



Nomination form

Nominee Information

Public Sector Procurement Project Ontario Public Service Life Cycle Analysis Project

Team Name DPS LCA Team Team Leader Sandeep Bajaj

Organization Province of Ontario

Team participants See attached sheet

Category of public sector Provincial Government

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Nomination submitted by

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Certification

To the best of my knowledge, I certify that the information provided is accurate and true.

Signature Date June 29, 2010

Structure of the submission

The nomination form must be accompanied by an overview of the initiative that you wish to profile. We provide you with the following outline to help you structure your submission. You are welcome to include additional information that you feel is pertinent, but the submission should not exceed five (5) pages. If you have any questions, please contact us at award@summitconnects.com.

- Objectives of the initiative
- Brief description
- Contribution of the initiative to the key criteria:
 - measureable and significant benefit;
 - high degree of innovation;
 - potential for "best practice" in green procurement;
 - ability to influence the future development of the Canadian marketplace for environmentally friendly products and services.
- Assessment of "green" impact by an outside party.

The submission must include a letter of reference from a senior manager or procurement supervisor involved in the initiative – someone other than the nominator.

**The Ontario Public Service Life Cycle Analysis for Green Procurement Project
Nomination for *Summit* Leadership Award**

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Life Cycle Analysis for Green Procurement Project

Objective

The primary project objective is to develop and apply a new life cycle based strategy framework for green procurement in the Ontario Government enterprise procurement program. The framework has re-engineered the traditional procurement process as summarized in the table below, which lists the key transformations involved in this project:

Traditional Procurement Strategy	Life Cycle Based Procurement Strategy
<ul style="list-style-type: none">• Unknown environmental impact of goods/services	<ul style="list-style-type: none">• Baseline environmental footprint (carbon footprint, energy) and strategy to reduce environmental footprint
<ul style="list-style-type: none">• Purchase price focus	<ul style="list-style-type: none">• Total life cycle costs examined throughout life cycle (e.g., reduction through longer life)
<ul style="list-style-type: none">• Rated and Pricing procurement evaluation stages	<ul style="list-style-type: none">• Additional Life Cycle Rated stage• Best and Final Offer (BAFO) clause
<ul style="list-style-type: none">• Environmental performance not monitored during contract	<ul style="list-style-type: none">• Environmental performance plan with Vendor in contract/KPIs

The objective supports Ontario Government greening priorities in both reducing the Ontario Public Service (OPS) carbon footprint and supporting an innovative green marketplace for goods and services. The innovative life cycle based strategy framework developed for green procurement utilizes environmental life cycle assessment (LCA), as well as a strong supplier collaboration program. The application of environmental LCA provides a baseline carbon footprint for the development of customized green procurement strategies. In addition, the life cycle based strategy framework was designed for application to the Canadian public procurement process (i.e., open, competitive procurement process) and is widely applicable to other public jurisdictions throughout Canada.

Overview

Life Cycle Based Strategy Framework

The strategy framework was developed within this project and then applied to a number of active enterprise procurements over the last year (2009-2010) – including General Office Seating, Cleaning Supplies, Courier Services and Dairy products.

The enhanced environmental information from LCA is utilized to develop green sourcing strategies and vendor performance plans. A jurisdictional scan demonstrates life cycle thinking applied in procurement is a best-practice approach to sustainable procurement implementation.

The flow chart below is an overview of the strategic framework of the life cycle based green procurements:

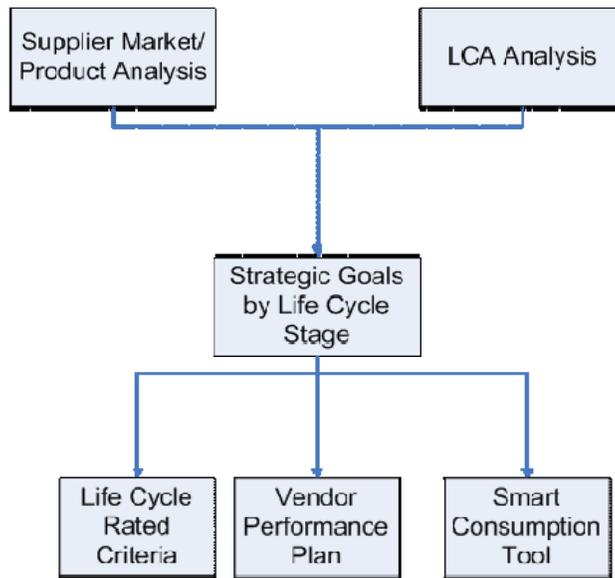


Figure 1: Strategic Framework for Life Cycle Based Green Procurement

Environmental LCA

LCA provides an environmental footprint on a life cycle basis, quantifying the carbon footprint and other environmental impacts from the product/service life cycle. LCA identifies significant contributors in the supply chain to the overall environmental footprint, allowing for targeted green strategies that will reduce the footprint. The first pilot LCA for green procurement is shown in Figure 2 below the General Office Seating procurement:

