



AGENDA
FINANCE AND AUDIT COMMITTEE MEETING

January 10, 2018, 9:00 AM - 9:30 AM
Board Room, Service and Resource Centre,
411 Dunsmuir Street, Nanaimo, BC

Pages

1. **CALL THE MEETING OF THE FINANCE AND AUDIT COMMITTEE TO ORDER:**
2. **INTRODUCTION OF LATE ITEMS:**
3. **ADOPTION OF AGENDA:**
4. **ADOPTION OF MINUTES:**
 - a. **Minutes** 3 - 7

Minutes of the Special Finance and Audit Committee meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Thursday, 2017-NOV-23, at 9:00 a.m.
 - b. **Minutes** 8 - 11

Minutes of the Special Finance and Audit Committee meeting, Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Thursday, 2017-DEC-07, at 9:00 a.m.
5. **PRESENTATIONS:**
6. **REPORTS:**

a. Northfield/Boundary/HWY 19A Intersection Upgrade

12 - 32

To be introduced by Bill Sims, Director of Engineering and Public Works.

Purpose: To advise the Finance and Audit Committee that an additional \$525,000 is required to complete Northfield/Boundary/Hwy 19A project.

Recommendation: That the Finance and Audit Committee recommend that Council:

- Direct Staff to increase the funding for the Northfield/Boundary/Hwy 19A project by \$525,000; and,
- Defer additional rail infrastructure upgrades until the railway obtains funding required in order to reinstate the passenger rail service.

7. OTHER BUSINESS:

8. QUESTION PERIOD:

9. ADJOURNMENT:

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
BOARD ROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
THURSDAY, 2017-NOV-23, AT 9:00 A.M.

PRESENT: Chair Councillor W. L. Bestwick

Members: Mayor W. B. McKay (entered 9:03 a.m.)
Councillor S. D. Armstrong
Councillor G. W. Fuller
Councillor J. Hong
Councillor J. A. Kipp
Councillor I. W. Thorpe (vacated 10:04 a.m.)
Councillor W. M. Yoachim

Absent: Councillor M.D. Brennan

Staff: T. Samra, Chief Administrative Officer
V. Mema, Chief Financial Officer
B. McRae, Chief Operations Officer
R. Harding, Director of Parks & Recreation
A. Groot, Manager, Facility Planning & Operations
D. Hiscock, Revenue Services Manager (vacated 10:57 a.m.)
B. Sims, Manager, Water Resources (vacated 9:44 a.m.)
C. Davis, Manager of Sanitation, Recycling & Public Works
Administration (vacated 11:01 a.m.)
J. Elliot, Senior Manager of Public Works (vacated 11:01 a.m.)
D. Blackwood, Client Support Specialist (vacated 11:04 a.m.)
S. Snelgrove, Deputy Corporate Officer
J. Vanderhoef, Recording Secretary

1. CALL THE SPECIAL FINANCE AND AUDIT COMMITTEE MEETING TO ORDER:

The Special Finance and Audit Committee Meeting was called to order at 9:02 a.m.

2. INTRODUCTION OF LATE ITEMS:

(a) Add – Agenda Item 7(a) – Capital Purchases – Automated Solid Waste Collection.

Mayor McKay entered the Boardroom at 9:03 a.m.

3. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda, as amended, be adopted. The motion carried unanimously.

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Special Meeting of the Finance and Audit Committee held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Thursday, 2017-NOV-02 at 10:00 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) Amendments to "Municipal Solid Waste Collection Bylaw 2011 No. 7128" Related to Implementation of Automated Garbage Collection

It was moved and seconded that agenda item 6(a) - Amendments to "Municipal Solid Waste Collection Bylaw 2011 No. 7128" Related to Implementation of Automated Garbage Collection, be deferred until after reviewing agenda item 7(a) - Capital Purchases - Automated Solid Waste Collection. The motion carried unanimously.

(b) Amendment to Bulk Water Rates for South West Extension

Introduced by Victor Mema, Chief Financial Officer.

It was moved and seconded that the Finance and Audit Committee recommend to Council:

1. That "South West Bulk Water Rate Amendment Bylaw 2017 No.7099.06" (To set the 2018 bulk water rates for South West Extension) pass first reading;
2. That "South West Bulk Water Rate Amendment Bylaw 2017 No.7099.06", pass second reading; and,
3. That "South West Bulk Water Rate Amendment Bylaw 2017 No.7099.06", pass third reading.

The motion carried.

Opposed: Mayor McKay, Councillors Fuller and Kipp.

(c) Amendment to Rates and Charges for Sanitary Sewer

Introduced by Victor Mema, Chief Financial Officer.

It was moved and seconded that the Finance and Audit Committee recommend to Council:

1. That "Sewer Regulation and Charge Amendment Bylaw 2017 No.2496.30" (To set the 2018 rates for sanitary sewer) pass first reading;
2. That "Sewer Regulation and Charge Amendment Bylaw 2017 No.2496.30" pass second reading; and,
3. That "Sewer Regulation and Charge Amendment Bylaw 2017 No.2496.30" pass third reading.

The motion carried.

Opposed: Mayor McKay and Councillor Kipp.

(d) Amendment to Rates and Charges for Water

Introduced by Victor Mema, Chief Financial Officer.

It was moved and seconded that the Finance and Audit Committee recommend to Council:

1. That "Waterworks Rate and Regulation Amendment Bylaw 2017 No.7004.13" (To set the 2018 water rates) pass first reading;
2. That "Waterworks Rate and Regulation Amendment Bylaw 2017 No.7004.13" pass second reading; and,
3. That "Waterworks Rate and Regulation Amendment Bylaw 2017 No.7004.13" pass third reading.

The motion carried.

Opposed: Mayor McKay and Councillors Fuller and Kipp.

