holidays. Few of the respondents pay the remaining benefits.
- Seventy-five percent said they have a formal equal opportunity/non-discrimination policy.
- Over 45% of respondents have formal sustainability policies; 87% said they incorporated sustainability into their business plan; however, few companies set specific goals or targets.
- Eighty-one percent reported they reuse and recycle; 53% said they have increased energy efficiency; 51% use renewable energy; 64% use natural, non-toxic, easily biodegradable materials; and 53% said they use non-toxic, biodegradable packaging as well as green building practices.
- A majority of respondents said their sustainability measures generated competitive advantages: 70% said they helped meet consumer demand; 57% increased sales; 35% said the measures led to new products; 85% said they improved their public image; 33% increased employee skills; and 26% said these measures helped attract top talent.

This data suggests that companies using sustainable practices or producing sustainable goods and services are making a significant contribution to the local economy. They are growing and expect to continue to grow. A vast majority have found one or more forms of competitive advantage through their use of sustainable measures. However, few are employing a comprehensive suite of practices. It seems plausible that if additional sustainability measures were adopted they may find additional advantages. It also suggests that other local companies may benefit from learning about and applying sustainability practices or producing sustainable goods and services. Finally, the benefit packages provided by many companies suggest this is an area needing work.



### III. SBI RECOMMENDATIONS

**T**HE RECOMMENDATIONS obtained from the roundtables, community meetings and surveys (summarized in Appendix D) and the collective wisdom of Task Force members led the SBI to the following vision and recommendations for retaining, growing, and creating sustainable businesses and jobs in Eugene.

Because both the public and private sectors must be involved to make Eugene a center of excellence in the field, the recommendations are organized around those intended for: a) the City of Eugene; b) the private sector; and c) other local governments and educational institutions.

Although many of the recommendations can be implemented on their own, the first three (1. publicly commit to sustainable practices and to businesses that produce sustainable products and services; 2. establish an office of sustainable development, and; 3. establish a sustainability commission) are initially the most important because they provide the institutional mechanisms needed to establish and sustain the process over time.

The following recommendations do not include all of the ideas obtained from practitioners and residents during roundtables and community meetings. A complete list of the suggestions for growing sustainable businesses and jobs can be found in the appendix. We encourage readers to review the complete lists and act on those that they feel might prove beneficial.

#### A. SBI TASK FORCE VISION OF A SUSTAINABLE EUGENE

In 2020, the Willamette River is the symbol of the renaissance of Eugene, a renaissance that started with the City Council's acceptance of the recommendations of the Mayor's Sustainable Business Initiative in 2006. That pivotal decision by the Council propelled Eugene businesses and community members on the path to Triple Bottom Line sustainability. While the crystalline waters of the Willamette are the result of cooperative agreements between all of the localities bordering the river, tourists who've come to Eugene see it as the centerpiece of one of the most sustainable mid-sized cities in America.

Spurred on by concerns about global climate change, Eugene adopted a climate action plan and in 2020 became carbon neutral, with the community's net carbon emissions reduced to zero. The action plan triggered the creation of many types of new low-carbon business and job opportunities. Businesses have become so efficient in their use of energy and generating their own renewable energy that many are net energy producers that sell surplus power back to local utilities for redistribution to other citizens. Incentives encourage businesses and residents to use mass transit and other low carbon-impact forms of transportation. Decisions by community members result in reduced vehicle miles traveled, reduced energy consumption, and reduced reliance on fossil fuels.

Sustainable business clusters are highly developed and the center of our economic base. Businesses from across the country are

eager to be a part of the robust economy. The Metro Partnership works to fill in clusters when needed and to develop retention and support plans to expand established clusters. Throughout the area, educated consumers look to purchase products and services from businesses that are committed to Triple Bottom Line thinking. Employees and business owners are active and respected partners in the success of their organizations. The majority of jobs are full time and pay a living wage or better. Every company provides health insurance and has an active health maintenance program. Job satisfaction surveys show that employees and employers in Eugene are unusually happy compared to national averages. Sustainable health care is of the finest quality and accessible to everyone at affordable prices.

