

District of Saanich

REQUEST FOR QUALIFICATION

ENERGY SERVICE/BUILDING

PERFORMANCE IMPROVEMENTS

Issued: April 28, 2003

Deadline for Submissions: 3:00 p.m. local time, May 15, 2003

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1.0 Background

The District of Saanich wishes to enter into a long-term agreement with a single Energy Services Company (ESCO) to define, design, manage and monitor a comprehensive energy and water efficiency upgrade retrofit program in selected District buildings and facilities. For the purposes of this RFQ, "ESCO" refers to a company that has the specialized capabilities to develop the technical, financial and contractual elements of an energy conservation program which may include the services listed in Section 3 subsequently.

Saanich has several buildings in its inventory, comprising office complexes, recreation centres, aquatic facilities, ice arenas, libraries, works operation centres and infrastructure buildings. Of its total inventory, Saanich has identified 12 facilities as potential candidates to conduct energy and water efficiency retrofits. A summary of the 2002 energy consumption and area (m²) for the 12 facilities is listed below:

Facility	Area (m2)	2002 Electricity Consumption (GJ)	2002 Gas Consumption (GJ)	2002 Total Energy Consumption (GJ)
1. Commonwealth Place	14,000	21,196	17,724	38,920
2. GR Perkes Arena	10,600	10,505	4,494	14,999
3. Gordon Head Rec. Centre	3,100	3,900	10,463	14,363
4. Police/Fire Hall	4,348	2,317	3,239	5,556
5. Cedar Hill Rec. Centre	4,850	2,459	2,357	4,816
6. Municipal Hall	3,512	1,872	2,423	4,295
7. Cedar Hill Golf Club	1,400	1,695	1,086	2,781
8. Municipal Hall Annex	1,254	668	617	1,285
9. Nellie McClung Library	1,273	552	220	772
10. Les Passmore Seniors	1,120	353	418	771
11. Emily Carr Library	1,100	268	334	602
12. Emergency Call Centre	139	74	46	120
TOTALS	46,696	45,859	43,421	89,280

2.0 Purpose of this Request for Qualification

The purpose of this Request for Qualification (RFQ) is to evaluate the capabilities, experience, track record, resources and creativity of ESCOs with the intent of identifying the most attractive candidate, or to establish a short-list of bidders, whose qualifications meet or exceed the District's requirements and expectations (see Section 5). It is planned that if a single candidate emerges, the District and ESCo would embark on a process (see Section 4) whose aim is to result in a long-term agreement for the definition, design, management and monitoring of a comprehensive energy and water efficiency upgrade retrofit program for select District facilities.

3.0 Potential Scope of Work

The approach to implementing this program will be one of a design-build nature with a partnership being formed between the District and the ESCo working together to achieve common goals.

The District will assess each proponent's ability to manage a large scale, comprehensive energy retrofit project, including:

- Identification of energy and water savings opportunities in a diverse selection of civic facilities by conducting audits;
- Design and implementation of proven energy-efficient systems;
- Design and implementation of a successful energy management program;
- Commissioning of proven energy-efficient systems and equipment;
- Training and increasing awareness of staff and occupiers on matters related to energy conservation and equipment operation;
- Monitoring the performance of systems and guaranteeing energy cost savings;
- Helping to ensure that the District benefits from all available incentives and grants;
- Providing access to external financing for the program if required;
- Coordination of the work with others, including occupiers, HVAC and electrical contractors, etc.; and
- Working with the District's Building Project Managers concerning design criteria and benchmarks for new construction and renovations.

The scope of work may include lighting, space heating, ventilation, air-conditioning, heat recovery, energy management systems, environmental system controls, motors, fuel switching, air distribution systems, water consumption systems, cooling and heating systems, waste streams and non-energy costs of operations.

It is expected that, as a minimum, the following energy conservation techniques will be investigated on an individual basis or in combination with other techniques, and implemented as Energy Conservation Measures (ECMs) if deemed cost effective by the District and the ESCo:

- Integrated Energy Management Control Systems;
- Lighting Retrofits, Redesign and Controls;
- Steam, Hot Water and Chilled Water System Optimization;
- Chiller and Boiler Plant Optimization;
- Economizer and Free Cooling Optimization;
- Air Distribution Optimization;
- Variable Speed Drives and/or Two-speed Motors; and
- Heat Recovery.

