

DATE OF MEETING MAY 1, 2023

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SUBJECT NANAIMO OPERATIONS CENTRE PHASE ONE PROJECT – APPROVAL TO PROCEED

OVERVIEW

Purpose of Report

To seek direction to proceed with the Nanaimo Operations Centre Phase One Project and begin the borrowing processes necessary to support this project.

Recommendations

That Council:

1. direct Staff to proceed with the Nanaimo Operations Centre Phase One Project and prepare a borrowing bylaw to begin an Alternative Approval Process in support of this project.
2. allocate \$300,000 from the 2023 General Asset Management Reserve Fund to support the Nanaimo Operations Centre Phase One Project until funds from borrowing become available.

BACKGROUND

City operations are currently provided at the Public Works Yard on Labieux Road, the Parks Operations Yard on Prideaux Street and the Nanaimo Lakes Road Parks satellite yard. These facilities are no longer able to fully meet the operational needs of the organization and the community.

The original Public Works buildings were constructed in the 1960's and then evolved as the City population grew from less than 45,000 in 1980 to over 100,000 in 2021. Much of the additional space was added using modular temporary facilities that were not intended for permanent use. These original buildings and the additions have exceeded their expected useful life and a considerable amount of capital is now required just to sustain them.

The existing Public Works facilities have also exceeded available Staff capacity and considerable efforts have been made to accommodate increasing need by converting unsuitable spaces or adding additional trailer units. The overall result is a facility that struggles or fails to meet existing operational needs, environmental regulations, as well as building code or accessibility and gender equity considerations.

With the population of Nanaimo expected to be in the range of 126,000-141,000 in 25 years, there will be a substantial increase in the demand for services that cannot feasibly be met with the existing facility.

The Nanaimo Operations Centre (NOC) Project has prepared a master plan for the property at 2020 Labieux Rd to address these issues. A report and business case for this project was

presented in 2021 to the Finance and Audit Committee and updates were provided to Council in 2022 and 2023. Based on feedback gathered during this planning process, a phased approach to this project was explored. Phasing enables standalone units of work addressing the most urgent operational challenges to proceed while allowing time to integrate the City's evolving financial and community priorities. NOC Phases One through Four focus on:

- 1) Fleet and Maintenance Building
- 2) Administration Building
- 3) Storage
- 4) Repurposing the Prideaux Street Facility.

The NOC Project, and the current focus on the development of its first phase, has been in progress for several years and many key decisions have been made to bring it to its current level of maturity. The NOC Phase One Project has now reached a point where it is ready to proceed to detailed design and construction. However, before that can happen, a commitment to additional funding is required. |

DISCUSSION

The need for the NOC Project is driven by several factors, including:

- 1) the age and condition of the existing buildings;
- 2) the lack of space and capacity for Staff to provide City services in a growing community;
- 3) shortcomings in seismic, environmental, accessibility, gender equity and other considerations; and an
- 4) opportunity to optimize operations across the City, drive efficiency, and resilience.

The master plan for the NOC Project focuses on addressing these needs through the lens of the project's mission statement:

To address the long-standing and increasingly unsustainable health, safety, environmental and operational shortcomings of the site in a fiscally responsible manner.

The proposed NOC Phase One Project consists of four major elements. A central element of foundational work and three related projects which will support that foundational work and enhance the project's overall value to the community. These four components, and how they support the project goals and mission statement are discussed below.

NOC Foundational Work

Phase One establishes a new Fleet and Maintenance facility, truck wash facilities for use by the City's Operations fleet, and utility servicing which sets the stage for future phases of the NOC project.

The existing Fleet and Maintenance facilities have been determined to be at a critical point for seismic risk and asset management. They immediately require significant seismic and structural upgrades if they are to remain in service. However, even with upgrades, they will continue to not meet the City's current operational needs. Replacement of these facilities addresses all the above listed factors that are driving this project (for the Fleet and Maintenance workgroups), while also satisfying the project's mission statement. This new facility will meet the day-to-day operational needs of the organization in a fiscally responsible manner. It will be a utilitarian facility which is

accessible for the City’s workforce and is appropriately sized to meet the City’s growing operational demands. The new building will also be very durable, able to withstand a modest earthquake, enhancing the City’s ability to respond in a post disaster scenario.

The existing truck wash facilities need to be relocated to accommodate the new Fleet and Maintenance building and to address existing environmental impacts. The new facilities will be sized appropriately to service the City’s growing fleet, including treatment units to prevent hazardous materials from entering the downstream environment.