The many organic and sustainable farms surrounding Eugene do a robust business providing fresh seasonal fruits, vegetables and eggs, meat and dairy products all year long to residents. Our timber industry is in resurgence with the harvest of sustainably grown and manufactured wood products. Our green buildings are the subject of countless articles in trade and consumer publications. Visitors from around the world come to see how Eugene successfully melds strong economic growth with an abundance of quality living wage jobs and a pristine environment.

Eugene's educational facilities are both models of sustainable development and crucibles of sustainability education. Schools, like almost all other organizations in Eugene, use natural non-toxic cleaning supplies, generate some of their own energy, and are models of material efficiency, reuse and recycling. School cafeterias serve locally prepared and grown organic and natural

foods. Students arrive at school on public transportation or on their bikes. When they graduate, students easily find good jobs in the community.

Housing, dominated by retrofitted older and new green buildings, is affordable for the average worker and is surrounded by natural landscapes. The sustainable lifestyle of Eugene is a boost to local culture, and artists, musicians and fine restaurants draw people to a vibrant downtown. Living in the vibrant downtown urban core is a most desirable housing choice, while neighborhoods carefully incorporate well planned and immensely attractive denser and affordable green housing and mixed-use development.

The Office of Sustainability makes the City of Eugene one of the most sustainable local governments in the world. It also helps organizations of all types reach high standards of Triple Bottom Line performance. The sustainable purchasing policy adopted early on helped make Eugene carbon neutral. Today, City government makes all its decisions based on sustainability criteria. The county, nearby cities, utilities, business, schools, the state and the City of Eugene have forged strong connections and cooperative partnerships designed to increase sustainable practices as well as businesses and jobs.

The Sustainability Commission, composed of business owners, labor, community members, neighborhood leaders, academics and others, supports and oversees the City of Eugene's efforts, works closely with all types of local organizations and residents, and ensures that Eugene remains one of the leading mid-size sustainable communities in the U.S .

## **B. RECOMMENDATIONS TO THE CITY OF EUGENE GOVERNMENT FOR ACHIEVING THE VISION**

### **1. Publicly Commit To Sustainable Practices and To Businesses That Produce Sustainable Products and Services**

Government influences every aspect of business and job development through its bully pulpit, purchasing power, planning, permitting and development policies, incentives, tax policies, and role modeling. One of the themes heard most frequently during the SBI was the need for the City of Eugene to declare publicly its commitment to the use of sustainable practices and to supporting businesses that produce sustainable products and services. A public declaration will send a strong signal to the private sector that will help spur the adoption of sustainable practices and the growth of sustainable industries. It will also send a clear message to City employees and other public agencies that incorporating sustainability into planning, policy, permitting and all forms of decision-making is a priority. To reinforce its commitment, we recommend that the City of Eugene support the declaration with concrete action on the recommendations that follow.

### **2. Establish an Office of Sustainability within City Government**

An office is needed to highlight the City government's commitment to sustainability and to champion and coordinate internal City sustainability activities. This office would support the work of the existing Green Team, serve as a central clearinghouse of sustainability information, staff the proposed sustainability board/commission, and serve as an official City link on sustainability to the public. We recommend that this Office report to the City Manager.

*The specific responsibilities of the office would include:*

- Identifying resources as well as sustainable products and services for use internally and externally.
- Demonstrating leadership and championing sustainability to City staff and the public.
- Serving as an information-gathering resource from the public to the City.
- Providing technical assistance to City staff and identifying where community members or businesses can obtain technical assistance.
- Providing sustainability information and education internally to City employees and partnering with others to provide it to the public.
- Coordinating sustainability policy implementation within City government.
- Identifying funding for the Office and the (proposed) Commission/Board that does not take funding away from other needs.
- Alone and in concert with other private and public organizations, establishing and delivering recognition and awards to organizations that excel in sustainability.
- Staffing the (proposed) Sustainability Commission (see below)

### **3. Establish a Sustainability Board or Commission**

We recommend that a permanent Sustainability Commission or Board be established to help expand sustainability over time internally within City government and externally within the community.

*Specifically, the board/commission would:*

- Be composed of a diverse group of 10-12 people representing the private

sector, educational institutions, hospitals, neighborhood groups, social service providers, public interest groups, civic leaders, academic institutions, and elected officials.

- Research and offer policy proposals to address sustainability issues both within the community at large and within the City government.
- Develop and support sustainability research, educational and technical assistance partnerships and consortiums.
- Continually gather and quantify data on the benefits and costs of sustainability found by local organizations and share this with the public.
- Serve as the citizen body that provides oversight of City government's sustainability efforts.

