


**Item No. 11.1.1**  
**Halifax Regional Council**  
**January 14, 2014**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original signed by 

**SUBMITTED BY:**

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** November 4, 2013

**SUBJECT: Sole Source Award – Efficiency Nova Scotia: Lighting Efficiency Projects (Batch #4)**

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**ORIGIN**

2013/14 Capital Budget, Energy Efficiency Projects, Supplemental Report page A11.

**LEGISLATIVE AUTHORITY**

According to Administrative Order 35, Procurement Policy Section 8(11)(c)(k) (Attachment A): Sole Source/Single Source Purchases. These occur:

- (c) For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly; and
- (k) For the procurement from a public body or a not-for-profit corporation.

The following report conforms to the above Procurement Policy.

**RECOMMENDATION**

It is recommended that Halifax Regional Council award the 10 proposals contained in this report (summary table of facilities attached as Attachment B) as a sole source purchase to Efficiency Nova Scotia Corporation (ENSC), for Total HRM Project cost of \$100,262.80 (net HST included), with funding from the 2013/14 Project No. CBX01161 - Energy Efficiency Projects, as outlined in the Financial Implications section of this report.

## **BACKGROUND**

In October of 2010, HRM retained the services of Efficiency Nova Scotia to provide approved contractors to perform energy audits at municipally owned facilities under the Business Energy Solutions Program (BES). The program is designed for buildings that use less than 350,000 kWh per year (approximately \$46,000/year) and offers financial incentives of up to 80% of total project costs. HRM currently has over 250 buildings corporately, most of which comprise smaller facilities and qualify for this program. Larger HRM facilities do not qualify for incentives under the BES program, but are eligible for a minimum incentive of thirteen cents per kWh of reduction under other programs.

Over the last three years, HRM has been participating in this program with ENSC. On November 14, 2011, staff provided an update to the Environment and Sustainability Standing Committee. Up until that time, efficiency upgrades were completed at 32 buildings, with total project costs of \$274,279 and 70% of the cost shared by ENSC (or a net cost to HRM of \$81,067). The savings (in 2011 dollars) from these first 32 buildings was \$87,462 per year.

Since then, another 21 buildings have been completed at an additional total project cost of \$174,279, where 43% of the cost was shared by ENSC (or a net cost to HRM of \$98,036). The savings (in 2012 dollars) from this second batch of 21 buildings was an additional \$66,837 per year.

In November 2012, Halifax Regional Council approved a third batch of 35 facilities for an additional total project cost of \$199,516, with 51% of the cost shared by ENSC (or a net cost to HRM of \$97,763). The savings (in 2012 dollars) from this third batch of 35 buildings was an additional \$35,986 per year.

Simple payback varies between batches of projects due to different operating hours, ease of accessibility (i.e. labour costs) and existing fixtures/technology (e.g. T-12, T-8, incandescent, etc.). Cumulatively, HRM has undertaken energy efficiency retrofits using this model at 88 facilities, for a total HRM cost of \$276,866, offering annual savings of more than \$190,285.

There continues to be significant energy efficiency and financial incentives throughout HRM for new and existing facilities. As a result, it is important that any energy management activities involving capital expenditures consider energy efficiency and conservation opportunities in the early stages of the decision making process, in order to be potentially eligible for significant financial incentives from ENSC. HRM staff continues to work closely with ENSC on a variety of programs such as this BES Program as well as others, which include the new Central Library and Solar City.

## **DISCUSSION**

The Efficiency Nova Scotia Corporation Act (2009) created the Efficiency Nova Scotia Corporation (ENSC) as a not-for-profit corporation with a mandate to provide Energy Demand Management Services and to administer the Sustainable Development Fund, which includes the

Business Energy Solutions Program. In addition to these legislated core services, ENSC engages in public tendering processes to select third-party vendors who act as delivery agents for the delivery of projects supported by the Fund.

On behalf of HRM, ENSC has undertaken energy efficiency audits at 10 HRM owned facilities. The table below provides a summary of aggregated costs and savings. The total cost of all 10 proposed projects is \$134,881.16 (excluding HST). With an ENSC contribution of \$44,549.86, cost to HRM of \$96,142.15 and savings of \$24,271.26 (2013 electricity costs), the simple payback is approximately 4.0 years. The savings in electricity costs will grow in the coming years as power rates continue their general upward trend.

**Table 1: Batch #4, Summary of Proposed Upgrade Projects**

Number of Facilities	Cost of Projects	HRM Cost	ENSC Incentives	Annual Savings (Not Including Maintenance)			Overall Simple Payback
				\$	kWh	kg eCO <sub>2</sub>	
10	\$134,881	\$96,142	\$44,550	24,271	220,646	169,015	3.96 years

\*All costs and savings exclude HST

A detailed list of individual facilities is attached in Attachment B.

