



Item No. 10.1.1
Halifax Regional Council
November 27, 2012

TO: Mayor Savage and Members of Halifax Regional Council

Original signed by 

SUBMITTED BY:

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: November 21, 2012

SUBJECT: **Sole Source Award: Energy Efficiency Projects with
Efficiency Nova Scotia**

ORIGIN

May 26, 2009, Halifax Regional Council Motion: Guiding Principles Energy Efficiency Funding Strategy.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve a withdrawal of \$123,489 (including Net HST) from the Energy and Underground Services Reserve, Q131 and a corresponding increase to Project No. CBX01161 as outlined in the Budget Implications section of this report;
2. In accordance with the Sole Source Policy (Administrative Order 35, Section 8(11)(m) Attachment 1), that Regional Council award lighting retrofit projects in 35 buildings, as summarized in Attachment 2 and cost shared with Efficiency Nova Scotia with a contribution of \$101,102 in rebates, to Efficiency Nova Scotia Corporation (**ENSC**) for a Total Cost of \$102,632.00 (net HST included), with funding from the 2011/12 Project Budget, Project No. CBX01161 - Planning and Infrastructure, Efficiency Projects, as outlined in the Budget Implications section of this report; and
3. Use the balance of funding from recommendation one (\$20,857, net HST included) to initiate a detailed energy audit of the Eric Spicer building, as outlined in the Budget Implications section of this report.

BACKGROUND

In October of 2010, HRM retained the services of Efficiency Nova Scotia's approved contractors to perform energy audits at municipally owned facilities under the *Small Business Energy Solutions* (SBES) Program. The SBES Program is designed for buildings that use less than 350,000 kWh per year or approximately \$35,000 per year in electrical utility, and for financial incentives of up to 80% of total project costs. HRM currently has over 250 buildings that could qualify for this lighting retrofit program.

Over the last two years, HRM has been participating in this program with Efficiency Nova Scotia and on November 14, 2011, staff provided an update to the Environment and Sustainability Committee. Up until that time, 32 buildings had been completed with the lighting retrofit at a total project cost of \$274,279, with 70% of the cost shared by Efficiency Nova Scotia (or at a net cost to HRM of \$81,067). The 2011 savings from these first 32 buildings was \$87,462 per year.

Since then, another 21 buildings have been completed at a total project cost of \$174,279, with 43% of the cost shared by Efficiency Nova Scotia (or at a net cost to HRM of \$98,036). The 2012 savings from this second batch of 21 buildings was an additional \$66,837 per year.

There continues to be significant energy efficiency and financial incentives throughout HRM for new and existing facilities. As a result it is crucial that any energy management activities involving capital expenditures, consider energy efficiency and conservation opportunities in the early stages of the decision making process in order to be potentially eligible for significant financial incentives from Efficiency Nova Scotia. HRM staff continues to work closely with Efficiency Nova Scotia on a variety of programs such as this SBES program as well as others, which include the new Spring Garden Road Library, etc.

DISCUSSION

Administrative Order 35, Procurement Policy Section 8(11)(m), states "Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Municipality, such a purchase may be made as a single source purchase".

The Efficiency Nova Scotia Corporation Act (2009) created ENSC as a not-for-profit corporation with a mandate to provide Energy Demand Management Services and to administer the Sustainable Development Fund, which includes the Small Business Energy Solutions Program. In addition to these legislated core services, ENSC engages in public tendering processes to select third-party vendors who act as delivery agents for the delivery of projects supported by the Fund.

Currently, 35 more facilities have had audits completed by **Efficiency Nova Scotia** under the SBES program. The total cost to implement the lighting retrofit for these buildings is \$199,516 and will require a contribution from HRM of \$98,414. These 35 facilities offer annual savings of

310,498 kWh or \$35,986 in 2012 electricity costs. Due to budget and staff resource constraints, these facilities are currently waiting for HRM approval.

