

DATE OF MEETING FEBRUARY 4, 2019

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SUBJECT FRONT STREET EXTENSION – FUNDING STRATEGY

OVERVIEW

Purpose of Report

To request Council approval to change the funding strategy for the walkway component of the Front Street Extension/Waterfront Walkway project.

Recommendation

That Council:

1. approve a change to the funding strategy for the walkway component of the Front Street Extension project; and
2. direct Staff to submit a revised grant application to Union of BC Municipalities for the waterfront walkway project at 1 Port Drive for evaluation.

BACKGROUND

The South Downtown Waterfront Initiative and the Port Drive Master Plan have identified a waterfront walkway and a new road connection (Front Street Extension) as key infrastructure investments.

Design work is complete for the project which will see an interim waterfront walkway established from the Gabriola Ferry Terminal to the entrance of the Nanaimo Port Authority's (NPA) Assembly Wharf property. In addition, the Front Street Extension project includes an upgraded two-lane road with an at-grade rail crossing connecting from Front Street through to the entrance at the NPA Assembly Wharf. The road is necessary to provide access for the NPA's new tenants (Western Canada Marine Response Corporation, the Vehicle Processing Centre, and Island Ferries) and needs to be built in a timely manner. Funding for the road component is part of the approved 2018 budget.

The waterfront walkway section of the project that was tentatively funded through a Federal Gas Tax Grant awarded in 2017. The grant was for \$3,700,000 and included funding for 1 Port Drive (\$1,000,000), the Boat Basin (\$1,350,000), and the Northfield Creek (\$1,350,000) sections of the walkway. The Gas Tax Grant is conditional upon all three sections of the walkway having received all regulatory approvals, required leases, agreements, and rights-of-way acquisitions by 2019-MAR-31.

The approvals for the Boat Basin and Northfield Creek sections of the walkway will not be completed by the 2019-MAR-31 deadline. Staff have been in contact with the Union of BC Municipalities (UBCM), who administer the grant program on behalf of the Federal Government. UBCM has indicated that the original funding for the 1 Port Drive section of the Waterfront

Walkway project may not be available in light of the reduced scope. UBCM has advised that Council should pass a motion supporting a reduced scope of the original application and direct staff to submit the application requesting funding for 1 Port Drive prior to March 2019.

\$3,020,000 was identified in the 2018 budget for the acquisition of the Seaspans Right-of-Way at 1 Port Drive. The total acquisition costs of the project will be around \$1,220,000, which leaves \$1,800,000 that will be returned to the original funding source (payments in lieu of taxation \$1,500,000, and Strategic Infrastructure Fund \$1,520,000).

Staff are requesting that \$1,000,000 of the funding for the project from the Strategic Infrastructure Fund be reallocated to the waterfront walkway component of the Front Street Extension. If the Gas Tax Funding, or a portion of it, is received from UBCM, the funds will be placed in the Strategic Infrastructure Fund.

OPTIONS

A. That Council:

1. approve a change to the funding strategy for the walkway component of the Front Street Extension project; and
2. direct Staff to submit a revised grant application to Union of BC Municipalities for the waterfront walkway project at 1 Port Drive for evaluation.
 - **Budget Implication:** The final 2019-2023 Financial Plan will be amended to reflect the new funding strategy.
 - **Policy Implication:** The waterfront walkway and Front Street Extension are supported by the South Downtown Waterfront Initiative, the Port Drive Master Plan, and the Waterfront Walkway Implementation Plan.
 - **Strategic Priorities Implication:** The waterfront walkway and phased redevelopment of 1 Port Drive is one of the key priorities in the 2016-2019 Strategic Plan.
 - **Political Implication:** Transferring the funds will enable the Front Street Extension project to occur in a timely manner, which will show progress on the redevelopment of the lands.

B. That Council direct Staff to remove the waterfront walkway component from the Front Street Extension project.

- **Budget Implication:** The Front Street Extension project is currently budgeted in 2018 and will be carried forward to 2019. The funding not used as part of the Seaspans Right-of-Way Transfer will remain within the Strategic Infrastructure Fund for other priority Council projects.
- **Strategic Priorities Implication:** The waterfront walkway has been a strategic priority and not building it at this time would be inconsistent with previous decisions.
- **Other Implications:** The tender package will be revised to remove the waterfront walkway. This will delay the issuance of the tender and the interim road will not have a designated walkway. In addition, public access to the waterfront along 1 Port Drive will not be provided at this point in time.

SUMMARY POINTS

- The redevelopment of the South Downtown Waterfront has been a key priority in the 2016-2019 Strategic Plan.
- The Nanaimo Port Authority is currently redeveloping the Assembly Wharf property, with Western Canada Marine Response Corporation, the Vehicle Processing Centre, and the Nanaimo Vancouver Passenger Ferry all set to begin operations in 2019.
- Access to the Assembly Wharf and the wider South Downtown Waterfront requires a new at-grade road (Front Street Extension).
- The Port Drive Master Plan has outlined a waterfront walkway around the perimeter of the property.
- In 2018, the City was successful in receiving a Federal Gas Tax Grant of \$3,700,000 for three waterfront walkway projects (1 Port Drive, Boat Basin, and Northfield Creek).
- UBCM has indicated that the Gas Tax Grant is conditional upon all three sections of the walkway having received all regulatory approvals, required leases, agreements and rights-of-way acquisitions by 2019-MAR-31.
- The approvals for Northfield Creek and the Boat Basin will not be received by the deadline. The \$1,000,000 grant for the waterfront walkway may be rescinded or reduced, pending a resubmission of the application and a review by the UBCM Gas Tax Committee.
- Design work has been completed for the Front Street Extension and Waterfront Walkway and the project is ready to proceed.
- Staff are recommending that surplus funds from the Strategic Infrastructure Fund currently set aside for the Seaspan Right-of-Way acquisition be allocated for the waterfront walkway at 1 Port Drive to enable tendering of the project to take place in a timely manner.
- If the Gas Tax Funding, or a portion of it, is received from UBCM, the funds will be placed in the Strategic Infrastructure Fund.

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