## **FINANCIAL IMPLICATIONS**

Based on the submitted price of \$96,142.15, plus net HST of \$4,120.65, for a total cost of \$100,262.80, funding is available in Project No. CBX01161- Energy Efficiency Projects. Budget availability has been confirmed by Finance.

<b>Budget Summary:</b>	<b>Project No. CBX01161 – Energy Efficiency Projects</b>
	Cumulative Unspent Budget \$934,952.99
	<b>Less Cost of 10 Projects</b> <b><u>\$100,262.80</u></b>
	Balance \$834,690.19

The cost of this project is captured in the \$500,000 allocated for the 2013/14 bundled project budget.

The balance of funds will be used for other priority energy efficiency projects.

As per HRM Council policy, the TPW annual electricity operating savings (W200) of \$24,271, will be directed to the Energy and Underground Services Reserve (Q131) starting in 2014/15, to fund future capital energy efficiency projects.

## **ENVIRONMENTAL IMPLICATIONS**

These 10 energy efficiency projects offer ongoing, annual corporate reductions of 220,646 kWh and 169,015 kg of equivalent carbon dioxide. Project Terms and Conditions require that the Delivery Agent removes old equipment for recycling and proper disposal. The Delivery Agent permanently disables all existing lamps, ballasts and fixtures, which are replaced in order to render them unfit for reuse and ensure energy reductions is guaranteed.

## **ALTERNATIVES**

An alternative would be to decline implementation of the retrofits. This would lead to a missed opportunity for appreciable energy and operating expense reductions. There is no guarantee that the ENSC programming or funding offers will be available in the future.

## **ATTACHMENTS**

Attachment A: Administrative Order 35 - Procurement Policy Section 8 (11), Sole Source/Single Source Purchases

Attachment B: Table of Facilities Proposed for Energy Efficiency Upgrades

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Attachment A

**Administrative Order 35  
Procurement Policy Section 8 (11)  
Sole Source/Single Source Purchases**

(11) **Alternative Procurement Practices** may be used as follows:

A. Sole Source/Single Source Purchases. These occur:

(a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.

(b) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.

**(c) For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly.**

(d) For the purchase of goods on a commodity market.

(e) For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor.

(f) For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work.

(g) For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases.

(h) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership

(i) For the procurement of original works of art.

(j) For the procurement of goods intended for resale to the public.

**(k) For the procurement from a public body or a not-for-profit corporation.**

(l) For the procurement of goods or services for the purpose of evaluating or piloting new or innovative technology with demonstrated environmental, economic or social benefits when compared to conventional technology, but not for any subsequent purchases.

## ATTACHMENT B

## November 2013 - Batch #4

## Facilities Identified for Participation in Efficiency Nova Scotia's *Business Energy Solutions* Program

Number	Facility Name	Address	Total Project Cost (Excluding HST)	HRM Cost (Excluding HST)	Annual Savings (kWh/yr)	GHG Reduction (kg/yr)	Annual Savings	ENSC Contribution	HRM Simple Payback (years)
1	Scott Manor House	15 Fort Sackville Road	\$1,239.36	\$1,090.63	746	\$571	\$82.08	\$171.03	13.3
2	Bedford Leisure Centre	1800 Bedford Highway	\$11,012.12	\$9,140.06	9,314	\$7,135	\$1,024.62	\$2,152.87	8.9
3	Public Gardens	5771 Spring Garden Rd	\$27,345.53	\$22,149.88	25,966	\$19,890	\$2,856.22	\$5,975.00	7.8
4	Tantallon Metro Link	3464 Hammonds Plains Rd	\$3,552.50	\$2,557.80	4,957	3,797	\$545.34	\$1,143.91	4.7
5	Shubie Park Canteen Building	30 John Brenton Drive	\$2,230.42	\$1,226.73	7,962	6,099	\$875.85	\$1,154.24	1.4
6	Eric Spicer Building	21 Mount Hope Ave	\$28,552.00	\$23,127.12	53,919	41,302	\$5,931.05	\$6,238.61	3.9
7	Waverley Road Emergency Fleet	196 Waverley Road	\$19,618.40	\$10,201.57	43,749	33,512	\$4,812.38	\$10,829.36	2.1
8	Portland Hills Transit Facility	866 Portland St	\$12,438.00	\$8,084.70	21,368	16,368	\$2,350.51	\$5,006.30	3.4
9	Fire Station #40	36 Logan Rd	\$5,417.33	\$2,600.32	13,751	10,533	\$1,512.61	\$3,239.56	1.7
10	Sackville Metro Link	7 Walker Drive	\$23,475.50	\$15,963.34	38,914	29,808	\$4,280.60	\$8,638.98	3.7
Approved Project Totals			\$134,881.16	\$96,142.15	220,646	169,015	\$24,271.26	\$44,549.86	
				Payback of approved projects before incentives (years)				5.6	
				Payback of approved projects after incentives (years)				4.0	