Table 1: Summary of Recommended Projects - Associated Costs and Savings

Number of Facilities	Project Cost	HRM Cost	Total Annual Savings		Overall Simple Payback
			\$	kWh	
35	\$199,516	\$98,414	35,986	310,498	2.7 years

*All costs and savings do not include HST.

A detailed list of individual facilities is attached (Attachment 2).

In addition to this third batch, there are approximately 70 other facilities awaiting audits and funding approvals from HRM and Efficiency Nova Scotia that could proceed in 2013/14.

This Efficiency Nova Scotia rebate program provides a turnkey energy efficiency solution including all procurement, contracting, project oversight, and auditing. The simplicity of offering makes it easy for organizations to participate. HRM will be presented invoices upon work completion.

BUDGET IMPLICATIONS

Based on the cost of \$98,414, plus net HST of \$4,218, for a net total of \$102,632, for the 35 lighting retrofits and the remaining balance of \$20,000, plus net HST of \$857, for a net total of 20,857 for the detailed energy audit of Eric Spicer, the combined net total of \$123,489 is available in the Energy and Underground Services Reserve - Q131. Budget availability has been confirmed by Finance.

Budget Summary: Energy and Underground Services Reserve, Q131

Projected net available balance 3/31/13	\$1,666,454
Less Withdrawal for the following project	<u>\$ (123,489)</u>
Projected net available balance 3/31/13	\$1,542,965

Project No. CBX01161 – Energy Efficiency Projects

Cumulative Unspent Budget	\$278,598
Add: Withdrawal from Q131	\$123,489
Less: ENSC Lighting Projects	\$102,632
Less: Eric Spicer detailed energy audit	<u>\$ 20,857</u>
Balance	\$278,598

As per HRM Council policy, the TPW annual electricity operating savings (W200) of \$35,986 are to be directed to the Energy and Underground Services Reserve starting in 2013/14, to fund future capital of energy efficiency projects.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating budget, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. If approved, this will increase the gross Project budget but not the net and will increase withdrawals from Reserves.

ALTERNATIVES

An alternative would be to decline implementation of the retrofits. This would lead to a missed opportunity for energy and operating expense reductions and forgo the \$101,102 in cost sharing from Efficiency Nova Scotia. There is no guarantee that the Efficiency Nova Scotia programming or funding offers will be available in the future.

ATTACHMENTS

Attachment 1: Procurement Policy Section 8(11)a

Attachment 2: Summary of Facilities identified for lighting retrofits

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 490-4170, or Fax 490-6425.

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Facilities Identified for Participation in Efficiency Nova Scotia's Programs

