MANAGEMENT REPORT

Date: June 26, 2023
To: Mayor and Council
From: Brent Raycraft
Report #:   COU23-081
Attachments: Tender Summary - T-2023-14

Title: Fuel Storage Tanks at the Stratford Municipal Airport

Objective: To obtain Council approval to award tender T-2023-14 to Claybar Contracting Inc. from Dundas Ontario. The work is to include the removal and disposal of two underground fuel storage tanks and then supply and install one, two compartment above ground fuel storage tank with a new dispensing system for the City of Stratford's Municipal Airport.

Background: The City of Stratford's Insurance Company indicated in 2022 that the inground fuel tanks at the Stratford Airport would no longer qualify for coverage due to their age being greater than 30 years. As part of the City's risk management initiatives, the fuel system is being updated to an above ground system. The associated required work is proposed to be facilitated through public tender T-2023-14. Several plan takers considered the project, with three submissions being formally submitted. All submissions met or exceeded the criteria in the tender along with attendance at the mandatory site visit prior to submission. Staff are recommending to proceed with the lowest bidder, Claybar Contracting of Dundas for the proposed work at $519,733.33 including HST.

Analysis: The 2023 Budget approval for this project was $400,000.00 (B.2.1). Due to increased costs in products and materials for this project, the lowest tender amount submitted under T-2023-14 came in at $459,941.00 plus HST, or $468,035.96 after the HST rebate.

The project had budgetary approval for $400,000.00 funded from the Airport Reserve fund R-R11-AIRP, but the lowest submission, net of HST rebate, is $68,035.96 over budget. Staff recommend that the additional $68,035.96 be funded through that same reserve, R-R11-AIRP, which has sufficient balance to accommodate this overage.

Financial Implications:

Financial impact to current year operating budget:
Services are proposed to be maintained during installation, resulting in no impact to current year budgeted revenues or expenses. As the purchase cost is funded from the reserve fund, there is no impact to the operational budget for the costs to purchase either.

Financial impact on future year operating budget:
This work will require regular servicing of the fuel dispensing system, which is included in the current operating budgeted expenses.

Link to asset management plan and strategy:
Based on the estimated future timing and replacements cost of the fuel dispensing system, there will be an annual impact on future year operating budgets of approximately $20,000 in the form of transfers to capital reserve funds to cover asset renewal. The original unit had an estimated lifecycle of 15 years in 1990 but through proper maintenance lasted much longer. The new unit will have an estimated life cycle of 25 years based on the current insurance coverage limitations.

Insurance considerations:
The City's policy premium will be reduced once the underground tanks have been removed and concerns of elevated risk are eliminated.

Alignment with Strategic Priorities:

Widening our Economic Opportunities
Strengthening Stratford's economy by developing, attracting and retaining a diversity of businesses and talent.

Alignment with One Planet Principles:

Equity and Local Economy
Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Staff Recommendation: THAT the Tender (T-2023-14) for the Airport Fuel Tanks Replacement work be awarded to Claybar Contracting Inc. at the tender price of $519,733.33, including HST;

THAT the full purchase amount be funded from R-R11-AIRP;

AND THAT the Mayor and City Clerk, or their respective delegates, be authorized to sign the necessary Contract Agreement for Tender T-2023-14.

Prepared by: Brent Raycraft, Supervisor of Fleet
Recommended by: Taylor Crinklaw, Director of Infrastructure and
                           Development Services
                           Kim McElroy, Acting Chief Administrative Officer