

**Environment & Sustainability Standing Committee  
March 1, 2012**

**TO:** Chair and Members of Environment & Sustainability Standing Committee

**SUBMITTED BY:**



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Phillip Townsend, Director, Planning & Infrastructure

**DATE:** November 29, 2011

**SUBJECT:** Cost-sharing Agreement – QUEST Canada

**ORIGIN**

Opportunity for funding support through QUEST Canada, an organization of which HRM is a member. This project aligns with the Community Energy Plan.

**RECOMMENDATION**

It is recommended that the Environment & Sustainability Standing Committee recommend to Halifax Regional Council that the Mayor and Clerk be authorized to sign a cost-sharing agreement with QUEST Canada to undertake an Opportunities Assessment: Natural Gas Use in HRM Fleet (Phase One), according to the Budget Implications section of this report.

## **BACKGROUND**

QUEST Canada is a collaborate network of organizations actively working to make Canada a world leader in the design, development, and application of integrated energy solutions. Using a grant from the Province of Nova Scotia, QUEST Canada is exploring opportunities to make better use of the province's natural gas resources, particularly as it relates to the transportation sector.

HRM Staff have had extensive discussions with QUEST Canada and other stakeholders in the field of natural gas applications and have negotiated an agreement that, with the endorsement of Halifax Regional Council, would fund a two-phase opportunities assessment of the feasibility of using natural gas as a fuel in the fleets that HRM owns (transit, municipal operations), contracts (waste collection, winter works) and/or regulates (taxis).

HRM Staff participate on the Natural Gas Use in Transportation Sub-Committee formed by QUEST Canada.

## **DISCUSSION**

Benefits of expanding natural gas markets include diversifying energy sources and reducing carbon emissions. HRM has large return-to-base fleets and converting all or some of the fleets that HRM owns, contracts and regulates to natural gas, may result in reduced operating and maintenance costs and reduced carbon emissions. In 2010, HRM used approximately 13.4 million litres of fuel just within its own fleet vehicles. At a cost nearing one dollar per litre, even a moderate per litre cost reduction using natural gas could have a significant overall fuel savings.

The document *Natural Gas Use in the Canadian Transportation Sector: Deployment Roadmap* states "For governments and industry alike, the changing story for natural gas, projected high oil prices, and the need to reduce GHG emissions and criteria air contaminants, have all contributed to renewed interest in natural gas as a transportation fuel. Now that market conditions are more favourable, Canada's natural gas community is well positioned to take a significant leap forward in deploying these vehicles in greater numbers.

A proposed Opportunities Assessment is proposed to be conducted in two phases. The Phase 1 work plan will look at a number of aspects associated with a gas conversion program including:

- Operating efficiencies
- Regulatory issues
- Fueling infrastructure and fuel availability
- Depot consolidation needs
- Vehicle performance and maintenance

Project deliverables will include a study document outlining the evaluation process and results. Should the Phase 1 work identify an opportunity/ies worthy of further exploration, Phase 2

would be initiated and would see development of a high level business case and implementation plan for those best opportunity/ies.

### **BUDGET IMPLICATIONS**

The Opportunities Assessment will be undertaken by a consultant with experience in the fields of Transportation Energy and Economics. The consultant will be retained through approved procurement practice.

Funding for the project is proposed to come from the sources listed below:

#### **Phase One: Opportunity Scoping**

HRM (D948 Sustainable Community Projects)	\$7,000
QUEST Canada	\$15,000
<b>TOTAL</b>	<b>\$22,000</b>

#### **Phase Two: Business Case (For Future Consideration)**

HRM (D948 Sustainable Community Projects)	\$15,000
QUEST Canada	\$15,000
<b>TOTAL</b>	<b>\$30,000</b>

This expenditure is appropriate for funding under D948 as it qualifies for the funding from the Green Municipal Fund Program.

