

Staff Report to Council

Title: Fuel Tank Dispensing -
Kincardine Marina

Report Number: Parks & Facilities-2024-10

Director: Community Services

Manager: Manager.

Meeting Date:
Wednesday, March 27, 2024

Date to be considered by Council:
Wednesday, March 27, 2024

Recommendation:

That Council award the contract for new fuel tanks at the Kincardine Marina to Claybar Contracting Inc. in the amount of \$431,880.24 inclusive of non-recoverable HST;

AND FURTHER THAT the 2024 Budget be amended to \$497,411 to fund the additional project costs of \$169,411 from the Lifecycle Reserve Fund, with the amount to be repaid from future Marina profits.

Executive Summary:

The Municipality received four tenders for fuel tank removal and replacement at the Kincardine Marina. Staff are seeking approval for the lowest bidder from Claybar Contracting Inc. Council approved \$328,000 for the purposes of engineering, removal of fuel tank and installation of two above fuel tanks. Total cost is \$497,411 inclusive of non-recoverable HST.

Strategic Priorities:

B.6-Protect and preserve our environment

Financial Considerations:

The cost of \$497,411 (inclusive on non-recoverable HST) for the fuel replacement contract exceeds the approved 2023 budgeted amount by \$169,411.

The project is funded through any balance remaining in the Marina RF 69 (estimated at \$150,000) and the estimated unfunded portion be funded by repayment of the annual Marina profits until the amount is repaid in full (estimated 4–6-year payback.)

Policy:

Procurement Policy GG. 2.17

Context and Background Information:

Staff have been working with B.M. Ross and Associates Limited in securing bids for the new gasoline and diesel fuel dispensing facility for the Kincardine Marina. Four bids were received with Claybar Contracting Inc. the lowest tendered bid.

Claybar Contracting Inc., who are based out of Dundas, Ontario, has significant experience in fuel system installation and tank removals. Their three references were contacted as part of the tender evaluation, and all reported very positive.

The value of the lowest tender submitted is greater than the approved budget of \$328,000 which included \$25,000 for new fueling docks and \$48,000 for project management and environmental testing related fees.

It would appear there are a number of factors contributing to the total tender price for this contract:

- Pricing for materials and labour has been somewhat unpredictable over the past several years. This uncertainty added approximately \$47,500 to the cost of the project.
- A temporary fuel system was originally not envisioned as a requirement at the time the original budget was established as it was hoped that the insurance provider would allow flexibility in extending the policy into 2024. The temporary system adds \$27,500 to the cost of the project.
- The extent of shoring to protect the road, washroom, and Marina office during the removal of the existing tanks was not fully realized during the development of the initial budget. During the development of the final design, it became apparent that the protection of the adjacent infrastructure would be required given the size and depth details associated with the existing tanks. The shoring system adds an estimated value of \$95,000 to the cost of the project.

Budget Item	Budget	Actual
Project Management	\$39,000	\$39,000
Environmental Assessment and Soil Testing	\$9,000	\$9,000
Decommissioning/removal of underground tanks	\$33,000	\$127,590
Supply and install new tanks	\$178,000	\$264,485
Temporary Systems	\$0	\$27,336
New fueling docks	\$25,000	\$25,000
Contingency	\$44,000	\$5,000
Total	\$328,000	\$497,411

Given the above, there is a shortfall in the current budget by approximately \$169,411. Based on the review of the design prepared for this project, there does not appear to be an opportunity to reduce the scope of the project through deletion of any of the proposed project components. The proposed design reflects what is necessary at the site to provide the required fueling system and removal of the existing tanks.

As part of the project, it is necessary to complete an assessment report following the removal of the existing fuel tanks. This will include soil testing under and around the existing tanks after they have been extracted. The costs for this investigation and reporting are included in the above table.

Consultation Overview:

Approval has been received from the Department of Fisheries and Oceans. Ongoing consultation with the Ministry of Environment Conservation and Parks (MECP) as well as with Saugeen Ojibway Nation (SON).

Immediately after awarding the contract, approvals will be sought with Saugeen Valley Conservation Authority.

Origin:

Due to age of existing tanks, they are no longer insurable.

Identified as a high risk and potential hazard due to the existing age of the existing tanks and possible leakage.

Implementation Considerations:

Marina users will continue to see increased user fees for services at the Marina due to the estimated cost of completing this project.

Risk Analysis:

Should contamination be discovered there may be cost implications associated with any additional removals and testing. At this time, staff are unable to predict what an appropriate allowance may be should it be found that there is contamination requiring remediation.

Without sufficient fueling capacities, the Marina will not be a destination that captains will frequent due to limited amenities.

Attachments: Staff Report Budget Amendment Fuel Tanks November 8, 2023

Prepared by: Jayne K. Jagelewski, Director of Community Services

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