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Meeting Date: July 30, 2020
File No.:



To: Chair and Members
Lambton Area Water Supply System Joint Board of Management

From: Clinton Harper
General Manager

Subject: Fuel Storage and Delivery System- Update

Recommendation

It is recommended that the LAWSS Joint Board of Management:

1. Approve EXP's Fee Proposal for Engineering Services to incorporate TSSA Deficiencies related to existing diesel fuel system in the amount of \$25,000+HST.
2. Allow for WELECO to be designated as preferred vendor for supply of fuel system components/hardware.
3. Increase overall project budget by \$275,000 to facilitate permanent upgrade to existing fuel storage and delivery system. Engineering Services included.

Background:

In response to the TSSA inspection, a complete fuel system audit was completed in May 2020 by a certified technician. The audit revealed substantial deficiencies in the existing fuel storage and delivery system. The LAWSS Board was made aware of the situation at the June 25, 2020 meeting. After this information was presented to the LAWSS Board in June, LAWSS staff and EXP continued to work with TSSA to refine and finalize the effort needed to bring the existing fuel system into compliance with TSSA requirements.

On July 6, 2020, LAWSS received TSSA approval to temporary use the existing fuel oil system until a compliant fuel system can be established. The variance expires on December 31, 2021 and lists 14 TSSA requirements and conditions. The key requirements are as follows:

1. A plan to upgrade the fuel oil system is to be submitted to TSSA by October 1, 2020.
2. All major project milestones must be reported to TSSA upon completion.
3. The current condition of the existing fuel storage and delivery system is classified as unacceptable with no immediate hazard. If the classification deteriorates the variance will become null and void.
4. LAWSS accepts full responsibility for all damages resulting from the use of the system.

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5. LAWSS indemnifies TSSA in the event that a third-party claim arises against TSSA as a result of the variance.

The variance has been posted with the equipment and is available and accessible to OCWA and Contractors working in the WTP. The full TSSA document is attached to this report.

Comments:

The approval of the recommendation will fulfill the TSSA requirements and conditions and facilitates the installation of a compliant system.

Consultation:

This report was prepared in consultation with OCWA Operational Staff, EXP Services Inc. and TSSA and the LAWSS General Accountant.

Financial Implications:

At the time of the June Board meeting there was still insufficient information for EXP to develop a proper quote to incorporate the fuel storage and delivery system project into the overall replacement project involving standby power and the main plant switchgear. In June, LAWSS was provided a very conservative estimate of between \$750,000-\$1,000,000 to address all deficiencies listed in the audit. Since June, extensive consultation with TSSA and with knowledgeable vendors has helped refine the project scope and budget.

On July 22, 2020, EXP was provided a quote for \$25,000+HST for Engineering Services to incorporate TSSA Deficiencies related to their current Standby Power and Main Switchgear Replacement project. EXP has engaged Ainsworth and WELECO heavily in the development of the final solution for the fuel storage and delivery system. To expedite the tendering process EXP is recommending that WELECO be designated as the preferred vendor of fuel system components for this project. WELECO is a material supplier that was referred to the project by Ainsworth and has provided ongoing project support and a comprehensive material list.

It is estimated that a complete fuel storage and delivery system solution, that address all TSSA deficiencies, can be executed for \$275,000. Based on the timing established by the TSSA Variance it is recommended that this work be added to the existing project. If approved by the Board \$275,000 will need to be transfer from reserves to cover the increased project cost.

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This report was prepared by Clinton Harper, LAWSS General Manger

Attachment(s):

TSSA FS Variance

EXP Letter Subject- New Diesel Fuel System Replacement vendor recommendation.