

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE TUESDAY, JUNE 18, 2013
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	SINGLE SOURCE 2013 FACILITY RENEWAL AND ENERGY RETROFIT PROGRAM PHASE IV

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the Managing Director, Parks & Recreation and Manager of Purchasing and Supply, the following actions **BE TAKEN** with respect to the 2013 Facility Renewal and Energy Retrofit Program Phase IV:

- a) the attached proposal (Appendix "C") submitted by Ameresco Canada Inc., 90 Sheppard Avenue East, Toronto Ontario M2N 6X3, to undertake a 2013 Facility Renewal and Energy Retrofit Program Phase IV two-part project at an upset limit of \$3.7 million for Part 1 and an upset limit of \$2.65 million for Part 2, with completion of Part 2 being subject to Council approval of the required funding as part of the 2014 Capital Budget, **BE ACCEPTED** on a single source basis as per section 14.4(d) 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 as Appendix "A";
- c) future annual operating savings of approximately \$88,000 **BE RECOGNIZED** as a result of this project; it being noted that these savings will assist in achieving future budget targets; and
- d) the attached proposed by-law (Appendix "B") **BE INTRODUCED** at the Municipal Council meeting on June 25, 2013 to:
 - i) approve an agreement between The Corporation of the City of London and Ameresco Canada Inc., for a 2013 Facility Renewal and Energy Retrofit Program Phase IV two- part project at an upset limit of \$3.7 million for Part 1 and, subject to Council approval of the Part 2 funding as part of the 2014 Capital Budget, an upset limit of \$2.65 million for Part 2; and
 - ii) authorize the Mayor and the City Clerk to execute the agreement forming Schedule "A" to the by-law appended hereto as Appendix "B".

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control - August 24, 2005, Energy Management and Facility Renewal Services

Board of Control - December 14, 2005, Corporate Energy/Asset Renewal Management Program

Board of Control - April 25, 2007, Corporate Energy/Facility Renewal Program Status Update and 2007 Program

Board of Control – April 23, 2008, 2008 Facility Renewal and Energy Retrofit Program

Board of Control – March 4, 2009, 2009 Facility Renewal and Energy Retrofit Program, Phase III

BACKGROUND

Purpose:

The purpose of this report is to seek Council approval authorizing the Mayor and City Clerk to execute an agreement with Ameresco Canada Inc., to complete a facility renewal and energy retrofit project.

Context:

The Corporate Services – Finance Service Area is committed to pursue comprehensive Energy Management/Asset Renewal Strategies. The project being recommended continues our efforts to address opportunities of improved energy and operational savings while addressing identified life cycle maintenance needs to maintain City of London facilities at a high standard of user readiness.

Rationale for Single Source:

Ameresco Canada was approved as the City of London's energy service partner in 2006 at which time a multi-year \$21.7 million Facility Renewal/Energy Project program was recommended.

Ameresco has subsequently undertaken \$7.5 million of approved Facility Renewal and Energy Retrofit Programs (Phases I, II and III) that will result in approximately \$351,000.00 in cumulative savings to the end of 2013.

It is recommended that our partnership with Ameresco be continued as a single source service in accordance with the Procurement of Goods and Services Policy clause 14.4(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.

The single sourcing of this service for Phase IV of the Facility Renewal and Energy Retrofit Program will continue our efforts to realize operating efficiencies and reduce energy consumption in our facilities.

Discussion:

The fourth phase of Facility Renewal and Energy Retrofit Program work being recommended has been structured to complete identified life cycle renewal project needs and energy management considerations at the Canada Games Aquatic Centre (CGAC).

CGAC is the premier indoor aquatic facility in Southwestern Ontario used by approximately 1,100 customers daily and is the home of six competitive swimming/diving clubs in London.

Constructed in 1990 and renovated and expanded for the 2001 Canada Summer Games the CGAC's major mechanical and electrical systems and architectural finishes, installed as part of the original construction, have reached the end of their expected service life and need to be replaced.

The work will be undertaken as a two part project. Part 1 works will be undertaken within existing financial limitations at an upset limit of \$3.7 million and, subject to Council approval of the Part 2 funding as part of the 2014 Capital Budget, Part 2 works will be undertaken at an upset limit of \$2.65 million.

Scope of Work

The scope of work for the 2013 Facility Renewal and Energy Retrofit Program Phase IV two part project at the CGAC has been developed through a comprehensive facility review conducted by Facilities, Pool Operations and CGAC staff in consultation with Ameresco Canada and includes:

Part 1 - at a guaranteed upset limit of \$3,700,000.00:

- 1) New heating, ventilating and air conditioning (HVAC) systems and modifications to the building controls and security systems
- 2) Updated pool mechanical and filtration systems
- 3) New lighting

Part 2 - subject to Council approval of the Part 2 funding as part of the 2014 Capital Budget at a guaranteed upset limit of \$2,650,000.00:

- 4) Architectural Life Cycle Renewal works including:
 - New lockers
 - Replacing ceramic tile in the pool well
 - Flooring replacements in locker rooms and access corridors
 - Complete interior painting
- 5) Replace movable bulkheads
- 6) Renovated hydraulic floor lift system including new controls

Schedule:

To undertake the Part 1 works outlined in items 1) to 3) above the CGAC facility will be closed for approximately seven months.

