HALIFAX
REGIONAL MUNICIPALITY

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REVISED Sept 26/12
(Appendix A added to report)

Item No. 11.1.2
Halifax Regional Council
September 25, 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: 13 August 2012

SUBJECT: **Award - RFP No. 12-168, Halifax City Hall Heating and Cooling System Replacement**

ORIGIN

Approved 2012/13 Project Budget

RECOMMENDATION

It is recommended that Halifax Regional Council award RFP No. 12-168 to the highest scoring proponent, Atlantica Mechanical, for a Total Price of $517,884.28 (net HST included), with funding from Project No. CBX01269 – Mechanical Upgrades, as outlined in the Budget Implications section of this report.

BACKGROUND

HRM currently maintains approximately 300 facilities in HRM and continually look for opportunities to improve efficiencies while reducing maintenance costs and minimizing future Capital expenses.

Over the past several years, it has become increasingly expensive to keep City Hall cool in the summer and warm in the winter. Staff is not able to effectively respond to mechanical complaints. Due to the declining performance of the existing mechanical room equipment, it is difficult to diagnose specific heating/cooling problems within the building. These specific problems on the distribution side will be addressed in future projects, working with the occupants of the building, after completion of this project.

Further, condition assessments indicate that it is more cost effective to completely replace the existing mechanical room equipment rather than attempt to repair. It is difficult to overhaul one component due to the existing piping configuration that has evolved over the past 115 years.

This project is currently scoped as a complete refit of systems in the mechanical room. Staff considered the option of phasing the project. However, this will result in increased costs due to the challenges of working in the room. Temporary relocation of piping would be required to keep the systems functioning. A complete refit would enable staff to specify equipment that optimizes performance. By proceeding now, there will be a more immediate return of the operation savings, approximately $20,000/year, and a quicker reduction of greenhouse gas emissions. To increase chiller efficiency and add cooling capacity, the new chiller will have four compressors for a total of 100 tons of chilling. The existing system has only 60 tons of chilling.

This is a complex project that has inherent risk to the fiscal and scheduling management of the project. This is mitigated by a detailed implementation plan, including the Hazardous Removal within the contract and developing a contingency plan for heating. However, there are also unknown factors that may arise during this project because of the age of the infrastructure.

In addition to work to be carried out by the mechanical contractor, there will be $90,000 worth of required in-housed electrical and controls upgrades work associated with this project. This was done to reduce the cost of the tender and to further minimize the amount of disruptions in the building outside of the mechanical room. AMEC will be performing commissioning following completion of the project, which has been quoted to cost $8,500 as per our standing offer.

DISCUSSION

This RFP was advertised on the provincial website beginning on June 21, 2012, had a mandatory site meeting on July 3, 2012, and closed on July 12, 2012.

Proposals were received from the following companies:
Atlantica Mechanical Contractors Inc.

Black & MacDonald
CJ Cahill

The RFP was evaluated by Planning and Infrastructure staff and facilitated by Procurement, per the criteria listed in Appendix A.

The RFP was scored using a two (2) envelope process. Envelope one (1) was the technical component of the RFP (construction and related experience, methodology and approach to managing the project and work plan schedule). Envelope two (2) consisted of the lump sum cost for this project. Only those proponents that received 75% or better on the Technical Submission (maximum score 70 points) from envelope one (1) have their cost envelopes opened and evaluated. After completion of envelope one (1) process, both of the companies listed met the minimum technical score to advance as identified in Appendix "A".

The final evaluated scores are as follows:

Company	**Score (Max 100)** **Rounded to nearest point**
Atlantica Mechanical*	92
Black and McDonald	89

* Denotes recommended vendor

The Scope of work for this project will include the following:

- Removal of the existing oil tank
- Replacement of the boilers
- Conversion of the boilers to natural gas
- Replacement of the chiller
- Pump and piping replacement
- Upgrades to the energy management system
- Upgrades to electrical system
- Adding new remote condensors on existing oil tank pad
- Removing over-head condensors, ductwork and platform within the boiler room
- Modifications to the exterior mechanical room door
- Hazardous material removal

By approving this project, the next scheduled refit is estimated in the year 2037.

