
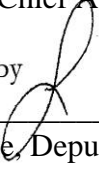


Item No. 10.1.1

**Halifax Regional Council
May 1 2012**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer
Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: April 25, 2012

SUBJECT: Sole Source Award for Lighting Efficiency Projects with ENSC

ORIGIN

2011-2012 Capital Budget, Energy Efficiency Projects, Efficiency Nova Scotia – Small Business Energy Solutions Program Information Report, Environment and Sustainability Standing Committee, November 14, 2011.

RECOMMENDATION

It is recommended that, in accordance with Section 8(11)(m) of Administrative Order #35, The Procurement Policy, Regional Council award Project IDs 2375 (Eric Spicer Building) and 1573 (Acadia School) (Terms and Conditions and Project Summaries attached) as a sole source purchase to Efficiency Nova Scotia Corporation (ENSC) for a Total Project Cost of \$55,306.33 (net HST included) with funding from the 2011-2012 Project Budget, Project No. CBX01161 – Energy Efficiency Projects, as outlined in the Budget Implications section of this report.

BACKGROUND

According to Administrative Order 35, Procurement Policy Section 8(11)(m), “Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Municipality, such a purchase may be made as a single source purchase.” The Efficiency Nova Scotia Corporation Act (2009) created 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 Small 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.

In October of 2010, HRM retained the services of ENSC approved contractors to perform energy audits at municipally owned facilities under the *Small Business Energy Solutions* (SBES) Program. The SBES Program is designed for buildings that use less than 350,000 kWh per year or approximately \$35,000 per year in electrical utility and for financial incentives of up to 80% of total project costs. HRM currently has over 250 buildings that could qualify for this program.

To take advantage of the SBES Program, all procurement of labour and material is required to be managed by ENSC. HRM Procurement policy defines the award to ENSC at this cost, a sole source award that is required to be approved by Regional Council.

DISCUSSION

On behalf of HRM, ENSC has undertaken energy efficiency lighting retrofits at the Eric Spicer and Acadia School buildings (Terms and Conditions and Project Summaries attached). The total cost of the retrofits is \$77,172 (excluding HST), with an annual savings of \$28,008. With an ENSC contribution of \$24,139 and cost to HRM of \$53,033, the simple payback is 1.9 years, after which time the accrued annual savings offers an excellent return of 57.3%* on HRM taxpayer’s investment.

(* Based on \$53,033 HRM capital cost, \$0 of avoided capital costs, financing costs of 4% over 10 years, electricity savings of \$28,008 per year, energy escalation of 5% per year, and \$4,000 in new incremental maintenance savings for four years.)

The breakdown of the individual projects and environmental savings follow below. The savings in electricity costs will grow in the coming years as power rates continue their general upward trend.

Facility	Project Cost	HRM Cost	ENSC Contribution	Annual Savings (Not including maintenance)			Simple Payback
Eric Spicer (ID 2375)	\$41,018	\$29,533	\$11,485	102,080 kWh	\$13,270	89 tonnes eCO ₂	2.2 years
Acadia School (ID 1573)	\$36,154	\$23,500	\$12,654	113,370 kWh	\$14,738	99 tonnes eCO ₂	1.6 years
Total	\$77,172	\$53,033	\$24,139	215,450 kWh	\$28,008	188 tonnes eCO₂	1.9 years

BUDGET IMPLICATIONS

Based on the submitted price of \$53,033.32, plus net HST of \$2,273.01, for a total cost of \$55,306.33, funding is available in Project No. CBX01161. Budget availability has been confirmed by Financial Services.

Budget Summary: Project No. CBX01161 – Energy Efficiency Projects	
Cumulative Unspent Budget	\$124,600.85
Less: ENSC Project ID 2375	\$ 30,800.11 *
ENSC Project ID 1573	<u>\$ 24,506.22 *</u>
Balance	\$ 69,294.52

As per HRM Council policy, the annual electricity operating savings of \$28,008 are being directed to the Energy and Underground Services Reserve to fund future capital of energy efficiency projects.

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.

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: Project ID 1573 – Acadia School – Proposed project Terms and Conditions, Summary.

Attachment C: Project ID 2375 – Eric Spicer Building – Proposed project Terms and Conditions, Summary.

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 490-4170, or Fax 490-6425.