#### **4. Adopt a Goal Of Becoming Carbon Neutral By 2020 and Develop a Climate Action Plan**

We recommend that the City of Eugene adopt the goal of becoming carbon neutral (which means net greenhouse gas emissions are reduced to zero) in all City owned facilities and operations by 2020. To achieve this goal, we recommend that the City implement an internal City government climate action plan. The plan should be phased in carefully. It should include specific improvement targets, with the first being to reduce emissions to 7 percent below 1990 (or 1992) levels by 2010 (earlier if possible). The plan should include a combination of increased energy efficiency, renewable energy, carbon offsets, and other carbon reduction strategies. It should be regularly measured and improved. A climate action plan will reduce the City government and the community's greenhouse gas emissions, help drive the market for low-carbon products and services, and provide a role model for others

to follow. It will also complement Governor Kulongoski's recent directive for all state agencies to switch to 100% renewable energy by 2010.

#### **5. Purchase and Use Sustainable Practices and Local Products and Services**

We recommend that the City of Eugene continue to build on its outstanding efforts and adopt a formal policy of using sustainable practices and purchasing locally produced and sold sustainable products and technologies throughout all City operations whenever possible. The City of Eugene spent \$17,364, 737 on purchasing in FY 06 of which 55% was spent in the Eugene-Springfield area and 75% was spent in Oregon. This suggests the City is already doing a good job of buying local. Including sustainability criteria as part of its purchasing policies would enhance City government operations and help build the local market for sustainable products and services. The type of practices, products and services should include, but not be limited to, those described on pages 17-19 of this report.

#### **6. Adopt Sustainability Criteria for Decision Making, Beginning with Triple Bottom Line Policy Assessments and Purchasing Policies**

Following from recommendation number five, we recommend that the City adopt sustainability criteria to be used as a screen for decision making in all aspects of City operations, planning and policy. These criteria should initially be implemented in two ways: a) Staff should analyze proposed policies or actions for city council from the perspective of how they may impact sustainable business and jobs, the environment, and human rights and social equity. Upfront analysis of the

implications of a proposed policy or action on the Triple Bottom Line will allow for more informed decision making by council members; and b) A sustainable purchasing policy based on life cycle costing should also be adopted. The University of Oregon's and City of San Francisco's Life Cycle Costing purchasing programs described in the appendix can serve as a model. The adoption of a sustainable purchasing policy will help build the market for sustainable goods and services. Once the City has developed sufficient expertise with the Triple Bottom Line policy assessment and purchasing policies, sustainability criteria should be applied to all other areas of City operations.

*Specifically, we recommend that:*

- City government officials appoint a committee to serve as a research group to develop and recommend a methodology and criteria for assessing the potential implications of proposed City policies and actions on sustainable businesses and jobs, the environment, and human rights and social equity.
- City government officials appoint a committee to serve as a research group to develop and recommend sustainable purchasing criteria to the City Council.
- Once completed, the City government implements such a policy requiring all purchases, services and contracts to meet those standards and provide information in all bids to help applicants determine what will be necessary to meet the standards.
- The City government encourages all local businesses to participate in the bidding process. For any business that seeks to improve their products or services to better meet the purchasing criteria, the City initiates technical outreach to assist the company in gathering information and to adopt more sustainable business practices.

- The City government identifies barriers to sustainable purchasing as well as develops and implements strategies to overcome those barriers. These strategies could include actions such as lobbying for policy changes at the state and federal levels.

### **7. Adopt Goal and Develop Strategy to Achieve Zero Waste**

Although Eugene City government does not control the county waste management system, it can control the amount of waste produced by its own internal operations and facilities. As with purchasing policies, the elimination of waste can reduce city government's environmental impacts, reduce costs, help drive the market for reuseable and recyclable products and services, spur jobs creation, and provide a model for others to follow. The Task Force therefore recommends that Eugene City government adopt a goal of achieving zero waste to landfills (and incinerators) from city operations and facilities by 2020 and implement a plan to achieve that goal. The Task Force also recommends that City government take an active role in the development of a metro-area wide zero waste plan, as discussed in Section D below.