The general expected arrangement of these facilities is shown below, in Figure 1: NOC Phase One On-Site Works.

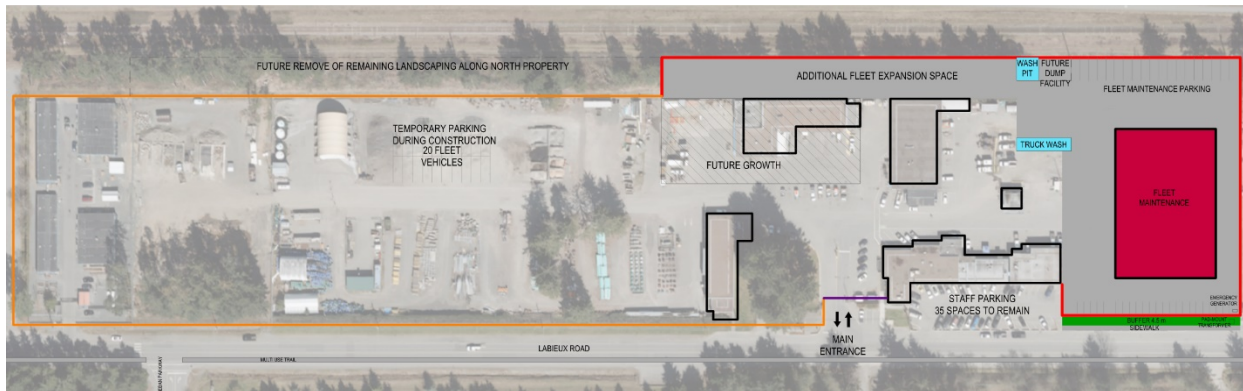


Figure 1: NOC Phase One On-Site Works

The work will primarily be taking place in the southern portion of the site, setting the stage for future project phases through the rest of the City’s Public Works Yard.

Finally, there are considerable utility installations that ultimately support future project phases. Installing these utilities as part of the NOC Phase One Project will reduce operational disruptions as future phases progress over the coming years.

NOC Stormwater Management

Part of the required utility installation is intended to address existing deficiencies in the stormwater infrastructure at both the City’s Public Works Yard and Fire Rescue Station 2. This will be accomplished by replacing failed infrastructure at these sites and by constructing new facilities which will ensure the system’s compliance with current standards.

Infrastructure Renewal

The stormwater mains at the City’s Public Works Yard and Fire Rescue Station 2 are corrugated metal pipes which are past their expected useful lifespans and are heavily degraded. These pipes are not functioning effectively and present an operational risk to the City.

This project will replace this failed infrastructure with modern PVC pipes. This infrastructure renewal will provide reliable drainage for these sites, which is particularly important during significant storm events and training exercises in which large quantities of water must be conveyed.

Infrastructure Enhancement

Stormwater runoff from the City's Public Works Yard is not currently treated or attenuated to City standards. Providing water quality treatment and volume limitation helps to minimize erosion, protect aquatic habitats, and lessen operational burdens on downstream City infrastructure.

This project will address water quality concerns by installing an underground stormwater treatment unit, also known as an oil and grit separator, at the property line of the Public Works Yard. This unit will treat all stormwater leaving the site to the level required by the City for new developments.

This project will address water attenuation concerns by constructing a retention pond in the north-east corner of Beban Park. As shown below in Figure 2, the pond would be located in the north-east corner of Beban Park, where a natural wetland once was, and previous park master plans had proposed to install a stormwater retention facility.



Figure 2: Retention Pond

The retention pond would be constructed to integrate and respect the natural aesthetic of the area, provide passive recreation opportunities, and limit stormwater flows to natural pre-development levels.

This infrastructure renewal and enhancement will provide renewed drainage capacity for critical City facilities, address existing environmental deficiencies for the Public Works Yard, while enhancing the available natural habitat of area. It is the most fiscally

responsible way to manage stormwater from the City's Public Works Yard while meeting City standards and balancing long-term operational costs.

Because of the emerging risk of operational disruptions due to this heavily degraded infrastructure, Staff are requesting additional funding to begin addressing these existing stormwater management issues in the short term. This will enable Staff to complete the detailed design of a comprehensive stormwater management plan for the City's Public Works Yard and Fire Rescue Station 2 at a time which would coincide with the earliest date, funding for construction may become available.