Report Prepared by: Stefan Tylak, Energy Efficiency Project Manager (490-3667)

Business Unit Review: Richard MacLellan, Manager, Energy & Environment (490-6056)

Business Unit Review: Terry Gallagher, Manager, Facility Development (476-4067)

Procurement Review: Anne Feist, Manager, Procurement (490-4200)

Report Approved by: Peter Stickings, A/Director, Planning & Infrastructure (490-7129)

Attachment A

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

(11) Sole Source/Single Source Purchases: The terms and conditions of a sole source/single source purchase shall be negotiated. A sole source/single source purchase occurs:

- (a) To ensure compatibility with existing products, facilities or service, 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, for technical reasons, there is an absence of competition and the goods or services can be supplied 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 a property by a contractor according to the 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 procurement of a good or service for testing or trial use.
- (i) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.
- (j) For the procurement of original works of art.
- (k) For the procurement of goods intended for resale to the public.
- (l) Where the Municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality.
- (m) Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Municipality, such a purchase may be made as a single source purchase.
- (n) Where items are offered by sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the CAO may authorize the submission of a bid or the conduct of negotiations where the CAO determines the purchase to be clearly in the best interest of Halifax Regional Municipality.
- (o) Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of such matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest. Purchases of this nature must be approved by the CAO
- (p) Where compliance with an open tendering process may interfere with the Municipality's ability to maintain security or order or to protect human, animal or plant life or health.

Attachment B – Project 1573: Acadia School, Terms and Conditions



Demand Side Management Data System

Small Business Lighting Solutions
Terms And Conditions

As Of Nov 18, 2011 3:03 PM

Business Name:	HRM - Acadia School	Program Agent:	ALD
Business Address:	636 Sackville Dr.	Analysis Date:	Nov 10, 2011
Town, Province:	Lower Sackville, NS	Facility Square Footage:	30000
Postal Code:	B9B 9B9	Premise ID:	
NSPI Account Num:	1300268	Project ID:	1573

Efficiency Nova Scotia Corporation (the "Company") is offering the Small Business Lighting Solutions program ("Program"), an energy efficient lighting program, to certain customers that have an average monthly demand of less than 100 kW and an average energy usage less than 300,000 kWh. Funding for the Program (35% of the total retrofit cost) is provided by the Company. Under the Program, the Company is arranging the installation of energy efficient lighting equipment ("Measures") at the facilities of eligible customers ("Customer"). The Customer agrees to have a contractor ("Program Delivery Agent") hired by the Company for the Program to install the Measures. The Customer also agrees to pay a portion (65%) of the total cost as described in Section 7 below. The following are terms and conditions that govern the Program and the installation of Measures.

1. Measures to be Installed

The Program Delivery Agent hired by the Company will install at the Customer's facility the electricity conservation Measures described in the attached Small Business Lighting Solutions Project Analysis Sheet, incorporated herein by reference. The Program Delivery Agent shall permanently disable all lamps, ballasts and fixtures replaced pursuant to this agreement (make them unfit for reuse). The disposal of any lighting equipment which is removed will be the responsibility of the Program Delivery Agent.

The Program Delivery Agent will advise the Customer if any of the existing lighting at the location of the Customer's facilities contain polychlorinated biphenyl ("PCB") as there are additional costs associated with disposing of equipment containing PCBs which has not been calculated into the estimated cost for installation of the Measures. Upon being advised that any of the existing lighting contains the PCBs, the Customer will then advise the Company that it will either: 1. dispose of the equipment containing PCBs in accordance with Federal and Provincial legislation at its sole cost and expense; or 2. pay 65% of the additional disposal costs with the Company paying the remaining 35% of the additional disposal costs.

2. Electric System Capacity Credits and Environmental Credits

The Company holds sole rights to any electric system capacity credits and environmental credits that may be associated with Measures for which incentives were received, and the Company can dispose of these credits in any manner authorized by law or regulation.

3. Installation Date

The Program Delivery Agent will attempt to install the Measures within thirty (30) days of Customer signing this Agreement. The Company shall use reasonable efforts to remove the old equipment within two business days after the installation of the Measures. The Company will arrange for a one time pick up of the old equipment for recycling. The Customer is responsible for all costs associated with any additional arrangements with third parties for additional pick ups of old equipment for recycling beyond the one pick up arranged by the Company.