### **8. Adopt Sustainability Indicators and a Measurement System**

City of Eugene employees and the public will want to know how City government's sustainability efforts are proceeding. We therefore recommend that City government adopt indicators and a system to continually measure progress toward sustainability. The indicators should assess internal City government operations as well as community-wide progress in making Eugene one of the nation's most sustainable mid-size communities by 2020.

*Specifically, we recommend that:*

- City government establish numeric annual goals and targets (e.g. reduce carbon emissions by 5% annually, increase sustainability practices by 10% annually), evaluate progress in meeting those goals on an annual basis, celebrates success in meeting those targets, and redouble efforts in areas that have fallen short.
- Indicators be developed in areas such as air quality, carbon and methane emissions, waste reduction, reuse and recycling, energy efficiency, use of renewable energy, household income, percent of people living at or below the poverty level, percentage of people with adequate health care and other issues that can measure the Triple Bottom Line of the community.
- City government develops a template linked to the community-wide indicators to be distributed to local organizations for use in evaluating their progress toward sustainability goals. The City may ask that companies anonymously submit the completed assessment to help the City measure progress within the community.
- City government considers adopting an indicator that measures the number of businesses that use and submit the evaluation template.
- A primary purpose of the self-evaluation template is to help individual businesses identify practices and policies that may improve their efficiency and productivity. To that end, we recommend that City government collaborate with other local providers to offer education, training and technical assistance to all those who desire it.

### 9. Educate Employees

To successfully implement the recommendations above and make Eugene one of the

most sustainable mid-size communities in the nation, a concerted effort must be made to educate and enhance the professional skills and understanding of City employees.

*We recommend that:*

- All City of Eugene employees be provided with education and training opportunities, including seminars, workshops, and on-line or distance learning, to enhance their sustainability understanding and skills.
- The City of Eugene enhances professional education of city code inspectors in the area of renewable energy systems.
- The City of Eugene enhances the knowledge of regulators, building inspectors and other staff on green building principles and practices.

### 10. Provide Incentives and Awards and Remove Barriers

Incentives, recognition and rewards are needed to encourage the adoption and use of sustainable measures and to make the upfront costs affordable. Barriers must also be removed.

*To that end, we recommend that:*

- The City of Eugene provide incentives for sustainable businesses such as public recognition programs, fast tracking of permitting or a two-track system, reduced systems development charges, and others. Existing incentives should be posted at an easily accessible location for the public. New incentives should also be considered. Special emphasis should be given to ways to assist low-income and special needs populations to purchase and use sustainable goods and services such as renewable energy, biofuels, green building, reused and recycled materials, and others.

- The City of Eugene examine existing sustainable business rating systems, such as Oakland’s Green Map program, Shorebank Pacific’s system, the LEED program and others, and establish a point system suitable to Eugene that recognizes businesses that use sustainability measures. Organizations using a larger array of measures could be provided additional incentives and greater public recognition. The proposed Office of Sustainability and/or Sustainability Board/Commission could choose the criteria for the rating system.
- Much as it is doing in green building, the City of Eugene makes an explicit effort to identify and remove regulatory barriers that inhibit the growth of sustainability sectors, such as subsidies that encourage unsustainable development including the excessive use of fossil fuels; permit and planning obstacles; and other constraints.

### 11. Form Partnerships

City government must play a key role in the growth of sustainability practices, products, and services. However, many of the goals can only be achieved through establishing new partnerships or by supporting existing partnerships. The creation of many of the partnerships will require that the City of Eugene be the first mover.

#### *Accordingly, we recommend that:*

- The City of Eugene initiates and supports a partnership with its Springfield and Lane County (SEL) partners to establish a sustainability resolution that will commit them to pursue sustainable goals and practices within their institutions using Triple Bottom Line standards and methods. This process is underway and we recommend that the City fully support it.
- The City of Eugene takes the lead in initiating a partnership with EWEB, EPUD and other local utilities, the University of Oregon, Lane Community College, Lane Workforce Partnership, Lane County Central Labor Council and others to jointly execute a strategy to coordinate and expand technical assistance to all local businesses and workers interested in sustainable business practices.
- The City of Eugene actively recruits and supports the efforts of people in the community who can serve as champions of sustainable business practices and products within their industry, professional groups, civic groups, or neighborhoods.
- In concert with EWEB and other local utilities, businesses, and organizations, the City of Eugene takes a leadership role in developing a metro-area goal of becoming carbon neutral by 2020 and implementing a metro-area climate action plan to achieve that end. We recommend that this plan be linked with the City government’s internal climate action plan.
- The City of Eugene takes a leadership role in forming a partnership with Lane County, the Eugene Chamber of Commerce, private companies, and local educational institutions to educate the public about the value of sustainable practices, products and services and exemplary sustainability businesses through sustainability awards, media campaigns, events, workshops and classes, a sustainable Eugene logo, and other steps.
- The City of Eugene partners with the Eugene Chamber of Commerce, Lane Metro Partnership, local lending institutions and others to establish a sustainable business incubator(s) for the organic and natural food trade, natural products, and other sustainable business clusters.

