

CITY OF NANAIMO
THE HARBOUR CITY

Construction Market Conditions Update

June 27, 2022



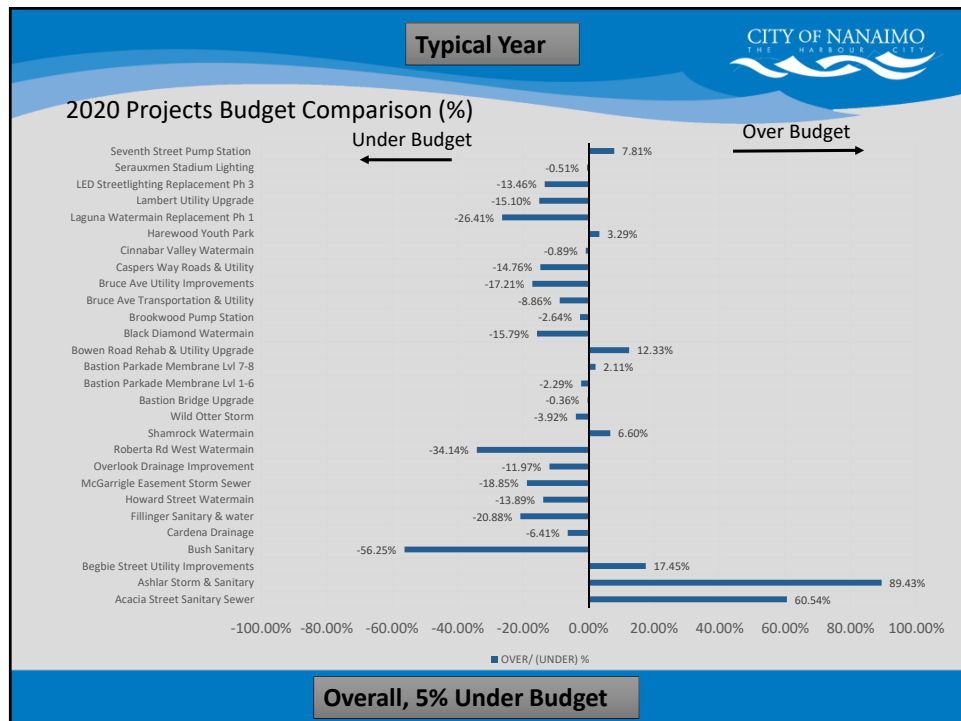
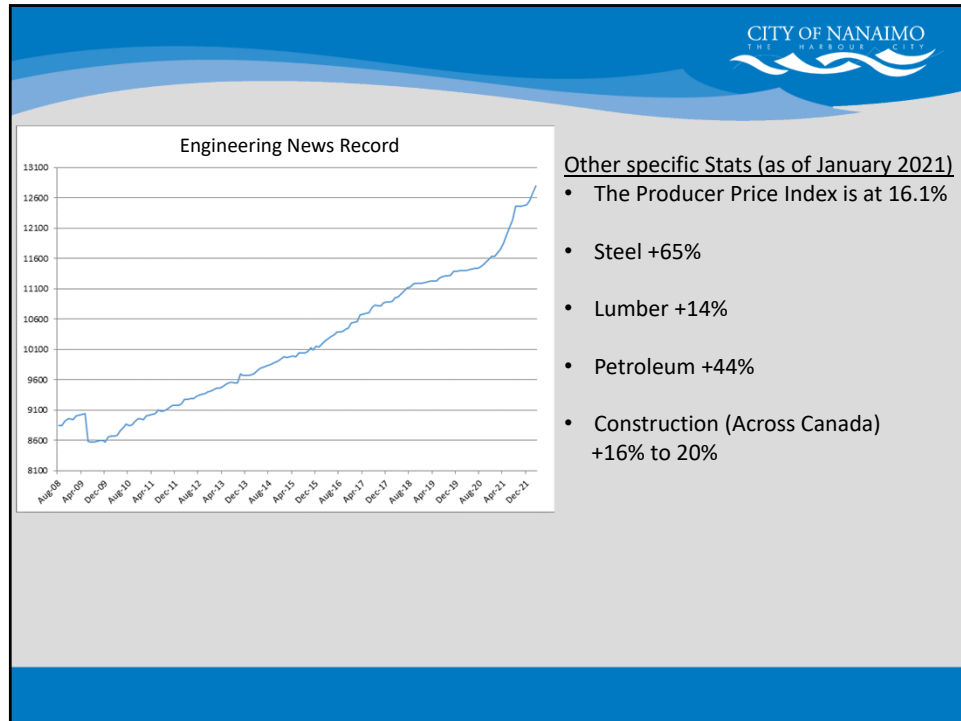
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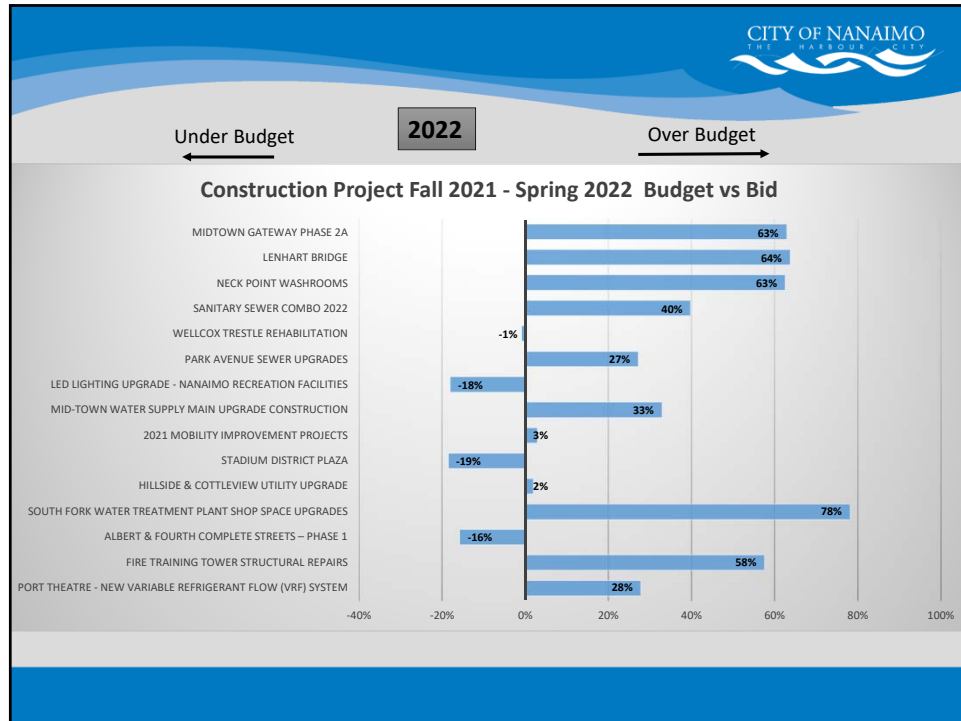
Business

