



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: April 18, 2008  
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Meeting Date: April 29, 2008

TO: Vancouver City Council

FROM: General Manager of Engineering Services

SUBJECT: Neighbourhood Energy Utility ("NEU") - Award of Contract for Energy Transfer Station Installation

#### RECOMMENDATION

- A. *THAT, subject to the conditions set out in Recommendations B, C, and D, that Council authorize a contract with Division 15 Mechanical Ltd. for the fabrication and installation of Energy Transfer Stations, in accordance with Invitation to Tender No. PS08044 at an estimated cost of \$747,000.*
- B. *THAT, the contract be on such terms and conditions as are satisfactory to the Director of Legal Services and the General Manager of Engineering Services.*
- C. *THAT, upon approval of the contract by the Director of Legal Services and the General Manager of Engineering Services, the Director of Legal Services be authorized to execute and deliver the contract on behalf of City Council.*
- D. *THAT no legal rights or obligations will be created by the adoption of these Recommendations or at any time after such adoption unless and until the contract and any other required legal documentation has been executed and delivered by the City to Division 15 Mechanical Ltd.*
- E. *THAT the source of funding for this contract be the NEU Interim Budget.*

#### CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the above recommendations to proceed with the fabrication and installation of Energy Transfer Stations.

## COUNCIL POLICY

Contracts with a value over \$300,000 require approval of City Council. Contracts are awarded on the basis of best value to the City.

On March 2, 2006, Council approved in principle the creation of the NEU to provide space heating and domestic hot water services to Southeast False Creek ("SEFC") buildings, with interim development financing of a maximum of \$14.0 million provided by the Capital Financing Fund.

## PURPOSE

This report seeks authorization to award the contract for the fabrication and installation of NEU Energy Transfer Stations to Division 15 Mechanical Ltd at an estimated cost of \$747,000 plus GST.

## BACKGROUND

On March 2, 2006, Council approved in principle the creation of the NEU to provide space heating and domestic hot water services to the SEFC Official Development Plan area. Development of the NEU was considered to be an economically and technically viable contribution toward the greenhouse gas ("GHG") reduction objectives identified in the SEFC Official Development Plan. Creation of the NEU will also contribute toward the achievement of the City's community GHG targets, and provide a financial return on the City's investment. Council also approved the NEU Interim Budget with financing approved from the Capital Financing Fund to be repaid from future NEU revenues.

On December 14, 2006, Council approved a report recommending that the City enter into a contract with FVB Energy Inc. to provide design services for Energy Transfer Stations to be located within each NEU customer building in SEFC. Energy Transfer Stations are used to transfer thermal energy from the NEU distribution system into space heat and domestic hot water for customer buildings.

## DISCUSSION

Each new SEFC building requires an Energy Transfer Station in order to utilize the NEU for space heating and domestic hot water service. On March 18, 2008, an Invitation to Tender ("ITT") was issued for the installation and fabrication of nine Energy Transfer Stations. This ITT closed on April 18, 2008, with tender submissions received from three Proponents. Prices listed in Table 1 are based on lump sum amounts and unit rates (as applicable).

Table 1: Tender Prices

Tenderer	Tender Price (not including GST)
Division 15 Mechanical Ltd	\$747,000.00
Lockerbie and Hole	\$784,478.00
Mitchell Installations	\$885,410.93

The Evaluation Team, with representatives from the City and FVB Energy Inc., assessed the tender submissions. Tender submissions were evaluated on the basis of the overall best value to the City including, but not limited to the following criteria:

- a) the Tenderer's ability to meet the requirements, qualifications and competencies set out in the ITT;
- b) the Tenderer's financial offering, including but not limited to price, operating and maintenance costs, warranty and any life cycle considerations;
- c) the Tenderer's business and technical reputation and capabilities; experience and where applicable, the experience of its personnel; financial stability; track record; and references of current and former customers;
- d) equipment quality, configuration, age and condition; and
- e) any other criteria reasonably considered relevant.

As Division 15 Mechanical Ltd.'s tender submission met the requirements of the ITT and is considered to provide the best value for the City, the Evaluation Team recommended that Division 15 Mechanical Ltd. be awarded the contract for the fabrication and installation of Energy Transfer Stations.

#### **FINANCIAL IMPLICATIONS**

On March 2, 2006, Council approved the NEU Interim Budget of \$14 million with financing approved from the Capital Financing Fund, which is to be repaid from future NEU revenues. The recommended contract with Division 15 Mechanical Ltd. will be funded from the approved budget.

#### **CONCLUSION**

Following a competitive public tender process, it is recommended that the contract for the fabrication and installation of NEU Energy Transfer Stations for use in Southeast False Creek buildings be awarded to Division 15 Mechanical Ltd.

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