



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

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TOWNSHIP OF ESQUIMALT STAFF REPORT

MEETING DATE: June 24, 2024

Report No. EPW-24-013

TO: Council

FROM: Joel Clary, Director of Engineering & Public Works

SUBJECT: Public Works Yard Fuel Tank - Contract Award

RECOMMENDATION:

That Council award a contract to Western Oil Services in the amount of \$321,584, excluding GST, for decommissioning the existing underground fuel system and installation of a new above ground fuel system at the Public Works Yard.

EXECUTIVE SUMMARY:

The purpose of this report is to award a contract to Western Oil Services to decommission the existing underground fuel system at the Public Works Yard that is at the end of life and replace it with an above ground fuel system.

BACKGROUND:

The fuel system at the Public Works Yard serves all departments in the organization as the only location for diesel and gasoline for municipal fleet and equipment. The system comprises of two underground fuel storage tanks of 4,500 litres each which have been in place for 27 years. An assessment performed on the entire system determined the tanks and dispensers are nearing the end of their life cycle. In addition, the existing tanks are single walled, and the new standard is double walled to prevent any leakage into the environment.

To address the aging infrastructure, staff hired engineering and environmental consultants to develop a scope of work. Two options were explored with the difference being above ground or underground tanks. Underground tanks are more expensive to install and have limited inspection options to ensure no environmental issues arise. The above ground tanks take up more space, but are cost effective and can be easily inspected.

An environmental consultant completed groundwater sampling and developed a scope of work to decommission the existing tanks to meet applicable standards. Further soil testing will be completed by a Qualified Professional during the tank removal process to identify any further remediation work. Limited remediation is expected due to the rock profile at the Public Works Yard.

ANALYSIS:

A Request for Proposals (RFP) was issued on May 3, 2024, and closed May 24, 2024. A mandatory site meeting was conducted on May 8th with only one contractor in attendance. One bid was received from Western Oil Services for \$321,584 (excludes GST). The approved budget for the project is \$371,400. The scope of work includes the removal of the two existing underground tanks and the installation of an above ground tank with two compartments of 7,500 litres each. A new card reader system will be installed to track fuel usage.

Excluded from the scope of the contract are tasks that Public Works will complete, including installation of a concrete slab, trenching, asphalt restoration, catch basin relocation, and protective bollards around the tank. The estimated cost of this work is approximately \$40,000.

Staff recommend awarding a contract to Western Oil Services. Although only one bid was received, that is not uncommon for this specialized field with limited companies equipped to perform the work involved. The bid came in under the approved budget and postponing this work further increases environmental risks or the current card lock system failing and limiting fuel supply.

Environmental Impact:

Completion of the work will be done based on the direction of an environmental consultant to ensure all applicable standards are met. Delaying the work risks potential leaks in the single walled tanks that are at the end of life. The proposed above ground double walled tank is the preferred option as everything is visible and regular checks will be mandatory.

The Township's Climate Action Plans identify transitioning municipal fleet to electric vehicles and a future decrease in fuel was considered; however, with the existing tanks currently at the end of their life, new tanks are required until the fleet can be fully transitioned. The expected life of the above ground tank is 25 years.

OPTIONS:

1. That Council award a contract to Western Oil Services in the amount of \$321,584, excluding GST, for decommissioning the existing underground fuel system and installation of a new above ground fuel system at the Public Works Yard.
2. That Council provide alternative direction to staff.
3. That Council request further information from staff.

COUNCIL PRIORITY:

Good Governance & Organizational Excellence

FINANCIAL IMPACT:

The cost of the bid from Western Oil Services of \$321,584 (excludes GST) plus any work expected by Public Works of approximately \$40,000 is within the approved budget of \$371,400 identified in the 2024-2028 Financial Plan. Within the current operating budget there is a carry forward amount of approximately \$15,000 from a previous year that can be used to fund this work. These funds will be accessed first to reduce the reliance on capital reserves. Should any additional costs arise beyond the amounts in the capital and operating budgets, staff will identify options within the existing Public Works operating budget.

COMMUNICATIONS/ENGAGEMENT:

No public communications or engagement are required.

TIMELINES & NEXT STEPS:

If approved by Council, staff will immediately notify the contractor that they have been awarded the contract and are expected to begin work within three weeks. The work is expected to be completed by the end of 2024.

REPORT REVIEWED BY:

1. Ian Irvine, Director of Finance, Reviewed
2. Deb Hopkins, Director of Corporate Services, Reviewed
3. Dan Horan, Chief Administrative Officer, Concurrence

LIST OF ATTACHMENTS:

N/A