



General Purposes Committee

Anderson Room, City Hall
6911 No. 3 Road

Monday, October 17, 2011
4:00 p.m.

Pg. # ITEM

MINUTES

- GP-3** *Motion to adopt the minutes of the meeting of the General Purposes Committee held on Monday, October 3, 2011.*



- GP-7** 1. **ALEXANDRA DISTRICT ENERGY UTILITY – PHASE II CONSTRUCTION**
(File Ref. No. 10-6340-20-P.11206) (REDMS No. 3370854)

[TO VIEW eREPORT CLICK HERE](#)

See Page **GP-7** of the General Purposes agenda for full hardcopy report

Designated Speaker: John Irving

STAFF RECOMMENDATION

That the Chief Administrative Officer and the General Manager of Engineering and Public Works be authorized to execute a Change Order to include Phase II works for the Alexandra District Energy Utility and increase the maximum upset price of the Design-Build Agreement with Oris Geo Energy Ltd. to \$4.8 million.



ADJOURNMENT





General Purposes Committee

Date: Monday, October 3, 2011

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Greg Halsey-Brandt
Councillor Sue Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:14 p.m.

AGENDA ADDITION

It was moved and seconded
That the Public Consultation Program for the Proposed Noise Regulation Bylaw be added to the agenda as Item 3.

CARRIED

MINUTES

It was moved and seconded
That the minutes of the meeting of the General Purposes Committee held on Monday, September 19, 2011, be adopted as circulated.

CARRIED

DELEGATION

1. Barrie Mowatt, President and Founder, Vancouver Biennale, accompanied by Miriam Blumek, Biennale publicist, addressed Committee and thanked Richmond City Council for its support in helping the 2009–2011 Vancouver Biennale Exhibition realize its success.

Mr. Mowatt circulated a publication that featured all 33 sculptures that comprised the 2009-2011 Biennale (on file in the City Clerk's Office).

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Mr. Mowatt commended the City for its strength and courage during the controversy that surrounded the sculpture at the corner of Elmbridge and Alderbridge Way entitled "Miss Mao Trying to Poise Herself at the top of Lenin's Head". The controversy brought media attention to Richmond at the local, national and international levels.

He remarked that the Vancouver Biennale arts organization creates accessibility to art in "an open-air museum".

Mr. Mowatt concluded by requesting that Council encourage the Richmond School Board to partner with the Biennale in the future. A comment was made that the two Councillors who sit on the Council/School Liaison Committee will take Mr. Mowatt's comment to School Board personnel.

A brief discussion ensued between Committee and the Biennale representatives regarding the economic benefits to Richmond as a result of the Biennale.

COUNCILLOR LINDA BARNES

2. **LMTAC – VOTING IN LOCAL GOVERNMENT ELECTIONS & REFERENDA BY RESIDENTS LIVING ON INDIAN RESERVES**

(Report by Councillor Linda Barnes) (File Ref. No. 01-0005-01/2011-Vol 01) (REDMS No. 3366491)

Councillor Barnes provided background information on her report with respect to the jurisdictional overlap of Indian Reserves contained within municipal, and regional district, boundaries and some Reserves considered part of the local government electoral area.

A brief discussion among Committee ensued, with the City of Squamish cited as an example where Reserve and municipal boundaries overlap, and the potential impact on municipal elections.

There was general agreement that the issue of having Indian Reserves counted as part of local government boundaries, with regard to local government elections, be examined further.

It was moved and seconded

- (1) *That Council endorse the recommendations (Attachment 1) of the Lower Mainland Treaty Advisory Committee (LMTAC), as outlined in the draft discussion paper entitled 'Voting In Local Government Elections & Referenda by Residents Living on Indian Reserves' (Attachment 2); and*
- (2) *That Council communicate their views and endorsement directly to Minister Ida Chong, Ministry of Community, Sport, and Cultural Development, with a copy forwarded to the Hon. Mary Polak, Minister of Aboriginal Relations and Reconciliation.*

CARRIED

COUNCILLOR EVELINA HALSEY-BRANDT

3. PUBLIC CONSULTATION PROGRAM FOR THE PROPOSED NOISE REGULATION BYLAW

Councillor E. Halsey-Brandt queried staff regarding the outline of the City's work plan for the proposed Noise Regulation Bylaw public participation process, as outlined in a confidential memo to Council from Community Bylaws.