Scheduling for this project will commence once awarded; there will be approximately an eight week delivery time on both the chillers and the boilers. During this time, the existing boilers and

oil tank will be removed. The installation of the new chiller and new boilers will be sequenced to reduced service interruption. System commissioning will commence to help ensure that it is working as designed.

BUDGET IMPLICATIONS

Funding in the amount of $496,600.00, plus net HST of $21,284.28, for a total of $517,884.28, is available in Project No. CBX01269. In addition to work to be carried out by the mechanical contractor, there will be $90,000 worth of required in-housed electrical and controls upgrades work associated with this project. This was done to reduce the cost of the tender and to further minimize the amount of disruptions in the building outside of the mechanical room. AMEC will be performing commissioning following completion of the project, which has been quoted to cost $8,500 as per our standing offer. The budget availability has been confirmed by Finance.

Budget Summary: **Project No. CBX01269 – Mechanical Upgrades**

Cumulative Unspent Budget	$2,128,612.74
Less: RFP No. 12-168	**$ 517,884.28**
Balance	$1,610,728.46

* This project was estimated in the Approved 2012/13 Project Budget at $527,631.39.

The balance of funds will be used for other mechanical projects as approved by Regional Council during budget deliberations.

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.

ENVIRONMENTAL IMPLICATIONS

The changes to the heating system will involve a natural gas conversion with new high efficiency boilers. Natural Gas is a much cleaner, efficient burning fuel. Previous natural gas conversion projects undertaken by the municipality has seen significant operational and cost saving benefits.

ALTERNATIVES

If council decides not to proceed with this project, TPW will have to install new boilers to provide heat for this winter. These boilers would have to be then removed to change the chiller when cooling is required and then have them re-installed.

ATTACHMENTS

Appendix 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.

Report Prepared by: Jim Brown, P.Eng., Supervisor Contracts and Technical Services, Facilities Services, 430-6267

Report Approved by: _____
Terry Gallagher, Manager P&I Facility Development 476-4067

Procurement Review: _____
Anne Feist, Manager, Procurement 490-4200

Original Signed

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Report Approved by: Peter Stickings, Acting Director, Planning & Infrastructure, 490-7129

Appendix "A"

HALIFAX REGIONAL MUNICIPALITY

Request for Proposals RFP#12-168 - Halifax City Hall Heating and Cooling System Replacement

Criteria	Summary	MaxScore	Average Score	
			Atlantica	Black & Mac
Communication Skills	• Clarity and readability of written proposal	5	4.33	4.33
Team composition and experience	• Experience of individual team members with projects of similar scope and size • Team members' appropriate skills and education • Demonstrated history of proposed team in successfully completing projects of a similar nature on time and on budget • Balance of level of effort vs. team roles (project mgmt., technical, etc..)	15	13.33	13.00
Understanding of HRM needs	• Understanding of the requirements of the scope of work and • Acceptable proposed schedule and work plan • Value added propositions and recommendations • Attention to relevant challenges that the committee has not considered	25	22.00	22.00
Technical Solution	• Solution addresses all technical aspects of the project as identified in the RFP • Solution draws on proven methodology • Solution is flexible and scalable • Solution is cost and time effective	5	4.67	4.00
Project Management Methodology	• Management structure within Proponents organization/project team • Proposed communication methods between proponent team and HRM • Quality Assurance standards and practices	20	18.00	17.00
Subtotal	(Technical Score - All proponents must meet a minimumof 52.5 points to have their cost envelope opened)	70	62.33	60.33
Project Cost (net HST included)		30	30.00 $ 517,884.28	28.65 $ 544,372.92
	Total Score (100)		**92.33**	**88.98**