

COMMON COUNCIL REPORT

M&C No.	2024-338
Report Date	December 03, 2024
Meeting Date	December 09, 2024
Service Area	Utilities and Infrastructure Services

Her Worship Mayor Donna Noade Reardon and Members of Common Council

SUBJECT: Low Carbon Economy Fund (LCEF) Fifth Amending Agreement- District Energy System (DES) Project

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	Chief Administrative Officer
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RECOMMENDATION

It is recommended that Common Council approve the Fifth Amending Agreement under the Low Carbon Economy Fund for the District Energy System (DES) Project in the form and upon the terms and conditions as attached; and that the Mayor and City Clerk be authorized to execute the said Amending Agreement.

EXECUTIVE SUMMARY

The purpose of this report is to seek the Common Council's approval of the Fifth Amending Agreement.

PREVIOUS RESOLUTION

M&C 2024-098. It is recommended that Common Council approve the Fourth Amending Agreement under the Low Carbon Economy Fund for the District Energy System (DES) Project in the form and upon the terms and conditions as attached; and that the Mayor and Common Council be authorized to execute the said Amending Agreement.

REPORT

The proposed Fifth Amending Agreement consists of the following change:

1. Total capital cost of the District Energy System (DES) Phase 1 will be decreased from \$4,880,400 to \$3,289,720 due to the following:
 - a. Minor Upgrades to the control system and connection were required compared to previous investigation and estimation.

- b. The total replacing cost of both heat recovery chillers was significantly lower than previously estimated.
- c. The issue with the Thermal Storage Cells from the Main Loop was addressed with the installation of flow meter control Vs. upgrading the Storage Cells.
- d. The civil works to install the underground glycol loop system as well as the supply and installation of the mechanical equipment were significantly lower than the original engineering estimate.

The project was substantially completed in July 2024 and there will not be any impact on the GHG emissions calculation and savings as a result of the total capital cost reduction.

Environment and Climate Change Canada is intended to approve the fifth amendment of the DES Phase 1.

STRATEGIC ALIGNMENT

The DES Project aligns with the following City plans, policies, Council Priorities, programs, and practices:

1. City of Saint John Corporate GHG and Energy Action plan to reduce GHG emissions by 30% by 2025 and achieve carbon neutral by 2040.
2. City of Saint John Community Energy Action Plan -ActSJ Pathway to Net-Zero.
3. City of Saint John Capital Investment Policy

SERVICE AND FINANCIAL OUTCOMES

The following are the financial outcomes of the proposed Fifth Amending Agreement:

- Total capital cost of the District Energy System (DES) Phase 1 will be decreased from \$4,880,400 to \$3,289,720.
- Canada's maximum contribution towards Eligible Expenditures will be decreased from \$1,868,092 to \$1,231,820.
- The City of Saint John's contribution towards Eligible Expenditures will be decreased from \$2,802,137 to \$1,352,729 due to the funding contribution of NB Power and cost reduction of the total project cost.

There will not be any impact on the GHG emissions calculation and savings as a result of the total capital cost reduction.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The City of Saint John Utilities and Infrastructure Services and General Counsel have reviewed the attached Amending Agreement and are satisfied with the recommendation as they pertain to their respective areas of services.

ATTACHMENTS

Low Carbon Economy Fund Fifth Amending Agreement - District Energy System (DES) Project.