



AGENDA
COUNCIL OF THE CITY OF CASTLEGAR

Special Meeting – 1:30 p.m. Tuesday, June 30, 2015

Call To Order

Adoption of Agenda

As presented

REPORTS:

Finance and Corporate Services: *(Councillor Vassilakakis / Councillor Rye)*

West Kootenay Regional Airport Operation and Maintenance Contract
(#15-98)

CAO: Verbal Report:

BC Air Access Program (BCAAP) Grant Application Update

ADJOURNMENT:

Given under my hand this 26th day of June, 2015 and posted in accordance with Section 127 of the Community Charter.

A handwritten signature in cursive script, appearing to read "Tracey Butler".

Tracey Butler
Director of Corporate Services



CASTLEGAR

REPORT TO COUNCIL

DATE: June 24, 2015 **REPORT NO.:** 15-98

SUBMITTED BY: John Malcolm, CAO, Gerry Rempel,
Airport Manager **FILE NO.:** 2320-20.193
(previously 0360-20-A7)

SUBJECT: West Kootenay Regional Airport Operations and Maintenance Contract
Award

RECOMMENDATION

THAT Council award Sentinel Airport Logistics Ltd. the West Kootenay Regional Airport Operations and Maintenance Service Contract for the five year period commencing July 1, 2015 with the possibility of two one-year extensions.

PURPOSE

To provide a recommendation for the **West Kootenay Regional Airport Operations and Maintenance Contract.**

SUMMARY/BACKGROUND

The City took ownership of the West Kootenay Regional Airport in 1997 and ATCO Frontec was initially contracted to operate and maintain the Airport until 2012 when they advised the City that they were changing business models and were dropping airports as they were not million dollar income sources. They agreed to an extension to allow the City to try to find another Contractor to operate the airport. Two companies bid on the original RFQ; Sentinel Airport Logistics Ltd. ("SAL") and RAM Inc. The City selected the SAL bid and they have provided the operations & maintenance service to the airport since January 1, 2012.

Operation of an airport is a specialized business. It involves significant training and knowledge of the federal aviation regulations and the aviation industry's needs and requirements. The City does not have that expertise in-house. Therefore the City has contracted for this service since the City assumed ownership of the airport in 19197.

The City pays for all other expenses such as janitorial, commissionaires, insurance, materials, equipment and capital works. The Airport Operations Supervisor (SAL) is charged with the responsibility of providing day to day operational and maintenance support of the Airport facility.

In 2015, as per Council's direction, staff issued a Request for Proposals ("RFP") which included qualifications for the **West Kootenay Regional Airport Operations and Maintenance Contract.** The RFP was circulated locally, advertised locally and also placed on the BC Bid web page for provincial and

beyond circulation. A mandatory site visit was held with all interested proponents.

Two companies submitted proposals for a new 5 year contract with potentially two one-year extensions contract that is to commence July 1, 2015. The RFP specified that there were a number of factors to be considered by the City in awarding the contract. While price is an important consideration, the City is also vitally concerned about the amount of airport managerial experience, the airport safety management system, the airport security system, certified operation of the Airport Water System, company capacity and knowledge of government legislation pertaining to airport operations and maintenance.

The RFP included a qualifier stating that the City shall evaluate proposals based on the best value which it recognizes as the essential part of purchasing a product and/or service and therefore the City may prefer a proposal with a higher bid price, if it offers greater value and better serves the City's interests, as determined by the City, over a bid with a low bid price. It also stated that preference would be given to proponents who have a minimum of five (5) years' experience as a qualified contractor in airport operations & maintenance services.

The City received proposals for the Airport Operations and Maintenance contract from Sentinel Airport Logistics Ltd. ("SAL") and Global Roadway Maintenance Inc. ("GRM"). City staff contacted references provided by the two proponents.

The following factors were taken into consideration when making the purchasing decision and assessing best buy:

- a) All inclusive price;
- b) Proponent's experience and knowledge of local conditions;
- c) Proponent's understanding of the project opportunities and challenges;
- d) References - Quality and performance of service offered – a MINIMUM of three (3) references for the operations and maintenance of an airport or similar project are required;
- e) Availability of experienced employees and relevant experience of the key individuals that will work at the Airport;
- f) Proof of required certification and training;
- g) Proof of high safety standards;
- h) Scheduling and listing of all staff;
- i) Degree of suitability with requirements and/or specifications;
- j) Proponent's financial stability and business reputation;
- k) Quality of service; and
- l) Completed Form of Proposal including Attachments 1A to 1C of the RFP package.