If Phase One indicates an opportunity exists for further exploration, Regional Council will have the opportunity to determine whether or not to proceed with Phase Two using the additional funding being made available by QUEST.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **COMMUNITY ENGAGEMENT**

No community engagement is planned for this project.

**ALTERNATIVES**

Regional Council may choose to not accept the funding offered by QUEST Canada and to not undertake the project. This is not recommended by staff.

**ATTACHMENTS**


Attachment 1: Cost-sharing Agreement

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

Report Prepared by: David McCusker, Manager, Strategic Transportation Planning, 490-6696

Report Approved by:



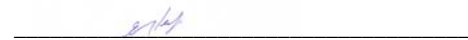
Peter Duncan, Manager, Asset & Transportation Planning, 490-5449

Report Approved by:



Richard MacLellan, Manager, Energy & Environment, 490-6056

Financial Approval by:



Greg Keefe, Acting Director/CFO, 490-6308

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**HALIFAX REGIONAL MUNICIPALITY**  
**AGREEMENT NO. 12-xxx**

**THIS AGREEMENT** dated as of the 21st day of January, 2012.

**BETWEEN:**

**HALIFAX REGIONAL MUNICIPALITY**  
a body corporate,  
hereinafter called the "**Municipality**"

OF THE ONE PART

-and-

**QUALITY URBAN ENERGY SYSTEMS OF TOMORROW**  
a registered non-for-profit organization incorporated under  
the laws in force in the Province of Ontario,  
hereinafter called "**QUEST**"

OF THE OTHER PART

**WHEREAS** the Municipality exercises control over a  
number of vehicles providing municipal public service throughout the region;

**AND WHEREAS** QUEST fosters integrated  
community-based approaches;

**AND WHEREAS** the Municipality and QUEST, through  
on-going collaboration believe that further detailed investigation by a consulting firm related to  
opportunities for the use of natural gas in fleets under the control of the Municipality may result in  
economic and environmental benefits;

**NOW THEREFORE THIS AGREEMENT WITNESSES**  
that for and in consideration of the covenants hereinafter expressed to be paid and performed, the  
parties hereto have agreed as follows:

1. The Municipality agrees to tender, award and manage a contract with a Consultant to undertake work described in the terms of a Funding Proposal submitted to QUEST NS in a revision dated November 3, 2011, and included as Attachment 1.
2. The Municipality agrees to form a Steering Committee which shall consist of up to three members appointed by QUEST plus any government, institutional, or industry stakeholders agreeable to both the Municipality and QUEST. The Steering Committee will be responsible for guiding the work of the Consultant and approving all written reports.
3. The Municipality undertakes to complete the work described as Phase One in the Funding Proposal by June 15, 2012 for a maximum cost of Twenty-three thousand dollars (\$23,000) exclusive of taxes.
4. QUEST agrees, upon successful completion of the work described in Clause 3, and within six days of receipt of an invoice from the Municipality, to make to the Municipality a payment of fifteen thousand dollars (\$15,000).
5. The Municipality agrees, should the Steering Committee recommend proceeding to Phase Two as described in the Funding Proposal, to consider undertaking completion of that portion of the work while reserving the right to negotiate with the Consultant contracted to complete the Phase One work.
6. The Municipality agrees, should the Phase Two work proceed, to retain the Steering Committee to guide the work and approve all written reports.
7. The Municipality undertakes, should the work of Phase Two proceed, to complete the work by November 1, 2012 for a maximum cost of thirty thousand dollars (\$30,000) exclusive of taxes.
8. QUEST agrees, upon successful completion of the work described as Phase Two, and within six days of receipt of an invoice from the Municipality, to make to the Municipality a payment of fifteen thousand dollars (\$15,000).

