

Supplementary Budget – Briefing Note

2022 Budget

Airport Management Fee Increase

Briefing Note required for:

- items +/- \$50,000 or more
- changes in FTE
- Council Priority requests

Dept	Division	Item	Base Supp	Amount	FTE Impact
IES	Public Works	Airport Management Fee Increase	B	\$78,758	

Background:

On June 28, 2021, Council approved the award of the contract for R21-226 Airport Management Services to 944685 Ontario Limited o/a Z3 Aviation of Merlin, Ontario from July 7, 2021 to July 6, 2026, as well as a recommendation for a base budget increase of \$78,758 to be reflected in 2022 budget deliberations.

Comment:

Municipality Of Chatham-Kent
Infrastructure and Engineering Services
Public Works

To: Mayor and Members of Council
From: Ryan Brown
Director, Public Works
Date: June 21, 2021
Subject: Contract Award R21-226 Airport Management Services

Recommendations

It is recommended that:

1. The contract for the work associated with R21-226 Airport Management Services be awarded to 944685 Ontario Limited o/a Z3 Aviation of Merlin, Ontario from July 7, 2021 to July 6, 2026 for the amount of \$1,336,421.53 (including HST), subject to the terms of the agreement being satisfactory to the General Manager, IES and Director, Legal Services.
2. The base budget for Airport Management Services be increased by \$78,758 to be reflected in 2022 budget deliberations.
3. The General Manager, IES be authorized to approve an extension of the Agreement with Z3 Aviation, of up to 5 years, subject to satisfactory performance as determined by the General Manager, IES.
4. The Mayor and Clerk be authorized to enter into the necessary agreement.

Background

The Chatham-Kent Municipal Airport (YCK) is a regional airport on approximately 422 acres in Merlin, ON with one (1) paved runway sufficient to accommodate medium-sized business jets and commercial turbo prop operations. The airport is operational nine (9) hours per day, seven (7) days per week and management is currently contracted out to 944685 Ontario Limited (Z3 Aviation).

The service agreement with Z3 Aviation expires on July 6, 2021.

Comments

In accordance with the [Purchasing By-law](#), a request for proposal was advertised on the Municipal website on June 2, 2021 requesting a qualified contractor in the aviation or airport management field to provide services for the Chatham-Kent Municipal Airport.

The contract will be for 5 years with the option of an extension for another five year term to expire July, 2031. The Municipality is under no obligation to extend the contract beyond its initial term. However, if the Contractor fails to fulfil their obligations under this proposal, or in any way does not abide by the terms and conditions of the proposal, the Municipality may terminate the contract with a 120 day written notice to the Contractor.

A sole submission from 944685 Ontario Limited o/a Z3 Aviation was received by the Purchasing Officer on June 16, 2021 and forwarded to the Director of Public Works for review. The submission was evaluated by the Director of Public Works, the Manager of Public Works South, and the Senior Project Manager and Principal of Avia NG Airport Consultants based on the following criteria:

Evaluation Criteria	Ranking
Expertise and experience in the aviation field and/or Airport Management	20%
Management Qualifications	15%
Project Implementation	35%
Price	30%

A “two envelope” system was used, leaving the fees for services unknown by the evaluation team until the submission was evaluated.

The final results were as follows:

Rank	Company	Final Score (out of 100)
1.	944685 Ontario Limited o/a Z3 Aviation	89

Based on the panel review process, the proposal submitted by 944685 Ontario Limited o/a Z3 Aviation met the criteria and is therefore being recommended for award.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The proposal was received and distributed to the Public Works Division by the Purchasing Officer. It was reviewed, evaluated and ranked by a panel consisting of:

- Director of Public Works (IES)
- Manager of Public Works South (IES)
- Ian Rowbotham, Senior Project Manager and Principal (Avia NG Airport Consultants)

Financial Implications

Project financials are summarized as follows:

Description	Total
A) Project Costs (over 5 years)	
Project Total	\$1,182,673.92
Plus: HST	153,747.61
Total Project Bid	\$1,336,421.53
Less: HST Rebate (11.24%)	132,932.55
Total Project Costs	\$1,203,488.98

Description	Total
B) Project Funding	
Airport Base Budget (over 5 years - current)	\$765,320.00
Total Additional Funding Required (over 5 years)	\$438,168.98
2022 Base Budget Increase required	\$78,758.00

It is recommended that the 2021 budget impact be covered through budget variance. It is also recommended that the 2022 base budget for airport management contract fees be increased by \$78,758.

Prepared by:

Ryan Brown, P.Eng
Director, Public Works

Reviewed by:

Thomas Kelly, P.Eng., MBA
General Manager
Infrastructure and Engineering Services

Consulted and confirmed the content of the consultation section of the report by:

Jennifer Scherle
Purchasing Officer

Attachments: None

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