Any other ECMs proposed by the ESCo will also be considered. All ECMs considered must utilize proven, readily available technologies and result in verifiable energy savings.

All equipment provided by the ESCo for this program shall have a history of successful operating experience in similar installations. The equipment shall be state-of-the-art with readily available replacement parts. Equipment must be able to be serviced locally. Any equipment proposed must have a demonstrated life cycle of at least 1.5 times greater than the guarantee period (with the exception of designated consumable items).

All equipment shall be reviewed and approved by the District prior to installation. The District has the right to select any and all equipment for this program by manufacturer and/or brand name,

based on the District's prior experience with, or standardization of the equipment and the District's knowledge of equipment quality and manufacturers' reputations.

The ESCo shall have the ability to provide all levels of maintenance services for the ECMs ranging from extended warranty to full preventative or comprehensive maintenance and replacement for the duration of the guarantee period. The District may, at its option, include these services in the program for specific ECMs such that their costs would be included in the contract and guarantee formula.

Although energy consumption for these buildings is at the centre of this project, it also includes considerations related to the equipment life-cycle and maintenance, air and lighting quality, building envelope and other environmental benefits (such as greenhouse emissions savings). Some specific key areas of operational concerns that have already been identified, and which will require attention during the retrofit Program include, but are not limited to:

Gordon Head Community Center

- ventilation of pool area both new and old;
- heat recovery system in 1994 ventilation; and
- boilers, reliability, efficiency and controls.

Municipal Hall

- top floor temperature,(building design, lack of control) excessive heat in summer while cool around perimeter and hot in centre area during winter.

Police Station

- ventilation/ roof top units in Administration office and in Communication Room, not adequate for space heating or cooling spaces.

4.0 Implementation Process

The District will evaluate the responses to this RFQ and choose the most highly qualified ESCo based on the criteria listed in Section 5. Should a preferred ESCo be identified, the District and ESCo will embark on the following process whose aim is a long-term contract for the definition, design, management and monitoring of a comprehensive energy and water efficiency upgrade retrofit program for select District facilities.

Stage 1: Decision Schedule

Upon completion of the selection process, the District and the successful ESCo will co-author a decision schedule which outlines the expected milestone dates leading up to the eventual contract signing and program implementation. The decision schedule is not a binding document but rather a method of keeping the program implementation on schedule.

Stage 2: Preliminary Facility Review

The successful ESCo will initially conduct a preliminary survey of the facility to determine the general project scope and feasibility of the program. A Preliminary Facility Review will be submitted which proposes, in general terms, the expected measures and Plan that would be implemented under the program. The Preliminary Facility Review will also indicate the estimated savings, project

costs and financial payback, along with performance assurance, fee structures, financing and guarantee options for consideration by the District.

There will be no cost to the District for the Preliminary Facility Review, but the costs associated with generating it will be included in the total cost of the program if it is implemented. The Preliminary Facility Review will be used to develop the criteria to be used in the Letter of Intent (Stage 3).

It bears noting that selection for this stage does not necessarily ensure that the work itself will be awarded to the preferred ESCo. If the results of the Preliminary Facility Review do not meet the District's expectations, as envisioned by this RFQ, the District retains the option of considering another ESCo for this work, or embarking on a Request for Proposals process on a defined scope of work.

Stage 3: Letter of Intent

Once the project scope, cost, savings, and other quantifying standards and measures (e.g. acceptable financial payback period) have been established, the District and the ESCo shall enter into a Letter of Intent (LOI) which, if agreed, authorizes the ESCo to proceed to the next stage of the process – the development of a Detailed Concept Report.

The LOI will state that the District intends to enter into a negotiated agreement with the ESCo if the financial payback in the Concept Report meets the standards and measures set out in the LOI. The financial payback will have been developed from the Preliminary Facility Review.

Stage 4: Detailed Concept Report

Upon receiving the LOI, the ESCo will prepare a Detailed Concept Report for the facilities listing all opportunities to reduce utility and operational costs (see Appendix A). The Detailed Concept Report will outline a description of existing equipment and systems, condition and operating methods, and will identify the anticipated strategies and detailed project scope of all Energy Conservation Measures (ECMs).

