

Staff Report for Decision

DATE OF MEETING MARCH 18, 2020

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SUBJECT MILLSTONE TRUNK SEWER PROJECT FUNDING

OVERVIEW

Purpose of Report

To obtain Council's approval to modify the 2020 Sewer Project Plan in the 2020 – 2024 Financial Plan.

Recommendation

That the Finance and Audit Committee recommend that Council approve the following changes to the 2020 budget:

- Decrease the budget for Comox Area Sanitary Project by \$1,140,000, funded from the Sewer Asset Management Reserve Fund and;
- Increase the budget for DCC SS19: Millstone Trunk South by \$1,140,000, to be funded from internal borrowing and the Sewer Asset Management Reserve Fund.

BACKGROUND

The Millstone Trunk Sewer was constructed in 1976 and services the central portion of Nanaimo. Several sections of the Trunk Sewer have already been upgraded to accommodate growth within the City. In 2020 and 2021 four more sections are part of the planned upgrade:

- Location 1 – Pryde Vista Golf Course (2020)
- Location 2 – Bowen Park (2021)
- Location 3 – Comox Road (2020)
- Location 4 – Pearson Bridge (2021)

Staff have discovered that Location 3 - Comox Road, planned for 2020, was incorrectly identified on the project plan as part of the "Comox Area Sanitary Project", instead of part of "DCC SS19: Millstone Trunk South". To allow for the planned upgrade of the Millstone Trunk Sewer to be constructed as planned in 2020, the 2020 Sewer Project Plan needs to be modified.

The overall expenditure budget for sewer capital projects will remain unchanged, but the funding sources will change as DCC SS19: Millstone Trunk South is a 60% growth project. The portion allocated to growth, less the assist factor, \$672,600, will be funded from internal borrowing with the balance of \$467,400, funded from the Sewer Asset Management Reserve Fund. An internal borrowing resolution will be brought to Council with the final 2020 – 2024 Financial Plan for this change.

OPTIONS

1. That the Finance and Audit Committee recommend that Council approve the following changes to the 2020 budget:
 - Decrease the budget for Comox Area Sanitary Project by \$1,140,000, funded from the Sewer Asset Management Reserve Fund and;
 - Increase the budget for DCC SS19: Millstone Trunk South by \$1,140,000, to be funded from internal borrowing and the Sewer Asset Management Reserve Fund.
2. That the Finance and Audit Committee decline approval of the recommendation:
 - The project will not be able to be constructed in 2020 and will have to be re-budgeted for in 2021.

SUMMARY POINTS

- Four sections for the Millstone Trunk Sewer are being upgraded in 2020 and 2021.
- Location 3 – Comox Road was incorrectly identified in the 2020 – 2024 Financial Plan and the 2020 Sewer Project Plan needs to be modified.

Submitted by:

Phil Stewart
Manager Engineering Projects

Concurrence by:

Bill Sims
General Manager, Engineering & Public Works

Laura Mercer
Director, Finance