B. Sims vacated the Boardroom at 9:44 a.m.

6. OTHER BUSINESS:

(a) Capital Purchases - Automated Solid Waste Collection

Introduced by Brad McRae, Chief Operations Officer.

Presentation:

1. Charlotte Davis, Manager of Sanitation, Recycling and Public Works Administration, provided information regarding the expenses incurred for automated waste trucks. She spoke regarding the original business case and differences in estimated costs and actual costs incurred so far. She spoke regarding costs associated with the new carts and user rates. A revised report will be coming forward to Council with corrections to the Provincial Sales Tax.

Committee discussion took place regarding the amount of trucks purchased, direction provided by Council regarding the purchase of 6 automated trucks. Further discussion took place regarding the amount of trucks and carts ordered.

Committee discussion took place regarding processes relating to budgets and how to improve the budget processes.

Councillor Thorpe vacated the Boardroom at 10:04 a.m.

Committee discussion took place regarding anticipated growth and inventory of carts that are needed for cart exchanges. Discussion took place regarding communication.

Tracy Samra, Chief Administrative Officer, spoke regarding the Core Services Review suggesting an interim trial of taking on recycling and yard waste. She noted that a review of the recycling and yard waste options was not completed before the decision

was made to include them in the automated waste roll out. She suggested that a more fulsome business case be presented to Council in the future.

Committee discussion took place regarding the cost estimates provided and where the numbers for these calculations came from.

It was moved and seconded that the Finance and Audit Committee receive the report titled Capital Purchases - Automated Solid Waste Collection, for information. The motion carried unanimously.

(b) Amendments to "Municipal Solid Waste Collection Bylaw 2011 No. 7128" Related to Implementation of Automated Garbage Collection

Introduced by Victor Mema, Chief Financial Officer.

It was moved and seconded that the Finance and Audit Committee recommend to Council:

1. That "Municipal Solid Waste Collection Amendment Bylaw 2017 No.7128.09" (To update the bylaw for the implementation of automated garbage collection and set the rates for 2018) pass first reading;
2. That "Municipal Solid Waste Collection Amendment Bylaw 2017 No.7128.09", pass second reading; and,
3. That "Municipal Solid Waste Collection Amendment Bylaw 2017 No.7128.09", pass third reading.

The motion carried.

Opposed: *Mayor McKay and Councillor Kipp.*

Councillor Kipp spoke regarding the use of fire hydrants, and asked about communication between the fire department and other departments such as the water systems. He was concerned that the communication may be lateral, but does not appear to be upward.

J. Elliot, Senior Manager of Public Works, spoke regarding the shutting down of fire hydrants with regards to public works and how this is communicated with the fire department. Communication does take place between these departments regarding the shutting off and reopening of fire hydrants.

D. Hiscock vacated the Boardroom at 10:57 a.m.

Councillor Bestwick requested that the Finance and Audit Committee consider the scheduling of these meetings back to the second Wednesday of each month rather than the second Thursday of each month. Staff will send an email to Mayor and Council requesting their availability in order to reschedule the Finance and Audit Committee meetings back to the second Wednesday of each month.

C. Davis and J. Elliot vacated the Boardroom at 11:01 a.m.

7. PROCEDURAL MOTION:

It was moved and seconded that the Finance and Audit Committee proceed "In Camera" under *Community Charter* Sections 90(1):

- (c) labour relations or other employee relations;
- (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the municipality if they were held in public;
- (l) discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under Section 98 [annual municipal report];
- (n) the consideration of whether a Council meeting should be closed under a provision of this subsection or subsection (2); and,

Community Charter Section 90(2):

- (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

The motion carried unanimously.

The meeting moved "In Camera" at 11:04 a.m.
The meeting moved out of "In Camera" at 1:05 p.m.

8. ADJOURNMENT:

It was moved and seconded at 1:05 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
BOARD ROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
THURSDAY, 2017-DEC-07, AT 9:00 A.M.

PRESENT: Chair Councillor W. L. Bestwick

Members: Mayor W. B. McKay (vacated 10:43 a.m.)
Councillor S. D. Armstrong
Councillor M. D. Brennan
Councillor G. W. Fuller
Councillor J. Hong
Councillor J. A. Kipp
Councillor I. W. Thorpe
Councillor W. M. Yoachim (vacated 10:45 a.m.)

Staff: T. Samra, Chief Administrative Officer (entered 9:41 a.m., vacated 11:47 a.m.)
V. Mema, Chief Financial Officer
J. Van Horne, Director of Human Resources (entered 9:53 a.m., vacated 10:47 a.m.)
D. Lindsay, Director of Community Development (entered 9:29 a.m., vacated 10:46 a.m.)
L. Mercer, Manager of Accounting Services (vacated 9:45 a.m.)
B. Corsan, Deputy Director of Community Development, (entered 9:18 a.m., vacated 9:26 a.m., entered 9:29 a.m., vacated 10:46 a.m.)
J. Slater, Senior Accountant (vacated 9:45 a.m.)
A. Manhas, Economic Development Officer (entered 9:37 a.m., vacated 10:46 a.m.)
J. Vanderhoef, Steno
K. Gerard, Recording Secretary

1. CALL THE SPECIAL FINANCE AND AUDIT COMMITTEE MEETING TO ORDER:

The Special Finance and Audit Committee Meeting was called to order at 9:04 a.m.

2. INTRODUCTION OF LATE ITEMS

- (a) Agenda Item 6(d) – Add report titled “Downtown Revitalization Tax Exemption Program”.
- (b) Agenda Item 6(e) - Add Open Discussion regarding 2018 – 2022 Draft Financial Plan.
- (c) Councillor Kipp advised he would be bringing forward an item under Agenda Item 7 - Other Business regarding Affordable Housing Initiative.

3. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda, as amended, be adopted. The motion carried unanimously.