Canada's inflation rate rises to new 30-year high of 4.8% **January 2022**

Business

Canada's inflation rate inches up again, to new 31-year high of 6.8% **May 2022**





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Causes

- Increasing operating costs
- Supply chain issues
- Skilled labour shortage

Spring 2022

Fall 2021



Projects previously deferred to 2023

- Vancouver Avenue Sewer
- Buttertubs Drive Water DCC
- Townsite Road Sewer
- Departure Bay Road – Sewer & Water
- June Street Sewer
- Northfield Creek Culvert Relining

TOTAL ~\$2.5m



Significant Projects Impacted

- Albert Street Complete Streets \$2.5M
- Midtown Gateway \$6M (2022 funding)
- Terminal Avenue Phase 1 \$3.7M

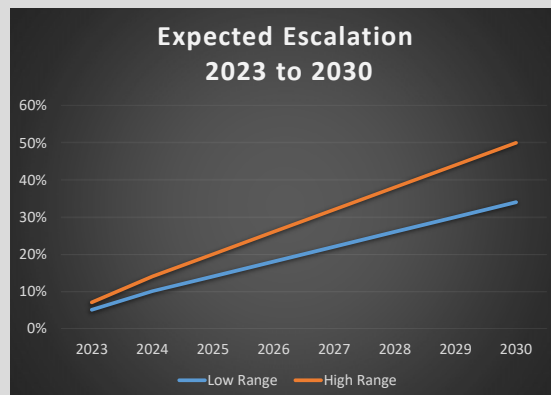
TOTAL ~\$12.2M

Other Projects to be deferred to 2023

- Millstone Trunk Sewer – Pearson Bridge
- Tenth Street Paving
- Mill Street Sanitary Sewer
- White Street Utilities
- Strongitharm Avenue Sewer

TOTAL ~\$3.5M

Construction Escalation



2022 to 2023 **5-7 %**

2023 to 2024 **5-7 %**

2024 to 2030 **4-6 %**

Impacts on Future Financial Plans

- Current market conditions are being used to generate budget numbers for the next financial plan
- Escalation is being carefully reviewed for projects
- Careful consideration of market and staff capacity
- More discussions during budget development

