

DATE: February 7, 2022

TO: MAYOR AND COUNCIL

NAME AND TITLE: Blake McIntosh, Director of Civic Operations

SUBJECT: Downtown Renewable Energy System – Connection Budget Amendment

ATTACHMENT(S): 1. Previously submitted staff report dated September 13, 2021 titled “Downtown Renewable Energy System – Connection Budget Establishment”

RECOMMENDATION:

That Council APPROVES an amendment to the “Ramada DES Design and Build” capital project in the 2021 – 2025 Financial Plan from \$300,000 to a revised budget of \$500,000, to be funded by the Northern Capital Planning Reserve Fund as set out in the report dated February 7, 2022 from the Director of Civic Operations titled “Downtown Renewable Energy System – Connection Budget Amendment.”

PURPOSE:

To provide Council with information related to the connection of the Ramada Hotel to the Downtown Renewable Energy System (DRES) and to obtain the necessary budget amendment to proceed with the work.

BACKGROUND:

In October 2021, a Staff Report was presented to Council requesting the establishment of a preliminary budget estimate for the connection to the Ramada Hotel of \$300,000. The cost estimate for that budget was based on information obtained when the project was initiated in 2018 and adjusted by the forecasted labour and material costs in September 2021. Since this time, the project has gone to procurement, and only 1 bid was submitted. This bid indicates considerable increases in the costs, which have been confirmed to be appropriate based on the current labour and material supply market.

In accordance with the Council Organizational Capital Project Management (OCPM) Policy, all capital projects that the City is responsible for in full or in part through external partnerships will follow the Organizational Capital Project Management (OCPM) framework. Following the approval of the capital budget the capital project goes through the request for proposal process. If preliminary cost estimates need to be adjusted after that process, the project will be brought back to Council for final budget approval.

FINANCIAL CONSIDERATIONS:

The distribution piping system and energy transfer station portions of the installation will remain City assets and will be capitalized under the District Energy fund for an estimated cost of \$500,000 including contingency. The cost of the HVAC modifications, estimated at \$500,000 including contingency, will be recovered through the delivery charges to the owner of the Ramada Hotel (Days Prince George Limited Partnership).

The Ramada Hotel connection will provide additional revenue to the Downtown Renewable Energy System.

SUMMARY AND CONCLUSION:

A Council approved budget of \$500,000 from the Northern Capital Planning Reserve Fund is requested by City Administration in order to complete the Distribution Piping System and Energy Transfer Station.

RESPECTFULLY SUBMITTED:

Blake McIntosh, Director of Civic Operation

PREPARED BY: William Wedel, Manger, Utilities Division

APPROVED:

Walter Babicz, City Manager

Meeting Date: 2022/02/28