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Committee Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, held on Thursday, 2017-NOV-09 at 10:00 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) Operating Results for the Nine Months Ending 2017-SEP-30

Introduced by Laura Mercer, Manager, Accounting Services.

Laura Mercer, Manager of Accounting Services, provided a verbal update regarding the Operating Results for the Nine Months Ending 2017-SEP-30.

It was moved and seconded that the Finance and Audit Committee recommend that Council receive the report titled “Operating Results for the Nine Months Ending 2017-SEP-30”, dated 2017-DEC-07, for information. The motion carried unanimously.

(b) Capital Project Results for the nine Months Ending 2017-SEP-30

Introduced by Laura Mercer, Manager, Accounting Services.

It was moved and seconded that the Finance and Audit Committee recommend that Council receive the report titled “Capital Project Results for the Nine Months Ending 2017-SEP-30”, dated 2017-DEC-07, for information. The motion carried unanimously.

Committee discussion took place regarding Capital Projects including the Port Theatre expansion and its place on the budget each year.

(c) Council Expenses for the Nine Months Ending 2017-SEP-30

Introduced by Laura Mercer, Manager, Accounting Services.

It was moved and seconded that the Finance and Audit Committee recommend that Council receive the report titled “Council Expenses for the Nine Months Ending 2017-SEP-30”, dated 2017-DEC-07, for information. The motion carried unanimously.

(d) Downtown Revitalization Tax Exemption Program

Introduced by Dale Lindsay, Director of Community Development.

Amrit Manhas, Economic Development Officer, provided a presentation regarding the Downtown Revitalization Tax Exemption Program.

The Finance and Audit Committee meeting recessed at 10:47 a.m. and reconvened at 10:50 a.m.

It was moved and seconded that the Finance and Audit Committee:

1. recommends that Council provide approval in principle to establish a Downtown Revitalization Tax Exemption Program; and,
2. direct Staff to return to an upcoming Finance and Audit Committee Meeting with a Bylaw regarding the Downtown Revitalization Tax Exemption Program, for Council's consideration.

Mayor McKay vacated the Boardroom at 10:43 a.m.

The motion carried unanimously.

Councillor Yoachim vacated the Boardroom at 10:45 a.m.

The meeting recessed at 10:48 a.m.

The meeting reconvened at 10:51 a.m.

(e) Open Discussion re: 2018 – 2022 Draft Financial Plan

Introduced by Victor Mema, Chief Financial Officer.

Victor Mema, Chief Financial Officer, requested that Council provide feedback regarding the Draft Financial Plan 2018 – 2022.

Council requested that the Open Discussion regarding the 2018 – 2022 Draft Financial Plan be brought forward to the next Finance and Audit Committee Meeting scheduled for Wednesday, December 13th at 9:00 a.m.

It was moved and seconded that Council receive the verbal report from Victor Mema, Chief Financial Officer, regarding the 2018 – 2022 Draft Financial Plan, for information. The motion carried unanimously.

6. OTHER BUSINESS:

(a) Correspondence from the Regional District of Nanaimo, dated 2017-NOV-16

It was moved and seconded that the Finance and Audit Committee recommend that the Council of the City of Nanaimo consent on behalf of the electors to the adoption of "Regional District of Nanaimo Economic Development Service Establishment Bylaw No. 1769, 2017" and further, that the Regional District be notified accordingly. The motion carried unanimously.

(b) Affordable Housing Initiative

Introduced by Councillor Kipp.

Councillor Kipp advised he would be bringing forward a Notice of Motion regarding affordable housing strategies and suggestions.

It was moved and seconded that the “In Camera” Finance and Audit Meeting be held during the next Finance and Audit Meeting scheduled for Wednesday, December 13th at 9:00 a.m.

7. ADJOURNMENT:

It was moved and seconded at 11:06 a.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

DATE OF MEETING January 10, 2018
AUTHORED BY PHIL STEWART, MANAGER ENGINEERING PROJECTS
SUBJECT NORTHFIELD/BOUNDARY/HWY 19A INTERSECTION UPGRADE

OVERVIEW

Purpose of Report

To advise the Finance and Audit Committee that an additional \$525,000 is required to complete Northfield/Boundary/Hwy 19A project.

Recommendation

That the Finance and Audit Committee recommend that Council:

- Direct Staff to increase the funding for the Northfield/Boundary/Hwy 19A project by \$525,000; and,
- Defer additional rail infrastructure upgrades until the railway obtains funding required in order to reinstate the passenger rail service.

BACKGROUND

The intersection(s) of Northfield Road/Boundary Avenue and Highway 19A/Northfield Road has long been an area of concern due to the close proximity of the two intersections and the number of vehicle collisions. The City of Nanaimo, in partnership with the Ministry of Transportation and Infrastructure (MOTI), has developed a safety focused upgrade project for the intersection(s).

At the May 15th 2017 Council Meeting, Council directed Staff to “proceed with the intersection upgrades to Northfield/Boundary/19A.” The reports from May 15th, 2017 and May 9th, 2016 are provided as Attachment A.

In December 2017, updated project cost information was received.

- The project was tendered, closing on December 12th, 2017. Five bids were submitted and the lowest bidder was Hazelwood Construction Services at \$2,319,455.19 + GST.
- An updated quote of \$635,526 was also received from Southern Rail to complete the work related to the rail component of the project.

With the above information, the project cost projection was updated and the expected cost to complete the project is \$3,587,615. The current remaining budget is \$3,065,965 therefore an additional \$525,000 will be required to complete the project. A project financial summary showing the budget, costs to date, and the projected costs is shown in Attachment B.

Several factors contribute to the projected costs being more the current budget:

- The budgets were prepared in 2015 under different construction market conditions and the tender results were higher than anticipated.
- The railway infrastructure involves hardware that is purchased from the United States, which is subject to current exchange rates and variability.
- Given the project complexity, a higher than usual contingency was applied to the future project costs.

