



REPORT

Report Date: May 10, 2022
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Meeting Date: June 8, 2022
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services

FROM: General Manager of Engineering Services and Chief Procurement Officer

SUBJECT: Contract Award for the Supply and Maintenance of Sewage Screening Equipment for the Neighbourhood Energy Utility (NEU) False Creek Energy Centre (FCEC)

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Engineering, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a contract with SHARC Energy Systems Inc., for the supply and maintenance of sewage screening equipment for the NEU FCEC for a term of five (5) years, with the option to extend for an additional 5-year term, with an estimated contract value of \$2,194,180.00 plus applicable taxes for the initial term: \$1,679,500.00 to be funded through the approved Multi-Year Capital Project Budget and the balance of \$514,680.00 from ongoing annual operating budgets via the NEU Rates over the 5-year term.
- B. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Engineering be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued a Request for Expressions of Interest (RFEOI) PS20210959 on September 9, 2021 for Contractor Pre-Qualification for Sewage Screening Equipment with the intention to proceed to a Request for Proposal. The RFEOI was advertised on City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City's Procurement Policy ADMIN-008. The City received two (2) responses that were reviewed and evaluated by the Consultant, KWL, and the City's NEU staff. One response proposed a product that did not meet the City's requirements. Therefore, further evaluation was not pursued.

City staff on the evaluation committee and, subsequently, Bid Committee have considered the response of the remaining proponent, and on that basis recommend that the City negotiate and if such negotiations are successful enter into a contract as described above with SHARC Energy Systems Inc.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended SHARC Energy Systems Inc. as the successful proponent.

There is no applicable Council Authority or previous decisions relevant to this report.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The FCEC (False Creek Energy Centre) supplies thermal energy to buildings in the False Creek neighborhood to provide low carbon space heating and domestic hot water. A portion of the energy that is delivered to the neighborhood is obtained by directing sewage through heat pumps to extract the latent heat from the sewage. Sewage is screened prior to being directed through the heat pumps. The heat pumps extract the heat from the sewage and heat a separate water loop. The hot water is then pumped through the neighborhood. Gas-fired boilers are used to supplement the heat pumps.

Due to growth in the area, heating demands will be rising and the City is expanding the FCEC. The expansion of the FCEC involves the addition of two new heat pumps and expanding and upgrading the sewage screening systems for both the new and the existing heat pumps.

The sewage screening devices are essential equipment used in the heat extraction process. Large solids found within the sewage must be screened out before the sewage water is delivered to the heat pump. Without the screens, large solids would clog and potentially damage the heat pumps, interrupting the heat extraction process for cleaning and potential repairs.

The purpose of the RFEOI was to identify suppliers with demonstrated capability to meet the City's estimated demand over the term of the contract at competitive pricing and satisfactory service requirements.

Strategic Analysis

The RFEOI was issued in the accordance with City's Procurement Policy ADMIN-008. The City received 2 responses. The responses were evaluated through the work of an evaluation team comprised of representatives from the Engineering Department and their Consultant under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City, both quantitative and qualitative factors were evaluated.

Some of the criteria considered in the overall evaluation process included:

- Demonstrated performance in similar applications, i.e. district energy;
- Reliability of equipment;
- Space requirements of the system;
- Cost of supply and maintenance of the sewage screening units; and
- Capacity and experience of maintenance staff.

Based on the overall evaluation, the team concluded that the response submitted by SHARC Energy Systems Inc., met the City's requirements and provided good overall value to the City.

Implications/Related Issues/Risk

Financial

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and/or service and concurs that budget is available from the approved Multi-Year Capital Project Budget and ongoing annual operating budgets. The annual operating cost will be built in to the NEU Rates in 2023 and beyond and is subject to the approval of the annual Operating Budget.

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council will be signed by the Director of Legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver negotiate and enter into a five (5)-year contract, with the option to extend the contract for an additional 5-year term, with SHARC Energy Systems Inc. for the supply and maintenance of sewage screening equipment.

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