

DATE OF MEETING JUNE 14, 2023

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SUBJECT TERMINAL AVENUE CORRIDOR UPGRADES PHASE 1

OVERVIEW

Purpose of Report

To seek Council direction to allocate funds to increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project.

Recommendation

That the Finance and Audit Committee recommend that Council increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project by \$1,556,158 in 2023 funded by \$150,652 from General Capital Reserve, \$1,343,243 from the General Asset Management Reserve Fund and \$62,263 from the Water Asset Management Reserve Fund.

BACKGROUND

Terminal Avenue is an important gateway to Nanaimo's downtown core. Over a number of years, community engagement efforts including Terminal-Nicol Reimagined, have consistently highlighted the need for redevelopment along Terminal Avenue. In the time since Terminal Nicol Reimagined, the City has worked with the Ministry of Transportation and Infrastructure (MoTI), BC Transit, the Regional District of Nanaimo, and several other local stakeholders to develop the projects scope to reflect the current and future needs of this portion of Terminal Avenue and the principles set out in City Plan.

A significant part of the project is to enhance the pedestrian experience on Terminal Avenue by rebuilding sidewalks away from the vehicle lanes on the north side of the road, improving pedestrian crossing facilities at Commercial Street, Gordon Street and Esplanade, and increasing street lighting levels throughout the corridor. The Project also consists of rehabilitation of existing utilities and street upgrades between Esplanade and Commercial Street, including the replacement of water mains, storm sewer, sidewalks, and street lighting.

Updates to Italian Square Park and Pioneer Square Park will also be completed. The design of these two parks have been completed using a combination of crime prevention through environmental design (CPTED) principles and aesthetically pleasing elements to create a pleasant pedestrian experience adjacent to and through both parks.

At the February 15, 2023 Finance and Audit Committee meeting, the Finance and Audit Committee recommended that Council:

1. authorize the Mayor and Corporate Officer to enter into a Cost Share Agreement with the Ministry of Transportation and Infrastructure for the Terminal Avenue Corridor Upgrades Phase 1.
2. increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project by \$1,371,178 in 2023 funded by \$805,054 from the General Asset Management Reserve Fund, \$346,124 from the Water Asset Management Reserve Fund and \$220,000 in private contributions.

DISCUSSION

Since the February 15, 2023 Finance and Audit Committee meeting, a Cost Share agreement has been signed with the MoTI and a Negotiated Request for Proposal (NRFP) was issued.

Two responses to the NRFP were received, both exceeding the project's current budget. The project was specified to be constructed primarily at night due to the project being within a busy arterial governed by MoTI. The premiums related to asphalt and concrete production at night were significantly more than expected in the January 2023 estimate. Further, changing regulations from WorkSafeBC has led to near doubling of traffic control costs in the last six months.

A significant benefit to the NRFP process is the ability to negotiate with the highest rated proponent, Windley Contracting Ltd., to find cost saving.

Approximately \$904,770 has been found through scope reductions including:

- removal of the concrete crosswalks through Terminal Avenue,
- removal of the landscape railing through the two parks,
- removal of three trees in the median which required soil cells – there is still sufficient space to install 8 trees in the median without the cells.

A reduction in the traffic management requirements negotiated with MoTI, including the ability to work during the day instead of at night, and other constructability changes contributed an additional savings of \$153,053.

With negotiations complete, the total expected project costs are \$7,367,709 with the breakdown as follows:

- Construction Contract 3356 (Windley Contracting Ltd) = \$6,178,429
- Design, Permitting, Contract Administration and Inspection = \$513,524
- Contingency (10%), Other Consulting, Internal Forces = \$675,756 |

Financial Implications

The additional \$1,556,158 will increase the Terminal Avenue Corridor Upgrades Phase 1 project budget from \$5,811,551 to \$7,367,709. The three reserves have sufficient funding available to fund this increase; the revised projected 2023 closing balances of the reserves if the funding is approved are:

- General Capital Reserve - \$2,060,783
- General Asset Management Reserve Fund - \$7,225,176
- Water Asset Management Reserve Fund - \$2,824,374

OPTIONS

1. That the Finance and Audit Committee recommend that Council increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project by \$1,556,158 in 2023 funded by \$150,652 from General Capital Reserve, \$1,343,243 from the General Asset Management Reserve Fund and \$62,263 from the Water Asset Management Reserve Fund.
 - The advantages of this option:
 - i. The additional funding will allow the Terminal Avenue Corridor Upgrades Phase 1 to move forward this year, enhancing the pedestrian experience in the downtown and replacing aging underground infrastructure.
 - ii. Completing this project in 2023 allows the City to partner with MoTI on the project, including financial contribution of \$1.2M.
 - The disadvantages of this option:
 - i. Additional funding from General Capital Reserve, Water Asset Management Reserve and General Asset Management Reserve Fund are required to complete the project.
 - Financial Implications:
 - i. The 2023 – 2027 Financial Plan will be amended, at a later date, to include the budget increase.
2. That the Finance and Audit Committee recommend that Council does not increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project and cancel the project.
 - The advantages of this option:
 - i. Funding will be available for other priority projects.
 - The disadvantages of this option:
 - i. The Terminal Avenue Corridor Upgrades Phase 1 project will not be able to proceed without additional funding and will need to be cancelled.
 - ii. An agreement has been signed with the Ministry of Transportation and Infrastructure. Cancelling the project and the agreement could impact future collaborative opportunities with the Ministry of Transportation and Infrastructure.

- iii. The project includes elements that support future transit upgrades along Terminal Avenue that align with the Regional District of Nanaimo Transit Redevelopment Strategy. Cancelling the project would make those future upgrades more difficult in the future.

SUMMARY POINTS

- The costs for the Terminal Avenue Corridor Upgrades Phase 1 are \$1,556,158 more than estimated.
- The three reserves have sufficient funding available to fund the budget increase.
- Construction is planned to begin in the summer of 2023.

ATTACHMENTS:

Attachment A: 2023-FEB-15 Terminal Avenue Corridor Upgrades Phase 1 Staff Report

Attachment B: Project Renderings |

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