

## Cinergy

Dear rink users,

As many of you know, Parks and Recreation staff and rink users collaborate very closely to run Dufferin Rink. This co-operative arrangement was worked out by trial-and-error during more than a decade, and it's not fully recognized by the upper management staff at City Hall. However it's recognized by skaters, who have voted with their feet by coming to Dufferin Rink in large numbers. And it's recognized by those City staff people who look after the rink and Dufferin Grove Park directly. Rink users do practical things to help the rink run well, and the city staff who know the rink take note of that.

In February 2005 some strangers came to the rink with clipboards. They wore badges that said "**Cinergy**," and they said they were checking how well the city rinks work. They said they didn't know much beyond their checklist, and so couldn't answer our questions.

A Google web search turned up the information that Cinergy is a giant American company established in 1993 and specializing in "energy retrofits." A search of Toronto's municipal web site brought up the name "**Vestar**," a subsidiary of Cinergy, in City Council minutes. It appears that our city government had hired Vestar/Cinergy to do a \$10 million retrofit project involving all the city rinks and arenas. In 2000, City Council voted in an environmental plan (EP), meant to reduce community-wide carbon monoxide emissions by 20% by 2005 (from 1990 levels), and also to reduce energy use by 15% in all its departments. So the Parks and Recreation rinks and arenas are meant to be part of this plan.

We found the "request for proposal" number and we read that the City of Toronto is taking out a \$10.2 million loan to pay Vestar for this arena/ rink energy-efficiency. The company told city staff that the arenas and rinks would be so much more efficient after the project is done, that the money saved city-wide on energy and water operating costs will allow the City to pay back the \$10 million loan completely in only eight years.

That sounds almost too good to be true. But the City's planners are so sure the plan will work, that they've arranged for Parks and Recreation to pay back the loan using more than \$1 million of its operating funds every year for eight years until all the money is paid back.

Operating funds are what pays the staff to run the rinks, among other things. **So anything that reduces the funds to pay rink staff rings lots of alarms** – even if there is a golden promise of lots of money to be saved by and by. What if it's pie in the sky? Then the rink season will be shortened because of lack of money to pay staff. That wouldn't be the first time. But this could be even worse than in other years, and for eight years at least.

The City has tried to shrink the rink season lots of times before. The worst year was 2001, when City Council voted to open the outdoor rinks for only ten weeks. They wanted to take the money they saved on rink wages to hire three new parking ticket officers. (Parking ticket income is a golden goose for Toronto.) But we said – what's the good of having all these wonderful outdoor artificial ice rinks in this northern country, and keeping them locked except for ten weeks a year?

That year we had to work very hard with phone calls and e-mails, to persuade city councillors that ten weeks was too short. We carried the day. But this time – if Parks and Recreation will have to use a million dollars or more every year from its operating funds to pay off that big loan, and let's say the money saved on hydro and

water *doesn't* cover the loan payments after all – opening the rinks on time when skating weather arrives could be even more difficult.

A lot is riding on the math that went into the Vestar energy retrofit project.

The city department in charge of rink buildings is “**Facilities and Real Estate.**” In spring I called their supervisor, who oversees all building-related work at our park. He said he had heard that something was up but didn't know details. As far as he knew, the project was being managed through the **Policy and Development Division.**

We've had unhappy experiences trying to get information from that division before, so to save time we sent an information request to the City of Toronto **Corporate Access office.** They are governed by the freedom of information laws, which means that they actually have a deadline for answering a question (30 days, give or take a month). Whereas if you approach the departments directly, there seems to be no deadline – they're usually too occupied with meetings to answer questions from outsiders like us, especially if we want details, rather than just a reassuring pat on the head.

On **May 11 2005** we submitted **Access Request 05-1379.** We asked to see **Request for Proposal (RFP) #9119-03-7275,** the document referred to in the City Council minutes, which Cinergy/Vestar filled out to get the contract. We also asked for a city council report entitled “A framework for establishing an Energy Retrofit Program and Financing Strategy.” (That report was already in the public domain, but the City's web site doesn't work very well, and we heard about it but couldn't find it ourselves.) Since the council minutes had referred to low-cost loans from the “Green Municipal Investment Fund,” we also asked for a copy of the loan agreement. And finally, “any final or interim document from Vestar/Cinergy giving recommendations for City Arenas and Artificial Ice Rink energy savings.” This was the one we really wanted to see – would their advice make any sense? Would their suggestions plausibly get near the energy savings targets the city needed to meet -- \$10 million plus?

On **June 9,** the City sent us the city council report, and said we could also get a copy of the RFP if we sent them \$16.60 for photocopying charges. As for the loan agreement, they couldn't show it to us: “no record exists, as the agreement has not been completed.”

That was worrisome. In the council minutes, we'd read that the green Municipalities loan had already been approved, in 2003. This was the kind of contradictory record-keeping we were afraid of.