9. HRM agrees to assume responsibility for payment of all costs related to the work of the Consultant hired for the project, including all applicable taxes.
10. HRM agrees to invoice QUEST for any monies owed, not subject to HST, as specified in clauses 4 and 8.
11. It is agreed that documents, drawings, data produced through any phase of the study will be owned equally by the Municipality and QUEST. The Municipality and QUEST will be recognized by name and logo on final products produced through this study.
12. Either the Municipality or QUEST may terminate this Agreement at any time without cause or liability upon providing 30 days' notice in writing to the other party.
13. The termination of this Agreement shall not affect any rights, duties, obligations or liabilities that arise or have accrued prior to the effective date of termination.
14. Where the Agreement is terminated or expires, the Municipality, if requested, shall immediately turn over to QUEST copies of all documents, records, reports and other materials which have been maintained by the Municipality or its officers, employees, members and staff pursuant to this Agreement. In addition, where the Agreement is terminated for any reason and any of the funds provided to the Municipality under Clause 12 are unexpended or have been expended for purposes other than for the Project, those funds shall become immediately due and payable to QUEST by the Grant Recipient.
15. The Municipality will, at the request of the QUEST, permit any person or persons, designated by them to inspect or audit any books, records, agreements or any other documents relating to the work undertaken by the Municipality under this agreement.
16. The Agreement enures to the benefit of and is binding upon the parties hereto, and each of their respective successors and assigns.

17. All references to monetary amounts in this Agreement or any Schedule shall be to Canadian dollars.

18. This Agreement constitutes the whole Agreement unless amended in writing and signed by both parties.

19. No modifications or waiver of the obligations of any party to this Agreement shall be effective unless made in writing and signed by each of the parties to this Agreement.

20. Any notice, demand or request herein provided or permitted to be given by any party to another shall be in writing and may be served by personal service or fax, addressed as follows:

21. Any party may at any time give notice in writing to the other of any change of address of the party giving such notice and the address therein specified shall be deemed to be the address of such party for the purpose of giving notice hereunder.

22. Those provisions of this Agreement which, by their terms, are intended to survive or which must survive in order to give effect to the continuing obligations of QUEST and the Municipality shall survive the termination of the Agreement.

23. Both parties agree that any recourse or remedy arising with this Agreement arises from contract, and that they shall not have a claim or remedy, in damages or otherwise, in tort arising with performance or non-performance of this Agreement.

24. Both parties certify that they have reviewed and fully understand this Agreement and agree this Agreement constitutes the whole agreement between the parties, and no representation or statement not expressly contained herein shall survive this Agreement or be binding upon either party.

25. Any discretionary authority or right under this Agreement is not subject to the expectations, reasonable or otherwise, of the parties to the agreement and any action taken pursuant to a discretionary provision is deemed to be an exercise in good faith.



26. No term or provision of this Agreement shall be deemed waived and no breach excused, unless the waiver or consent to the breach is in writing, signed by the party making the waiver or giving the consent. Any consent by a party or waiver of a breach by the other, whether expressed or implied, shall not constitute to, waiver of, or excuse for any different or subsequent breach or continuation of the same breach, unless expressly stated.

27. If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall otherwise remain in full force and effect, and such term or provision shall be deemed removed from the Agreement.

28. Where anything is required to be done by the QUEST pursuant to this Agreement, it may be done by anyone duly authorized by QUEST to act on its behalf.

29. The signatories to this Agreement hereby personally warrant that they have the full power and authority to enter in this Agreement on behalf of their respective parties and that the person signing this Agreement on behalf of each has been properly authorized and empowered.

30. It is agreed that this document is a public document for the purpose of the FOIPOP provisions of the Nova Scotia Municipal Government Act.

**IN WITNESS WHEREOF** this Agreement has been executed by the Municipality and the QUEST the year and day first above written.

**SIGNED, SEALED AND DELIVERED**  
in the presence of

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**Witness**

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**Mayor, Halifax Regional Municipality**

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**Witness**

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**Municipal Clerk, Halifax Regional Municipality**

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**Witness**

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**Executive Director, QUEST**

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**Witness**

.....  
**QUEST**