

Budget Adjustment Request – Capital Project P.01361 – V&E Fuel Stations

ISSUE

This report seeks City Council's approval for a budget adjustment to complete the remaining work on the replacement of three underground fuel tanks and fueling station in the City's downtown yards.

RECOMMENDATION

That the Standing Policy Committee on Transportation recommend to City Council:

1. That a budget adjustment increase to Capital Project P.01361 - V&E Fuel Stations, in the amount of \$545,000 be approved; and
2. That the budget adjustment be funded from the Civic Vehicles and Equipment Replacement Reserve.

BACKGROUND

Capital Project P.01361 – V&E Fuel Stations (Capital Project P.01361) includes planning, design and construction work for the replacement of three underground tanks and current vending and tracking system, as well as associated electrical and lighting infrastructure in the City's downtown yards. The yards are the hub for the City's field operations and the main vehicle and equipment fueling, and crew dispatching location for approximately 500 staff in Roadways, Fleet and Support; Water and Waste Operations; and Transportation departments. The project scope also includes decommissioning of the existing underground fuel tanks and repurposing of the site.

The City has multiple fueling sites situated in various locations around the city. Capital Project P.01361 was initiated in response to past concerns identified by the Ministry of Environment (MOE) regarding the age and condition of City-owned underground fueling infrastructure, and a subsequent risk assessment. The replacement of three outdated underground tanks and fueling station in the downtown yards was considered one of the highest priorities due to the impacts that the potential fueling station breakdowns would have on City crews that deliver critical services to residents.

Phase 1 of the project which includes all the design, procurement, project management administration, and construction work for the installation of new above ground tanks and fueling station has been substantially completed.

Phase 2 of the project addresses environmental remediation including the removal of the old underground tanks and fueling pumps as well as the site clean-up and resurfacing work.

DISCUSSION/ANALYSIS

An initial budget of \$100,000 was allocated to the project for the planning and design work. Based on the preliminary design work and initial high level cost estimates, City Council approved additional funding of \$1.22M in 2018 to proceed with construction. The funding source for the project was the Civic Vehicles and Equipment Replacement Reserve.

From January to April 2020, a detailed functional review was completed (i.e., decision on the size of tanks, number of lanes at the fueling station, various design parameters etc.), and a commercial construction budget estimate prepared. In late 2020, consultant services were procured for a detailed design and construction administration with subsequent general contractor award in September 2021.

Based on soil sampling and testing, subsurface fuel contamination was found at the old site which requires substantially more than anticipated clean-up and reclamation work to resurface and repurpose the site. This work was not included in the high-level planning cost estimate and is estimated at \$545,000.

Key items that contributed to the need for the requested budget adjustment are:

- Construction costs based on the detailed design were higher than estimated at the planning stage;
- Increase in the cost of tanks and other parts required for the fuelling station and pumps between the early planning and detailed design stage;
- Increase in the cost of tank decommissioning including soil removal, backfilling and site resurfacing work, between the early planning and detailed design stage; found evidence of subsurface soil and water contamination that was not accounted for in the planning cost estimate;
- Increase in consultant services due to substantially increased work scope to provide the MOE with the required contamination management plan including construction monitoring and testing;
- Longer than planned access path to the new fueling station, required for the revised yard vehicle circulation;
- Contingencies increase due to finding subsurface contamination for the tank decommissioning and reclamation work; and
- Higher than anticipated internal project management costs due to project scope changes and delivery over several years.

FINANCIAL IMPLICATIONS

This budget adjustment has no impact on the mill rate.

There is sufficient reserve funding in the Civic Vehicles and Equipment Replacement Reserve. Scheduled replacements based on vehicle and equipment life cycles and asset management principles would not be impacted.

OTHER IMPLICATIONS

There could be potential environmental liability implications if the remaining Phase 2 work was not completed. The MOE has issued the required permits for the new aboveground tanks and fueling station, and the decommissioning of the existing underground tanks based on the plan to remove them by a date specified by the MOE. There is a close-out reporting requirement to inform the MOE of the completed work associated with the issued permits.

There are no privacy, legal, or social implications identified.

NEXT STEPS

Should the budget increase adjustment be approved, the plan is to complete all remaining work on this project in the summer of 2022.

Report Approval

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