- The City of Eugene actively supports the efforts of the Northwest Energy Education Institute at Lane Community College to establish and maintain a website that will serve as a clearinghouse of sustainability information for the entire community.
- The City of Eugene convenes a partnership with local farmers and agricultural organizations such as the Oregon State University Extension Service to identify and implement mechanisms to expand production of local organic food and raw material for food processing enterprises.
- When appropriate, the City of Eugene convenes capital improvement partnerships for large projects such as new hospitals or sports arenas, with the goal of making those projects more sustainable from the inception. Groups such as the Ecological Design Center at the UO, the local chapter of the Cascadia Green Building Council, and others could be asked to participate in such partnerships.

### C. RECOMMENDATIONS TO THE LOCAL PRIVATE SECTOR AND NON-PROFITS

The Task Force offers the following suggestions to the CEOs and board of directors of private companies and non-profit organizations.

#### 1. Design a Plan to Help All Local Businesses Apply or Expand Sustainability Measures

SBI research found that local companies have found numerous competitive advantages through the use of sustainability measures. In addition, we found that few local companies use a comprehensive suite of practices. We recommend that the Eugene Chamber of Commerce, local trade associations, and other organizations that support business development consider joining with the City

of Eugene and others to implement strategies to help all interested local firms learn about the business benefits of sustainability and the practices that produce them. We recommend that companies not currently using sustainability measures be encouraged to adopt them and those already employing the measures be encouraged to adopt a more comprehensive suite.

#### 2. Commit to Expanding Sustainable Business Clusters

We recommend that the Lane Metro Partnership, Eugene Chamber of Commerce, as well as agencies such as the Lane Workforce Partnership, Oregon Department of Community and Economic Development, City of Eugene, Lane Economic Committee, Lane County Standing Economic Committee, and other economic development agencies form a partnership with the goal of growing the sustainability clusters identified by the SBI and others that may emerge in the future. This focus should add to and complement ongoing economic development activities.

As part of this focus, we suggest that the agencies proactively seek out and help organize and support the growth of entire sectors rather than just individual firms that may request assistance. In addition, when possible, we recommend that the entities described above seek to:

- Identify specific actions to retain and grow the clusters by identifying common problems and helping the industry develop solutions that benefit everyone. A special emphasis could be placed on improving fundamental business skills and encouraging businesses within each cluster to communicate among themselves and with other industry clusters.

- Actively involve key organizations that influence or are influenced by each of the sectors in the activities of the sustainability clusters (e.g. engage Lane County Home Builders Association with the green building cluster).
- Assist each cluster to develop value-chain-wide source-based solutions to problems and opportunities.

### 3. Recruit Businesses to Fill Niches and Create Dynamism within Existing Sustainable Clusters

We recommend that the partnership described above, and especially the agencies directly involved with business recruitment, make an explicit commitment to actively recruit businesses that are engaged in Triple Bottom Line business activities and can fill gaps in existing sustainable industry clusters.

#### *To accomplish this:*

- Gaps in local sustainability industry clusters and major barriers to industry success should be identified. We recommend that the first priority be to assist existing businesses to expand or spin-off new companies to fill existing gaps and niches (e.g. distribution channels for small natural food providers). We suggest that the second priority be to recruit businesses from outside the community that can fill gaps that local firms cannot serve.
- We recommend that incentives to support the clusters be identified, such as the possibility of fast-tracking permits, funding and finance, tax incentives, and others.
- The SBI supports the inventory of the supply of existing and potential industrial and commercial lands in order to meet the needs of sustainable businesses.