During the same shutdown period it would be prudent to undertake the Part 2 Life Cycle Renewal works noted in items 4) and 6) above as these works cannot be undertaken and completed in their entirety during the annual two week maintenance shutdown of this facility. It being noted that the undertaking of Part 2 work is subject to Council approval of the Part 2 funding as part of the 2014 Capital Budget.

The proposed shutdown period from early April 2014 to the end of October 2014 has been determined in consultation with Community Services/Parks & Recreation staff and user groups have been notified of the potential forthcoming shut down. The relocation of 2014 programs and events were possible will begin immediately upon Council approval of this project to accommodate patrons and minimize service delivery interruptions.

Budget:

Funding in the amount of \$3.7 million has been accrued from previous years approved budgets to support the works to be undertaken as Part 1.

The 2014 Capital Budget submission will identify for Council's consideration \$2.65 million to support the Part 2 works.

The project will also be reviewed with other levels of government and utility providers such as Union Gas, Ontario Power Authority/London Hydro etc., for possible financing and rebate opportunities with the outcomes being reported at a future meeting of Council. It being noted that the majority of current financing and rebate incentives are linked to Ontario Power Authority programs that terminate at the end of 2015.

This project is also well positioned to qualify for funding assistance through the Green Municipal Fund (GMF) program for which the Federation of Canadian Municipalities (FCM) is the trustee. Qualification applications will be submitted to FCM and if successful the appropriate approval documentation will be brought forward to Council for approval in a subsequent report.

Conclusion:

City staff is satisfied with the performance of Ameresco Canada on the previous three phases of Facility Renewal and Energy Retrofit Program work and recommends acceptance of their 2013 Facility Renewal and Energy Retrofit Program Phase IV two part proposal for the CGAC as a continuation of the existing partnership agreement to complete required Life Cycle Renewal needs with a focus on energy conservation.

The CGAC is 23 years old and major mechanical and electrical equipment and many finishes have reached the end of their life expectancy and are due for renewal. Through the proposed redesign of the mechanical and electrical systems and the selection of energy efficient equipment, the energy usage at the CGAC is anticipated to decrease by 41.0% and the utility costs are anticipated to decrease by approximately \$88,000 in the first year.

The Facility Renewal and Energy Retrofit Program embraces Corporate Services - Finance Service Area commitment to advance Energy Management and Asset Renewal Strategies and also supports the City of London Strategic Plan adopted by Council.

The benefits of the building upgrades include:

- Improved energy efficiencies
- Operational savings
- Incorporation of Life Cycle Renewal strategies
- Enhancement of the CGAC’s high reliability standard.

Acknowledgements:

This report was prepared with input from S. MacDonald, A. Taylor, J. Wilson and A. Barta of the Facilities Division and L. Loubert and Aquatic Division Staff.

PREPARED BY:	SUBMITTED BY:
JIM KLINGENBERGER MANAGER, FACILITIES ASSETS, ENERGY AND RELIABILITY	KEN OWEN, DIVISION MANAGER, FACILITIES
CONCURRED BY:	CONCURRED BY:
BILL COXHEAD MANAGING DIRECTOR , PARKS AND RECREATION	JOHN FREEMAN MANAGER, PURCHASING & SUPPLY
RECOMMENDED BY:	
MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Attachments:

- Appendix “A” – Sources of Financing
- Appendix “B” – Proposed by-law
- Appendix “C” – Ameresco Proposal

cc. Lynn Loubert – Division Manager, Aquatics, Arenas & Attractions
 Steve MacDonald - Corporate Energy Management Engineer
 Al Taylor - Capital Planner, Facilities

APPENDIX B

Bill No.
2013

By-law No.

A By-law to approve the Agreement with Ameresco Canada Inc. for the 2013 FACILITY RENEWAL AND ENERGY RETROFIT PROJECT PHASE IV TWO PART PROJECT and to authorize the Mayor and the City Clerk to execute the Agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other act;

AND WHEREAS section 10 of the *Municipal Act, 2001* provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the municipal Council of The Corporation of the City of London enacts as follows:

1. The agreement to be entered into between The Corporation of the City of London and Ameresco Canada Inc. for the provision of the 2013 Facility Renewal and Energy Retrofit Program Phase IV two part project at an upset limit of \$3.7 million for Part 1 and, subject to Council approval of the Part 2 funding as part of the 2014 Capital Budget, an upset limit of \$2.65 million for Part 2, attached as Schedule A to this By-law, is approved.
2. The Mayor and City Clerk are authorized to execute the agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

, 2013

Joe Fontana
Mayor

Catherine Saunders
City Clerk

First reading –
Second reading –
Third reading –