CITY OF NANAIMO
THE HARBOUR CITY

Information Report

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SUBJECT **NANAIMO OPERATIONS CENTRE – BUSINESS CASE**

OVERVIEW

Purpose of Report:

To present the results of architectural work and provide Council with an overview of the business case for the Nanaimo Operations Centre.

BACKGROUND

At the September 16th, 2020 Finance and Audit Committee meeting, Council provided funding for development of an architectural concept and cost estimate for the Public Works facility. Subsequently, Staff engaged an architect, experienced in operations yards, to examine and re-rationalize the facility and space needs. The goal was to develop the project to the point it could support a business case and budget planning for a functional, fit-for-purpose operations centre.

The Nanaimo Public Works Yard (the Site) is the centre of operations for 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 Projects - construction, inspection and project management
- Purchasing and Stores (Corporate Services) – corporate buying and inventory controls

The original buildings at the Site were constructed in the 1960's and then evolved as the City population grew from less than 45,000 in 1980 to over 100,000 in 2021. Much of the additional space was added using modular temporary facilities that were not intended for permanent use. Both the original buildings and additions have exceeded their expected useful life and a considerable amount of capital will be required in the near future just to sustain them.

The existing facility has exceeded its Staff capacity, and considerable efforts have been made to accommodate the increasing need by converting unsuitable space or adding additional trailer units. The overall result is a facility that struggles to meet the operational needs, goals or expectations of the City, and indirectly the community. Furthermore, it falls short of meeting environmental regulations, building code, accessibility and gender equality considerations. With

the population of Nanaimo expected to be in the range of 126,000 - 141,000 in 25 years, there will be a substantial increase in demand for services that cannot feasibly be met with the existing facility.

Parks Operations is located at 89/91 Prideaux Street, the historic City Public Works facility from pre-amalgamation. When Parks Operations outgrew that location they took over the Greater Nanaimo Water District (GNWD) board offices located at 1151 Nanaimo Lakes Road. The GNWD board offices are referred to as the Annex.

The Parks unit locations are as follows:

- Prideaux: Horticulture, Turf and Fields, Urban Forestry, Civic Facilities, Trades, Parks Projects, and Rec Facilities and Custodial Services
- Annex: Parks Utilities and Trails

The Parks Operations facilities are also well beyond their expected useful life and are not meeting operational needs, nor have the capacity to accommodate growth expected in the foreseeable future.

Given the fragmented nature of the Parks Operations and similarity of some components between Public Works and Parks, there is an opportunity to rationalize operations and set up both groups with joint facilities to serve the community for years to come.

To address the shortcomings, a comprehensive business case has been prepared to outline the following:

- Project Objectives
- Needs Assessment
- Technical Analysis
- Financial Analysis
- Project Implementation Plan

This report provides a cursory summary of the business case. The original business case with some supporting documentation are attached for reference. There is also a website set up to provide additional supporting documentation; it can be found here: http://www.nanaimo.ca/goto/NanaimoOperationsCentre/ .

DISCUSSION

The project 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 City services for the foreseeable future, while being adaptable to changes such as fleet electrification, and building energy use reductions.

The mission statement for the project is as follows:

To address the long-standing and increasingly unsustainable health, safety, environmental and operational shortcomings of the Site in a fiscally responsible manner.

Project Objectives:

- Provide safe and code-compliant office accommodation
- Address the shortfall of office, workshop and storage space
- Provide a compound secured from unauthorized access
- Improve operational efficiency of Public Works, Parks and Engineering
- Address environmental concerns with components of the site
- Address on site traffic segregation issues to improve safety
- Provide a code compliant (post disaster) Departmental Operations Centre (DOC) and backup Emergency Coordination Centre (ECC)
- Reconfigure the Site to allow for planned future expansion
- Rationalize operations facilities across the City

The Business Case includes a summary (needs assessment) of the issues and concerns with the existing facility. The needs assessment includes the following categories:

- Facility Condition
- Resiliency and Emergency Preparedness
- Capacity and Operational Efficiency
- Safety and Security
- Workforce Equity
- Environmental Impact

For details on each category, please see the Business Case.

Alternatives and Options:

Early on in the process, a broad review of options and alternatives included:

1. Purchase or lease of an existing facility near Public Works – Contact was made with owners of a suitable facility; however, there was no interest on their part. Given the substantial space and zoning requirements for the City site, and the efficiency benefit to have it near the centre of town, there are very few options or improvements over the existing location.
2. Relocation of the facility to a new site – As noted above, the site size, zoning and location requirements make it challenging to identify a suitable alternative. While this option has potential if a suitable location could be identified, the cost and complexity of moving to a new site is extraordinary. It is expected that moving to an entirely new site would be more costly and provide limited benefits over redeveloping the existing site. While this option can still be on the table, it was not advanced further given the favorable feasibility of developing the existing Labieux site.
3. A variety of options on renovation or replacement of specific buildings at the existing location. This involved balancing the condition assessment results with the needs assessment.
4. Discussions have also been had with the Regional District of Nanaimo (RDN) and School District 68 (SD68) regarding potential opportunities for coordination, sharing or rationalization that could be available. While discussions are ongoing to explore this topic, thus far, nothing has become apparent that would substantially impact the Labieux site project.