4. Warranty and Disclaimers

- The Program requires the Program Delivery Agent to provide a one-time equipment replacement free of charge for any equipment, excluding lamps, which fail to operate according to manufacturer's specifications for a period of two years after the date of the original installation. Lamps will be warranted for one year.
- The Customer may have other warranty rights that may have been provided by the manufacturer of the devices installed under this Agreement. The Customer, however, may exercise such rights only against the manufacturer, and not against the Company or its affiliates.
- OTHER THAN THE REPLACEMENT WARRANTY STATED IN SUBPARAGRAPH 4(a) ABOVE, NEITHER THE COMPANY NOR ITS AFFILIATES MAKE ANY WARRANTIES OF ANY KIND, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- The Company does not guarantee that the Measures will, in fact, save any level of energy or result in a lowering of the Customer's electric utility bill.
- Neither the Company nor its affiliates, agents, or service providers shall be liable to the Customer for consequential or incidental damages arising out of the Program, whether in contract, tort (including negligence) or any other theory of recovery.

Attachment B – Project 1573: Acadia School, Terms and Conditions continued

5. Access to Property

- a) The Customer will provide reasonable access to the Customer's property during normal business hours for the Program Delivery Agent to perform the installation work.
- b) In addition, the Customer will allow the Company or its Agent to make a reasonable number of follow-up visits during the twenty-four months following installation, with advance notice and at a time convenient to the Customer. The purpose of the follow-up visits is to provide the Company with an opportunity to review the operation of the Measures. During the follow-up visits, the Company or its Agent may make suggestions to the Customer regarding operation of the Measures, but the Customer is under no obligation to follow any such suggestions. If the Customer does follow any instructions, the Company will not be liable to the Customer in tort (including negligence) for the Customer's reliance on the suggestions.

6. Discretion of Program Delivery Agent

When undertaking the installation, the Program Delivery Agent or the Company (at their sole discretion) may choose not to install the Measures for reasons related to safety (including electrical system deficiencies or other violations), discovery of unforeseen conditions, or the complete utilization of the Company's program budget. If the Program Delivery Agent or Company find any deficiencies in compliance with electrical codes, standards, or other applicable regulations, the Customer acknowledges that the Company may be obligated to report them to the applicable regulatory authority unless the Customer takes action within sixty (60) days of notification by the Company or its agents to correct the deficiency at the Customer's sole expense.

7. Equipment and Customer Contribution

- a) The Program Delivery Agent will install the equipment listed on the attached Small Business Lighting Solutions Project Analysis Sheet, incorporated herein by reference. The estimated cost of the installation, including the estimated cost of the Customer's contribution (65% of total), is also itemized on this report. Nova Scotia Power may offer approved credit to the Customer, and if satisfactory to Nova Scotia Power at its sole discretion, the Customer may pay its cost contribution either over a period of up to twenty-four months or in one lump sum. Any such payment arrangements will be made directly with Nova Scotia Power pursuant to a separate finance agreement.

- b) The estimated cost as shown on the report is subject to change. If the actual cost of the installation is less than the estimated cost or if the Program Delivery Agent chooses not to make an installation in accordance with Section 6, the Program Delivery Agent shall adjust the Customer's contribution and advise the Customer. 65% of any additional costs shall be paid by the Customer and the Company shall pay 35% of any additional costs.

The Customer would like to pay its contribution by (check one):

- i) _____ pre-paid sum arranged with the Company (if financing is unavailable or undesired)
- ii) _____ lump sum arranged with NSPI through a separate finance agreement
- iii) _____ monthly, over _____ months (choose 6, 12, 18 or 24 months), on approved credit arranged with NSPI through a separate finance agreement;

equalling a total amount of \$ 27,025.07 (including HST).

8. Consent

- a) The implementation and operation of the program requires the sharing and exchange of information between my (our) electricity provider and the Company. I (we) hereby consent to the release, use, storage and exchange of information between the Company and my (our) electricity provider, including, but not limited to, my (our) name(s), addresses, electricity usage history, and phone number, for the purposes of implementing and operating the program. Such information may continue to reside on the Company's computer system as well as my (our) electricity provider's. In addition, if I (we) are applying to Nova Scotia Power for available financing, I (we) consent to the Company providing my information to Nova Scotia Power in order to enable Nova Scotia Power to carry out credit checks. I also consent to Nova Scotia Power using other information available to Nova Scotia Power to assess the credit application and administer any resulting financing.

9. Authorized Signature of Customer

By signing below, the Customer agrees to the terms and conditions described above.

Name
Title of Person Signing
Signature
Date

Attachment B – Project 1573: Acadia School, Project Summary



Demand Side Management Data System

Summary Report

As Of Nov 18, 2011 3:03 PM

Customer: HRM - Acadia School
636 Sackville Dr.