The project is a DCC project therefore 88% (\$462,000) of the \$525,000 will be allocated from DCC Road reserves. The remainder can be funded by reallocating funding from the Rosstown Road Sidewalk and Storm Sewer project currently budgeted for in 2017. The Rosstown Road sidewalk project is 65m of sidewalk near the intersection of Pheasant Terrace Road and Rosstown Road. It was originally budgeted and tendered in 2015, however, the project bids were over budget and the project was delayed. Further infrastructure upgrades have been identified in the project area and it is recommended that the sidewalk and storm sewer be re-budgeted in 2019 to be constructed with other planned utility upgrades in the area.

It is anticipated that \$1,850,000, will be recovered as part of the cost share agreement with MOTI. The \$1,850,000 includes half of the anticipated budget increase; however, MOTI has not confirmed that they have additional funding available for the project. There is also a potential for a grant contribution from ICBC once the project is completed, any grant funding will be split between MOTI and the City.

In addition to the project costs discussed above, there are additional rail infrastructure upgrades required once passenger rail services are reinstated. It is proposed that the additional rail infrastructure upgrades be deferred until a future date. These upgrades are required in order to detect oncoming trains in the time to clear the crossing of traffic. With the current speed of trains using the track, the upgrades included in the project at Northfield Road are sufficient. However, upgrades at the Dorman Road, St George Street, Townsite Road and Waddington Street crossings would be required to detect trains traveling at higher speeds. The rail operator, Southern Railway of Vancouver Island Limited (SVI), has acknowledged that the improvements only become necessary once higher speed trains (such as passenger trains) are operating on the tracks. SVI has agreed to allow the City to defer these additional improvements until the railway obtains funding required in order to reinstate the passenger rail service. At this time, the costs being deferred are estimated at \$583,976 and it is expected that these costs will be shared with MOTI once the upgrades are required. A letter from SVI is attached as Attachment C.

OPTIONS

Option 1 - That the Finance and Audit Committee recommend that Council:

- Direct Staff to increase the funding for the Northfield/Boundary/Hwy 19A project by \$525,000; and,
- Defer additional rail infrastructure upgrades until the railway obtains funding required in order to reinstate the passenger rail service.
 1. **Budget Implication:** \$525,000 of additional funding comprised of \$462,000 roads DCC reserves, \$63,000 from general reserves. It is proposed that funds be reallocated from the \$130,000 budgeted for the Rosstown Road Sidewalk and Storm Sewer project in the 2017 year of the 2017-2021 financial plan. The Rosstown Road Sidewalk and Storm Sewer project will be cancelled and re-budgeted in 2019.

- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it.
 - **Legal Implications:** The project tender closed on December 12th, 2017 and the tender award must occur within 90 days of the project closing or the low bidder may withdraw their bid.
2. Option 2 – That Finance and Audit Committee recommend that Council cancel the Northfield/Boundary/Hwy 19A project.
- **Budget Implication:** The City has carried over the funding for the project from the 2016 Budget. Cancellation would free up the funds for other projects, or return funds to DCC Reserves.
 - **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it.
 - **Political Implication:** This project is a partnership with the Ministry of Transportation and Infrastructure. Cancelling this project could impact the relationship with the provincial government.
 - **Other Implications and Opportunities:**
 - i. Given that the intersection is one of the higher crash locations, cancelling the project will likely result in a continuation of the substantial accident rate.
 - ii. If there were no active rail crossing, the scope of the intersection upgrade project could be revised and improved even further than what is currently proposed.

SUMMARY POINTS

- An additional \$525,000 is required to complete the Northfield/Boundary/Highway 19A project.
- Additional improvements at the Dorman Road, St George Street, Townsite Road and Waddington Street crossings are required and can be deferred until such time funding required to reinstate passenger rail service is obtain by Rail.
- The budget change will be added to the Final 2018-2022 Financial Plan

ATTACHMENTS

Attachment A – May 9th 2016 Council Report & May 15th 2016 Council Report

Attachment B – Project Financial Summary

Attachment C – March 3rd, 2016 letter from Southern Railway of Vancouver Island Ltd.

Submitted by:

Phil Stewart
Manager, Engineering Projects

Concurrence by:

Poul Rosen
Senior Manager, Engineering

Attachment A

Council Reports - May 15th, 2017 & May 9th, 2016

DATE OF MEETING May 15, 2017

AUTHORED BY Brad McRae, Chief Operating Officer

SUBJECT NORTHFIELD/BOUNDARY/HWY 19A INTERSECTION UPGRADE

OVERVIEW

Purpose of Report

To obtain direction from Council on whether to proceed or defer the Northfield/Boundary/Hwy 19A intersection upgrade project.

Recommendation

That Council direct Staff to proceed with the intersection upgrades to Northfield/Boundary/Hwy 19A.

BACKGROUND

The intersection(s) of Northfield Road/Boundary Avenue and Highway 19A/Northfield Road has long been an area of concern due to the close proximity of the two intersections and the number of vehicle collisions. The City of Nanaimo, in partnership with the Ministry of Transportation and Infrastructure, has developed a safety focused upgrade project for the intersection(s).

At the May 9th 2016 Council Meeting, Council directed staff to “defer the Northfield/Boundary/Highway 19A intersection project for one year”. The intersection project has a significant cost attributed to the presence of active rail, and at the time there was concern about the expenditure given the unknown future of rail. Since then, the status of rail has not changed substantially, nor is there greater certainty about its future. The May 9th 2016 council report is included as Attachment A.

