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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON AUGUST 24, 2015
FROM:	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT	TRANSPORTATION ENERGY OPTIMIZATION PLAN (TEOP) PHASE 1 CONTRACT AWARD

RECOMMENDATION

That on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the award of the 2015 LED Street Light Upgrade Phase 1 Project:

- (a) The proposal submitted by Realterm Energy Corp., **BE ACCEPTED** for the 2015 LED Street Light Upgrade Phase 1 in the amount of \$4,999,422.97 (excluding H.S.T.) in accordance with Section 12.2 (b) of the Procurement of Goods and Services Policy;
- (b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix A;
- (c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- (d) the approvals given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract with the consultant for the work; and
- (e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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For additional information, please refer to the following committee reports:

1. October 19th, 2009: Environment and Transportation Committee “Alternative Street Lighting Technology Review”
2. October 18th, 2010: Environment and Transportation Committee “Alternative Street Lighting Technology Review – Update -”;

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3. April 28th, 2014: Civic Works Committee “Transportation Energy Optimization Plan (TEOP)”;
4. December 16th, 2014: Civic Works Committee “Transportation Energy Optimization Plan (TEOP) Update”; and
5. May 20th, 2015: Civic Works Committee “Transportation Energy Optimization Plan (TEOP) Phase 1 Financing”.

BACKGROUND

In early 2014, Realterm Energy Corp. was retained to develop a business plan for the upgrade of the City’s High Pressure Sodium (HPS) street lights to LED street lights. The business plan for Phase 1 was presented to the Civic Works Committee on December 16th 2014 and the financial plan was presented on May 20th 2015. Municipal Council authorized the issuance of a Request for Proposals (RFP) to supply and install LED street lights. The following report recommends the award of the 2015 LED Street Light Upgrade Phase 1.

It should be noted that the Transportation Energy Optimization Plan (TEOP) initiative is identified in the Strategic Plan for the City under Building a Sustainable City – Strong and Healthy Environment. The initiative is integral to the “Implement innovative ways to conserve energy” strategy.

DISCUSSION

Project Description

Phase 1 of the LED Street Light Upgrade involves engineering design services, the supply and installation of LED street light fixtures and the provision of fixture data compatible with the City’s street light database for the upgrade of approximately 9,500 High Pressure Sodium (HPS) street lights on major roads.

A Request for Proposals (RFP) was advertised on June 17th, 2015 with a deadline of July 16th, 2015 for the submission of proposals. The RFP document was taken by 43 potential proponents and six submissions were made by the deadline. Two submissions were rejected from further evaluation for failure to comply with the terms and conditions of the RFP.

Proponent Selection

The remaining four proposals were evaluated by a team comprised of staff within the Roads & Transportation area. The evaluation criteria was provided to each proponent and considered the following:

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	Available Points
1. Experience of the Proponent	20
2. Experience and Qualifications of Key Team Members	10
3. Understanding of Objectives and Quality of Approach and Methodology and Value Added Propositions	10
4. Work Plan, Schedule and Level of Effort	10

Proponents that scored a minimum of 35 out of the potential 50 points had their cost envelope opened, which was given a weighting of 50 points for a total of 100 potential points.

The submission by Realterm Energy Corp. in the amount of \$4,999,422.97 (excluding H.S.T.) meets the terms and conditions of the RFP and scored the highest number of technical points and was the lowest cost. It should be noted the above price includes a contingency allowance of \$300,000.00 to address unexpected issues during the design and installation of the project as directed by the City.

Realterm Energy’s schedule estimates that 4,000 of the 9,500 street lights will be upgraded by the end of 2015.

CONCLUSION

Replacing the current HPS street lights with LED street lights along major roads is a cost effective program with 6 to 7 year payback. Energy savings will be used to finance Phase 1 of the upgrade program. The proposal submitted by Realterm Energy Corp. was rated the highest by the proposal review team and meets all of the City’s requirements.

The following is a summary of the project costs (excluding H.S.T) and incentive for Phase 1:

Supply and Installation of LED street light fixtures for Phase 1 of the upgrade	\$4,999,423
London Hydro Incentive	\$1,323,486
Net Cost to the City	\$3,675,937
Expected Annual Savings	\$740,000 to \$805,000

Based on the thorough procurement process, it is recommended Realterm Energy Corp. be awarded the contract for Phase 1 of the LED Street Light Upgrade project at a cost of \$4,999,422.97 (excluding H.S.T.).

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Acknowledgements

This report was prepared with the assistance of the Financial Business Administration Division and the Purchasing & Supply Division.

PREPARED BY:	REVIEWED & CONCURRED BY:
SHANE MAGUIRE, P. ENG. DIVISION MANAGER ROADWAY LIGHTING & TRAFFIC CONTROL	EDWARD SOLDO, P.ENG. DIRECTOR, ROADS AND TRANSPORTATION
REVIEWED & CONCURRED BY:	RECOMMENDED BY:
ANNA LISA BARBON, CPA, CGA DIRECTOR, FINANCIAL SERVICES	JOHN BRAAM, P.ENG. MANAGING DIRECTOR ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER

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Attach: Appendix A – Source of Financing

- cc. J. Freeman, Purchasing
- P. Shack, Tangible Capital Assets