### 4. Form Local Associations or Networking Mechanisms

Although businesses often view local firms in the same sectors solely as competitors, ample research shows that when firms in the same or similar industry regularly meet and work together to identify and resolve common problems, the entire industry benefits. We therefore strongly encourage each of the sustainable industry clusters that were the focus of the SBI (and others) to establish local networking mechanisms or organizations to facilitate ongoing communication and problem solving. The organic and natural foods industry has already taken this step, having recently formed the Willamette Valley Sustainable Foods Alliance and local members of the construction trade are considering forming a local chapter of the US Green Building Council. Local renewable energy companies are discussing similar efforts. We applaud these efforts and encourage other sectors to do the same.

### 5. Educate the Public and Promote Local Sustainable Products

Local and national consumers are just beginning to understand the need for and benefits of sustainable products and services. A good deal of public education is needed to help grow the industry. Numerous studies have documented the economic value communities generate by purchasing goods and services from local companies. We recommend that the Eugene Chamber of Commerce, in concert with other local trade associations, private companies, and economic development agencies, consider instituting a major long-term public education and marketing campaign to increase consumer understanding about the value of purchasing locally produced and sold sustainable goods and services.

## 6. Improve Access to Loans, Grants, and other Forms of Business Financing

SBI research found that many local companies using sustainability practices have limited knowledge about the loans, grants, tax credits and other financial instruments available to them, find them hard to access, or do not qualify for the types of capital currently available. We also found that the understanding among local financial institutions is low about how sustainability practices can reduce risks and increase the financial viability of a company. We therefore recommend that private and non-profit banks, investment and venture capital firms consider joining with the Eugene Chamber of Commerce and local and state funding agencies in a coordinated effort to:

- Increase their knowledge of the business value of sustainability principles and practices.
- Determine how each financial institution can benefit from and serve as a role model by applying sustainability practices to their own internal operations.
- Develop sustainability education and training programs for potential customers.
- Establish a sustainability certification process linking business education with loan and grant approval, including a possible climate change risk reduction plan.
- Identify gaps in local financing options for sustainable businesses and develop financial instruments to meet those needs, including a possible local green “CD” to offer an investment option for citizens interested in supporting local sustainable businesses.

## 7. Form Task Force to Address Social Equity

Numerous studies and practical experience

underscore the business and community benefits of addressing key social equity needs such as providing employees with quality living wage jobs, sufficient benefits, flexible work schedules, and opportunities for career advancement. Most Eugene companies strive to meet these needs and many do an excellent job. However, the unemployment and part-time employment rates in Eugene, as well as the number of people living at or below the poverty line and without health care and other benefits, suggests that more can be done. We recommend the formation of a task force among local companies, business associations, non-profits, workers and their representatives, educational institutions, and the City of Eugene and other local governments, including those that work with low income families, to identify ways to strengthen and upgrade wages, benefits, and other priority social equity needs. The task force should also consider an outreach program aimed at discussing with local executives the value of enhancing social equity to their bottom-line and to the community’s well being.

## D. RECOMMENDATIONS FOR OTHER LOCAL GOVERNMENTS AND EDUCATIONAL INSTITUTIONS

The SBI Task Force offers the following recommendations to the boards of directors and chief executives of the organizations named.

### 1. Develop and Operate a Public Education Sustainability Consortium

We encourage Lane Community College to continue its efforts, with strong support from the City of Eugene, to enhance efforts by the 4J and Bethel school districts, early childhood education, preschool programs, the University of Oregon, EWEB, Lane

County, the Lane County Central Labor Council, and other educational institutions to expand sustainability in curriculum, teacher training, administration and facility operations. We also encourage the University of Oregon and other local private and public higher education institutions to continue to integrate sustainability into their curriculum and facilities management as well as into the curriculum of teacher training programs so that area teachers obtain the highest-level education and training possible.

### **2. Develop a Consortium to Provide Sustainability Education, Training and Technical Assistance for Local Businesses and Workers**

As previously discussed, we encourage Lane Community College Small Business Development Center, the Lane Workforce Partnership, University of Oregon, Eugene Chamber of Commerce, EWEB, EPUD, and other local service providers to join with the City of Eugene to form a consortium to develop, upgrade and enhance sustainability education, training and technical assistance programs for local businesses. This may include establishing a sustainable business “train the trainer” program and other education and training mechanisms.