Project ID: 1,573

Project Summary

Estimated Lighting Load (Wattage)

Existing:	63,310	Watts
Proposed:	22,334	Watts
Savings:	40,976	Watts

Estimated Lighting Usage (kWh)

Existing:	176,052.34	kWh
Proposed:	62,681.98	kWh
Savings:	113,370.37	kWh

Estimated Annual Lighting Bill(kWh *\$0.13)

Existing:	\$22,886.80
Proposed:	\$8,148.66
Savings:	\$14,738.15

Estimated Job Costs

Total:	\$41,577.03
Program Incentive:	\$14,551.96
Customer Share:	\$27,025.07

Simple Payback (Customer Share/Bill Savings)

Years: 1.8

Attachment C – Project 2375: Eric Spicer Building, Terms and Conditions



Demand Side Management Data System

Small Business Lighting Solutions
Terms And Conditions

As Of Nov 18, 2011 3:15 PM

Business Name:	HRM - Eric Spicer Building	Program Agent:	ALD
Business Address:	21 Mount Hope Ave.	Analysis Date:	Nov 18, 2011
Town, Province:	Dartmouth, NS	Facility Square Footage:	
Postal Code:	B9B 9B9	Premise ID:	
NSPI Account Num:	5117510	Project ID:	2375

Efficiency Nova Scotia Corporation (the "Company") is offering the Small Business Lighting Solutions program ("Program"), an energy efficient lighting program, to certain customers that have an average monthly demand of less than 100 kW and an average energy usage less than 300,000 kWh. Funding for the Program (28% of the total retrofit cost) is provided by the Company. Under the Program, the Company is arranging the installation of energy efficient lighting equipment ("Measures") at the facilities of eligible customers ("Customer"). The Customer agrees to have a contractor ("Program Delivery Agent") hired by the Company for the Program to install the Measures. The Customer also agrees to pay a portion (72%) of the total cost as described in Section 7 below. The following are terms and conditions that govern the Program and the installation of Measures.

1. Measures to be Installed

The Program Delivery Agent hired by the Company will install at the Customer's facility the electricity conservation Measures described in the attached Small Business Lighting Solutions Project Analysis Sheet, incorporated herein by reference. The Program Delivery Agent shall permanently disable all lamps, ballasts and fixtures replaced pursuant to this agreement (make them unfit for reuse). The disposal of any lighting equipment which is removed will be the responsibility of the Program Delivery Agent.

The Program Delivery Agent will advise the Customer if any of the existing lighting at the location of the Customer's facilities contain polychlorinated biphenyl ("PCB") as there are additional costs associated with disposing of equipment containing PCBs which has not been calculated into the estimated cost for installation of the Measures. Upon being advised that any of the existing lighting contains the PCBs, the Customer will then advise the Company that it will either: 1. dispose of the equipment containing PCBs in accordance with Federal and Provincial legislation at its sole cost and expense; or 2. pay 72% of the additional disposal costs with the Company paying the remaining 28% of the additional disposal costs.

2. Electric System Capacity Credits and Environmental Credits

The Company holds sole rights to any electric system capacity credits and environmental credits that may be associated with Measures for which incentives were received, and the Company can dispose of these credits in any manner authorized by law or regulation.

3. Installation Date

The Program Delivery Agent will attempt to install the Measures within thirty (30) days of Customer signing this Agreement. The Company shall use reasonable efforts to remove the old equipment within two business days after the installation of the Measures. The Company will arrange for a one time pick up of the old equipment for recycling. The Customer is responsible for all costs associated with any additional arrangements with third parties for additional pick ups of old equipment for recycling beyond the one pick up arranged by the Company.

4. Warranty and Disclaimers

- The Program requires the Program Delivery Agent to provide a one-time equipment replacement free of charge for any equipment, excluding lamps, which fail to operate according to manufacturer's specifications for a period of two years after the date of the original installation. Lamps will be warranted for one year.
- The Customer may have other warranty rights that may have been provided by the manufacturer of the devices installed under this Agreement. The Customer, however, may exercise such rights only against the manufacturer, and not against the Company or its affiliates.
- OTHER THAN THE REPLACEMENT WARRANTY STATED IN SUBPARAGRAPH 4(a) ABOVE, NEITHER THE COMPANY NOR ITS AFFILIATES MAKE ANY WARRANTIES OF ANY KIND, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- The Company does not guarantee that the Measures will, in fact, save any level of energy or result in a lowering of the Customer's electric utility bill.
- Neither the Company nor its affiliates, agents, or service providers shall be liable to the Customer for consequential or incidental damages arising out of the Program, whether in contract, tort (including negligence) or any other theory of recovery.

