

City of Nanaimo
REPORT TO COUNCIL

DATE OF MEETING: 2014-OCT-06

AUTHORED BY: BILL CORSAN, MANAGER OF REAL ESTATE

RE: 1 PORT DRIVE – DEMOLITION CONTRACT AND SERVICING PROJECT

REQUEST FOR DIRECTION:

That Council receive for information the report pertaining to a demolition contract and a servicing project at 1 Port Drive.

PURPOSE:

To provide Council and the community with an update on the demolition tender for the Island Pallet Solutions site and the provision of water and sewer services to the Island Ferry Services Ltd. terminal building at 1 Port Drive.

BACKGROUND:

The City of Nanaimo acquired 1 Port Drive from CP Rail on 2013-MAR-27 for \$3,400,000. This 10.8 ha (26.7 acre) waterfront parcel is strategically located adjacent to the downtown core. Since acquiring the property, the City has been active in preparing the site for new uses, including a terminal facility for a passenger only foot ferry to downtown Vancouver.

A long term vision has been created for the City-owned property and the surrounding industrial lands through the South Downtown Waterfront Initiative (SDWI). The plan envisions a mix of land uses on the property and surrounding neighbourhood. One of the key features is a multi-modal transportation hub that provides a central location for local and regional bus services, passenger rail, and ferry services.

Herold Engineering Ltd. was hired to undertake a demolition study of the Island Pallet Solutions Ltd. (IPSL) site. Total cost of the demolition work was estimated to be \$300,000. The 2014 budget includes up to \$800,000 for demolition work at 1 Port Drive which was intended for IPSL and the former CP Ferry Dock. Demolition of the former CP Ferry Dock is expected to cost around \$300,000.

At the 2014-JUL-21 Council meeting, Staff was directed to advise IPSL that its lease would terminate on 2014-SEPT-30. Staff were directed to issue a tender to demolish the existing building and improvements.

As part of the City's commitments under the lease agreement with Island Ferry Services Ltd. (IFSL), the City is required to provide water and sewer services to the terminal building. The cost estimate for this work is \$150,000. This project was not identified in the 2014 budget deliberations as the lease was finalized after adoption of the budget. Funding for the servicing will come from the \$800,000 'Waterfront Remediation' budget set aside for 1 Port Drive.

Island Pallet Solutions Demolition Tender Results

The lease to IPSL has terminated and Staff issued Tender No. 1555 to demolish the existing improvements and to regrade the site.

Five tenders were received, with the lowest bid submitted by Pacific Blasting & Demolition Ltd. for \$522,294 excluding GST. The tender included the demolition of a house at 2145 Boundary Ave (\$16,700 excluding GST) as part of the Northfield/Boundary intersection upgrades.

The base bid which included the demolition of IPSL was priced at \$253,350, under the estimated budget of \$300,000. The remaining \$252,252 represented side grading and soil disposal costs. The next lowest bid was Palladian Development Inc. at \$556,236.

Staff recommend grading this parcel as it is one of the few portions of 1 Port Drive that is unencumbered and is open for redevelopment by the City immediately should an opportunity be presented. Once graded, the site would be more suitable for the Regional District's multimodal transportation hub, or could be used to support a land swap with Seaspan to free up additional waterfront lands.

Servicing of Island Ferry Services Ltd.

The City's lease with IFSL has two conditions precedent. The first states that prior to 2014-SEPT-30, the Council of the City of Nanaimo, in its sole discretion, will have given third reading and passed a bylaw amending Zoning Bylaw 2011 No. 4500 to allow in the Harbour Waterfront (W2) zone "passenger ferry terminal" as a permitted use. This bylaw was adopted 2014-SEPT-08.

The second condition is that on or before 2014-SEPT-30, the City will have constructed and connected water and sanitary sewer services to and sufficient for the operation of the ferry terminal building in the lease area. Herold Engineering was engaged to undertake the servicing design and to oversee the installation and have estimated the work to be \$150,000.

The remaining funds within the 'Waterfront Remediation' budget (once the demolition of IPSL is deducted) will be used to service the IFSL lease.

Once the property is serviced, the lease will commence and the City can charge rent which is estimated to be \$67,000 per annum.

Deferment of Demolition of Former CP Dock

The current budget cannot support the demolition of IPSL, the servicing of the IFSL lease area and the demolition of the former CP Dock.

Staff are recommending that the demolition of the former CP Dock be deferred until 2015 and additional budget be sought to fund the work. Staff will prepare a separate project scope sheet for Councils' consideration during the 2015 budget deliberations.

Strategic Plan Considerations

The redevelopment of 1 Port Drive meets three of the key priorities identified in the 2012-2015 Strategic Plan:

Strategy	Potential Strategies and/or Initiatives
Waterfront Enhancement	<ul style="list-style-type: none"> • A working waterfront that supports business, marine industries, transportation connectivity, entertainment and tourism. • Enhanced public access and use.
Transportation and Mobility	<ul style="list-style-type: none"> • Economic growth in part due to enhanced transportation connections to Victoria, Vancouver and the world. • Work with RDN, NEDC, Chamber of Commerce, Nanaimo Port Authority, BC Ferries, BC Transit, Airport Authority, Island Corridor Foundation, advocates for and support improvement of external connections: inter-city bus, ferries, fast foot ferry to downtown Vancouver, float planes, enhanced air connections.
Taking Responsibility	<ul style="list-style-type: none"> • Continuing to facilitate change and overall development consistent with vision and plans; taking action steps to be a catalyst or investment in the City's future.

Respectfully submitted,

Bill Corsan,
Manager, Real Estate
Community Development

Concurrence by:

Dale Lindsay
Director
Community Development

Toby Seward
Acting General Manager
Community Development & Protective Services

CITY MANAGER COMMENT:

I concur with the Staff recommendation.

Drafted: 2014-SEP-29
LD002643
BC/tl