


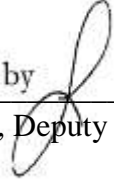
Item No. 11.1.10
Halifax Regional Council
June 10, 2014

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: April 3, 2014

SUBJECT: **Sole Source Award – Efficiency Nova Scotia: Lighting Efficiency
Upgrade at Keshen Goodman Library**

ORIGIN

In the proposed Project Budget 2014/15, as approved by Regional Council, Energy Efficiency Projects, Supplemental Report page A16.

LEGISLATIVE AUTHORITY

Administrative Order 35, Procurement Policy Section 8(11)A (k), states that sole source/single source purchases may be approved “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 approve a \$62,429.71 (net HST included) Sole Source Award for the Keshen Goodman lighting upgrade project to Efficiency Nova Scotia Corporation (ENSC), with funding from CBX01161 - Energy Efficiency Projects, as outlined in the Financial Implications section of this report.

BACKGROUND

In October 2010, HRM retained the services of Efficiency Nova Scotia (ENSC) to perform energy audits at municipally owned facilities under the Business Energy Solutions (BES) Program. 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 eleven cents per kWh of reduction under other programs.

Over the last three years, HRM has been participating in this program with ENSC. By November 2011, efficiency upgrades were completed at 32 facilities. In 2012, energy efficiency upgrades were completed at an additional 21 buildings. In 2013, efficiency upgrades were undertaken on a third batch of 35 facilities. Currently, energy efficiency improvements are under way on an additional 10 facilities.

Cumulatively, HRM has focused on undertaking energy efficiency retrofits using this model at 98 facilities, for a total HRM cost of \$377,129, offering annual savings of \$214,550. This is a very conservative figure considering the energy cost increases we have seen since the completion of most of these projects.

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.

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 an energy efficiency audit at the Keshen Goodman Library. The table below provides a summary of aggregated costs and savings. The total project cost is \$68,027.20 (excluding HST). With an ENSC contribution of \$9,387.75, cost to HRM of \$59,863.94 and savings of \$9,404.69 (2014 electricity costs), the return on investment (after ENSC grant) for this project is 9.0%. As expected, the savings/return on investment is somewhat less than previous projects because the Efficiency NS incentives have been declining. However, an additional contributing factor is that the proposal addresses some pre-existing deficiencies in

the light levels in the lobby and throughout the facility. Addressing these issues requires upgrading not only the lamps, but lighting fixtures as well.

Table 1: Summary of Proposed Energy Efficiency Upgrade at Keshen Goodman Library

Cost of Project	HRM Cost	ENSC Incentives	Annual Savings (Not Including Maintenance)			Return on Investment
			\$	kWh	kg eCO ₂	
\$68,027	\$59,864	\$9,388	9,405	85,498	68,245	9.0%

*All costs and savings exclude HST

This lighting upgrade will offer much needed, improved lighting conditions for occupants (employees and visitors) while also reducing energy costs.

FINANCIAL IMPLICATIONS

Based on the submitted price of \$59,863.94, plus net HST of \$2,565.77, for a total cost of \$62,429.71, funding is available in Project No. CBX01161- Energy Efficiency Projects. Budget availability has been confirmed by Finance.

Budget Summary: Project No. CBX01161 – Energy Efficiency Projects

Cumulative Unspent Budget	\$1,079,860.06
Less: Sole Source Award	<u>\$ 62,429.71</u>
Balance	\$1,017,430.35

The cost of this project is captured in the \$500,000 allocated for the 2014/15 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 of \$9,405 will be directed to the Energy and Underground Services Reserve (Q131) starting in 2015/16, to fund future capital energy efficiency projects.

ENVIRONMENTAL IMPLICATIONS

This energy efficiency project offers ongoing, annual corporate reductions of 85,498 kWh and 68,245 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 guarantee energy reductions.

ALTERNATIVES

Halifax Regional Council could instruct staff to decline or delay implementation of the retrofits or publicly tender for the implementation of retrofits. This could lead to a missed opportunity for energy and operating expense reductions and forgo the \$9,388 in cost sharing from Efficiency Nova Scotia. There is no guarantee that the Efficiency Nova Scotia programming or funding offers will be available in the future.

ATTACHMENTS

Attachment 1: Procurement Policy Section 8(11) A

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 1 – Procurement Policy Section 8(11) A

8(11)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.