She expressed concern that: (i) the memorandum from Community Bylaws was marked 'confidential', impairing her ability to discuss the proposed work plan with residents; (ii) a public field test, based on the parameters set out in the proposed bylaw to be conducted in the Caithcart Road and Andrews Road neighbourhoods, had been delayed and the confidential memorandum did not indicate the dates for the field test; and (iii) the proposed work plan included a workshop for business stakeholders, but did not include a workshop for residents.

Phyllis Carlyle, General Manager, Law & Community Safety, clarified that both the public and business stakeholders will be consulted, and staff are following the detailed direction given by Council as a result of the staff report dated March 21, 2011. Staff will meet with residents affected by noise in the two neighbourhoods mentioned by Councillor E. Halsey-Brandt, and residents will be consulted.

It was agreed that a revised version of the confidential memo, one that can be shared with residents, detailing the City's proposed work plan, will be distributed to Council within 24 hours.

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:46 p.m.)

CARRIED

General Purposes Committee

Monday, October 3, 2011

Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Monday, October 3, 2011.

Mayor Malcolm D. Brodie
Chair

Sheila Johnston
Committee Clerk



City of Richmond

Report to Committee

To: General Purposes Committee

Date: September 28, 2011

From: John Irving, P.Eng. MPA,
Director, Engineering

File: 10-6340-20-
P.11206/Vol 01

Re: Alexandra District Energy Utility – Phase II Construction

Staff Recommendation

That the Chief Administrative Officer and the General Manager of Engineering and Public Works be authorized to execute a Change Order to include Phase II works for the Alexandra District Energy Utility and increase the maximum upset price of the Design-Build Agreement with Oris Geo Energy Ltd. to \$4.8 million.

John Irving, P.Eng. MPA
Director, Engineering
(604-276-4140)

FOR ORIGINATING DEPARTMENT USE ONLY			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Development Applications	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Parks	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Sustainability	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	REVIEWED BY CAO	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report

Origin

At the Regular Council Meeting of January 24, 2011, Council adopted the Alexandra District Energy Utility Bylaw 8641. Subsequently, on February 28, 2011, the Design-Build Agreement was awarded to Oris Geo Energy Ltd. with a maximum upset price of \$3.5 million. The total project budget approved by Council in the 2011 Capital Budget was \$6.0 million

The purpose of this report is to seek Council Authority to increase the scope of the Design-Build Agreement to allow servicing of new development in the Alexandra District Energy Utility (ADEU) Service Area.

Analysis

The primary strategy for phasing construction of the ADEU is to match service capacity closely with demand at any given stage. In this way, capital expenditures that don't immediately generate revenue are minimised, and payback periods are reduced.

The current Design-Build Agreement with Oris Geo Energy Ltd. was awarded on February 2011 with an upset price of \$3.5M and includes the design and installation of geothermal wells in the West Cambie Greenway, an Energy Centre building, mechanical equipment, and distribution piping to Oris's Remy and Alexandra Gate developments. This scope of work is defined as Phase I and is required to service the Oris developments with some excess capacity in the well-field.

The original agreement called for Phase I to be in service by July 29, 2011 to meet the initial occupancy dates for the Remy. On May 3, 2011, a fire occurred at the partially completed Remy site and hence the occupancy and service dates have been revised to the second quarter of 2012. Phase I works are approximately 30% complete and are on schedule and on budget.

Based on the current construction schedules provided by developers inside the ADEU service area, an additional four developments (per table below, and mapped in **Attachment 1**) could now require ADEU service in the same timeframe as the Remy and Alexandra Gate projects.

	sq ft	Residential Units	Estimated First Occupancy Date*
Remy	174k	251	2012 Q2
Alexandra Gate	177k	193	2013 Q3
Mayfair Place	349k	358	2012 Q2
Villa Esperanza	219k	245	2013 Q1
9500 Cambie	109k	135	2013 Q4
Smart Centres		Commercial	2013 Q3

*Almost all development projects are phased and full occupancy occurs over the course of several quarters after the first occupancy date.