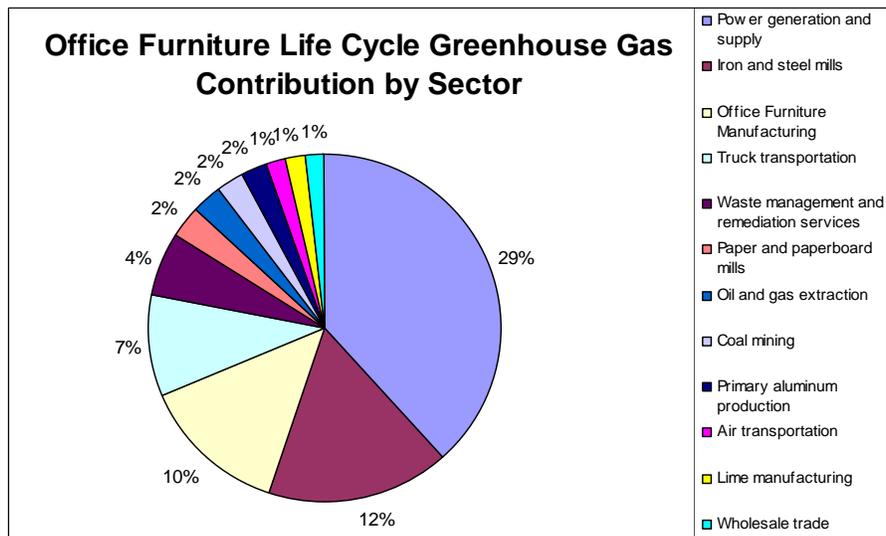


Figure 2: Screening LCA for the General Office Seating Procurement¹

¹ Reference for LCA-ECO I/O model: Carnegie Mellon University Green Design Institute. (2009) Economic Input-Output Life Cycle Assessment (EIO-LCA), US 1997 Industry Benchmark model [Internet], Available from:<<http://www.eiolca.net>> Accessed 3 March, 2009 .

The pilot LCA for General Office Seating demonstrated the following results:

- A baseline carbon footprint indicating “hot spots” in the supply was developed as shown in Figure 2;
- Suppliers were evaluated based on life cycle environmental criteria (e.g., recyclability of materials, modular design to extend chair life);
- As the first project utilizing LCA for procurement strategy development, this demonstrated the usefulness of the tool and validated the strategic framework proposed; and
- The pilot justified the acquisition of a commercial LCA software package (which was subsequently purchased) that forecasts potential green procurement environmental impact reductions.

As displayed in Figure 1, strategic goals by life cycle stage are a key component of this strategic framework and are summarized in the visual process flow below:

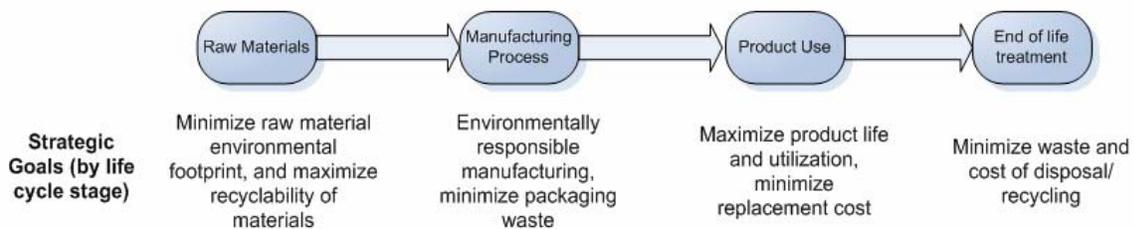


Figure 3: Strategic Goals by Life Cycle Stage

Life Cycle Rated Procurement Criteria

The life cycle rated criteria (for Request for Proposals) have the following features:

- Evaluates proponents against life cycle environmental criteria for a specific product/commodity market;

- Proponents are required to achieve a minimum score relative to the top ranked proponent in order to move to the final rated and pricing stage of the procurement;
- Life cycle approach also supports lower life cycle costs by rating products on material reuse/recyclability and product life; and
- To be used in selected procurements as a separate rated evaluation stage in addition to mandatory environmental requirements based on LCA.

