

Report to Corporate Services Committee

To: Chair and Members,
Corporate Services Committee

From: Anna Lisa Barbon, Deputy City Manager, Finance Supports

Subject: Single Source SS-2023-350 City Hall Campus Cooling Tower & Controls Replacement

Date: January 15, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the procurement of a replacement cooling tower and controls for City Hall and Centennial Hall (Single Source # SS-2023-350):

- a) in accordance with Section 14.4(d) of the Procurement of Goods and Services Policy, Civic Administration **BE AUTHORIZED** to engage Enwave Energy (London District Energy) to supply and install a cooling tower and controls compatible with the existing distribution system;
- b) the financing for this project **BE APPROVED** as outlined in the attached Source of Financing report (Appendix "A"); and,
- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the authorization set out in part a).

Executive Summary

This report requests authorization from Council for the immediate single source procurement for the supply and installation of a replacement cooling tower and controls from Enwave Energy (formerly London District Energy). This is required to ensure air conditioning operations are not impacted at City Hall and Centennial Hall during the 2024 cooling season.

Enwave is responsible for the safe, dependable, and compliant operation of a district energy system and related equipment in customers' facilities. Under the agreement between the City of London and London District Energy, maintenance activities, including substantial improvements or replacements of equipment, are the responsibility of Enwave Energy (LDE). The City is responsible for the costs of the improvements on equipment serving City facilities.

The replacement of the cooling tower and controls must be completed when cooling is not required in the facilities. A new cooling tower and system controls would provide operational efficiencies and reduce energy and water consumption. If approved, this project is expected to be completed by May 1, 2024.

Linkage to the Corporate Strategic Plan

Well-Run City

The City of London is a leader in public service.

3.3 The City of London has effective facilities and infrastructure management.

- Build, maintain and operate facility assets to provide expected levels of service and optimize reliability and functionality.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

None

1.2 Services Provided by Enwave

In 1992, the City of London entered a service contract with London District Energy (now known as Enwave Energy) to provide chilled water and steam service from a central district energy plant. This provides primary heating and cooling at City Hall, Centennial Hall, RBC Place, London Public Library (Central Library) as well as J. Allyn Taylor Building.

Under this agreement, operations of the energy plant and related equipment, including legislated inspections and preventative maintenance, are the responsibility of Enwave Energy. Cooling during the shoulder seasons of spring and fall is provided by the chilled water Enwave Energy produces and distributes from the district energy plant. During the summer months, auxiliary cooling equipment located at the rear of Centennial Hall on the City Hall Campus becomes the primary source of cooling for City Hall and Centennial Hall. This cooling tower is owned by the City of London, but Enwave Energy provides maintenance and operations services to ensure efficiency, safety, reliability and compliance with legislation and regulations.

1.3 Replacement of Cooling Tower and Controls

In 2023, the City of London was notified by Enwave Energy that the auxiliary cooling tower that supplies the City Hall campus needed to be replaced. This is the original cooling tower that was installed in the early 1990's by London District Energy (Enwave Energy) as part of the 1992 contract agreement, and it has now reached the end of its expected life. Enwave undertook maintenance activities to operate the cooling tower for another season and there was no disruption of service to the City Hall Campus in 2023. However, the recommendation from Enwave Energy is to replace this unit prior to the start of the 2024 cooling season, typically around May 1.

A new cooling tower will provide operational efficiencies, reducing both energy and water consumption. The controls currently installed are obsolete and must be replaced to ensure reliable operations and support efficiency objectives.

To ensure service is not disrupted in the 2024 cooling season, Facilities is seeking authorization for a one-time procurement of a cooling tower and controls utilizing the single source procurement clause as outlined in section 14.4(d) of the Procurement of Goods and Services Policy (see below).

2.0 Discussion and Considerations

2.1 Rationale for Single Source Procurement

Enwave Energy is uniquely positioned to supply and install a new cooling tower and controls to meet the cooling needs of City Hall and Centennial Hall. Enwave Energy exclusively provides a utility to the City of London in the form of chilled water and steam for heating and cooling needs at several downtown facilities. Additionally, they are responsible for the safe and effective operation of the production and distribution systems, and the maintenance of City owned thermal equipment.