The Detailed Concept Report will outline anticipated savings calculations and project costs. The Detailed Concept Report shall also include a utility analysis that separates energy use into weather sensitive and non-weather sensitive components using regression analysis. Graphs of all utility accounts against Degree-Days for each billing period will be included in the report.

The payback period shall form the basis of the contract in that the ESCo will guarantee that all costs of the program will be supported by savings and pay back the project within the stipulated guarantee period. The Detailed Concept Report must be co-developed and signed by the District signifying acceptance of the proposed scope of work and acknowledgement of savings prior to implementation. Throughout the development of the Concept Report, the ESCo still remains the "engineers of record" of the document and shall be bound to this document under law.

Should the ESCo meet the payback criteria of the LOI, then the District and the ESCo shall proceed to Stage 5 to negotiate a contract to proceed with the project.

Should the ESCo fail to meet the payback criteria of the LOI, then the District has no obligation to proceed any further nor pay for the development of the Concept Report.

Should the ESCo meet the payback criteria of the LOI and the District chooses to cancel the project , then the District is responsible to pay the price to develop the LOI and Concept Report.

Stage 5: Contract Negotiation (terms, wording & financing Issues)

If the Concept Report satisfies the LOI criteria, then the District and the ESCo shall work co-operatively to seek favorable terms and conditions for a standard Energy Performance based contract.

The District and the ESCo shall work co-operatively together to secure financing for the project. Should the ESCo provide financing through a financing partner, then there will be no profit or mark up by the ESCo on the cost of financing for the program. Additionally, the District reserves the right to secure financing from their own lenders for the program and the loan must be supported by the financial credibility of the ESCo.

Stage 6: Contract Signing

Upon completion of the contract and with financing in place, then the ESCo and the District shall mutually endorse the contract. The Concept Report, which details the scope of work and guaranteed energy savings measures will form part of this contract.

Timing will be determined based on the quality of submissions received for this RFQ, and the subsequent process and negotiations with the preferred bidder, as described above. It should be noted, however, that it is the District's intent to have some retrofit projects implemented prior to the end of 2003, with additional work carrying in to 2004 and perhaps beyond.

5.0 RFQ Submission Requirements, Evaluation Criteria & Process

The following lists the information, and associated evaluation criteria weighting, that should be provided in your submission to this RFQ:

- A. History, Corporate Organization and Track Record (25 points)
 - 1. Provide a history of your company in Canada, including the number of years you have been in the ESCo business in general and specifically in B.C.. Indicate how energy services and energy performance contracting fits within the corporate structure. Submit audited balance sheets and income statements for the last two years.
 - 2. Provide project references for at least three projects (preferably in B.C. and/or with municipalities) of a size, scope and nature similar to that contemplated by the District, which you have undertaken in the past 2 years. Demonstrate the success of the projects, in terms of cost management and achieving promised savings.
 - 3. Describe your business relationship with BC Hydro and how you have collaborated on similar projects in the past.
 - 4. Provide information on any projects you have undertaken which resulted in litigation or arbitration, and advise on how these problems were resolved.
 - 5. Declare all private and public affiliations with parent companies, contractors, suppliers and partnerships that may have an interest in this project.

B. Technical Qualifications and Approach (30 points)

1. Provide an organizational chart of your administrative, financial and engineering teams.
2. Describe the qualifications and experience of the staff you propose to assign to this project, including curriculum vitae. Demonstrate expertise in the following:
 - a) Detailed engineering auditing analysis and design, for both electrical and mechanical systems, including indoor environment, building envelope, troubleshooting and “building as a system” considerations;
 - b) Determining and establishing utility baselines, and for tracking, measuring and reporting actual savings;
 - c) Financial and economic evaluation and project justification;
 - d) Project management: procurement of materials and engaging sub-contractors, task/schedule systems used, budget/cost control strategies, scope management, etc.;
 - e) Commissioning systems;
 - f) Training: training programs for operators on equipment and service procedures, and for occupants and users; and
 - g) Ongoing monitoring and fine-tuning of facility operations.

