



**REGIONAL DISTRICT  
of Fraser-Fort George**

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**REPORT FOR CONSIDERATION**

TO: Chair and Directors

FROM: Bryan Boyes, Utilities Leader

DATE: July 31, 2023

SUBJECT: Boiler Replacement for 155 George Street Building  
 SUMMARY: Purpose: For Information  
Attachments: None  
Previous Reports: None

File No.: BUI 1.0

**RECOMMENDATION(S):**

THAT the report be received.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority

**ISSUE(S):**

In late 2022 the Regional District’s main office building located at 155 George St. suffered failures of some of its heating boilers. Due to these failures the building’s heating system is operating at thirty three percent. The main office building now requires a replacement of four boilers to bring the system back to full capacity. As an alternative to replacing the four boilers, Environmental Services Administration, could re-visit the costs associated with hooking into the City of Prince George’s District Energy System.

In 2012, when the District Energy System was first put in place, a report was commissioned through the City’s consultant at that time laying out the costs of hooking up to the system as well as estimated annual costs. At that time, it was determined the cost of hooking up and annual energy costs greatly exceeded the costs of the current system in place. Now that there have been new failures of boilers that require them to be replaced, Environmental Services Administration is looking for guidance as to whether further investigation into current costs of joining the system is desired by the Board. An analysis of the cost of connection as well as energy costs over time will be required to see if it has yet become feasible to hook up to the District Energy System

Staff have received a quote for boiler replacement recently at \$23,360 per boiler (\$93,340 for the four required) excluding GST.

The Board is being asked to provide Environmental Services Administration with direction on to proceed with the 155 George Street Building’s heating system, either through boiler replacement or connecting into the City of Prince George’s District Energy System.

**RELEVANT POLICIES:**

1. Policy RD-03-09: Procurement of Goods and Services
  - provides a consistent approach for the procurement of goods and services which ensures best value is obtained when spending public funds
2. Delegation Bylaw No. 3276, 2022:
  - allows for sole sourcing of contracts over \$75,000 with Board approval

**STRATEGIC ALIGNMENT:**

- Climate Action     
  Economic Health     
  Indigenous Relations     
  Strong Communities  
 None – Statutory or Routine Business

**SERVICE RELEVANCE:**

The Regional District main office building is the main office building in which staff work and Regional District services are provided to the public. The building's heating system is key to delivering year-round service of Regional District business.

**FINANCIAL CONSIDERATION(S):**

Replacement of four boilers as well as the possible connection to the District Energy System are not accounted for in the 2023 Office Building (1412) Budget. If the Regional District was to replace all four of the boilers this year, the Community Works Funding could be leveraged to fund this work.

**OTHER CONSIDERATION(S):**

Replacement of the four boilers could begin now and be in place before the upcoming 2023/24 winter season.

An alternate course of action could be to replace one boiler at this time, investigate the District Energy System and make a final decision after that information becomes available. The three working boilers could then be retained as a backup system into the future.

If requested to look further into current costs to hook up to the system, the City will retain a consultant to do a new report outlining the current financial cost of such work. This work will take time, with three to six months for the City to retain such a consultant and update the term sheets, and another four to eight months likely before the possibility of having final hook up achieved.

**DECISION OPTIONS:**

1. Approve recommendations.
  - the report will be received

Other Options:

- a. Direct Environmental Services Administration to proceed with the replacement of one boiler while further investigating the costs of joining the City of Prince George's District Energy System:
  - the following resolutions would be in order:
    1. *THAT Environmental Services Administration proceed with the replacement of one boiler in the Regional District office building's heating system at a projected cost of \$23,360 (excluding GST).*
    2. *THAT Environmental Services Administration request from the City of Prince George an analysis of the cost of connection to the District Energy System as well as annual energy costs.*
- b. Direct Environmental Services Administration to replace the four required boilers at a projected cost of \$93,340 (excluding GST):
  - the following resolutions would be in order:
    - i. *THAT Procurement of Goods and Services Policy RD-03-09 be waived to allow for sole sourcing for the replacement of the four boilers in the Regional District office building's heating system.*
    - ii. *THAT the replacement of four boilers in the Regional District office building's heating system be awarded to MacDunn Controls Ltd. at a projected cost of \$93,340 (excluding GST).*

**COMMENTS:**

Environmental Services Administration feels that if research into the District Energy System is desired that the option of replacing one boiler at this time should be accomplished. That would allow for the reasonable operation of the heating system this year and give time to the City to bring its data up to date. The connection to the District Energy System could reduce the Regional District's carbon footprint, but that will not be known without research into the associated costs

Respectfully submitted,

"Bryan Boyes"

Bryan Boyes  
Utilities Leader

BB:jt