Fire Rescue Station 2 Training Tower Fuel Conversion

This project element is intended to improve the environmental and health effects of operating the Fire Rescue Station 2 Training Tower (the Tower). The Tower is currently a Class A training system, which means that it uses wood products as fuel to generate realistic fire and smoke during training exercises. While the Class A system provides an accurate portrayal of smoke and fire during training exercises it also generates harmful gases, offensive odours, and quantities of smoke which can negatively affect both the personnel training and the surrounding community.

By converting the fuel source for the Tower from a Class A wood product system to a Class B natural gas system many of these negative affects will be greatly lessened or eliminated. Class B systems generate a much cleaner burn and are less impactful on the surrounding community.

With an increased demand on the available space within the City's Public Works Yard, operational activities will be increasingly taking place immediately adjacent to the Tower, including the construction of a Fleet Maintenance Facility. Because of this, it is believed that a conversion of the Tower from Class A to Class B is necessary to ensure both worker health and safety and to provide ongoing training opportunities for the City's Fire Services personnel.

Beban Park Multi-Use Pathway Improvements along Labieux Road

This work is proposed to be undertaken in lieu of works and services, nominally consisting of a sidewalk, along the Public Works Yard frontage on Labieux Road as part of the NOC Project. It is also important to note that under City bylaws, Council can waive the requirement for works and services and not undertake any pedestrian improvements as part of the NOC Project.

The Labieux Road frontage of the Public Works Yard is not perceived to be a major pedestrian corridor. However, it is important to provide infrastructure to support active modes of transportation. The project team proposes establishing a multi-use pathway (MUP) in Beban Park, along Labieux Road from Beban Parkway to Dorman Road, in lieu of a sidewalk on the north side of Labieux Road.

As shown below in Figure 3, the proposed pathway would provide pedestrian and active transportation opportunities for those traveling the Labieux Road corridor.



Figure 3: Beban Park Multi-Use Pathway Improvements West

The pathway would complete a circular route of trails through Beban Park. It will integrate existing park facilities throughout this area, including parking lots, cycling facilities, and the off-leash dog park, with the goal of enhancing user experiences and the level of accessibility for these facilities without impacting the space already allocated to them. Numerous pedestrian and active transportation connections to Labieux Road from the MUP will be established to facilitate flexible use of this amenity.

The project team believes the Beban Park MUP would provide a greater community value than a sidewalk on the frontage of 2020 Labieux Road without adversely impacting pedestrians through this corridor. This proposed MUP is supported by the Beban Park Master Plan, which notes the extension of a trail along the Labieux Road border of the park as the most desired improvement identified through public consultation.

The recommended maximum borrowing amount for each of these four elements and a total recommended maximum borrowing amount for the NOC Phase One Project is shown below, in Table 1: NOC Phase One Project Funding Composition.

Table 1: NOC Phase One Project Funding Composition

	NOC Phase One Project			
	NOC Foundational Work	NOC Stormwater Management	Fire Training Tower Fuel Conversion	Beban Park Multi-Use Pathway
Maximum Borrowing Required	\$40,000,000	\$4,500,000	\$1,250,000	\$2,750,000
Total Maximum Borrowing Required				
\$48,500,000				

There are no feasible grant funding opportunities for a project like NOC, and it would require the City to undertake borrowing.

With large projects involving borrowing, it can be very difficult to adjust the budget later, which is why it is important to complete suitable due diligence prior to setting a budget. Recently, with global inflation and unpredictable pricing, there has been an extra layer of difficulty in setting budgets. The development of the recommended maximum borrowing amount has included the following:

- Detailed programming and forecasting for space needs.
- Preparation of an architectural concept focused on utilitarian needs.
- Creation of a risk register to assist with setting contingency amounts and the completion of due diligence such as environmental investigations to mitigate risk.
- A professional quantity surveyor preparation of a Class D construction cost estimate.
- Budget setting in accordance with the City’s project management framework and best practices.

Staff are seeking funding to complete a ‘Value Engineering’ review of the NOC Phase One project, before proceeding with detailed design. This will involve a full analysis of the planned Phase One facilities’ features, space allocations, systems, and materials selections to ensure essential functions are being achieved at the lowest life cycle cost while also being consistent with the City’s required performance, quality, reliability, and safety criteria. In short, this will be another level of due diligence undertaken to ensure the City is getting a quality facility that will meet it’s present and future needs while eliminating unnecessary costs.

While the recommended maximum borrowing amount is not a guarantee, and there are numerous unforeseeable factors that could influence future costs, it has been prepared with a well thought out plan and appropriate due diligence.