Attachment C – Project 2375: Eric Spicer Building, Terms and Conditions continued

5. Access to Property

- a) The Customer will provide reasonable access to the Customer's property during normal business hours for the Program Delivery Agent to perform the installation work.
- b) In addition, the Customer will allow the Company or its Agent to make a reasonable number of follow-up visits during the twenty-four months following installation, with advance notice and at a time convenient to the Customer. The purpose of the follow-up visits is to provide the Company with an opportunity to review the operation of the Measures. During the follow-up visits, the Company or its Agent may make suggestions to the Customer regarding operation of the Measures, but the Customer is under no obligation to follow any such suggestions. If the Customer does follow any instructions, the Company will not be liable to the Customer in tort (including negligence) for the Customer's reliance on the suggestions.

6. Discretion of Program Delivery Agent

When undertaking the installation, the Program Delivery Agent or the Company (at their sole discretion) may choose not to install the Measures for reasons related to safety (including electrical system deficiencies or other violations), discovery of unforeseen conditions, or the complete utilization of the Company's program budget. If the Program Delivery Agent or Company find any deficiencies in compliance with electrical codes, standards, or other applicable regulations, the Customer acknowledges that the Company may be obligated to report them to the applicable regulatory authority unless the Customer takes action within sixty (60) days of notification by the Company or its agents to correct the deficiency at the Customer's sole expense.

7. Equipment and Customer Contribution

- a) The Program Delivery Agent will install the equipment listed on the attached Small Business Lighting Solutions Project Analysis Sheet, incorporated herein by reference. The estimated cost of the installation, including the estimated cost of the Customer's contribution (72% of total), is also itemized on this report. Nova Scotia Power may offer approved credit to the Customer, and if satisfactory to Nova Scotia Power at its sole discretion, the Customer may pay its cost contribution either over a period of up to twenty-four months or in one lump sum. Any such payment arrangements will be made directly with Nova Scotia Power pursuant to a separate finance agreement.
- b) The estimated cost as shown on the report is subject to change. If the actual cost of the installation is less than the estimated cost or if the Program Delivery Agent chooses not to make an installation in accordance with Section 6, the Program Delivery Agent shall adjust the Customer's contribution and advise the Customer. 72% of any additional costs shall be paid by the Customer and the Company shall pay 28% of any additional costs.

The Customer would like to pay its contribution by (check one):

- i) ☐ pre-paid sum arranged with the Company (if financing is unavailable or undesired)
- ii) ☐ lump sum arranged with NSPI through a separate finance agreement
- iii) ☐ monthly, over _____ months (choose 6, 12, 18 or 24 months), on approved credit arranged with NSPI through a separate finance agreement;
- equalling a total amount of \$ 33,963.25 (including HST).

8. Consent

a) The implementation and operation of the program requires the sharing and exchange of information between my (our) electricity provider and the Company. I (we) hereby consent to the release, use, storage and exchange of information between the Company and my (our) electricity provider, including, but not limited to, my (our) name(s), addresses, electricity usage history, and phone number, for the purposes of implementing and operating the program. Such information may continue to reside on the Company's computer system as well as my (our) electricity provider's. In addition, if I (we) are applying to Nova Scotia Power for available financing, I (we) consent to the Company providing my information to Nova Scotia Power in order to enable Nova Scotia Power to carry out credit checks. I also consent to Nova Scotia Power using other information available to Nova Scotia Power to assess the credit application and administer any resulting financing.

9. Authorized Signature of Customer

By signing below, the Customer agrees to the terms and conditions described above.

Name
Title of Person Signing
Signature

Date

Attachment C – Project 2375: Eric Spicer Building, Project Summary



Demand Side Management Data System

Summary Report

As Of Nov 18, 2011 3:15 PM

Customer: HRM - Eric Spicer Building
21 Mount Hope Ave.

Project ID: 2,375

Project Summary

Estimated Lighting Load (Wattage)

Existing:	87,493	Watts
Proposed:	48,477	Watts
Savings:	39,016	Watts

Estimated Lighting Usage (kWh)

Existing:	229,070.40	kWh
Proposed:	126,989.96	kWh
Savings:	102,080.44	kWh

Estimated Annual Lighting Bill(kWh *\$0.13)

Existing:	\$29,779.15
Proposed:	\$16,508.69
Savings:	\$13,270.46

Estimated Job Costs

Total:	\$47,171.23
Program Incentive:	\$13,207.94
Customer Share:	\$33,963.28

Simple Payback (Customer Share/Bill Savings)

Years: 2.6