

# Lighting the way

by Laura Fuller

## Kitchener's energy efficient contract benefits others

**L**IGHTING ACCOUNTS FOR the single largest portion of electric bills for commercial users – as much as 40 percent. In southwestern Ontario, the City of Kitchener has taken a leadership role with their commitment to saving energy and costs by retrofitting lighting systems throughout the city. In the process, they have taken what has been known as a traditional supply contract one step further, making it into a fully integrated systems contract, that not only includes energy efficient retrofits, but also new construction initiatives.

Kitchener was among the first to specify that certain products were to be used exclusively in their commercial properties. Traditionally, a contract would just involve the supply and delivery of a product. However, the city saw a real partnership opportunity with Gerrie Electric Wholesale Limited, one of the largest independent electrical distributors in Canada and Sylvania Lighting Services, the industry leader in lighting service and maintenance. "It seemed like a natural fit to me to bring our vendor of record, Gerrie Electric, and the manufacturer, Osram Sylvania, into one agreement," said Steve Rudak, buyer, purchasing, Financial Services Department for Kitchener. "Although it took a good deal of time to organize and get the buy in, at the end there is added value and the tendering and quoting was all done upfront." The outcome is a standing agreement between the city and Sylvania Lighting Services that is fully supported by Gerrie Electric.

Each lighting project has included facility audits performed by Sylvania Lighting Services, purchase volume discounts, training for facility managers, electricians, maintenance staff and engineering personnel. All inventories have been organized, a Web ordering process has been implemented, regular performance meetings have been scheduled and a common pricing strategy established for the term(s) of the contracts. Due to the solid relationship with the manufacturer and distributor, all facility contacts have immediate access to the newest product information and energy efficient breakthroughs.

By being able to demonstrate that they had employed the best solution through partnerships, the city has overcome the barriers to standardization resulting in increased efficiency and cost savings. "We have demonstrated that we are able to put together a viable purchasing program that saves time, energy and money. There is nothing compared to it, thanks to our partners Osram Sylvania and Gerrie Electric," said Rudak. "It is important to recognize the relationship that can be built between a public purchasing department and vendors for long term success."



The Cooperative Purchasing Group of Waterloo Region (CPGWR) was formed in 1978, to maximize value for money by working cooperatively to promote efficiencies and economics in the areas of purchasing and materials management through process standardization and resource sharing. The CPGWR contracts for various commodities on behalf of its member agencies comprised of municipal and regional governments, school boards, hospitals, universities and other public entities.

An estimated dollar value of over \$45 million worth of goods and services are cooperatively purchased through the CPGWR. The CPGWR is dedicated to providing optimum value and progressive procurement methods, practices and techniques. The com-

mon consensus had always been that standardization was the preferred method, but tradition had dictated that every project be tendered separately, which led to the procurement of diverse products of varying quality with dissimilar warranties, as well as delayed projects. Member agencies of the CPGWR now tap into the systems supply contract and standing agreement for retrofit work initiated by Kitchener.

Today, there is an all-inclusive contract in place for the supply of any conceivable electrical parts required by the cooperative, which exceeds over \$1 million annually. Since its onset in 2001, several agencies have adopted the supplies contract for their requirements. In addition to supplying the materials, the contract includes an energy efficient lighting retrofit program, where supply prices are extended to all participating agencies for their retrofit projects. A recent example is a local fire station, where the vendor of record is supplying all of the electrical materials required, driven through the supplies contract, benefiting from the pricing structure tendered.

The agreement also includes a sliding scale annual volume rebate based on the cooperative total combined purchases and the flexibility to purchase electrical materials for new construction. The lighting projects that have been implemented by the city have resulted in significant energy savings and have also resulted in monetary savings of close to \$1 million annually with a payback of just over 2 years.

The by-product of the energy saving lighting upgrades is not only cost savings but environmental as well, in the form of reduced green house gas emissions. Not only will the businesses and residents of the City of Kitchener and the Region of Waterloo save money, they will also set an excellent example for others by their reduction in energy use, improved working and living conditions, and reduced environmental impact. ~~~

*Laura Fuller is manager, communications and marketing services for Osram Sylvania Ltd., one of the largest lighting manufacturers in the world. She has been in the lighting industry for over 18 years and is a board member of the Illuminating Engineering Society (IES), Toronto Section.*