

DATE OF MEETING APRIL 9, 2020

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SUBJECT **COVID-19 AND CAPITAL PROJECTS**

OVERVIEW

Purpose of Report:

The purpose of this report is to provide Council with an update on the City's 2020 Capital Project Plan in light of the Provincial State of Emergency around COVID-19.

BACKGROUND

The overarching principle that Staff have been approaching our work during the pandemic is to take a measured response to support a strong recovery. We wish to minimize impacts to service delivery, and ensure projects contributing to the City's wellbeing were advanced to the greatest extent possible.

The City's 2020 Capital Plan consists of \$88 Million over hundreds of projects in all areas of the City. Approximately 90% is funded from reserves, and 10% is funded from general taxation. The majority of these are required to sustain critical infrastructure, such as utility and transportation services. A number of projects are already underway or in the process of procurement. Over the course of the year, Staff develop and maintain project scheduling, to time projects to obtain the best value, most efficient prosecution of projects and minimize impacts to the community. Given the current COVID-19 pandemic, Staff revisited the capital project plan to determine whether any changes to project plan should be made. Currently, project management Staff are working in "business continuity" mode, wherein alternate work schedules, working from home and limited-contact meetings are occurring. To date, with small exceptions, little negative impact has been made on capital project execution.

Staff categorized capital projects into three types: Strategic; Important; Critical.

Strategic projects include those that support Council's strategic plan, or are an added amenity, such as the Harewood Skateboard Park, which is currently under construction.

Important projects include upgrades that are part of longer-term asset stewardship, and are generated from the City's Asset Management Plan. An example would be Haliburton Street Watermain Replacement.

Lastly, Critical projects are those which are urgent to complete, due to capacity issues or imminent failures. These would be road repaving program, repairs to the roof at the Aquatic

Centre or the upgrades to the Millstone Trunk Sewer. Projects in the Important category are by far the largest number of capital projects.

DISCUSSION

As of today, the City has financial and resource capacity to deliver its Capital Project Plan for 2020. Staff have taken the approach that Critical and Important construction projects should proceed as per normal plan and schedule. Planning and design of all projects is proceeding, subject to limitations of public engagement and construction timing certainty. Some of the Strategic projects, which are not currently under construction, could be considered for deferral, for a few months. Staff are in the process of adjusting schedules for these projects in light of the evolving situation. This list of projects is:

Downtown Streetlighting & Wayfinding (Tender already closed)

Haliburton Multi-Use Trail Part 2

LED Streetlight Upgrade Phase 3

Metral Drive Complete Street

Front Street Cycle Track

With the Downtown Streetlighting and Wayfinding project, the tender has closed, but has not been awarded. There are legal considerations to cancelling or delaying this work. Staff propose to award the tender and work with the contractor to determine optimum timing. The last two projects: Metral Drive Complete Street and Front Street Cycle Track have Active Transportation Grant implications. One of the requirements of the grant is projects under \$1 Million be completed by March 21, 2021. Should Front Street be delayed until the fall, it is unlikely that it would be complete in time to comply with the grant's requirements.

Other projects, like Fire Station No. 1, are considered Critical. As yet, there is uncertainty in the marketplace for projects like this. For the Fire Station, Staff will likely delay the tender closing to allow the picture to become clearer for potential bidders and ourselves. It may be an advantageous period to secure a contractor with reasonable prices, in advance of the inevitable acceleration.

Feedback from contractors for the City continuing its Capital Plan have been very positive. Nanaimo continued to issue a solid program through the last quarter of 2019 and first quarter of 2020. It has allowed contractors to avoid layoffs and keep people working here at home. Many of the construction contractors that do business with the City have developed safe work procedures to comply with Provincial Health Orders. We have become the municipality of preference for many contractors here on the mid-island.

Some public messaging around how we are moving forward would be wise, to give the community reassurance that we are building out a robust Capital Plan and approaching projects in a judicial manner. For governments to continue to work during times of (anticipated)

economic downturn, helps support economies, leads to better value, and continues to support employment in the community.

CONCLUSION

As impacts and implications for the City's capital program continue to evolve, Staff will continue to provide updates and potentially seek direction on major deferrals and consequences of deferring projects to 2021. |

SUMMARY POINTS

- The City is taking a careful approach in building out its 2020 Capital Project Plan in light of the Provincial Health State of Emergency and COVID-19
- Currently, resource capacity is sufficient to continue the Capital Project Plan as it is currently planned.
- Staff is considering whether certain projects would be appropriate to defer for a few months.
- Continuing with the capital program supports the principle that Nanaimo is taking a measured approach to its response to the COVID-19 emergency, and positioning the organization for a strong recovery.
- The majority of the projects support the City's key objective to be good stewards of our critical infrastructure.

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