OPTIONS

1. Option 1 – That Council direct Staff to proceed with the intersection upgrades to Northfield/Boundary/19A.
 - **Budget Implication:** The project funding was budgeted in 2016 and has been carried forward to the 2017 Financial Plan. Given the project cost estimate and budget is more than 1 year old now, there have been changes to construction costs that would need to be updated. Also, a large component of the costs are for rail hardware which needs to be sole sourced from the US and the exchange rate will impact that amount. Should Council select this option, updates will be completed and if additional funds are required a report will be prepared.
 - **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it. A website and project signs have been in place for more than a

DATE OF MEETING May 15, 2017

AUTHORED BY Brad McRae, Chief Operating Officer

SUBJECT NORTHFIELD/BOUNDARY/HWY 19A INTERSECTION UPGRADE

OVERVIEW

Purpose of Report

To obtain direction from Council on whether to proceed or defer the Northfield/Boundary/Hwy 19A intersection upgrade project.

Recommendation

That Council direct Staff to proceed with the intersection upgrades to Northfield/Boundary/Hwy 19A.

BACKGROUND

The intersection(s) of Northfield Road/Boundary Avenue and Highway 19A/Northfield Road has long been an area of concern due to the close proximity of the two intersections and the number of vehicle collisions. The City of Nanaimo, in partnership with the Ministry of Transportation and Infrastructure, has developed a safety focused upgrade project for the intersection(s).

At the May 9th 2016 Council Meeting, Council directed staff to “defer the Northfield/Boundary/Highway 19A intersection project for one year”. The intersection project has a significant cost attributed to the presence of active rail, and at the time there was concern about the expenditure given the unknown future of rail. Since then, the status of rail has not changed substantially, nor is there greater certainty about its future. The May 9th 2016 council report is included as Attachment A.

OPTIONS

1. Option 1 – That Council direct Staff to proceed with the intersection upgrades to Northfield/Boundary/19A.
 - **Budget Implication:** The project funding was budgeted in 2016 and has been carried forward to the 2017 Financial Plan. Given the project cost estimate and budget is more than 1 year old now, there have been changes to construction costs that would need to be updated. Also, a large component of the costs are for rail hardware which needs to be sole sourced from the US and the exchange rate will impact that amount. Should Council select this option, updates will be completed and if additional funds are required a report will be prepared.
 - **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it. A website and project signs have been in place for more than a

year. The project has been discussed with residents and businesses from the local neighborhood and their views are mixed. If the project proceeds, we will need to refresh the information signs, website and reach out to the neighborhood.

- **Other Implications:**

- i. Staff resources are currently committed to other projects which create insufficient staff capacity to deliver this project in 2017. As staff capacity becomes available, this project would get started; however, that could be later in 2017 or early 2018. For this project to be started sooner, additional staff resources may need to be acquired.
- ii. The timing of the project construction as noted in the agreement between the City and MOTI would need to be revised to reflect the change.

2. Option 2 – That Council direct Staff to defer the Northfield/Boundary/19A intersection project.

- **Budget Implication:**

- i. The City has carried over the funding for the project from the 2016 Financial Plan. Deferral would delay the expenditure until such time as the City moves forward with the project.
- ii. Deferring the project further will require the City to renegotiate the terms of the cost sharing agreement with the Ministry of Transportation which could be less favorable.

- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it. A website and project signs have been in place for more than a year. The project has been discussed with residents and businesses from the local neighborhood and their views are mixed.

- **Political Implication:** This project is a partnership with the Ministry of Transportation and Infrastructure. Delaying this project further could impact the relationship with the provincial government.

- **Other Implications and Opportunities:**

- i. Given that the intersection is one of the higher crash locations, deferring the upgrades will likely result in a continuation of the substantial accident rate.
- ii. If there were no active rail crossing, the scope of the intersection upgrade project could be revised and improved even further than what is currently proposed.

DISCUSSION FOR OPTIONS 1 & 2

The choice about deferring the project or not, pivots on the future of rail.

If the future of rail were known with certainty, it would be straightforward to make a choice about deferring the project or not. If rail remains, the best option is to proceed with the project as soon as possible (as outlined in the recommended Option 1). If in the next few years active rail comes to a close, the best option would be to re-design the project and build it after the tracks are deactivated. Unfortunately, it is impossible to predict the outcome of what is going to happen with rail and whether it will be an active train corridor in years to come. Considering this uncertainty, the vehicle accident rate at the intersection, and the partnership with MOTI, staff recommends proceeding with the project.

SUMMARY POINTS

- One year has passed since Council directed staff to “defer the Northfield/ Boundary/Highway 19A intersection project for one year”.
- A significant cost of the Northfield/Boundary/19A project is either directly or indirectly related to the active railroad.

ATTACHMENTS

Attachment A – May 9th 2016 Council Report

Submitted by:



Brad McRae
Chief Operating Officer

DATE OF MEETING May 9, 2016

AUTHORED BY GEOFF GOODALL, DIRECTOR OF ENGINEERING AND PUBLIC WORKS

SUBJECT NORTHFIELD/BOUNDARY/HWY 19A PROJECT TENDER

OVERVIEW**Purpose of Report**

To obtain direction from Council on deferring the Northfield/Boundary/19A intersection upgrade project.

Recommendation

That Council defer the Northfield/Boundary/Hwy 19A intersection project for one year or until such time as there is more certainty on the future of rail.

BACKGROUND

The intersection(s) of Northfield Road/Boundary Avenue and Highway 19A/Northfield Road has long been an area of concern due to the high number of vehicle collisions. The City of Nanaimo in partnership with the Ministry of Transportation and Infrastructure has developed a safety focused upgrade project for the intersection(s). In June 2015, a joint public announcement between MoTI and CoN was made, announcing funding for the project.

To facilitate the intersection upgrades, it is a requirement to upgrade the railway crossing and bring it into compliance with current rail crossing regulations.

Council approved tendering the work and making a sole source purchase from SVI for the rail hardware at the Regular Council meeting on February 15, 2016. The tender for the project was issued on March 11th, 2016 and it is scheduled to close on May 18th, 2016. Once it closes the City will have a contract with the low compliant bidder. The sole source purchase has not been made yet since it is necessary to know the tender value first to ensure project viability.