### **3. Develop Consortium and Implement Metro Area Climate Action Plan**

We ask EWEB, EPUD, NW Natural Gas, Springfield Utility Board, Lane Electric Coop, Blachly-Lane Electric Coop, and other local utilities and fuel producers and providers to join with Lane Transit District,

University of Oregon, Lane Community College, 4J and Bethel school districts, the City of Eugene and other local and state public agencies as well as large energy users in the private and non-profit sectors in the development of a climate action plan for the metro area. The long-term goal should be to make the metro-area carbon neutral by 2020 (net carbon emissions reduced to zero). The near-term goal may be to reduce the area’s greenhouse gas emissions to 7 percent below 1990 levels by 2010. We encourage this consortium to invite other public agencies within the greater metropolitan area to consider participating in the process. We suggest the plan be carefully phased in by initially focusing on, for example, energy, transportation, and waste management efficiency improvements, the use of existing renewable energy technologies, the purchase of carbon offsets, and other carbon reduction practices and technologies. After possible greenhouse gas reductions from these actions are achieved, additional steps can be considered including the use of new technologies and other strategies. We encourage the consortium to continually evaluate and improve the plan over time. A climate action plan will reduce the region’s overall greenhouse gas emissions, help drive the market for low-carbon products and services, and provide a model that others can follow.

*As part of this Climate Action Plan we recommend that:*

- EWEB, EPUD, and other local utilities consider the possibility of creating a

Community Solar Power System as well as a Solar Utility using the concepts developed by members of the local solar and renewable energy industry.

- EWEB, EPUD, NW Natural Gas and other local utilities begin to document the carbon dioxide emissions generated by each customer's energy use on their monthly bills.
- EWEB, EPUD, NW Natural Gas other local utilities and the City of Eugene should consider establishing a local CO2 offset program whereby area businesses and households could voluntarily pay a set amount into a common fund for every pound of carbon dioxide they generate, with the revenue generated by the fund reinvested in local renewable energy and CO2 reduction projects.

#### **4. Develop Consortium and Implement Metro Area Zero Waste Strategy**

The Lane County Wasteshed has one of the highest recycling rates in the nation. However, waste generation rates have increased 19% over the last decade. Pursuing a goal of zero waste to landfills (and incinerators) by 2020 can reduce the region's environmental impacts, save money, help drive the market for reuseable and recyclable products and services, spur job creation, and provide a model for others to follow. The Task Force recommends that the City of Eugene form a task force to work cooperatively with Lane County and other local governments, private, non-profit, academic institutions and others to identify mechanisms to maximize recovery, examine the effect of disposal fees

and other charges on diversion and problem wastes, and look for ways to retain high value recyclables within local markets in the community with the long term goal of achieving zero waste.



## IV. CONCLUSION AND NEXT STEPS

**T**HE CITY OF EUGENE, along with many local businesses, nonprofits and other organizations have already demonstrated their commitment to a sustainable future. The SBI recommendations seek to build on that work by establishing the building blocks for making Eugene one of the nation’s most sustainable mid-size communities by 2020.

The recommendations offered by the SBI Task Force provide a starting point—but only the initial steps—for the transition to sustainability. Additional steps will be needed, such as resolving issues such as land use, the availability of industrial lands, sustainable transportation systems, affordable housing for first time homeowners and others, and the protection of nearby agricultural lands that could provide raw materials for local businesses.

The transition to sustainability will take dedication and hard work. In order for our community to achieve the SBI vision, City government and other local organizations will need to make a long-term commitment that includes sufficient funding and staff. The SBI Task Force asks that the Eugene City Council as well as local business and civic leaders act to capitalize on the long history of outstanding local activity in sustainability and carry out the recommendations offered in this report.

## V. GLOSSARY OF TERMS



**Carbon neutral:** A carbon neutral building, business, organization or community emits zero net emissions of carbon (carbon dioxide) into the atmosphere. Becoming carbon neutral involves a suite of strategies including increasing energy efficiency and conservation, the use of renewable energy, and for the carbon dioxide that cannot be eliminated, purchasing “carbon offsets” such as green tags that pay an organization to plant trees or take other steps to sequester the amount of carbon you have produced.