Number	Facility Name	Address	Total Project Cost	Efficiency NS Contribution	HRM Cost	Annual Savings (kWh/yr)	Annual Savings	Simple Payback (years)
1	J.D. Shatford Library	10353 St. Margaret's Bay Road	\$3,491	\$2,261	\$1,230	9,541	\$1,050	1.2
2	Riverline Comm. Centre	80 Grono Road	\$4,876	\$2,316	\$2,560	8,759	\$963	2.7
3	Fire Station #47	2040 Old Guyborough Rd	\$6,457	\$2,788	\$3,669	7,202	\$792	4.6
4	Musquodoboit Harbour Library and Recreation	7900 Highway 7	\$10,852	\$4,686	\$6,166	15,660	\$2,036	3.0
5	Spryfield Lions Arena	111 Drysdale Rd	\$15,980	\$5,107	\$10,873	48,911	\$5,380	2.0
6	Fire Station #41	2433 Highway #2	\$8,896	\$7,683	\$1,213	4,413	\$485	2.5
7	Moser River Comm Hall	28975 Highway 7	\$6,256	\$3,782	\$2,474	12,705	\$1,398	1.8
8	Fire Station #33	26291 Highway #7 (RR #1)	\$1,217	\$1,051	\$166	1,121	\$123	1.3
9	Fire Station #38	36 Glenmore Road	\$5,553	\$2,877	\$2,676	11,978	\$1,318	2.0
10	Ste Terese (West Chezz) Community Centre	17 Conrod Road	\$3,815	\$3,295	\$520	3,417	\$376	1.4
11	Fall River Pre-School/Daycare (Big Hands, Little Hands)	1018 Fall River Rd	\$3,315	\$2,863	\$452	2,111	\$232	1.9
12	Firefighter's Museum	3214 Highway #2	\$3,838	\$3,393	\$445	2,102	\$231	1.9
13	Public Works Bldg 2 (Quonset Hut)	6331 Bayne St	\$2,971	\$2,566	\$405	2,676	\$348	1.2
14	Fire Station #20 - Lawrencetown	2931 Lawrencetown Rd	\$4,593	\$3,967	\$626	4,403	\$484	1.3
15	Fire Station #24 - Musquodoboit Harbour	Riverside Ave	\$4,613	\$2,590	\$2,023	10,816	\$1,190	1.7
16	Isleville Community Centre - Halifax	3460 Isleville Street	\$1,166	\$1,007	\$159	1,448	\$188	0.8
17	Fire Station #39 - Upper Musq	14 Highway 336	\$3,982	\$3,439	\$543	3,695	\$406	1.3
18	MacPhee House Museum Sheet Harbour	22404 Highway 7	\$1,811	\$1,564	\$247	3,123	\$343	0.7
19	Fire Station #22	8 Cain St	\$3,534	\$3,052	\$482	2,577	\$335	1.4
20	Fire Station #25	1765 Ostrea Lake Road	\$2,021	\$1,745	\$276	1,497	\$195	1.4
21	Fire Station #37	5802 Highway 357	\$2,280	\$1,969	\$311	2,577	\$335	0.9
22	Fire Station #31	Highway #7	\$1,039	\$897	\$142	1,076	\$140	1.0
23	Gerald B Gray Arena	10 Monique Avenue	\$9,114	\$1,969	\$7,145	17,185	\$1,890	3.8
24	Shakespeare by the Sea Box Office	0 Point Pleasant Drive	\$2,642	\$913	\$1,729	3,090	\$402	4.3
25	Fire Station #23	5543 Highway #7	\$10,780	\$6,052	\$4,728	23,129	\$2,544	1.9
26	Fire Station #35	39 Corbett Rd	\$6,856	\$3,553	\$3,303	10,543	\$1,160	2.8
27	RPO Sportsfield Depot	429 Cobequid Road	\$9,918	\$4,283	\$5,635	15,342	\$1,688	3.3
28	Fire Station #36 + Meagher's Grant Community Centre	4413 Highway 357 (Wyse Road)	\$4,666	\$2,619	\$2,047	8,551	\$941	2.2
29	Fire Station #29	28971 Hwy 7	\$4,350	\$1,878	\$2,472	5,514	\$717	3.4
30	Fire Station #19	2385 Crowell Road	\$7,721	\$4,668	\$3,053	17,055	\$2,217	1.4
31	Sackville Lions Club	101 Old Beaverbank Road	\$8,359	\$1,464	\$6,895	10,515	\$1,367	5.0
32	Fire Station #26	Oyster Pond	\$9,882	\$2,987	\$6,895	12,606	\$1,639	4.2
33	Fire Station #30	17559 Highway #7	\$6,514	\$2,250	\$4,264	9,791	\$1,077	4.0
34	Fire Station #34	22 Powers Rd	\$9,008	\$2,333	\$6,675	10,054	\$1,307	5.1
35	Fire Station #28	22835 Highway #7	\$7,150	\$1,235	\$5,915	5,315	\$691	8.6
Project Totals*			\$199,516	\$101,102	\$98,414	310,498	\$35,986	
Payback of approved projects before incentives (years)								5.54
Payback of approved projects after incentives (years)								2.73

*All costs and savings do not include HST