

DATE OF MEETING JULY 21, 2021

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SUBJECT NANAIMO OPERATIONS CENTER – PHASE 2 ENVIRONMENTAL ASSESSMENT

OVERVIEW

Purpose of Report

To provide a brief update to Council on the status of the Nanaimo Operations Center (Public Works) facility development project, and to request approval to complete a Stage 2 environmental site investigation.

Recommendation

That the Finance and Audit Committee recommend that Council increase the budget for the Public Works Facility: Conceptual Design by \$100,000 to undertake a Stage 2 environmental site investigation funded from Payments in Lieu of Taxes.

BACKGROUND

At the September 16th, 2020 Finance and Audit meeting, Council allocated \$200,000 for the development of architectural concept and cost estimate for the renewal of the Public Works facility. A copy of the report is attached for additional background.

The Nanaimo Public Works Yard is the operational nerve center for provision of many City services including:

- Sanitation - Garbage, Recycling and Compost
- Roads Maintenance - Snow and Ice control, signs and road markings
- Water Supply - dam operations, reservoir and pump station controls
- Water distribution – maintenance, new construction and response to breaks
- Sanitary Sewer – maintenance, inspection and repairs
- Storm Sewer – maintenance, inspection and repairs
- Fleet Maintenance – corporate fleet sustainment
- Capital Project - construction, inspection and project management
- Purchasing and Stores (Corporate Services) – corporate buying and inventory controls

These services are provided out of a facility originally constructed in the 1960's and added to over the years, largely with temporary trailer style units. Some of the buildings within Public Works have exceeded their expected useful lives and no longer provide the safety, space, security or functionality required. These issues and limitations are constraining the ability of the City to continue to provide the services as Nanaimo grows. Furthermore, the older buildings and temporary units do not provide a suitable work environment, which impacts recruitment and retention.

Given that many of the systems and individual facilities at Public Works were created long ago under previous regulatory requirements, there are aspects that do not meet current regulations or community or Staff expectations. An example is the vehicle wash-down facility which doesn't comply with current environmental best practices or standards.

To meet the existing and growing needs of the City, it is necessary to renew and upgrade the Public Works facility. The architectural concept will create a fit for purpose, utilitarian type of facility to put the City in a good position for the future to continue to provide and sustain its services. The improved facility would include provision for some Parks Operations Staff to muster at the same location, allowing enhanced collaboration and a reorganization of Parks Operations facilities. The new Public Works facility could be termed Nanaimo Operations Center (NOC) to reflect its multi-disciplinary nature. |

DISCUSSION

The Architectural Concept and Cost Estimate work is in progress. Staff engaged a series of specialist consultants to assist with aspects such as architectural, geotechnical, environmental and cost estimating. The process includes development of a master plan for the site that includes both new buildings and systems, as well as repurposing and upgrading existing structures. The goal is to create an overall facility that meets the utilitarian needs of the organization and will be able to support the growth and provision of services for the foreseeable future, while being adaptable to changes, such as fleet electrification.

Development of the NOC creates an opportunity and a need to adjust existing Parks Operations facilities. Parks Operations Staff are currently located at the Parks Yard on Prideaux Street and the old GNWD offices on Nanaimo Lakes Road. The NOC Project would relocate all Staff from Nanaimo Lakes Rd to Labieux Road and some of the Staff from Prideaux Street. The Prideaux Street Yard was originally constructed for the City of Nanaimo Public Works Department and was in use before amalgamation. Since amalgamation, the Prideaux Street Yard became the Parks Operations Yard. Parks has since outgrown that facility and now occupies both the old GNWD offices and the Prideaux Street Yard. The Prideaux Street Yard would house a revised compliment of Parks Staff and would need to be renovated to accommodate changes, and the buildings at the Annex would be demolished and site would be repurposed. The scope of those upgrades and changes will be included in the business case for the NOC.

A business case is being prepared for the NOC, along with secondary impacts for Council's consideration, as part of this year's Financial Planning Cycle.

Environmental Site Investigations

As with any substantial project, there are a number of risks with redevelopment of the Public Works site. For this site, since the use has been industrial and in operation for about 50 years, there is a risk of contaminated soils. To provide a clear picture of this risk, an environmental (contaminated sites) Stage 1 assessment was undertaken. The Stage 1 assessment identified four areas around the site where potential contamination might exist. The locations identified include:

1. Flush truck disposal area
2. Salt storage
3. Fleet maintenance shop
4. Fuel pumps/storage

While Staff do not expect extensive contaminated soils, the significance of the risk normally warrants a considerable financial contingency to be built into the budget. The purpose of a Stage 2 environmental site investigation is to take samples and determine whether contamination is actually present. If the Stage 2 environmental site investigation shows there is little or no contamination, it would allow us to carry less risk contingency, thus lowering the project budget. Also, the Stage 2 investigation is required should the project proceed.

The cost for the Stage 2 environmental site investigation is expected to be approximately \$60,000; however, an additional \$40,000 is required for contingency to allow additional drilling if contamination is found and needs to be mapped out. The amount required to proceed with the Stage 2 environmental site investigation is \$100,000.

Financial Considerations

Council previously allocated \$200,000 to fund the conceptual design and cost estimate for an upgraded Operations Facility. Should Council support the recommendation, funding of the environmental site investigation in the additional amount of \$100,000 could be funded from Payments in Lieu of Taxes (PILTs).

OPTIONS

1. That the Finance and Audit Committee recommend that Council increase the budget for the Public Works facility: Conceptual Design by \$100,000 to undertake a Stage 2 environmental site investigation funded from Payments in Lieu of Taxes.
 - The advantages of this option: This option would allow the City to better understand the risk associated with a potential project at Public Works. This would also allow for more accurate budgeting or potential borrowing, since less risk contingency would be required.
 - The disadvantages of this option: If no future upgrades occur at the Public Works site, the mapping of the contaminated soils would not have been necessary. This disadvantage seems unlikely to materialize.
 - Financial Implications: Should Council support this option, funding of the environmental site investigation in the amount of \$100,000 could be funded from

Payments in Lieu of Taxes (PILTs). The 2021-2025 Financial Plan will be amended to include stage 2 of this project.

2. That Council decline to proceed with a Phase 2 environmental site investigation at Public Works.
 - The advantages of this option: it requires less cost now and retains the PILT funding for other uses.
 - The disadvantages of this option: The environmental conditions at Public Works would remain unknown. If there is contamination there, it could migrate over time making matters worse. If and when upgrades do occur at the Public Works site this investigation would still need to be completed.
 - Financial Implications: The budget for the development of the Nanaimo Operations Center would need to include significant contamination risk funds, which might unnecessarily raise the projected cost of the project. |

SUMMARY POINTS

- The City's Public Works Yard on Labieux Road is outdated and operating beyond its capacity and is in need of considerable upgrade and renewal.
- The development of a detailed business case is underway and will be presented to Council as part of the Financial Planning process.
- The proposed changes will include an adjustment of work location for some Parks Staff that allows for an increase in efficiency and amalgamation of shared facilities.
- The development of the Public Works site requires identification of contaminated soils, so they can be dealt with, appropriately, if they exist.
- A Stage 2 environmental site investigation would provide clarity around the existence and location of potential contamination.
- The completion of a Stage 2 environmental site investigation would allow more accurate budgeting of any potential project at Public Works.

ATTACHMENTS:

Attachment A - Copy of report from the September 16, 2020 Finance and Audit meeting. |

Submitted by:

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