**Greenhouse gases (GHG):** These are atmospheric gasses that contribute to the greenhouse effect. These gases include carbon dioxide, methane, ozone and nitrous oxide. Water vapor is also a significant contributor to warming, but increased water vapor results from warmer temperatures. Greenhouse gasses naturally occur in the atmosphere. Without them the Earth would be too cold for most forms of life. However, scientists have confirmed that over the past 150 years or so humans have emitted excessive amounts of GHG from burning fossil fuels, deforestation, livestock farming and other practices that have accumulated in the atmosphere. The excess gasses form what can be thought of as a huge blanket that prevents solar radiation from bouncing back into space, thus trapping heat near the Earth’s surface.

**Renewable energy:** Energy gained from sources that are more or less inexhaustible and are readily replenished without environmental harm, such as sunlight, wind, flowing water, geothermal energy and biomass. Although hydropower is renewable, large-scale projects are often not grouped with other renewable energies because of the environmental damage inflicted by large dams. Biomass and geothermal energy can also produce environmental harm if not designed and managed carefully.

**Life cycle costing:** This broad term describes a process to consider both initial and future costs and benefits of investments. The costs of maintenance, use, and disposal are considered in life cycle costing. For example, life cycle costing may reveal that while energy efficient windows may cost more initially, in the long term the energy savings more than make up for the original outlay of capital.

**Sustainability:** Although there is no single definition of the term, the U.N. World Commission on Environment and Development first coined the term ‘sustainable development’ in their 1988 report, “Our Common Future”: *“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

The term can alternatively be conceptualized as a balance between environmental, social and economic priorities, also known as the triple bottom line. See Section II.A. of the SBI Final Report for more details on the term sustainability.

**Triple Bottom Line:** Measures to simultaneously achieve economic, social and environmental wellbeing.

<sup>1</sup>This number includes the Task Force; Technical Advisory Committee; approximately 8 to 15 people who participated in each roundtable; another 5 to 15 people who observed each roundtable; 20-30 local people and outside experts contacted for background information; 297 respondents to the public survey; 83 respondents to the business questionnaire; approximately 80 open house attendees; members of the Chamber of Commerce, Rotary, and others that the Task Force met with; and approximately 8 University of Oregon students and faculty staffing and supporting the initiative. We assume some overlap, so the estimated total is less than the sum of those listed above.

<sup>2</sup>This number includes at least 95 hours that the 380 people spent on surveys (at 15 minutes per survey); 60 hours from a voluntary marketing team; 525-700 hours that the co-chairs estimated they had spent as of May; 150 hours spent by the Technical Advisory Committee; at least 80 hours from community members at the open houses; and at least 575 hours that Task Force members estimated they had spent as of May. These numbers are conservative estimates and it is likely that by the end of the process, the actual number of in-kind hours spent on the SBI will be much higher.

<sup>3</sup>See University of Oregon Climate Leadership Initiative Report, Spring 2005 at <http://climlead.uoregon.edu>

<sup>4</sup>Porter, M. *The Competitive Advantage of Nations*, The Free Press, New York, 1990

<sup>5</sup>Although a few skeptics have raised doubts about warming, on May 3, 2006, the federal Climate Change Science Program, established by the Bush Administration in 2002 to address 'unresolved questions,' issued its long awaited report that confirmed that the Earth is warming and that there is "clear evidence of human influences on the climate system." Thus, the debate about the actuality of warming and the human contribution to it appears to be over.

<sup>6</sup>Willard, B. *The Sustainability Advantage*, Chapter 6, New Society Press, 2002

<sup>7</sup>Willard, B. *The Sustainability Advantage*, Chapter 3, New Society Press, 200

<sup>8</sup>Willard, B. *The Sustainability Advantage*, New Society Press, 2002

<sup>9</sup>From Doppelt, B. *Leading Change toward Sustainability: a Change Management Guide for Business, Government, and Civil Society*, Greenleaf Publishing, United Kingdom, 2003.

<sup>10</sup> This is a minimum figure that does not include the revenue of a few large organizations that would have skewed the totals.

<sup>11</sup> This is a minimum figure that does not include the payroll of a few large organizations that would have skewed the totals.



Report and Recommendations  
to the Eugene City Council  
and Community of Eugene

FROM THE



**SUSTAINABLE**  
Business Initiative Task Force

AUGUST, 2006