There have recently been some decisions by local governments that could affect the future of trains on the E&N railroad. At the Regional District of Nanaimo (RDN) Board meeting on March 22nd, 2016 a resolution was carried providing the Island Corridor Foundation (ICF) notice of termination as per Section 11.1 Contribution Agreement, essentially withdrawing funding for rail track upgrades. Also, at the AVICC (Association of Vancouver Island and Coastal Communities) meeting on April 8 - 10th, 2016 two resolutions related to the ICF and the future of rail were passed.

With the intersection upgrade there are significant costs associated with the rail crossing on Northfield Road. Both the direct and indirect costs associated with the active rail crossing are shown below:

Direct costs

- Upgrade of rail hardware associated with project - \$565,000.
- Potential future costs if rail track upgrades occur - \$560,000.

Indirect costs

- Traffic signal at Boundary – \$200,000.
- Multiuse trail ramp and fencing - \$110,000.

Total potential costs related to the active rail crossing are approximately \$1,500,000 and the City's share would be half. Given the recent decisions related to rail, the City may want to revisit the timing of the intersection upgrade project and wait for more certainty.

The Ministry of Transportation and Infrastructure has indicated that they would respect the City's decision to defer the project and that they would continue to be interested in a partnership should the City wish to carry on in the future with intersection upgrades.

OPTIONS

1. Option 1 – Defer the project

- **Budget Implication:** The City has allocated funding for the project in the 2016 Financial Plan. Deferral would delay the expenditure until such time as the City moves forward with the project.
- **Legal Implication:** When traffic accidents occur, there is always the potential for a claim against the City. Deferring the project may attract additional claims.
- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the community to complete it. Deferring it may be controversial.
- **Political Implication:** Deferring this widely anticipated project may inadvertently intensify the debate about the future of rail.
- **Other Implications:**
 - i. Deferring this project may impact the City's working relationship with ICF and SVI which could have adverse consequences for other initiatives.
 - ii. Given that the intersection is one of the higher crash locations, deferring the upgrades will allow the current accident rate to continue.
 - iii. If there were no active rail crossing, the scope of the intersection upgrade project could be revised and improved even further than what is currently proposed.

2. Option 2 – Proceed with project tender (no deferment)

- **Budget Implication:** The City has allocated funding to complete the project and once the tender is received, a better understanding of the costs would be available.
- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the community to complete the upgrades.
- **Political Implication:** If the project is completed, and in the near future the rail is deactivated, the rail upgrades could be seen as a waste.

SUMMARY POINTS

- Given the recent decisions by Local Governments on Vancouver Island, the future of active rail on the E&N railroad is uncertain.
- A significant cost of the Northfield/Boundary/19A project is either directly or indirectly related to the active railroad.
- The City may want to defer the project for a period of time to allow more certainty on the future of rail to be established.

Submitted by:



Geoff Goodall
Director, Engineering & Public Works

year. The project has been discussed with residents and businesses from the local neighborhood and their views are mixed. If the project proceeds, we will need to refresh the information signs, website and reach out to the neighborhood.

- **Other Implications:**

- i. Staff resources are currently committed to other projects which create insufficient staff capacity to deliver this project in 2017. As staff capacity becomes available, this project would get started; however, that could be later in 2017 or early 2018. For this project to be started sooner, additional staff resources may need to be acquired.
- ii. The timing of the project construction as noted in the agreement between the City and MOTI would need to be revised to reflect the change.

2. Option 2 – That Council direct Staff to defer the Northfield/Boundary/19A intersection project.

- **Budget Implication:**

- i. The City has carried over the funding for the project from the 2016 Financial Plan. Deferral would delay the expenditure until such time as the City moves forward with the project.
- ii. Deferring the project further will require the City to renegotiate the terms of the cost sharing agreement with the Ministry of Transportation which could be less favorable.

- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the overall community to complete it. A website and project signs have been in place for more than a year. The project has been discussed with residents and businesses from the local neighborhood and their views are mixed.

- **Political Implication:** This project is a partnership with the Ministry of Transportation and Infrastructure. Delaying this project further could impact the relationship with the provincial government.

- **Other Implications and Opportunities:**

- i. Given that the intersection is one of the higher crash locations, deferring the upgrades will likely result in a continuation of the substantial accident rate.
- ii. If there were no active rail crossing, the scope of the intersection upgrade project could be revised and improved even further than what is currently proposed.

DISCUSSION FOR OPTIONS 1 & 2

The choice about deferring the project or not, pivots on the future of rail.

If the future of rail were known with certainty, it would be straightforward to make a choice about deferring the project or not. If rail remains, the best option is to proceed with the project as soon as possible (as outlined in the recommended Option 1). If in the next few years active rail comes to a close, the best option would be to re-design the project and build it after the tracks are deactivated. Unfortunately, it is impossible to predict the outcome of what is going to happen with rail and whether it will be an active train corridor in years to come. Considering this uncertainty, the vehicle accident rate at the intersection, and the partnership with MOTI, staff recommends proceeding with the project.

SUMMARY POINTS

- One year has passed since Council directed staff to “defer the Northfield/ Boundary/Highway 19A intersection project for one year”.
- A significant cost of the Northfield/Boundary/19A project is either directly or indirectly related to the active railroad.

ATTACHMENTS

Attachment A – May 9th 2016 Council Report

Submitted by:



Brad McRae
Chief Operating Officer



DATE OF MEETING May 9, 2016

AUTHORED BY GEOFF GOODALL, DIRECTOR OF ENGINEERING AND PUBLIC WORKS

SUBJECT NORTHFIELD/BOUNDARY/HWY 19A PROJECT TENDER

OVERVIEW

Purpose of Report

To obtain direction from Council on deferring the Northfield/Boundary/19A intersection upgrade project.