In addition, the proposals were reviewed under the weighted criteria listed below:

a) Understanding of airport maintenance and operational objectives and constraints	10%
b) Knowledge of government legislation relating to airport operations and maintenance	10%
c) Contract management / organizational plan / safety plan	10%
d) Availability of key staff	10%
e) Price	25%
f) Feedback from references	15%
g) Demonstrated experience working with airports, municipalities and similar projects	15%
h) Other factors as determined by the Evaluation Committee (knowledge of local issues, quality of presentation, added value, etc.)	5%
TOTAL SCORE	100%

The following is a thorough review of the proposals against the above noted criteria. The evaluation committee unanimously found that SAL's proposal scored 91 out of 100 while the GRM proposal scored 66 out of 100. SAL scored 94% vs GRM who scored 54% on the technical evaluation.

Total Labour & Management (Including Profit) Cost:

Year	SAL	GRM	Difference
2015	512,191.00	388,000.00	124,191.00
2016	527,556.73	399,640.00	127,916.73
2017	543,343.43	411,629.00	131,714.43
2018	559,684.94	423,977.00	135,707.94
2019	576,475.49	436,747.00	139,728.49
2020	593,769.16	449,798.00	143,971.16
2021	611,582.23	449,798.00	161,784.23

Contract Money To Airport Labour

Year	SAL	GRM	Difference
2015	384,143.21	320,000.00	64,143.21
2016	395,667.51	329,600.00	66,067.51
2017	407,537.53	339,488.00	68,049.53
2018	419,763.66	349,672.00	70,091.66
2019	432,356.57	360,163.00	72,193.57
2020	445,326.68	370,968.00	74,358.68
2021	458,686.48	370,968.00	87,718.48

Contract Money To Company Management (including Profit)

Year	SAL	GRM	Difference
2015	128,047.79	68,000.00	60,047.79
2016	131,889.22	70,040.00	61,849.22
2017	135,845.90	72,141.00	63,704.90
2018	139,921.28	74,305.00	60,313.72
2019	144,118.92	76,584.00	67,534.92
2020	148,442.48	78,830.00	69,612.48
2021	152,895.75	78,830.00	74,065.75

Other Costs (for 7 Year Period)

Cost	SAL	GRM
Cash Allowance	231,000.00	231,000.00
GST	207,782.15	159,529.45

Total Contract Value (Including Labour, Mgmt, Cash Allowance & GST) Over 7 Years

SAL	GRM
\$4,363,425.13	\$3,350,118.45

SAL, who has 35 years of airport O&M experience, currently has all of the specialized training, accreditations and experience to provide O&M service both groundside & airside and there is a concern that GRM, while completely competent in all aspects of groundside services, would have a long lag time in order to train/accredited their employees to perform airside work, and that a lack of airside experience could become a major safety concern for the airport. SAL is educated in airside regulations training & all employees have an excellent understanding of the Transport Canada regulations that govern airport operations which is crucial with the WKR Airport as the Airport Manager is not on-site fulltime to answer any inquiries that may come up. GRM's proposal indicated that the only airside experience their employees possess is one year of baggage handling.

Airside operations requires specialized technicians who have many years of experience dealing with airside issues in a professional, expedient & cost effective manner. GRM has not satisfied the Evaluation Committee that its employees who would be working on-site fulltime would have this experience and knowledge.

As well, the WKR Airport has gone through continuous improvements and continues to do so, meaning that old systems are currently blended with new systems which requires a careful balance and a firm understanding of how these systems communicate with each other. SAL's subcontractors have worked at the airport through all of these transitions and are well-versed with how the systems run and how to repair them quickly. GRM's subcontractors have not worked at the airport which may cause cost overruns for repairs/maintenance and even potentially close the airport if a significant repair cannot be completed in a timely manner.

SAL also performs many added value services at the airport at no cost to the City. Both proponents have good safety ratings and an extensive company safety plan, although GRM does not supply information on their knowledge of very high risk airport safety. Awarding to an

unknown contractor who has not demonstrated a thorough knowledge of airside O&M could be opening the door to litigation if safety standards are not maintained. One critical airside incident would more than eat up the cost savings of awarding to GRM. SAL has proven itself to be competent and reliable in all aspects of airport O&M.

Therefore staff's review unanimously recommended that Sentinel Airport Logistics Ltd. be awarded the West Kootenay Regional Airport Operations and Maintenance Services Contract.

ALTERNATIVES

Council could accept the GRM proposal.

IMPLICATIONS

- | | |
|--------------------------|--|
| (1) Social | N/A |
| (2) Environmental | N/A |
| (3) Personnel | N/A |
| (4) Financial | SAL's proposal will require a small increase in the airport's operating budget for 2015. |

POLICY IMPLICATIONS

The recommendation supports Council's objective to manage and operate the West Kootenay Regional Airport in full compliance with Transport Canada's regulations and requirements.

IMPLEMENTATION/COMMUNICATION

If Council awards the contract as recommended, then staff will undertake the necessary documents for execution.

Respectfully submitted,

John Malcolm
Chief Administrative Officer

Gerry Rempel,
Airport Manager