As for the content of the Vestar/Cinergy recommendations, the City said the company had to be consulted, because disclosure of these records might be unwelcome to them. A decision would be issued on July 9.

We sent in our cheque for the RFP (request for proposal) photocopies. But the RFP turned out to be mostly blank – lacking almost all the details that a company might need to put in a bid, and certainly telling us nothing about Vestar's proposals. Missing information included 1. the list of sites to receive upgrades; 2. the list of measures to be taken; 3. the pay rates for senior staff working on the project; 4. the base utility data that would be used to measure the project's success.

The city council report was more informative. It said that the Energy Retrofit Project would be managed as part of the Parks and Recreation Capital Program. The whole project would cost \$10.2 million, with \$1.2 million going to Vestar in 2004, \$5.9 million in 2005, and \$3.1 million in 2006. The money would come from a low-

interest \$2.5 million Federation of Canadian Municipalities loans, the rest from regular debt. Vestar had agreed to insure the City to cover any shortfall in the predicted cost savings to the City, for a premium of \$667,000 plus PST. So that's the most the City could lose on the deal. That should have been reassurance, for our worry that the rink season would be reduced for many years, on the grounds of a shortfall in energy savings. But there was a problem.

The city council report gave a baseline number against which to measure energy savings (or any shortfall): "In 2001, the total water and energy consumption for the City's 100 arenas was 106,180.4 Mwh with a total cost of \$7.09 million."

I asked some city staff I knew what those numbers might be based on. Nobody knew. Then I got a chart, sent anonymously, showing the City records for its 2003 electricity bills for rinks. The chart is very odd. Both the price of electricity and the kilowatt hours to run the various rinks are highly inconsistent. For example, two rinks were put down for similar amounts of electricity use, but one rink was charged \$102,003, the other \$45,983. One double rink was listed as using a quarter of the power of a single pad rink. There is no rhyme or reason in the chart, and in some cases the energy uses listed were far too high, perhaps because the power bill included buildings unrelated to the rink. If a chart like this one was used to arrive at the energy use numbers cited in the city council report, the baseline would be meaningless. There would be no basis for comparing the "after" to the "before."

A very bad sign. On the other hand, it was heartening that the council report showed some attempts to be cautious. It recommended that the Vestar contract require the company to "conduct feasibility studies and provide detailed concept reports for each measure for the City's approval. The concept report will outline, in detail, the costs, savings, operating costs and maintenance requirements for each measure. Prior to moving to the engineering and implementation stage, the City must approve a concept report for each site."

Brave talk. But who will get to read those details? Not us. On **July 11**, the City's Corporate Access office informed me that we will not be allowed to see any interim recommendations or reports from Vestar. "**Access denied**" – on the grounds that making such material public "could reasonably be expected to prejudice the competitive position" of the company.

The company will presumably have to show their recommendations directly to some city staff at some point. But to who? The city council report said that Vestar would collaborate with the lead city staff to "develop a communication program for...Parks and Recreation staff in order to create awareness" of the retrofit program. But any City staff whom I asked about the project – including the electrical supervisor, including the rink supervisors and the rink manager – seems as much in the dark as we are.

So a few of us began all over again. On **August 17 2005** we sent in a new request to the City's Corporate Access office, for the *completed* RFP, with the contract details agreed on by Vestar – in case they hadn't realized we wanted an RFP with *information* when they sent us the empty form the first time. That's another \$5 and another 30 days. On the same day we sent a \$25 cheque to the **Ontario Information and Privacy Commissioner**, appealing the City's "access denied" decision about letting us read Vestar's first round of recommendations. That appeal can take many months.

Then we looked for more city council minutes and reports, to see if we had missed things in there.

We had. **Clause No.11 of Report No.4 of the Policy and Finance Committee** was adopted by City Council without amendment at its meetings on May 18-20, 2004. Included in the report was this: “Vestar Ltd. will be responsible for all design, engineering, construction, project management **and monitoring and verification of savings.**”

So at the conclusion of the mysterious recommendations and alterations, which the public is not allowed to know in any detail, Vestar itself will collect all the numbers and judge whether its work is a success. If the city’s baseline data are artificially inflated by the numerous flaws in the city’s current energy use chart, and if Vestar insists the energy savings are there, who’s to argue? But *if* the Parks and Recreation operating budget turns out to be unaccountably short for eight years, there’s one way to make the energy savings really come true: reduce the rink season drastically. Presto. Less power use, just like they said, and more staffing money freed up to pay back the big debt.

Some serious steps have to happen, to prevent such a scenario, but what?

I suggest taking up the Ontario Information and Privacy Commissioner’s recent much-publicized warning to the City: be less secretive. In this case, rink users will need to know the details of this grand \$10 million plan, so we can track whether it really reduces the energy use the way Vestar says, and saves the money we’ll need to pay off the debt. (More about that later.)

