

TO: Mayor Savage and Members of Halifax Regional Council

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SUBMITTED BY: Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: April 30, 2014

SUBJECT: Award Quotation No. 13M 145, Canada Games Centre Solar Heating System

ORIGIN

April 16, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.1.

LEGISLATIVE AUTHORITY

Audit & Finance Standing Committee Terms of Reference section 3.8, which states "to review and make recommendations on proposals coming to Halifax Regional Council outside of the annual budget or tender process including but not limited to:

- New Programs or services not yet approved
- Programs or services that are being substantially altered
- Proposed changes in operating or budget items
- Committing of funds where there is insufficient approved budget, or,
- New or increased capital projects not included in the approved budget
- Increases in project budget due to cost sharing
- Creation or modification of reserves and withdrawals not approved in the approved budget

RECOMMENDATION

It is recommended by the Audit & Finance Standing Committee that Halifax Regional Council:

1. Approve an increase to Project No. CB000002 – Major Facilities Upgrades, by \$87,500.00 (HST fully rebated), with funding from the Sustainable Communities Reserve Q127; and

Recommendation continued on page 2

2. Approve the Award of Quotation No. 13M145, Canada Games Centre Solar Heating System, for a total tender price of \$87, 500.00 (HST fully rebated), with funding from project No. CB000002 – Major Facilities Upgrades as outlined in the Financial Implications section of the staff report dated February 12, 2014.

BACKGROUND

A staff report dated February 12, 2014 was before the Audit & Finance Committee in regard to an RFP for Solar Heating System at the Canada Games Centre. The report provides background in regard to the RFP and other matters related to the purchase of the system.

Further details are provided in the attached staff report dated, February 12, 2014.

DISCUSSION

The Audit & Finance Standing Committee reviewed this matter at the April 16, 2014 meeting and approved the staff recommendation as outlined in the attached staff report dated February 12, 2014.

FINANCIAL IMPLICATIONS

As outlined in the staff report dated February 12, 2014.

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are available online prior to the meeting.

ENVIRONMENTAL IMPLICATIONS

As outlined in the staff report dated February 12, 2014.

ALTERNATIVES

The Audit & Finance Standing Committee did not discuss alternatives.

ATTACHMENTS

1. Staff report dated February 12, 2014

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

Report Prepared by: Liam MacSween, Legislative Assistant, 490-6521

Attachment 1

Audit & Finance Standing Committee

April 16, 2014

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed
Richard Butts, Chief Administrative Officer

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Jane Fraser, Director, Planning & Infrastructure

DATE: February 12, 2014

SUBJECT: Award Quotation No. 13M145, Canada Games Centre Solar Heating System

ORIGIN

Approved Green Municipal Fund Project 2013/14, Supplemental Report page A26.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that Audit & Finance Standing Committee:

(continued on next page)

1. Recommend that Regional Council approve an increase to Project No. CB000002 - Major Facilities Upgrades, by \$87,500.00 (HST fully rebated), with funding from the Sustainable Communities Reserve, Q127; and
2. Recommend that Regional Council approve Award of Quotation No. 13M145, Canada Games Centre Solar Heating System, for a total tender price of \$87,500.00 (HST fully rebated), with funding from Project No. CB000002 - Major Facilities Upgrades, as outlined in the Financial Implications section of this report.

BACKGROUND

The Canada Games Centre solar system won the CanSIA Solar Thermal Project of the Year in 2011. The 200-collector Solar Water Heating System currently preheats the domestic hot water load of the building through a 23,176L domestic hot water tank. The existing solar system is performing better than expected and generating more heat than can be used only for domestic hot water. The purpose of the modification project is to make more use of solar heat to the benefit of the pool heating loop.

This purchase was approved by the Green Municipal Fund in October 2012 and included in the Operating Budget D948, Sustainable Community Projects, for 2013/14. Upon close of the solicitation, it was judged by Finance that the procurement should be classified as a capital purchase and not an operating purchase. This requires net zero impact increase to the Project and Regional Council's approval.

DISCUSSION

By installing new controls and a new heat exchanger, the excess solar energy can be diverted to maintain the heating loop temperatures, displacing heat from the natural gas boilers once the load is met within the domestic hot water tank. This modification will make better use of the heat from the solar array and will extend the life of the system by cutting down on problems that can arise from overheating. There will also be further savings through connecting to the pool heating loop from the offset of Natural Gas. An incremental savings of \$7,000-\$10,000 per year could be expected from the modifications, which will yield a simple payback of 8-10 years¹.

¹ Based on Natural Gas Pricing for January 28, 2014 of \$13.786/GJ

Bidders: Quotation No. Q13M145

Company	Total Cost (HST Fully Rebated)
GJ Cahill Company	\$87,500
Atlantica Mechanical	\$89,900
Western Plumbing & Heating	\$94,731
VEP Mechanical	\$99,999
Ainsworth	\$129,082

Eight contracting companies were represented at the bidders meeting on January 14, 2014, which was a non-mandatory meeting. GJ Cahill Company had the lowest bid, and it is recommended that Tender No. Q13M145 be awarded to GJ Cahill Company.

FINANCIAL IMPLICATIONS

The budget availability has been confirmed by Finance.

Project Account No. CB000002 - Major Facilities Upgrades

Cumulative Unspent Budget	\$ 14,786.03
Increase from Reserves	\$ 87,500.00
Less: Quotation 13M145	<u>\$(87,500.00) *</u>
Balance	\$ 14,786.03

Budget Summary: Sustainable Community Reserve Q127

Projected Balance, March 31, 2014	\$348,820
Less: Reserve Withdrawal (Q127)	<u>(\$ 87,500)</u>
Projected net Available Funds, March 31, 2014	\$261,320

COMMUNITY ENGAGEMENT

There will be natural gas savings and greenhouse gas reductions resulting from the optimum utilization of the solar array to assist with pool heating.

ENVIRONMENTAL IMPLICATIONS

There will be natural gas savings and greenhouse gas reductions resulting from the optimum utilization of the solar array to assist with pool heating.

ALTERNATIVES

Committee may choose not to carry out these modifications to the Canada Games Centre Solar System and leave the solar system operating as is and forgo the fuel savings opportunity and the approved funding.

ATTACHMENTS

None

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

Report Prepared by: Nick Allen, Solar City Program Officer 490-2582

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Approved by Richard MacLellan, Manager, Energy & Environment 233-4846

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Financial Approval by: Greg Keefe, Director of Finance & ICT/CFO, 490-6308
