

REGULAR COUNCIL

TO: Mayor & Council **DATE: July 6, 2017**

FROM: General Manager, Planning & Development **FILE: 0760-20**
General Manager, Engineering **(Surrey CNG Station)**

SUBJECT: Award of Contract for Design and Construction of a New Compressed
Natural Gas Station at Surrey Operations Centre

RECOMMENDATION

The Planning & Development Department and the Engineering Department recommend that Council:

1. Approve the award of Contract 1220-030-2017-005 at a total base value of \$2,304,309.69 to Clean Energy Compression Corp.;
2. Authorize an expenditure authority for this contract of \$2,700,000.00, including contingencies and excluding GST; and
3. Authorize the General Manager, Planning & Development or the General Manager, Engineering or a designate to execute Contract 1220-030-2017-005.

PURPOSE

The purpose of this report is to obtain approval to award a contract related to the design and construction of the new Compressed Natural Gas (CNG) Station at Surrey Operations Centre.

BACKGROUND

In the early 1980s the City installed a CNG filling station at the Operations Centre to fuel the first generation of CNG vehicles that the City had invested in at the time. Due to the limitations in CNG technology, combined with few incentives from senior levels of government and with Original Equipment Manufacturers (OEM) not fully embracing the alternative fuel opportunities, the alternative fuel industry slowly declined by the late 1990s. Since then, CNG technology has significantly improved and is becoming a standard use for specific service industries, such as transit (buses) and waste management (waste collection trucks).

In 2012, the City was the first municipality in Canada to launch a 100% CNG waste collection fleet, through its curbside waste collection contract. That same year, the City piloted four CNG/gasoline (dual fuel) pickup trucks to evaluate their suitability and reliability. At the end of the pilot the City found the vehicles were reliable with no noticeable reduction in power, and were suitable for most of our operations.

The City now operates in excess of 70 dual fuel vehicles, including one diesel/CNG fuel blended truck. As the City continues to update its vehicle fleet by replacing its end-of-life gasoline and diesel powered vehicles, it is adding dual fuel CNG vehicles. This means an addition of new dual fuel vehicles at a rate of 20 to 30 annually.

The current CNG station is approximately 30 years old. Over the last 12 months there have been times when the station was unavailable due to mechanical issues. With the additional vehicles being converted to CNG, the increased load on the station is creating reliability concerns which could result in increased wait times to access the station by vehicle operators for refueling, and possibly a major failure. The current station has a maximum operating pressure of 3,000 psi; a new station operates at 3,500 psi, thereby providing additional range for fleet vehicles.

The new station will give the City the ability to explore other options with regards to CNG fueled vehicles, including:

1. Dedicated CNG vehicles;
2. Dump trucks, either dedicated CNG or blended CNG/diesel; and
3. Making the fuel available to external commercial users.

In 2014 Council approved the award of Request for Proposal (RFP) 5587 to Iris Solutions (Orgaworld) to build the Surrey Biofuel Processing Facility (Corporate Report R2o6; 2014). The vision of this project is to fuel Surrey's waste collection trucks and the City's fleet vehicles with renewable natural gas.

Our goal of becoming one of the first municipalities in the world to operate a carbon neutral fleet includes the use of renewal gas produced from the Biofuel Processing Facility. The new CNG station will allow the City to continue in that direction.

DISCUSSION

A Request for Expressions of Interest and Statement of Qualifications (RFEOI/SOQ) was developed for the purpose of obtaining a General Contractor with the knowledge and expertise that is required for designing, building, operating, and maintaining a new CNG station at Surrey Operations Centre.

The City issued RFEOI/SOQ 1220-050-2016-013, which closed on October 18, 2016. This process was advertised on the City's website and on the BC Bid Website. Four submissions were received.

RFP 1220-030-2017-005 was issued to the three proponents that were shortlisted, following the RFEOI process. Those proponents were invited to submit proposals. The shortlisted firms were interviewed, which allowed staff to review and discuss their proposed design and systems concepts.

Following the interview process, the proponents were requested to submit a financial proposal that included design-build-operate-and maintain services. Only two proponents responded. Based on an evaluation of the proposals it was concluded that the proposal from Clean Energy Compression Corp. ("Clean Energy") provided the best overall value to the City.

Funding

Funding for the construction of the CNG station was approved by Council as part of the City's 2017 budget process. Funding is available from the fleet replacement reserve.

Project Schedule

Construction of the CNG station is expected to commence in July 2017 and to be completed by Spring/Summer of 2018.

SUSTAINABILITY CONSIDERATIONS

The building of a new CNG fueling facility will allow the City to continue to replace vehicles with CNG fueled vehicles, and provide the ability to supply CNG to commercial vehicle users, which provides economic and environmental benefits and meets the following Desired Outcomes (DO) and Strategic Directions (SD) as set out in the Sustainability Charter:

Ecosystems

- DO9: Air quality meets or exceeds established standards.
- SD6: Develop and encourage stronger policies and strategies that support clean water, soil and air.

Infrastructure

- DO7: Per capita emissions are low, and align with global, national and provincial GHG reduction targets.
- DO9: Energy is produced locally, using distributed and renewable sources when economically feasible.
- DO13: Low-emission vehicles predominate and are supported by the necessary fueling infrastructure.

The proposed CNG station will further assist the City in meeting its Corporate Emissions reduction target of 20% below the baseline standards by 2020.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- Approve the award of Contract 1220-030-2017-005 at a total base value of \$2,304,309.69 to Clean Energy Compression Corp.;
- Authorize an expenditure authority for this contract of \$2,700,000.00, including contingencies and excluding GST; and
- Authorize the General Manager, Planning & Development or the General Manager, Engineering or a designate to execute Contract 1220-030-2017-005.

Original signed by
Jean Lamontagne
General Manager, Planning & Development

Original signed by
Fraser Smith, P.Eng., MBA
General Manager, Engineering

AA/KS/RC/ss