C. Financial and Guarantee (25 points)

1. Provide general information on costs associated with the work of your firm.
2. Provide information on mark-up of purchased materials and sub-contracted services including consulting.
3. Provide estimated cost to prepare the Detailed Concept Report for the facilities listed in Section 1. (See Appendix A for Detailed Concept Report Definition.)
4. Provide detailed information on project financing and risk minimization options and costs. When would the District need to advise you on the financing mechanism, if selected? The District may want to consider options ranging from self-financing to externally supplied financing, but with full guarantee of the energy savings.
5. How would your firm guarantee performance? What insurance do you have to backstop the guarantee?

D. Client Relations and Management (20 points)

1. Describe your approach to partnering with clients over the long-term.
2. Describe your policy and process on reporting costs and mark-ups to your client.
3. Discuss your policy and process for involving your client in the selection of energy management technologies and measures.
4. Describe a process whereby the District might roll planned capital work and funding into this project.
5. Give examples of how you involve and inform facility occupants, users and physical plant staff.
6. Give examples of the ongoing support and services you may provide after the project is implemented.
7. Attach a draft Letter of Intent for consideration and discussion.

The responses to this RFQ should be arranged in accordance to the requirements/criteria described above. Respondents shall include all pertinent information in each section to enable the District to adequately assess respondents' abilities in each area. Additional and supplemental information can be attached as appendices. The RFQ response shall also include a covering

letter which indicates the respondent's acceptance of the terms of this RFQ as well as indicate the names and telephone numbers of those individuals who can supply additional information if required.

Following the submission of the RFQ, invited ESCOs may be requested to participate in a presentation to the District.

The District anticipates that proponents may wish to treat certain elements of their submissions as confidential or proprietary. Proponents should be aware, however, that freedom of information legislation in force in the Province of BC may oblige the District to make certain elements available to third parties.

6.0 RFQ Submission Instructions

To receive consideration, Proposals must be clearly marked "**Qualification Submission for Energy Service/Building Performance Improvements**" and received by **3:00 p.m. local time, May 15, 2003**. One unbound original and three copies of the response should be directed, either by mail or by hand/courier to:

Director of Purchasing Services
The Corporation of the District of Saanich
770 Vernon Avenue
Victoria, BC
V8X 2W7

Late submissions will be returned to the respondent unopened.

Submissions are to be prepared and submitted entirely at the Proponents' expense.

7.0 District Contacts

If you require further information of a technical nature with respect to this RFQ, please contact Mr. Brian Going, Manager Facility Operations (250-475-5494).

If you require information concerning this RFQ, please contact the Director of Purchasing Services at (250-475-1775) or fax (250-475-5460).

8.0 General Conditions

The District reserves the right to reject any and all responses resulting from this RFQ. This Request for Qualification is not an invitation to treat, nor is it an offer to enter into an agreement with any proponent. It is a request for qualifications from proponents interested in this specialized work. The District reserves the right to enter into negotiations at any time with a proponent or to cancel this project at any time without penalty. All submissions will be opened in private.

The District reserves the right to waive minor irregularities in any submission, and to seek clarification or additional information on any area of any submission when it is in the best interest of the District to do so. The District reserves the right to negotiate with any proponent or proponents, at its sole discretion.

APPENDIX A - DETAILED CONCEPT REPORT DEFINITION

Detailed Concept Report

- A.1 Before the ESCo begins preparation of the final design documents the ESCo must prepare or cause to be prepared a Detailed Concept Report to confirm the scope of the project, its costs, and the resulting Utility Savings.
- A.2 Subject to section A.11, the Energy Conservation Measures described in the Detailed Concept Report may vary from those described in the Proposal.
- A.3 The Detailed Concept Report describes the Energy Conservation Measures and sets out the overall concept and purpose of the Energy Conservation Measures.
- A.4 The Detailed Concept Report prescribes the retrofit concept for each Energy Conservation Measure to a level of detail satisfactory to the District, acting reasonably, to enable the District to fully understand the retrofit and operational implications of the Energy Conservation Measure and to enable the ESCo to establish the cost of the Energy Conservation Measures and Utility Savings to be derived from the Energy Conservation Measures.
- A.5 Without limiting sections A.2 to A.4 for each proposed Energy Conservation Measure, the Detailed Concept Report sets out:
 - (a) a description of the existing equipment or system, its existing condition and operation methods;
 - (b) the baseline utility consumption and demand and the space conditions of the facilities;
 - (c) a description of the Energy Conservation Measure;
 - (d) the estimated cost of the Energy Conservation Measure;
 - (e) the estimated impact on non-utility costs, whether increased or decreased;
 - (f) the opportunities to incorporate renewable energy technologies into appropriate Energy Conservation Measures;
 - (g) the purpose of the proposed modifications to the existing equipment or system, to its operation methods, or to both;
 - (h) a description of any new skills or procedures required of staff;
 - (i) an outline of any expected change in the capacity of the existing equipment or system;
 - (j) a description of the training programs for facility managers and operators;