Technical Analysis:

In accordance with the City's project management framework, a steering committee was established to guide the project team and make key decisions. To assist with project management the City hired Capex Project Advisory Consultants. The City then issued an open Request for Proposals for an architectural consultant to assist with the project, which resulted in Kasian Architecture, Interior Design and Planning Ltd. (Kasian) being engaged. Kasian proceeded to work with the project team to develop a master plan for the Site and concept designs for the new buildings. The project team built on the work previously undertaken to evaluate the condition, risk and space requirements for operations.

The master planning process established the general layout of buildings, storage, processes, and operational pieces. Master planning involved Staff and consultants working collaboratively through many discussions, decisions, and iterations to arrive at a suitable overall plan. One of the biggest challenges was keeping the Operations Yard functional during each phase of the project. See the Business Case Appendix E for master plan graphic.

With the master plan established, the project was broken into four distinct phases, to facilitate temporary relocation of some operational pieces and allow for continued operation of Public Works. Following the master plan, a detailed space needs assessment was completed and then conceptual floor plans established for the proposed buildings. It is expected that the total timeline for the four phases would be approximately 5 - 6 years from the start of breaking ground. See the Business Case Appendix F for the building concept design graphics.

In addition to the work at the Site, the overall plan includes upgrades to the Parks Operations Yard on Prideaux Street and removal of the buildings that make up the Parks Annex on Nanaimo Lakes Road. The upgrades to the Prideaux Yard generally include internal floor plan renovations and renewal of electrical and mechanical systems to bring it up to a reasonable standard.

Financial Analysis:

The specialist cost consulting firm BTY was hired directly by the City and embedded within the project team. BTY participated throughout the master planning and concept design process to provide cost impact information. This provided the project team with real time costing information to base decisions on, allowing for a more cost effective concept development. BTY also facilitated a cost review exercise with the team once the draft concepts were complete, to maximize value.

As with all projects, the reliability of the cost estimate is dependant on many factors, in particular, how mature the project is. At the current level of project maturity, it is expected that the cost estimate is correct within the range of approximately +30% to -20%. If the project were to move forward with the scope and timeline outlined, the recommended budget would be $125 million, including contingency.

Project Implementation Plan:

The project implementation plan outlines how the project could move forward. It is envisioned that the delivery model would be design-bid-build completed through two separate construction contracts. The multiple phasing (4 phases) and the long duration makes it commercially

challenging to obtain a fixed price for the entirety. For the purposes of developing a project schedule, it has been assumed that the work could start in Q1 of 2023, the same year the supportive housing facility is expected to be removed.

The substantial cost of this project will be challenging for the City to fund. Given the facility is the basis for many core services and will be in place for generations, it is expected that borrowing will be a major part of the funding strategy. Staff will also review the potential for grants from senior levels of government; however, in recent years, the focus of grant criteria may not score favorably.

The next steps for the project will be to develop potential funding options and return to Council, in the context of other major capital needs for the community.

CONCLUSION

Nanaimo's population has more than doubled since construction of the original Public Works buildings, and is anticipated to grow a further 25 - 40% in the next 25 years. Both the existing Public Works Yard on Labieux and the Parks Yard on Prideaux need substantial upgrades and expansion to meet existing and growing needs of the community. There is opportunity to rationalize operations by combining some elements of Parks at Labieux that will allow for shared items such as workshops, storage and other support systems.

In support of the identified need, a solution was developed that would see the implementation of a Site master plan including three new buildings and renovations to existing structures. The upgraded Site could be referred to as the Nanaimo Operations Centre to reflect the holistic aspect of the combined operations. The concept is utilitarian; however, expected to be durable and functional for many years to come.

Although there is a demonstrated and growing need for the project, the cost is considerable. Such a large commitment requires careful consideration and community buy in. With this in mind, a website has been prepared to hold the supporting documentation for those interested in delving into the details. A link to the website can be found here: http://www.nanaimo.ca/goto/NanaimoOperationsCentre/ .

SUMMARY POINTS

- The Public Works Yard on Labieux is in need of substantial renewal and upgrade to support the existing and growing needs of the community.
- A potential solution has been developed that would see the implementation of a four phase master plan over 5 - 6 years.
- The master plan would include operations from Public Works, Parks, Engineering and Purchasing consolidated at one location with upgrades to the existing Parks Yard on Prideaux.
- The cost of implementing the master plan is expected to be approximately $125M; however, that could vary by +30% to -20%.

ATTACHMENTS

Attachment A – Nanaimo Operations Centre Project Business Case
Attachment B – Nanaimo Operations Centre Powerpoint

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