

Staff Report for Decision

DATE OF MEETING MARCH 15, 2023

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SUBJECT ALBERT AND FOURTH STREET & UTILITY UPGRADE PROJECT

OVERVIEW

Purpose of Report

To seek Council direction to amend the budget for the Albert and Fourth Street & Utility Upgrade project from \$3,763,701 to \$4,314,494 in the 2023-2027 Financial Plan. |

Recommendation

That the Finance and Audit Committee recommend that Council increase the budget for the Albert and Fourth Street & Utility Upgrade project in 2023 from \$3,763,701 to \$4,367,120 funded by \$298,013 from the Water Asset Management Reserve Fund, \$289,986 from the BC Active Transportation Grant and \$15,420 from Water DCC contingency fund.

BACKGROUND

As is normal in a given year, some projects are under budget and some are over budget. In 2022, construction costs have been much higher than anticipated when budgets were prepared. The inflationary pressure has continued into 2023, and items such as equipment, fuel, trucking, and asphalt have seen significant increases. The result has been that many of the City's capital projects are exceeding the allocated budget, which results in more projects requiring specific reporting to the Finance and Audit Committee. |

DISCUSSION

Albert and Fourth Street & Utility Upgrade project is a complete infrastructure upgrade project on Albert Street between Pine Street and Milton Street. The project will replace ageing water mains, provide a new fish-friendly culvert for the Catstream, sanitary sewer mains, and safety and roadway improvements on Albert Street between Pine and Milton Streets. Water main improvements include replacing an ageing steel watermain and adding a new watermain on Pine Street to improve fire flow and water. It will also reduce the risk of future failures of the aging infrastructure. The culvert conveying the Catstream Creek under Albert Street is being increased in size to accommodate larger storms due to climate change and improved fish passage. Infrastructure upgrades provide an opportunity to improve safety and comfort of all roadway users including those who walk, bike, take transit and drive along this corridor.

A Negotiated Request for Proposal was issued, and three responses were received. The highest ranked proponent had a price of \$ 3,485,927. Receiving three submissions for the project indicates that there is capacity within the construction market to complete the work. Including a

10% contingency and other project costs, an additional \$550,793 is required to complete the project.

FINANCIAL CONSIDERATIONS

The project was awarded \$500,000 in grant funding from the B.C. Active Transportation Program.

The project budget is proposed to be increased by \$603,419 from \$3,763,701 to \$4,367,120 with the additional funding allocated from the Water Asset Management Reserve Fund, the successful BC Active Transportation Grant and a budget transfer from the Water DCC contingency fund. The remainder of the BC Active Transportation grant (\$210,014) will be used to offset other City funding sources for the sidewalk and cycling infrastructure components.

The revised projected 2023 closing balance for the Water Asset Management Reserve based on approval of the budget increase for this project and the Departure Bay Road Water and Sewer Project is \$4,415,786.

OPTIONS

1. That the Finance and Audit Committee recommend that Council increase the budget for the Albert and Fourth Street & Utility Upgrade project in 2023 from \$3,763,701 to \$4,367,120 funded by \$298,013 from the Water Asset Management Reserve Fund, \$289,986 from the BC Active Transportation Grant and \$15,420 from Water DCC contingency fund.
 - The advantages of this option: The infrastructure on Albert Street between Pine Street and Milton be upgraded, enhancing the road for all users and lowering risk of future watermain breaks.
 - The disadvantages of this option: Less funds will be available in the reserve to support other water and DCC water projects.
 - Financial Implications: The 2023 – 2027 Final Financial Plan will reflect the increase in the project budget.
2. That Council provide alternative direction.

SUMMARY POINTS

- Three responses were received for the Albert and Fourth Street & Utility Upgrade project.
- An additional \$550,793 in funding is required to complete the project.
- The Albert and Fourth Street & Utility Upgrade project is the recipient of a \$500,000 BC Active Transportation Grant.
- In 2022, construction costs increased more than expected. Items such as asphalt, gravels, and pipe are much more expensive than in recent years and are the driving factor for much of the cost increases. These inflationary pressures are continuing into 2023.

ATTACHMENTS:

Attachment A –Location Plan |

Submitted by:

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Concurrence by:

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