- (k) an estimate of any anticipated contributions toward the Eligible Costs from grants, subsidies, rebates or payments from others, including a public or private utility;
 - (l) an estimate of any contributions that the District has agreed to make toward the Eligible Costs;
 - (m) an estimate of the annual Utility Savings that will result from the Energy Conservation Measure, including relevant dependencies, risks and uncertainties;
 - (n) the proposed implementation process and schedule including the location, timing and duration of on-site work;
 - (o) any new operating or maintenance requirements resulting from the implementation of the Energy Conservation Measure;
 - (p) a description and estimate of the cost of any work that is recommended that the District complete either before or during the completion of the Energy Conservation Measure in order to permit the implementation of the Energy Conservation Measure;
 - (q) a description of the Facility's existing space conditions and an outline of any impact that the Energy Conservation Measure may have on the space conditions;
 - (r) all specific steps necessary to ensure that space conditions are properly maintained and an explanation of how space conditions may be improved;
 - (s) an outline of the effort expected of building managers and operators in the process of implementing the Energy Conservation Measure;
 - (t) the expected useful life of all new equipment and the impact on the useful life of existing equipment;
 - (u) any warranty period for new equipment and any service arrangements proposed;
 - (v) the proposed method of monitoring Utility use and Utility Savings; and
 - (w) the method of proving savings if not simply from the utility meter readings.
- A.6 The District and the ESCo shall use best reasonable efforts to approve the Detailed Concept Report without delay.
- A.7 The District's Representative or the ESCo shall inform each other in writing of any concerns or questions they may have with respect to the Detailed Concept Report.
- A.8 The District may request Energy Conservation Measure(s) in addition to those

proposed in the Detailed Concept Report.

- A.9 The District may request enhancements to, deletion of, or separation of Energy Conservation Measures proposed in the Detailed Concept Report.
- A.10 In cases described in sections A.8 and A.9, the ESCo must set out the impact of the proposed request on the Contract Term and the parties must negotiate either an increase or decrease in the Baseline Data or an increase or decrease in the length of the Contract Term.
- A.11 If the Detailed Concept Report concludes/determines that the annual Utility Savings do not meet the requirements detailed in the LOI for the designated buildings, the District, at its sole discretion, may decide not to enter into the EPC. Further, if the key elements of the project identified in the Detailed Concept Report are significantly different from what was contained in the Preliminary Facility Review, again, the District, at its sole discretion, may decide to not enter into the EPC. In either or both these instances, the ESCo will not be reimbursed for the cost of the Detailed Concept Report or any other work undertaken by the ESCo in relation to this project. Notwithstanding this requirement, the District and the ESCo may negotiate other remedies; for example, the ESCo may pay monthly damages to the District in the amount of the shortfall. In the event that negotiations fail with the first-ranked ESCo, the District reserves the right to enter into negotiations with the next-ranked ESCo.
- A.12 Further, if the scope or term is changed significantly and the District decides at its sole discretion to proceed, the ESCo must demonstrate prior to the signing of the contract how all or a portion of the anticipated Utility Savings are going to be demonstrated for reference purposes.
- A.13 If the ESCo determines during the course of preparing or reviewing the Detailed Concept Report that the sum of the Utility Savings and the utility incentives (where applicable) will not be sufficient to repay the Project Costs within the Contract Term, the ESCo may, in its sole discretion, terminate this Contract.
- A.14 If this Agreement is terminated under section A.11 or A.13, the District will not reimburse the ESCo for the Detailed Concept Report or any other work undertaken by the ESCo in relation to this project.