If the ten million dollar Vestar plan doesn’t seem realistic, that doesn’t mean we should stop making energy use reductions. It might mean, though, that instead of hiring the big outside consultant, we could try the smaller-scale approach that seems to work well at Dufferin Grove Park (and in many other ordinary places).

Rink staff and rink users know a lot about how a rink runs. We know, for instance, that the garage door is usually left open in many rinks during the whole time the zamboni is outside cleaning the ice. For hours every day, rink furnaces are heating parks all over the city.

We know that the powerful lights that let hockey players see the puck in the evenings are often left on until the timers switch them off, even during bad weather when the rink is closed. Or the timers are not reset to correspond to the lengthening days after Christmas, and the lights still go on at 3.45 when the sun sets at 6.

We know that some of the rinks have their heat outlets in the ceiling, so that the part of the building that’s above the rink users’ heads, or the tops of the compressors, is kept nice and warm – and many of the rink buildings have very high ceilings.

Rink staff who run the equipment know about keeping the ice layers from getting too thick, so that the compressors can work efficiently, about clearing snow off the rink ice quickly after a storm so that there’s less energy needed to get the rink back into shape than if the snow accumulates, about being careful in their use of the powerful rink hoses so that much less water goes down the drain. The staff know about these things, but they often don’t do them. There’s no recognition from the managers – and I mean, *none* – for conservation. Instead, there is the repeated experience of the visiting stranger with the clipboard, followed by long silence, followed by the sudden arrival of a work crew with big machines, followed, as often as not, by earlier lay-off notices for the rink workers. The big foot of centralization flattens the cooperative effort of ordinary people.

Does centralization work better with some things? That's what we have to find out. Those parts that work need to be used in a savvy way. (Compressors are made on a very large scale in distant factories, and maybe they're better than when they were put together at a small boilermaker shop in Toronto. With good care, these centrally manufactured compressors can give many years of good ice.)

On the other hand, those central schemes that fail, that make promises and don't deliver, need to be recognized and replaced by whatever works better. Learning from mistakes is honourable. I agree with Jane Jacobs' theme in a rambling, passionate address recently: if people could just look at their mistakes, and be honest about them, and learn from them, what a lot we could get done.

### Evaluating the Vestar Energy Retrofit Project, up to the present.

In order to see how the Vestar project is coming along, we have to know the following details:

1. When did it begin?
2. How much money was paid out to Vestar in 2004?
3. How much money was paid out to Vestar in 2005?
4. How much is still owed to Vestar, and on what payment schedule?

We need that information to know how much room there is for a change in the plans.

1. What is the base utility data that's being used in this project? (We need to see the detailed records – are they better than my chart?)
2. How were these numbers obtained?
3. How will the individual rinks/arenas' utility costs be measured as the project goes on?

We need that information to understand how results will be evaluated, and whether Vestar would be required to return any of the \$10 million in any possible scenario.

1. When does Parks and Recreation begin paying back the debt for the Vestar project?
2. What is the yearly repayment schedule?
3. How will the arenas' repayment portion be calculated? Have the arenas signed on of their own free will, or did the City just require it of them? Or did the arenas (perhaps) promote this Vestar plan? If any of the Board of Management arenas opt out of the retrofit project, how will that affect Vestar's \$10.2 million contract?
4. The Energy and Waste Management Office (EWMO) within the Business and Strategic Innovation Section of the Facilities and Real Estate Division of the Corporate Services Department is responsible for the management of the City's energy retrofit programs. What is the structure of this section? Do they publish material on the City web site? How can any such material be located? Who is in charge, how many staff are there, and which staff person can be assigned to follow up with us?

We need to understand, in detail, the method with which the EWMO tracks and monitors Parks and Recreation's water and energy usage. We need to find out, in

other words, how the EWMO's method differs from the mixed-up energy cost chart I received in the spring. And finally, we need the following documents:

1. The record of the "many" water and energy efficiency improvements the city has previously completed (referred to in the Policy and Finance report on this project), with the savings resulting from each of these improvements.
2. The energy and water services contract between the City of Toronto and Vestar.
3. A description of the "communications program" for Parks and Recreation staff about this project, including its schedule.
4. Vestar's feasibility studies and concept reports for each measure the company intends to carry out at Wallace, Rennie, Christie, Campbell and Dufferin Rinks.
5. The "detailed business case and energy audit report" required for the Vestar project at the time of the City's annual budget review process, and also any quarterly variance reporting on this project. We would expect these reports to include baseline costs, projected and actual costs for the quarter, and estimated actuals to year-end, as well as "any remedial action that might be necessary before year-end to bring program in line with budgeted figures."
6. The Commissioner of Corporate Services' annual report to Council on reductions in energy use for retrofit projects.
7. Parks and Recreation's quarterly report on energy consumption and associated savings for the four quarters in 2004 and three in 2005.

Reading these reports will allow us to see what has been done so far in the Vestar project, and how it's going.

- Jutta Mason