

II A 601

buy quiet report

buy quiet
buy quiet
buy quiet
buy quiet

a supplement to
the NIGP Letter
Service Bulletin

No. 16

July/August 1982

National Institute of Governmental Purchasing 1100 Jefferson Davis Highway, Arlington, VA 22202, (703) 838-1000

NOISE POLLUTION: Marketing Techniques as a Substitute for Regulation

Prepared by
J.B. Cox
Bureau of Industrial Economics
U.S. Department of Commerce
July, 1982

In the general rush in the 1970's for Federal solutions to environmental problems, noise was defined as an environmental pollutant, and addressed primarily by the Noise Control Act (NCA). The NCA requires the Environmental Protection Agency (EPA) to identify major noise sources, and establish and enforce noise emission product standards. However, since noise is not perceived to be as dangerous as other pollutants, such as toxic substances -- and in accord with the Administration's emphasis on deregulation wherever possible -- EPA's noise control programs have been severely reduced for fiscal year (FY) 1982, and are scheduled for zero funds beginning in FY 1983.

Nevertheless, one aspect of noise control programs stands a good chance to survive because it can be included with other environment-related and health-

related issues. It has already been integrated into other organizations, appears to be self-sustaining in its appeal, and is producing results. This is the "buy quiet" program (BQP), which was devised by EPA about 2 years ago, and is being promoted now by the National Institute of Governmental Purchasing, the National Association of Neighborhoods, and the National League of Cities.

The BQP organizes markets for quieter products as a method of inducing noise-reducing product design. The strategy is for purchasing agents of public institutions -- primarily state and local government -- to factor the noise level of a product into their buying decisions. This notion has considerable appeal, since most people believe that one of government's functions (at least at the local level) is to enhance community values. Procurement specifications are written so that the actual bid price is adjusted to incorporate an incentive for quieter models, the amount of adjustment depending on the community's value of less noise. Purchase contracts are then awarded on the basis of the "evaluated bid price."

After the BQP has been established by a purchasing entity, the next step is for government entities that "buy quiet" to encourage industries within their jurisdictions to adopt the plan also. Large national firms or trade associations whose public image would be enhanced by such a program are obvious candidates.

Theoretically, as the "buy quiet" market grows, firms whose products are noisy can continue participating as a market supplier only by reducing their products' noise. Since both price and less noise "drive" market acceptance, the result is the development, marketing, and procurement of quieter products at competitive prices. Public awareness of these factors helps spur demand even further. The BQP becomes self-sustaining when manufacturers, having developed and initially marketed a less noisy product, use this feature themselves to create additional sales. This has happened with at least one manufacturer of engines used in lawn mowers, front end loaders, back hoes, lift trucks, sweepers, and scrubbers.

Over 300 governmental purchasing entities (state and local purchasing agencies and cooperatives) have expressed an interest in applying this concept. Over 100 are committed in writing to implementing it. To date, there have been about 30 BQP contracts. Half of these have been signed within the last 9 months, indicating increased interest in the program. The most recent large BQP contract was let by the City of Chicago for \$2.7 million worth of garbage trucks.

Occupational Health and Safety Administration (OSHA) officials are now considering the application of the BQP to occupational environments. Occupational noise is a major health issue in many industries, and accounts for millions of dollars yearly in hearing loss claims. Current OSHA regulations limit worker exposure, but a more stringent standard has been proposed, based on engineering controls (i.e., redesign of equipment or its enclosure) rather than worker protection devices (e.g., hearing muffs and plugs). But because of the cost of compliance with engineering controls, a more restrictive regulation has been vehemently opposed by industry. Officials

at EPA and OSHA are now considering the cooperative application of BQP to the occupational noise issue. Coordination is being handled through the Federal Advisory Council on Occupational Safety and Health. Because the BQP is non-regulatory and works through market incentives, it could signal a breakthrough in the current logjam surrounding the OSHA proposal.

Conceptually, the BQP can be applied to other socially desirable goals besides a quieter environment. The use of the BQP to create markets for more energy-efficient products and less pollutant-emitting vehicles is also being considered by a number of jurisdictions. Salt Lake City, for example, calculates a fuel saving of over \$30,000 in a small pilot purchase of more energy-efficient products and quieter air compressors. Likewise, Los Angeles Water and Power recently purchased quieter industrial tractors using the BQP method, and is now exploring ways in which the BQP can be used to purchase vehicles which emit less pollutants. The Los Angeles area is known for its acute air pollution problem.

Note that the BQP is aimed at the purchase by jurisdictions of equipment whose sound emissions are generally regarded as a nuisance by all segments of the general public. It could not be applied to motorcycles or portable or car radios or stereos in private use, where the sound level *per se* is "music" to some but "noise" to others. Nevertheless, the BQP has in some cases decreased the ambient noise level -- and at little, if any, cost -- and its use seems to be growing. Its results are a measure of the success of substituting a marketing technique for regulation.

Seminole Savings Substantial

By using bid evaluation formulas developed through the BQP, Seminole Electric Cooperative of Tampa, FL, will save hundreds of thousands of dollars on operational costs for recently purchased industrial tractors and trucks. For example, the projected savings (considering price, guaranteed maintenance, and fuel costs) on two 35-ton dump trucks over a seven-year life cycle was \$347,089.72. Additional information is available from NIGP.