

NO: **R107**

COUNCIL DATE: **JUNE 23, 2014**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **June 17, 2014**

FROM: **Acting General Manager, Engineering**

PROJECT FILE: **5513-102-21**

SUBJECT: **District Energy System Utility (Surrey City Energy)
Award of Contract M.S. 5513-102-21**

RECOMMENDATIONS

The Engineering Department recommends that Council:

1. Award Contract M.S. 5513-102-21 to Division 15 Mechanical Ltd in the amount of \$1,407,262.50, including GST, for infrastructure for the City Centre District Energy System; and
1. Set the expenditure authorization limit for Contract M.S. 5513-102-21 at \$1,620,000.00 including GST and contingency.

BACKGROUND

At its Regular meeting on April 14, 2014 Council adopted the recommendations of Corporate Report No. R051;2014, to award Contract M.S. 5513-102-11 for the delivery of a portable natural gas boiler plant (the "Plant"). The Plant will be used to temporarily provide thermal energy service to a number of buildings in the City Centre until a permanent thermal energy plant is constructed.

This report is for construction of permanent district energy infrastructure that will connect to the temporary plant initially and to the permanent plant in the future when it is constructed. The permanent district energy infrastructure included in the subject contract will connect to two of Surrey City Energy's initial customer buildings. Additional customers buildings will also connect to the permanent district energy infrastructure in the future in compliance with the District Energy System By-law, 2012, No.17667 which requires buildings to connect to the City Centre District Energy System.

SCOPE OF WORK

The work associated with the subject contract is to supply and install:

- Approximately 400m of the Distribution Piping System (DPS), which conveys thermal energy between the Plant and customer buildings;
- Two (2) Energy Transfer Stations (ETS), which are located in customer buildings and transfer thermal energy from the DPS to the customer buildings;
- The concrete slab foundation and service connections for the Plant; and
- The controls and communication system to connect four (4) customer buildings and Plant to a central control panel at City Hall.

The work is illustrated on the map attached to this report as Appendix I. The contract work is expected to start in July 2014 and be completed by 2016.

TENDER RESULTS

Tenders for the subject contract were opened on May 28, 2014, with the following results:

<i>Contractor</i>	<i>Tendered Amount with GST</i>	<i>Corrected Amount</i>
1. Division 15 Mechanical Ltd.	\$1,407,262.50	No Change
2. Rissling Services Ltd.	\$2,140,801.95	No Change

The Engineer's pre-tender estimate was \$1,851,360.00 including GST.

EVALUATION

The City's consultant reviewed the tenders for accuracy and completeness. No errors were found. All submissions included the required 10% bid bond, and were signed and sealed on the Tender Form and Summary Sheet of the Schedule of Quantities and Prices.

The low bidder, Division 15 Mechanical Ltd., has provided a Consent of Surety for a Performance Bond and a Labour & Materials Bond, and agreed to complete the work within the schedule stipulated in the contract. Division 15 Mechanical Ltd.'s past performance on similar work has been satisfactory. They have no outstanding legal claims against the City. It is recommended that Division 15 Mechanical Ltd. be awarded Contract M.S. 5513-102-21.

SUSTAINABILITY CONSIDERATIONS

The implementation of a district energy system in the City Centre supports the Economic and Environmental Pillars. In particular, the project supports the following City Sustainability Charter scope actions:

- EC8: Energy security by promoting the use of low-impact, renewable energy sources and promoting community energy solutions;
- EN1: Energy efficiency by incorporating alternative energy systems such as geo-exchange and solar heating systems as potential heat sources; and
- EN10: Integrated Community Energy Master Plans by developing an Integrated Community Energy Master Plan for the City Centre and by working with property owners to promote and increase building energy efficiency through implementation of a district energy system.

FUNDING

Funding for this contract is available in the approved 2014 District Energy Budget.

