

DATE OF MEETING JULY 20, 2022

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SUBJECT METRAL DRIVE COMPLETE STREET PHASE 2 FUNDING

OVERVIEW

Purpose of Report

To obtain the Finance and Audit Committee's approval for additional funding for Metral Drive Complete Street Project Phase 2.

Recommendation

That the Finance and Audit Committee recommend that Council direct Staff to increase the budget for Metral Drive Complete Street Project Phase 2 by \$1,400,000 funded by \$875,000 from the Community Works Reserve Fund, \$35,000 from the Sewer Reserve and \$490,000 from the Water Reserve.

BACKGROUND

Nanaimo is continually growing, evolving, and updating its policies and priorities to meet the needs of the community now and into the future. This is most prominently reflected in the recent adoption of City Plan: Nanaimo Reimagined. This comprehensive plan not only supports strategic sustainable land use development, but also integrates all forms of active mobility. Schedule 3 explicitly outlines the integration between walking, biking, and transit, with Metral Drive identified as a Primary Active Mobility Route as well as a Frequent Transit Route.

In keeping with the values placed on safe, sustainable mobility and sound asset management, the Metral Drive Complete Street project aims to increase the safety and comfort for people who walk, bike, take transit, and drive while ensuring that utility upgrades within the project area are completed with the proposed surface improvements.

Metral Drive's aging utilities and road structure provided an opportunity to bundle multiple capital upgrades together into a multi-year, multi-phased project aimed to replace watermain and storm drainage infrastructure, along with transportation upgrades including separated cycling and pedestrian facilities, treed boulevards, transit stops, LED street lighting, and fully protected intersections. This comprehensive project aims to achieve the City's goal to create and build a more sustainable, multimodal network that accommodates and moves people - not only motorists.

Metral Drive's modern design, along with Nanaimo's new Complete Streets Standards, has garnered attention nationally and internationally. This included the 2020 National Sustainable Urban Transportation Award from the Transportation Association of Canada, the 2021 Excellence in Sustainability Award from the Union of BC Municipalities, and the 2021 North

American Transportation Achievement Award from the Institute of Transportation Engineers for Complete Streets.

To date, the Metral Drive Project has included \$6.7 million in funding from the Community Works Reserve Fund and \$1 million in grant funding – as the recipient of a \$500,000 BC Provincial Government Active Transportation Grant in 2020 for Phase 1 and again in 2021 for Phase 2.

In fall 2020, construction of Metral Drive Phase 1 was awarded to David Stalker Excavating Ltd. Phase 1 consisted of the 1.2km section between Mostar Road and Turner Road. Construction of Phase 1 was completed in summer 2021 and the final project costs were \$1,113,287 (18%) below the original project budget.

In summer 2021, construction of Metral Phase 2 was awarded to IWC Excavation. Phase 2 consists of the 1.7km section between Turner Road and Aulds Road.

It should also be acknowledged that since the completion of Phase 1, there has been a significant increase in land redevelopment activity which plays well into the land use envisioned through City Plan.

Once fully constructed, the Metral Drive Complete Street Project will complete an important active transportation link between the E&N Trail with Woodgrove Mall, increasing the safety and comfort for people who walk, bike, take transit, and drive along this corridor.

DISCUSSION

Although Phase 1 of the Metral Drive project was completed under budget, Phase 2 has experienced more construction challenges:

- A significant amount of unsuitable soils were found during excavation for utility work, and when constructing the sidewalks and cycle lanes. This resulted in much more excavation and removal of poor soils, and subsequent rebuilding with new gravels.
- Third-party utility changes created a need for retaining wall redesigns during construction.
- Fuel and asphalt prices have also increased significantly since the end of Phase 1 to now, the cost of asphalt has risen approximately 45%, and fuel is has increased nearly 35% since the summer of 2021.

The volatile construction market, been driven by increased materials costs, labour shortages, and global uncertainty, has also resulted in significant challenges to the project. Most recently, progress on curb, gutter and sidewalk work has stalled due to an industry-wide cement shortage in the Pacific Northwest. With these delays taken into account, Phase 2 of the project is expected to be complete fall 2022.

FINANCIAL CONSIDERATIONS

The total budget for Phase 2 is \$7.1 million and based on current financial projections, an additional \$1.4 million for a total of \$8.5 million is required to complete the project. There is sufficient funding in the reserves to fund the additional budget requirement; however, this could affect the timing of projects in the 2023 – 2027 Draft Project Plan.

OPTIONS

1. That The Finance and Audit Committee recommend that Council direct Staff to increase the budget for Metral Drive Complete Street Project Phase 2 by \$1,400,000 funded by \$875,000 from the Community Works Reserve Fund, \$35,000 from the Sewer Reserve and \$490,00 from the Water Reserve.
 - Financial Implications: \$1.4 million will be added to 2022 of the 2022 – 2026 Financial Plan for Metral Drive Complete Street Project Phase 2. The additional funding will come from the Community Works Reserve Fund, the Sewer Reserve and the Water Reserve. The 2022 – 2026 Financial Plan will be amended at a later date to include the budget increase.
2. That Council provide alternative direction. |

SUMMARY POINTS

- Increased materials cost, labour shortages, and recent global uncertainty have created a volatile market and cost uncertainty.
- The Metral Drive Complete Streets Project has received \$1 million in grant funding.
- The Metral Drive Complete Streets Phase 1 project expenses were \$1,113,287 under the amount budgeted for Phase 1.
- Metral Complete Streets Phase 2 is projected to be \$1.4 million over budget due to unexpected challenges during construction.

ATTACHMENTS

Attachment A – Metral Drive Rendering

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