Given these schedules, ADEU capacity beyond that currently defined for Phase I will need to be in place in 2012. Works required to create this additional capacity are defined as Phase II and include an upsized gas boiler, fluid cooler, service connection piping, and other mechanical equipment. The combined Phase I and II works would provide service capacity for approximately 50% of the residential floor space defined in the above table and would meet demand into early 2013, at which point Phase III would be required. Smart Centres would be serviced by Phase III works in this scenario.

Phase II works are estimated to cost \$1.3M as detailed in **Attachment 2**.

There are two options for delivering Phase II works as follows:

Option 1 – Complete Phase II under the current Design-Build Agreement (Recommended)

Oris has received contractor quotes for the completion of Phase II works. City staff and consultants have reviewed the quotes and they are competitive and provide good value. Oris would integrate the Phase II works with Phase I.

Compared to Option 2, completion of these works under an expanded Design-Build Agreement provides a higher level of price certainty, accelerated delivery and reduced coordination and administration costs.

Staff recommend that authority be given to expand scope under the current Design-Build Agreement to include Phase II works at an additional upset price of \$1.3M, to bring the total Design-Build Agreement upset price to \$4.8M.

Depending on the progression of development schedules over the next 4 months, it may be beneficial to delay the fluid chiller expansion (estimated cost of \$550k including contingency). As such, with the recommended authority, staff would hold the fluid chiller expansion as an option, temporarily excluding it from the Design Build Agreement. The first revision to the Design-Build Agreement would then raise the upset price to \$4.25M, with possible future inclusion of the fluid chiller bringing the Agreement to the full \$4.8M.

Option 2 –Complete Phase II under a New Contract (Not Recommended)

In this option, Oris would complete the Phase I works under the current Design-Build Agreement, and Phase II work would be designed and procured through public tender. Given current schedules, this work would likely overlap with completion of Phase I and would need to be coordinated with Oris at additional cost.

The primary option for expansion beyond Phase II is the development of a geothermal well-field in the park south of Odlin Road, with gas boilers for peak loads; however all options for Phase III expansion will continue to be explored by staff. Staff will bring forward in 2012 options for Phase III expansion works.

Staff will also bring forward in 2012 options and recommendations for future governance of the ADEU including updated models for expanding the utility through the service area.

Financial Impact

As part of the 2011 Capital Budget, Capital Account 40598 – Alexandra District Energy Utility was approved with a total budget of \$6M.

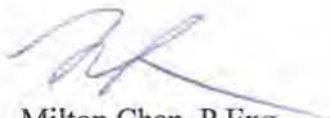
Inclusion of the Phase II works at a value of \$1.3M in the Design-Build Agreement will increase the value of the agreement to \$4.8M, which is within the total capital budget of \$6M, as detailed in **Attachment 2**.

As noted in previous ADEU reports, all capital costs will be fully recovered through ADEU revenue.

Conclusion

Development in the Alexandra District Energy Utility service area is continuing at a fast pace. Based on the current information provided by the developers, the ADEU will require expansion beyond Phase I in 2012.

