Best Value: Cleaner Transportation Services

Warren G. Lavey
May 2015
2013 RFP, 2014 contract

- 15 agencies on acquisition team; more participants
- 1 base year plus 2 annual options
- Over $200 million annually
- Master Task Orders to UPS, FedEx
Executive Order 13514 (2009)
Lead by Example in Energy and Environment

- Agency fleets
  - GHG and petroleum reduction targets
  - Sustainability performance plans
  - Annual reporting
  - OMB scorecard

- Supply chain GHGs
  - **Pursue opportunities** with vendors to reduce
  - Specifies delivery services
Executive Order 13514

Federal Leadership in Environmental, Energy, and Economic Performance
EO 13514 Framework Spurs Progress in Agency Fleets

Figure 5. DoD Non-Tactical Vehicle Fleet Petroleum Consumption Since the FY 2005 Base Year
Some Highlights of 2013 Federal Fleet Report

• Vehicles
  • 635,748 vehicles traveling 4.8 billion miles
  • 55% gas, 13% diesel, 28% E85
  • 111,859 medium- and heavy-duty trucks (average about 6,700 miles)

• Fuel
  • 383,257,400 gasoline gallon equivalents
  • $1.33 billion
  • 94% gas and diesel, 5% ethanol/E85
Background for DDS3 Environmental Provisions

• Agencies don’t obtain info on contractors’ emissions, fuel use


• Some GSA solicitations encouraged SmartWay
  • Not requirement or evaluation weight
  • 2011 & 2012 for W. and E. Distribution Centers
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- No provisions in DDS1 (2006), DDS2

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Behind Corporate Best Practices
Approximately 90% of federal agencies' carbon footprint lies in the products and services they purchase.
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Harm to the environment, including GHGs, has quantifiable costs and negative impacts on the economy and federal agency operations.
DDS3 Solicitation: Environmental Preferences

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  • Emissions – GHG, PM, NOx
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  • Reduce emissions and use of petroleum fuels
  • Annual reporting and remedies for shortfalls
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• Bidders must report GHG emissions for deliveries by agency annually
DDS3 Evaluation

Monetizing impacts of bidders’ carbon emissions

• Bidders estimated emissions for representative set of deliveries
• Evaluation applied “social cost of carbon” ($37/ton)
• Evaluation considered bidders’ carbon impact along with price and past performance
DDS3 Contract Performance

• Environmental factors in annual performance management reviews
  • Track contractors’ alternative fuel and vehicle use against goals for continual improvement

• Annual reports to each agency on GHG emissions from deliveries
  • Allows agencies to begin managing and reporting GHG emissions in their supply chain
Subsequent Developments

- **DoD** failed to include environmental provisions in Total Delivery Services RFP/contracts (2014)

- **State of Illinois** RFP/contract for delivery services (2014)
  - Illinois Transportation Sustainability Procurement Program Act (2013)
  - 20% of evaluation points for emissions, energy use, fuels
  - Maintain/improve SmartWay Performance Rank
Executive Order 13693 (March 2015)
Planning for Federal Sustainability in the Next Decade

• Agencies shall, where life-cycle cost effective, promote sustainable acquisitions by including to the maximum extent practicable ... **SmartWay** Transport partners and **SmartWay** products (fuel efficient products and services) ....

• Seven largest procuring agencies shall annually implement at least five new procurements annually with evaluation and performance requirements considering contractor emissions

• Revoked EO 13514
Sustainable Purchasing of Transportation Services