Green Procurement Pricing Strategy

In order to mitigate the risk of higher prices from green procurement, a best and final offer (BAFO) clause was introduced for the General Office Seating enterprise procurement. The BAFO clause is an additional price stage that focuses only on the highest ranked proponent(s) and provides an opportunity for the proponents to submit a final price to the ministry. Developed through considerations in procurement policy and contract law, the BAFO procurement stage was implemented for the General Office Seating procurement. The results of BAFO were highly successful leading to a price reduction (in one of the three seating categories) in this multi-million dollar contract. For the other two seating categories, BAFO ensured that the best possible price was submitted.

Supplier Collaboration Program

A supplier collaboration program has been successfully implemented as part of the project in two significant areas:

- A vendor consultation approach prior to the procurement being released to determine green initiatives in the market and focus areas where suppliers are competing relating to life cycle criteria.
- A vendor performance plan as a deliverable in the procurement. The plan is for the successful proponent in the procurement that will measure environmental performance against specific criteria during the life of the contract. In the General Office Seating procurement, environmental measures were successfully implemented that review the truck transportation carbon footprint of the supplier, identified as a top contributor to the total life cycle carbon footprint for this product (see Figure 2).

Project Results

The results of environmental LCA have demonstrated opportunities that have been applied to develop specific Ontario Government enterprise wide green procurement strategies. Below are some of the strategic opportunities identified utilizing a screening LCA for strategy development:

Commodity	Environmental Impact reduction opportunity
Courier	<ul style="list-style-type: none"> • Scenario analysis results have identified significant reduction of greenhouse gases (GHG) by approx 23 % using hybrid vehicles over conventional vehicles.

	<ul style="list-style-type: none"> Scenario analysis results have identified 52% reduction of GHG using road transportation over air transportation
Bread/Buns	<ul style="list-style-type: none"> Scenario analysis results have identified significant reduction of GHG (approx 70%) by using organic bread & bun products over conventional bread & bun products
Cleaning Supplies	<ul style="list-style-type: none"> Scenario results shows 45% reduction in GWP using recycling paper without de-inking and wood free paper vs. using de-inking process and wood contain papers. Using green electricity sources (e.g., solar power) reduces approx 75% of the GWP attributable to power generation compared to current Ontario electricity mix. However, Ontario electricity source is significantly lower in GWP compared to the average US production electricity source.

External Party Review/Next Steps

The Supply Chain Management Division’s initiative was submitted for an Ontario Shared Service Excellence award in the innovation category following the pilot project work in the General Office Seating enterprise procurement. The award submissions are reviewed by a panel of Assistant Deputy Ministers across the Ontario Public Service (all outside of Ontario Shared Services). The innovative work done applying LCA to a comprehensive green procurement strategy won an Ontario Shared Service Excellence innovation award in 2009. In addition, demonstrating the project work as a best practice approach in green procurement, the following initiatives have been underway:

- Presented the project results to the OPS Procurement Network in January 2010 to leverage the success to additional Ontario Government procurements; and
- Presenting project findings to and collaborating with the Interprovincial Green Procurement Working Group to utilize the framework, scheduled for summer 2010.

Summary

In summary, the project team developed an innovative strategy framework for life cycle analysis to develop meaningful green procurement strategies. It applied this framework to a number of enterprise procurements to source green products at a competitive price, driving lower life cycle and environmental impacts from goods and services purchased by the OPS. The work has demonstrated a best practice incorporating life cycle thinking into the public procurement process.

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June 30, 2010

Summit Magazine

Canada's magazine on public sector purchasing
263 Holmwood Avenue
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Dear Nomination Committee:

I am pleased to offer the following testimonial in support of the nomination for the Summit Leadership Award for Green Procurement for the Ontario Public Service (OPS) Life Cycle Analysis project. The procurement innovation applied life cycle analysis and best and final offer (BAFO) approach towards developing a comprehensive green procurement strategy.

The project team successfully reengineered the procurement process by adding two new stages to the traditional procurement process: Life Cycle Rated and BAFO. The life cycle analysis and green procurement methodology developed will have significant benefit towards greening future Ontario Government enterprise procurements, reducing life cycle costs from OPS purchases, and support innovative enterprise wide procurement service to the OPS.

In the pilot project with the General Office Seating enterprise procurement, the Life Cycle Rated component included cradle-to-cradle environmental criteria of the product, ensuring selection of green seating products. As the final stage in the procurement process, BAFO ensured that green seating products were competitively priced, allowing value for money in the procurement process.

Over the last year since the pilot project, life cycle analysis has been applied to a number of other procurements, including courier, dairy, bread and buns, and cleaning products. The innovation has provided significant value to priorities including procurement modernization, and supporting the Ontario Government's greening agenda. As a new best practice in green procurement, the work is being leveraged to new Ontario Government enterprise procurements.

Sincerely;

Original Signed by

Ben Sopel
Director, Goods and Services Procurement Branch
Supply Chain Management Division