As outlined in the original chilled water agreement, section 5.1, Enwave Energy is granted "full access to and exclusive use of... chillers, condensers, cooling towers, and related equipment" for the purposes of providing thermal utility services. Further, section

5.4, requires the City to respond to proper notice from Enwave Energy of its intention to make substantial improvements to the equipment. If the customer, in this case the City, does not provide a contrary response, *“it shall be deemed to have approved the expenditure for substantial improvements and...have agreed to reimburse the Company (Enwave Energy) for the cost of the same.”*

The replacement of the cooling tower and controls needs to be completed during a period when building cooling is not required. Civic Administration must respond to Enwave Energy prior to February 1, 2024, for the replacement to be completed by May 1, 2024 and provide reliable cooling for the summer of 2024. Execution of a single source agreement with Enwave Energy would satisfy the requirement of a response and confirm the expected project delivery timeframe.

For the reasons noted above, Civic Administration seeks to enter a contract with Enwave Energy utilizing the single source procurement clause as outlined in section 14.4(d) of the Procurement of Goods and Services Policy.

Section 14.4(d) of the Procurement of Goods & Services Policy

14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier.

d.) There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (*i.e.*, contract extension or renewal).

3.0 Financial Impact/Considerations

The project budget for the replacement of the cooling tower and controls is \$497,185.00, including contingency and is accommodated within existing approved capital budgets. Funding for the project is confirmed in the attached Appendix A – Source of Financing.

Conclusion

The auxiliary cooling tower serving City Hall and Centennial Hall is past the expected useful life and must be replaced to ensure reliable operations and cooling at City Hall and Centennial Hall.

In accordance with Section 14.4(d) of the Procurement of Goods and Services Policy, Civic Administration recommends a single source procurement be awarded to Enwave Energy for the supply and installation of a new cooling tower and controls. This approach aligns with the existing contract terms and conditions. This will also allow Enwave to undertake the project planning and design and meet the expectation of a May 1, 2024 completion.

Prepared by: Melissa Beharrell, Manager Facilities Planning, Energy & Assets, Finance Supports.

Submitted by: Lynda Stewart, Director Fleet and Facilities, Finance Supports.

Recommended by: Anna Lisa Barbon, Deputy City Manager, Finance Supports.

Appendix "A"

#24002

Janaury 15, 2024
(Award Contract)

Chair and Members
Corporate Services Committee

RE: Single Source City Hall Campus Cooling Tower and Controls
(Subledger FG230043)
Capital Project CS618621 - Centennial Hall Upgrades
Capital Project CS618622 - Centennial Hall Upgrades
Enwave Energy (London District Energy) - \$497,185.00 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Finance Supports, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
CS618621 - Centennial Hall Upgrades				
Engineering	19,500	19,500	0	0
Construction	832,989	379,056	453,933	0
CS618621 Total	\$852,489	\$398,556	\$453,933	\$0
CS618622 - Centennial Hall Upgrades				
Construction	180,000	8,976	43,252	127,772
Total Expenditures	\$1,032,489	\$407,532	\$497,185	\$127,772

Sources of Financing

CS618621 - Centennial Hall Upgrades				
Capital Levy	852,489	398,556	453,933	0
CS618622 - Centennial Hall Upgrades				
Capital Levy	180,000	8,976	43,252	127,772
Total Financing	\$1,032,489	\$407,532	\$497,185	\$127,772

Financial Note:	CS618621	CS618622	Total
Contract Price	\$453,933	\$43,252	\$497,185
Add: HST @13%	59,011	5,623	64,634
Total Contract Price Including Taxes	512,944	48,875	561,819
Less: HST Rebate	-59,011	-5,623	-64,634
Net Contract Price	\$453,933	\$43,252	\$497,185

Jason Davies
Manager of Financial Planning and Policy