

Date: August 9, 2024

To: **Mayor and Council.**

Name and title: Andy Beesley, Director of Civic Facilities and Events

Subject: Custom Efficiency Program Implementation Incentive Approval – CN Centre Boiler, Chiller, Condenser Upgrades and Elksentre Refrigeration Upgrades.

Attachment(s): None

Recommendation(s):

That Council:

1. APPROVES Administration accepting an incentive offer from FortisBC to fund \$704,288 towards completing a CN Centre Boiler, Chiller, and Condenser project, which will be placed in Questica for Council funding approval as a 2025 Capital Project;
2. APPROVES Administration accepting a pending incentive offer from FortisBC and amend the Financial Plan for project #3424 from the original funding source of \$2,150,000 Debt Reduction Reserve if successful;
3. AUTHORIZES the Director of Civic Facilities & Events to sign the FortisBC Implementation Incentive letter attached to the report dated August 9, 2024 from the Director of Civic Facilities and Events titled "Custom Efficiency Program Implementation Incentive Approval - CN Centre Boiler, Chiller, Condenser Upgrades and Elksentre Refrigeration Upgrades"; and the implementation incentive letter for the pending incentive for project #3424, if successful.

PURPOSE:

Administration sought out funding opportunities for future projects currently in the planning phase along with existing projects. Under the Custom Efficiency Program, FortisBC is offering an incentive of up to \$704,288 towards completing the CN Centre Boiler, Chiller, and Condenser upgrades which have been identified for replacement. This FortisBC incentive of \$704,288 would provide an alternate funding source for this project.

Secondly, Fortis BC has indicated the Elksentre Refrigeration Project CEP # 3424 qualifies for an incentive under the same program. The application is still being reviewed, and final incentive values will be determined.

Administration requests Council's authorization to accept an approved incentive and authorize the Director of Civic Facilities & Events to sign both of these letters from the Custom Efficiency Program Implementation Incentive that is facilitated by FortisBC and FortisBC Energy.

BACKGROUND:

CN Center:

In 2023 Administration completed an energy study for the CN Centre facility. This study identified inefficiencies with the near (30) year old mechanical infrastructure of the refrigeration plant system, cooling towers, and boiler system. A project will be entered into the Capital Expenditure Plan to replace this aging infrastructure at the CN Centre which will achieve energy efficiencies by integrating new equipment with a new Heat Recovery System currently being completed at the Kin Centre Complex, and for the CN Centre systems to meet current Technical Safety BC regulations.

This study identified several Energy Control Measures (ECM) that could be achieved by upgrading the existing equipment and integrating new modern equipment with the Kin Arenas Heat Recovery system. By Implementing the ECM's FortisBC will incentivize the project with \$704,288.

This study was initiated with FortisBC funding within the Custom Efficiency Program. Under this program, FortisBC funds 75% of the study prior to the project being constructed. An additional 25% of funding will be paid upon implementation of the CN Centre project for a total of 100% of the study being funded.

This study found that implementing the replacement of the existing aged mechanical infrastructure with modern equipment and with the integration of the heat recovery from the Kin arenas will reduce the annual operating costs of the CN Centre and reduce greenhouse gas emissions by approximately 83%. To achieve this, the engineering design will be completed in 2025 to define a project scope and budget that will be entered into the Capital Expenditure for 2026 construction.

Elksentre:

In 2024 Administration began an energy study for the approved Elksentre Refrigeration Project CEP #3424 under the FortisBC Custom Efficiency Program. This refrigeration project will start and be completed in 2025. If successful, FortisBC will provide incentive funding to cover a portion of the proposed ECM costs that will be identified upon completion of the energy study.

The Fortis Custom Efficiency program is funding 75% of the study prior to the project being constructed. An additional 25% of funding will be provided upon implementation of the Elksentre Refrigeration System Replacement project for 100% of the study being funded.

The results from this study to complete both the CN Centre and Elksentre projects concurrently will realize additional greenhouse gas reductions, energy consumption reductions and overall monetary energy savings. These potential energy savings have provided an opportunity for Administration to seek additional funding support through the Fortis BC incentive program. This incentive application to Fortis BC was successful for the CN Centre to reduce approved project funding sources by up to \$704,288 and is anticipated to be successful for the Elksentre.

STRATEGIC PRIORITIES:

The proposal supports the following Council Priorities:

- City Government and Infrastructure
 - Grow the City: *"...that reflect the integration of capital planning, asset management, infrastructure planning...and associated financial commitments."*
- Social Health and Well-Being
 - Maximize the quality of life for all residents
- Environmental Stewardship & Climate Action Priorities
 - Preserve the environment

FINANCIAL CONSIDERATIONS:

FortisBC is willing to provide an incentive of \$704,288 towards a future planned project to replace CN Centre Boiler, Chiller, and Condenser planned to be completed in 2026. If the project is approved to proceed this incentive will reduce the required funding from City of Prince George.

Council previously approved the capital budget for project #3424 Elksentre Refrigeration in 2022 for \$2,150,000. There is no change required to this approved budget amount. The anticipated FortisBC incentive will provide an alternate funding source for this project and would reduce the use of previously approved Debt Reduction Reserve funds.

SUMMARY AND CONCLUSION:

This report is being presented to council for approval for administration to accept the Custom Efficiency Program Implementation Incentive offered by FortisBC and to authorize the Director of Civic Facilities & Events be the authorized signatory to approve the acceptance of incentive funding. A copy of the CN Centre Incentive letter is attached and subject to council's approval will be signed and returned to FortisBC to implement this incentive.

This report is also being presented to council for approval to accept the Custom Efficiency Program Implementation Incentive anticipated by FortisBC and to authorize the Director of Civic Facilities & Events be the authorized signatory to approve the acceptance of the anticipated incentive funding.

RESPECTFULLY SUBMITTED:

Andy Beesley, Director Civic Facilities & Events

PREPARED BY: Jim Litzen, Project Manager, Project Delivery

APPROVED:

Walter Babicz, City Manager

Meeting Date: 2024/08 /19