

Staff Report to Council

Title: Budget Amendment Fuel Tanks

Report Number: Parks & Facilities-2023-20

Director: Community Services

Manager: Manager.

Meeting Date:

Wednesday, November 8, 2023

Date to be considered by Council:

Wednesday, November 8, 2023

Recommendation:

That Council approve a 2023 budget amendment in the amount of \$328,000 for the removal and installation of above-ground fuel tanks located at the Kincardine Marina; and

That the replacement of the tanks be funded through any balance remaining in the Marina RF 69 such that this fund is depleted entirely (estimated at \$150,000); and

Further that the estimated unfunded portion remaining of (\$178,000) be funded by a repayment of the annual Marina profits until the amount is repaid in full (estimated at 3 - 4 years payback).

Executive Summary:

The existing gas and diesel, below-ground fuel tanks are 33 years of age. Life expectancy on fuel tanks is less than 30 years due to risk perspective. Due to unexpected insurance requirements, the tanks are required to be replaced prior to the 2024 boating season to ensure compliance and insurance coverage.

Strategic Priorities:

B.6-Protect and preserve our environment

Financial Considerations:

The replacement of the tanks can be financed through any balance remaining in the Marina RF 69 such that this fund is depleted entirely, which is estimated at \$150,000 (end of 2024). Any unfunded portion remaining of approximately \$178,000 can be funded by a repayment of the annual Marina profits until the amount is repaid in full which is estimated at 3 to 4 years payback.

Project Management	\$ 39,000
Environmental Assessment	\$ 9,000
Decommissioning and removal of underground storage tanks	\$ 33,000
Supply and install new tanks	\$178,000
New Fueling Docks	\$ 25,000
Contingency	\$ 44,000
Total	\$328,000

Policy:

Not applicable

Context and Background Information:

The Kincardine Marina currently has a 4,500 L underground storage tank used to store diesel fuel, and a 15,000 L tank used to store gasoline; as well as associated piping and two pumps. Both tanks are single-walled steel tanks, the piping is single-wall steel pipe, and the petroleum handling equipment was installed at the site in approximately 1990.

Recently, the insurance provider for the tanks has indicated that future coverage will not be permitted due to the age of the tanks, and that the Municipality is required to commence the process of replacement of new tanks for fueling purposes at the Marina to ensure continued coverage.

The amenity of fueling vessels at a marina is a necessity for the purposes of efficient marina operations and ensures the Marina remains competitive with neighbouring harbours.

The process for replacement is complex and technical in nature.

In accordance with the requirements specified in Ontario Regulation 217 and the Liquid Fuel Handling Code 2017, work will include collection of confirmation soil samples from base and sidewalls of the excavation following removal of the tanks and associated piping.

Any indication of contaminated soil will involve an enhanced rehabilitation of the area and therefore costs may escalate if results are not favorable. Recent preliminary tests for precision leaking and cathodic exams have suggested that no contamination has occurred to date.

New tanks will include 2 above ground 10,000-liter steel, double wall fuel tanks, vacuum monitored. Both tanks come painted with all stairs and vents required, spill bowls and dip port. Installation will also include two hose reels, two submersible pumps with control boxes and a control system for tracking liters and setting prices and printing receipts.

As with any project which involves working subsurface, there are risks and surprises that are inherent once construction commences. At this point, our engineers are confident that this will be a relatively articulated process.

The requested funds include a contingency fund for any unexpected realities that may be incurred.

The timing of the project is also critical to ensure compliancy as well as ensuring that operations for fueling are prepared for the start of the boating season. Boat owners will require to fuel their boats immediately during lift in to avoid condensation building within their vessel's fuel tanks that can cause detrimental damage.

Equipment will need to be ordered within the coming weeks (once approvals are received) to ensure the project proceeds in a timely fashion.

Staff are seeking approval from Council for a 2023 budget amendment for funds in the amount of \$328,000 for the removal and installation of above-ground fuel tanks located at the Kincardine Marina.

Staff are requesting budget amendment consideration to confirm the process can commence immediately to ensure approvals are in place, equipment is ordered, and construction may commence.

Staff recognizes that these requests can be challenging at times, particularly when it comes to inherited amount of aging infrastructure and the need for replacement.

Consultation Overview:

Staff have acquired the expertise of BM Ross and Associates Limited to assist with project management of the removal, testing and installation of the new tanks.

Staff have consulted with the Kincardine Yacht Club regarding their pending agreement expiring in 2024. Initial conversations have solidified that the Club will be seeking future renewals and have expressed their continued desire to invest in the infrastructure at the Kincardine Marina.

The Club recognizes that the inherited conditions of the existing infrastructure that impact a positive experience at the Kincardine Marina are long overdue in improvements. They have expressed a strong desire in ensuring the Kincardine Marina is a desirable destination for transients and a valued home Marina for seasonal slip tenants.

Origin:

Identified as a high risk and potential hazard due to the existing age of the inground, single-walled tanks for possible leakage which would lead to a negative environmental situation.

Implementation Considerations:

Because operations of the Marina are not borne on the taxpayer, marina users will experience significant dockage costs over the next several years to contribute towards the repayment of capital projects.

It is important to note that the Marina is experiencing the impacts of depreciated infrastructure due to a significant duration of limited reinvestment in the facility; however recent increases in revenues over the last couple of years has indicated an uptake in the boating community.

Marina continues to investigate unique opportunities to continue the trend of increased revenue.

Staff will need to strategically time the project to ensure it does not occur during the same time as the dredging but is completed prior to the boating season commencing.

Risk Analysis:

There are several risks that can be associated with such a project. These can include contaminated soil, unaccounted for infrastructure in the sub-surface as well as cost increase of supplies. Standards for removal and installation are high, due to the proximity to the water.

The Kincardine Yacht Club agreement will be expiring in 2024 and there is risk that the Club may wish not to renew which impacts any future repayments to the project.

Additionally, the risk of not replacing the tanks questions the future operations of the yacht club and greatly impacts operations.

Attachments: None

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Report Approval Details

Document Title:	Budget Amendment Marina Fuel Tanks - Parks Facilities-2023-20.docx
Attachments:	
Final Approval Date:	Nov 2, 2023

This report and all of its attachments were approved and signed as outlined below:

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