Recommendation

That Council defer the Northfield/Boundary/Hwy 19A intersection project for one year or until such time as there is more certainty on the future of rail.

BACKGROUND

The intersection(s) of Northfield Road/Boundary Avenue and Highway 19A/Northfield Road has long been an area of concern due to the high number of vehicle collisions. The City of Nanaimo in partnership with the Ministry of Transportation and Infrastructure has developed a safety focused upgrade project for the intersection(s). In June 2015, a joint public announcement between MoTI and CoN was made, announcing funding for the project.

To facilitate the intersection upgrades, it is a requirement to upgrade the railway crossing and bring it into compliance with current rail crossing regulations.

Council approved tendering the work and making a sole source purchase from SVI for the rail hardware at the Regular Council meeting on February 15, 2016. The tender for the project was issued on March 11th, 2016 and it is scheduled to close on May 18th, 2016. Once it closes the City will have a contract with the low compliant bidder. The sole source purchase has not been made yet since it is necessary to know the tender value first to ensure project viability.

There have recently been some decisions by local governments that could affect the future of trains on the E&N railroad. At the Regional District of Nanaimo (RDN) Board meeting on March 22nd, 2016 a resolution was carried providing the Island Corridor Foundation (ICF) notice of termination as per Section 11.1 Contribution Agreement, essentially withdrawing funding for rail track upgrades. Also, at the AVICC (Association of Vancouver Island and Coastal Communities) meeting on April 8 - 10th, 2016 two resolutions related to the ICF and the future of rail were passed.

With the intersection upgrade there are significant costs associated with the rail crossing on Northfield Road. Both the direct and indirect costs associated with the active rail crossing are shown below:

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Indirect costs

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Total potential costs related to the active rail crossing are approximately \$1,500,000 and the City's share would be half. Given the recent decisions related to rail, the City may want to revisit the timing of the intersection upgrade project and wait for more certainty.

The Ministry of Transportation and Infrastructure has indicated that they would respect the City's decision to defer the project and that they would continue to be interested in a partnership should the City wish to carry on in the future with intersection upgrades.

OPTIONS

1. Option 1 – Defer the project

- **Budget Implication:** The City has allocated funding for the project in the 2016 Financial Plan. Deferment would delay the expenditure until such time as the City moves forward with the project.
- **Legal Implication:** When traffic accidents occur, there is always the potential for a claim against the City. Deferring the project may attract additional claims.
- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the community to complete it. Deferring it may be controversial.
- **Political Implication:** Deferring this widely anticipated project may inadvertently intensify the debate about the future of rail.
- **Other Implications:**
 - i. Deferring this project may impact the City's working relationship with ICF and SVI which could have adverse consequences for other initiatives.
 - ii. Given that the intersection is one of the higher crash locations, deferring the upgrades will allow the current accident rate to continue.
 - iii. If there were no active rail crossing, the scope of the intersection upgrade project could be revised and improved even further than what is currently proposed.

2. Option 2 – Proceed with project tender (no deferment)

- **Budget Implication:** The City has allocated funding to complete the project and once the tender is received, a better understanding of the costs would be available.
- **Engagement Implication:** This project has been covered a number of times by the local media and there is considerable expectation in the community to complete the upgrades.
- **Political Implication:** If the project is completed, and in the near future the rail is deactivated, the rail upgrades could be seen as a waste.

SUMMARY POINTS

- Given the recent decisions by Local Governments on Vancouver Island, the future of active rail on the E&N railroad is uncertain.
- A significant cost of the Northfield/Boundary/19A project is either directly or indirectly related to the active railroad.
- The City may want to defer the project for a period of time to allow more certainty on the future of rail to be established.

Submitted by:



Geoff Goodall
Director, Engineering & Public Works

Attachment B - Project Financial Summary

Project Budget Summary	
Project Component Name	Budget
DCC R8 Boundary/Northfield Interim Imprv - Arterial Surface (Roads)	\$ 2,475,965
Boundary Rd WM: Boundary & Northfield Intersection (Water)	\$ 30,000
DCC R8 (88% Growth) Northfield Road DR: Duggan Road to Island Highway North (Drainage)	\$ 388,000
DCC R8 (88% Growth) Northfield: Boundary to Duggan SW -PED (Sidewalk)	\$ 172,000
Total Budget	\$ 3,065,965

Project Costs Summary	
Project Costs To Date*	Amount
Engineering	\$ 242,605
Other	\$ 37,311
Land Acquisition	\$ 312,775
Total Costs To Date	\$ 592,691
Projected Future Project Costs	
Projected Future Project Costs	Amount
Field Engineering/Inspections	\$ 100,583
Construction Contract	\$ 2,319,456
Rail	\$ 635,526
Other	\$ 82,050
Contingency	\$ 450,000
Projected Future Project Costs	\$ 3,587,615
Project Budget	\$ 3,065,965
Budget increase Required (rounded up to nearest \$5,000)	\$ 525,000
Total Project Cost Summary	
Total Project Cost Summary	Amount
Project Costs To Date	\$ 592,691
Projected Future Project Costs	\$ 3,587,615
Total Projected Project Costs	\$ 4,180,306

Attachment C

March 3, 2016 Letter from Southern Rail of Vancouver Island Limited



**Southern Railway of
Vancouver Island Limited** (250) 754-9222
PO Box 581 (250) 754-5318 fax
7 Port Way www.sviraillink.com
Nanaimo, B.C.
Canada V9R 5L3

City of Nanaimo
Legislative Services Dept.
455 Wallace Street
Nanaimo, BC
V9R 5J6

3 March 2016

By Post & E-mail:
Chris.Jackson@nanaimo.ca

**Attention: Chris Jackson, MCIP, RPP
Legislative Services Manager and Corporate Officer**

Dear Chris:

**Subject: City of Nanaimo - Northfield Road Infrastructure Improvement Project
Mile 75.00 Victoria Subdivision - Railway Crossing Protection Improvements**

As requested by City staff, we have produced an estimate of cost for necessary railway signal improvements required in order to accommodate the City's proposed improvement project at Northfield Road. The estimate below covers supply and installation of a complete new signal system, including control case and electronics, flashing light signals, audible bell signal, railway gate arms, control circuit wiring, and all necessary design work.