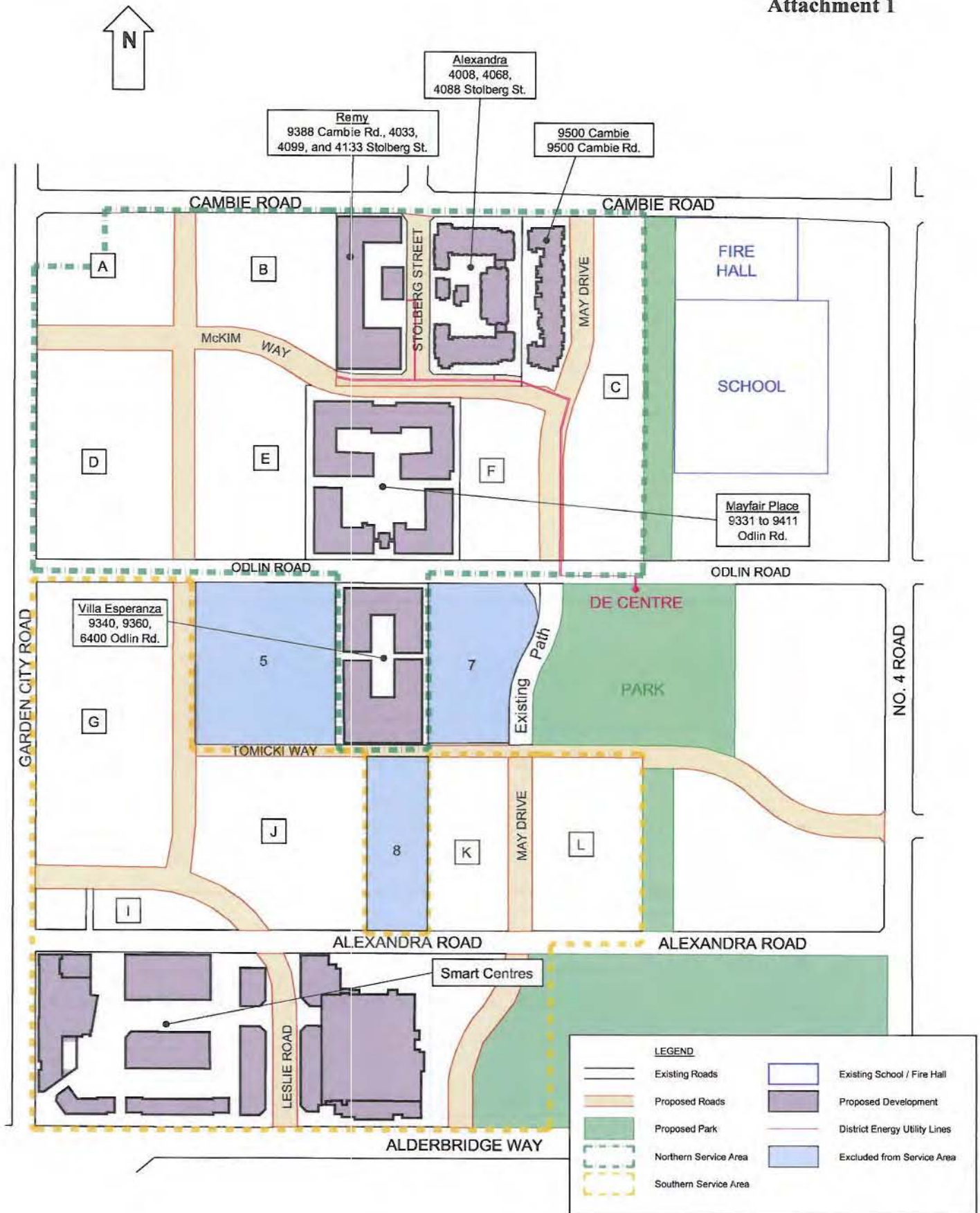
To take advantage of cost and scheduling benefits, staff recommend that the Phase II expansion be added to the Design-Build Agreement with Oris Geo Energy Ltd.



Milton Chan, P.Eng.
Senior Project Engineer
(604-276-4377)

MC:mc

Attachment 1



Current Alexandra District Energy Utility Budget

Budget Allocated to this Project	
Capital Project 40598 - 2011 Alexandra District Energy Utility	\$ 6,000,000.00
Total Capital Budget	\$ 6,000,000.00
Estimated Costs	
Phase One	
Hemmera Design Reviews / Field Services	\$ 60,000.00
Hemmera Preliminary Design Services	\$ 41,000.00
Corix Design Reviews	\$ 20,000.00
Property Acquisition	\$ 90,000.00
Legal Fees	\$ 100,000.00
Non-recoverable PST	\$ 5,442.50
Engineering Staff Capital Costs	\$ 75,000.00
10% Contingency	\$ 39,144.25
Phase One Design / Build Agreement	\$ 3,500,000.00
Phase One Total	\$ 3,930,586.75
Phase Two	
Phase Two Design / Build	
Energy Centre Expansion / Mechanical Equipment	\$ 550,000.00
Service Connection to Orchard Development	\$ 90,000.00
Fluid Chiller Expansion	\$ 500,000.00
10% Contingency	\$ 114,000.00
Non-recoverable PST	\$ 21,945.00
Phase Two Design / Build Subtotal	\$ 1,275,945.00
Phase Two Design Reviews / Field Services	\$ 50,000.00
Phase Two Total	\$ 1,325,945.00
Total Estimated Costs	\$ 5,256,531.75
Capital Budget Remaining	\$ 743,468.25