

DATE: September 13, 2021

TO: MAYOR AND COUNCIL

NAME AND TITLE: Blake McIntosh, Director of Civic Operations

SUBJECT: Downtown Renewable Energy System – Connection Budget Establishment

ATTACHMENT(S): None

RECOMMENDATION:

1. That Council **APPROVES** the addition of the “Ramada DES Design and Build” capital project to the 2021 – 2025 Financial Plan with a budget of \$300,000 to be funded by the Northern Capital Planning Reserve Fund as detailed in the report dated September 13, 2021 from the Director of Civic Operations titled “Downtown Renewable Energy System – Connection Budget Establishment.”

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 in order to complete the work.

BACKGROUND:

The Ramada Hotel (Days Prince George Limited Partnership) and the Plaza 400 (Spire Properties and the Province of BC) currently share a heating system. The City has negotiated and completed construction on the Plaza 400 to connect their building to the DRES. In order to bring the Plaza 400 system online, they need the Ramada Hotel to sever their connection and go onto their own heating system. After negotiation with the Ramada Hotel, they elected to connect to the City’s DRES system.

In January 2020, the City signed a contract with the Ramada Hotel for connection to the DRES. As part of the agreement, the City agreed to coordinate the necessary connection from the DRES distribution piping in the roadway to the building, the installation of the Energy Transfer Station for the supply of heat and the necessary HVAC modifications to convert their system from their existing heating source. The cost of the HVAC modifications are incorporated into the delivery charge for the Ramada Hotel and will be recovered over the life of the contract.

Previously completed DRES connections utilized DRES operating budgets and were capitalized after finalizing the total costs for the project.

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 \$300,000. The cost of the HVAC modifications, estimated at \$400,000, 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 \$300,000 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: 2021/10/18