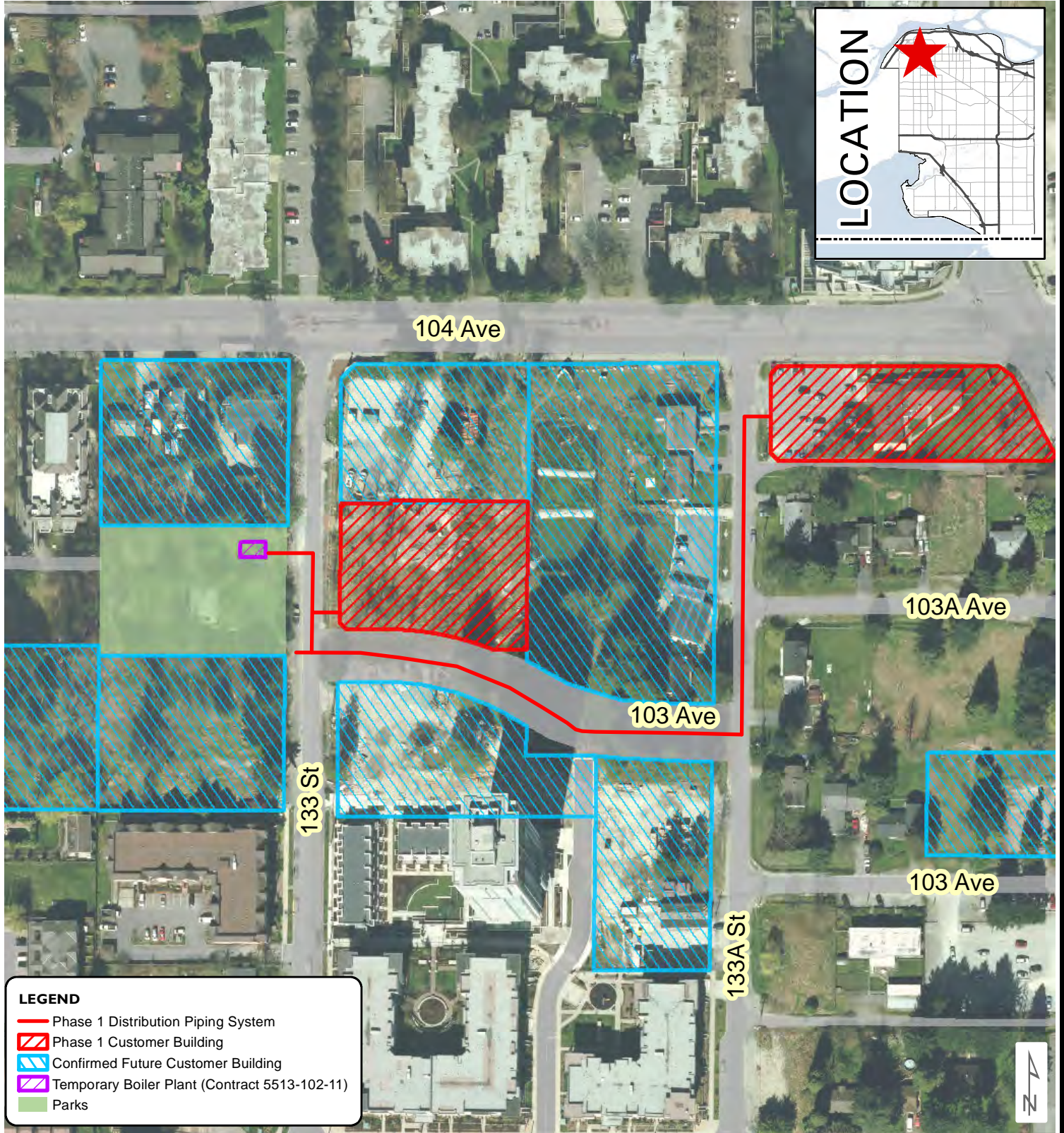
Gerry McKinnon
Acting General Manager, Engineering

VL/JO/SN/WG/brb/ras

Appendix I - Contract M.S. 5513-102-21 Map

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APPENDIX I



Produced by GIS Section: 16-Jun-2014, EM9



CONTRACT MS 5513-102-21
District Energy Phase 1

**ENGINEERING
 DEPARTMENT**

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey.
 This information is provided for information and convenience purposes only.
 Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.