The estimated cost of the required signal improvements at Northfield Road is as follows:

• Labour	\$ 32,830
• Equipment	\$ 16,900
• Materials (new signal system c/w electronics /wiring /etc.)	\$429,865
• Purchased Services	
○ System Design	\$ 16,200
○ System Installation	<u>\$ 67,440</u>
Sub-total	\$563,235
GST -5%	<u>\$ 28,162</u>

Total Estimated Cost (Northfield Road) \$591,397

In addition, as discussed with City staff, the above proposed improvements at Northfield Road will trigger future required improvements to the signal protection at 4 other level railway crossings that are in the vicinity of the Northfield Road crossing. The list of additional required crossing improvements, along with related current estimated costs, is as follows:

1. Dorman Road – Mile 75.68	
○ Supply of new signal control case incl. electronic components, batteries, power supply & shipping	\$166,484
○ Install new signal control case	\$ 24,000
○ Relocate Electrical Service & Underground Ducting	<u>\$ 15,600</u>
Sub-total (Dorman Rd.)	\$206,084
GST (5%)	<u>\$ 10,304</u>
Total Estimated Cost (Current) – Dorman Road	<u>\$216,388</u>

City of Nanaimo
Northfield Road Railway Crossing - Infrastructure Improvement
Attn.: Chris Jackson, MCIP, RPP
3 March 2016

Page 1 of 3

2. St. George Street – Mile 73.87		
○ Supply of new signal control case incl. electronic components, batteries, power supply & shipping	\$166,484	
○ Install new signal control case	\$ 24,000	
○ Relocate Electrical Service & Underground Ducting	<u>\$ 15,600</u>	
Sub-total (St. George St.)		\$206,084
GST (5%)		<u>\$ 10,304</u>
Total Estimated Cost (Current) – St. George St.		<u>\$216,388</u>
3. Townsite Road – Mile 73.50		
○ Install Old Signal Control Case c/w Electronic Components –incl. Salvage from Dorman Rd.	\$ 24,000	
Sub-total (Townsite Rd.)		\$ 24,000
GST (5%)		<u>\$ 1,200</u>
Total Estimated Cost (Current) – Townsite Road		<u>\$ 25,200</u>
4. Waddington Street – Mile 74 48		
○ Install Old Signal Control Case c/w Electronic Components –incl. Salvage from Northfield Rd.	<u>\$ 24,000</u>	
Sub-total (Waddington Rd.)		\$ 24,000
GST (5%)		<u>\$ 1,200</u>
Total Estimated Cost (Current) – Waddington Road		<u>\$ 25,200</u>
5. Common Costs to above 4 Crossings – Install and tie in cable and system connections		
	<u>\$ 96,000</u>	
Sub-total (Install cable & connections)		\$ 96,000
GST (5%)		<u>\$ 4,800</u>
Total Estimated Cost (Current) –Install cable & connections		<u>\$100,800</u>
6. Total Current Estimated Cost – Above 4 Crossings		
Total Estimated Cost (before GST)		\$556,168
GST (5%)		<u>\$ 27,808</u>
Total Additional Future Improvements Required (Total Current Estimated Cost – Above 4 Crossings)		<u>\$583,976</u>

Also as discussed with City staff, we acknowledge that all improvements at the above four additional crossings only become necessary at such time as the required rail infrastructure funding is confirmed. This is due to the operating speed required for the passenger rail service and resulting over-lapping signal approach circuits between the subject crossings. To that end, we hereby agree with the City to defer these additional improvements until confirmation is received that all necessary funding required in order to reinstate the passenger rail service will be provided.

We agree to process an order for the required signal system for Northfield Road anytime after receiving the following from the City of Nanaimo:

1. A deposit in the total amount of \$446,065, including \$16,200 to cover the estimated cost for required system design and \$429,865 to cover the estimated cost of the signal system (excluding GST) required to be ordered for the Northfield Road project, along with a purchase order from the City in the total amount of \$468,368 (including \$22,303 GST) to cover the system design and the signal system materials;
2. A separate purchase order from the City in the total amount of \$123,028.00 to cover the estimated cost of all labour, equipment and purchased services (including \$5858 GST) required for installation of the signal system at Northfield Road; and
3. Confirmation from the City that, at such time as infrastructure funding for the railway necessary to re-activate the passenger rail service is confirmed, the City agrees to complete all necessary additional railway signal upgrades (as detailed above) to Dorman Road, St. George Street, Townsite Road, and Waddington Avenue, including all common (cable tie-in) costs.

Please note that all above costs provided are estimates only and not firm prices. Final billing for necessary improvements at Northfield Road crossing will be on the basis of actual cost, whether more or less than the estimated cost. In particular, please note that the order for the signal system must be from a US supplier. Therefore final system cost will be based on the exchange rate applicable at the time all system materials are received. The City will be billed or refunded accordingly on completion of all necessary crossing improvements at Northfield Road.

With regard to all additional future improvements as required at the other 4 crossings, all cost estimating is provided at current estimated pricing. Final billing for such future improvements required will be on the basis of actual costs (including applicable exchange rate) at the time of completion.

Please feel free to contact Al Kutaj at 250-755-5604 should you have any inquiries or require any further clarification in the above regard.

Yours truly,



Frank J. Butzelaar
President
Southern Railway of Vancouver Island Limited

Cc Graham Bruce, Island Corridor Foundation