Borrowing of this magnitude requires assent of the electorate, either through a referendum or an Alternative Approval Process (AAP). Given the criticality and non-discretionary nature of City operations, an AAP is the recommended process. With Council direction, Staff propose to prepare a Borrowing Bylaw to present to Council in June of this year. Following three readings of this bylaw, the AAP process would be started with the goal of holding the mandatory 32-day AAP period between Monday October 2 and Thursday November 2, 2023. Staff will be engaging with the community throughout the AAP process to build community knowledge about this important project and respond to questions and concerns that are raised along the way. Following a successful conclusion to the AAP, Staff would then begin negotiations with the

design team for a contract to complete detailed design with the goal of completing design and permitting in late 2024 and construction in 2026-2027.

The cost of an AAP is estimated to be \$25,000, for which the Financial Plan has funding available. This will allow Staff to navigate the AAP process and provide proactive, and transparent communications throughout.

The combined cost of the additional funding required to immediately begin addressing the existing stormwater management issues and to complete a Value Engineering review is estimated to be approximately \$300,000.]

OPTIONS

1. That Council direct Staff to proceed with the Nanaimo Operations Centre Phase One Project and prepare a borrowing bylaw to begin an Alternative Approval Process in support of this project.

That Council allocate \$300,000 from the 2023 General Asset Management Reserve Fund to support the Nanaimo Operations Centre Phase One Project until funds from borrowing become available.

- The advantages of this option are that proceeding with the NOC Phase One Project will support the City in meeting the community's growing operational needs. This project will enable existing issues and opportunities for improvement to be addressed in a holistic, proactive manner instead of a reactionary manner. This approach will enhance the value of the funding being assigned to the Public Works Yard by allowing it to address core workplace issues (building size, workspace capacity, gender and accessibility inequality, etc.) while also addressing the more pressing issues (seismic inadequacies, structural deficiencies, etc.) which can be easier to quantify.

This project also supports City Plan's Five Goals of a(n)

- i. Green Nanaimo
Addressing existing environmental issues and enhancing the City's ability to reach its environmental stewardship as well as energy and GHG reduction goals in the future.
- ii. Connected Nanaimo
Enhancing pedestrian and active transportation opportunities, improving accessibility of existing recreational amenities, and increasing the community value of site development contributions.
- iii. Healthy Nanaimo
Addressing existing challenges with maintaining the City's fleet of service vehicles, garbage collection trucks, and fire trucks, all of which help safeguard the wellbeing of our community. This will help ensure continuing support is available to meet the community's growing operational, recreational, and cultural needs.

- iv. Empowered Nanaimo
Addressing existing gender and mobility inequalities experienced by the City's workforce in existing facilities and ensuring community connections continue to be nurtured by providing accessible spaces that are welcoming and inclusive to all.
- v. Prosperous Nanaimo
Addressing existing facility HVAC and efficiency issues, ensuring funds required to complete seismic and structural retrofits are delivering maximum value by also addressing core issues, and ensuring continued service delivery to our community as it grows and develops.

Allocating additional funding for immediate use will allow Staff to begin proactively addressing stormwater management issues at the City's Public Works Yard and Fire Rescue Station 2. This will help eliminate the risk of operational disruptions due to degraded infrastructure, and put the City in a position to move forward with construction of a solution as quickly as is reasonably possible. Finally, allocating funding for immediate use will also allow Staff to complete a Value Engineering review as a final checkback before detailed design of NOC facilities begins. This will be done to ensure the planned facilities meet the City's present and future needs without any costly extras.

- There are no disadvantages to this option.
- Financial Implications: By undertaking borrowing to fund this project there is a reduction in the amount of available debt for other initiatives the City may want to undertake. Similarly, by allocating additional funding to this project there is a reduction in the amount of available funding for other initiatives the City may want to undertake.

2. That Council provide Staff with alternate direction. |

SUMMARY POINTS

- The Nanaimo Operations Centre has been planned to be a utilitarian facility that will allow the City to continue to provide reliable services to our growing community.
- A Nanaimo Operations Centre Phase One Project has been developed which will address the most urgent operational needs and requires approval to proceed to an Alternate Approval Process for funding.
- If the Nanaimo Operations Centre Phase One Project is supported by Council and the Community, it is preliminarily estimated to be complete in the 2026-2027.

ATTACHMENTS:

Attachment A – Nanaimo Operations Centre Phase One Project |

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