

DATE OF MEETING FEBRUARY 21, 2024

AUTHORED BY PHIL STEWART, MANAGER, ENGINEERING PROJECTS

SUBJECT SEVENTH STREET PUMP STATION

OVERVIEW

Purpose of Report

To seek Council direction to increase the budget for the Seventh Street Pump Station project.

Recommendation

That the Finance and Audit Committee recommend that Council increase the budget for the Seventh Street Pump Station project in 2024 by \$450,000 from \$573,887 to \$1,023,887 funded by \$288,000 from the Sewer DCC Reserve Fund and \$162,000 from the Sewer Asset Management Reserve Fund.

BACKGROUND

The City of Nanaimo completed construction of the Seventh Street Pump Station in October 2021. The pump station was designed to be expanded in the future to accommodate the growth of the City over time. It was expected that the second phase of the pump station would be required before 2031. However, flow conditions during the significant rainfall event on November 15, 2021 exceeded the capacity of a single pump at the station, requiring the City to use both pumps in parallel, thereby, leaving the system with insufficient redundancy. This rainfall event demonstrated that the upgrade of the station needed to be accelerated to reduce the risk of a sewer overflow.

DISCUSSION

In 2023, \$1,000,000 was allocated in the 2023 – 2027 Financial Plan to complete upgrades to the pump station in 2023. Expenditures of \$426,113 were incurred to the end of 2023 and \$573,887 was carried forward to 2024 to complete the work. Upgrades include capacity upgrades, odour control upgrades to address odour issues and complaints received along the forcemain alignment, and installation of a platform within the station. A design has been completed and a contractor has been selected to complete the work in the spring of 2024. An additional \$450,000 is required to complete the project, bringing the total project budget to \$1,450,000.

FINANCIAL CONSIDERATIONS

The Seventh Street Pump Station is a Sewer DCC project at 65% growth. The Sewer Asset Management Reserve has sufficient funding available to fund the portion of the project allocated to existing residents and the 1% assist factor. The projected 2024 closing balance for the Sewer DCC Reserve Fund, after allocating \$288,000 to this project, is \$71,806. There is a risk that if the

2024 Sewer DCC contributions are less than budgeted, there will be insufficient funding in the reserve to fund planned projects. If funding is insufficient in the reserve, then the portion of the funding from the Sewer Asset Management Reserve Fund would be increased to offset the shortfall.

OPTIONS

1. That the Finance and Audit Committee recommend that Council increase the budget for the Seventh Street Pump Station project in 2024 by \$450,000 from \$573,887 to \$1,023,887 funded by \$288,000 from the Sewer DCC Reserve Fund and \$162,000 from the Sewer Asset Management Reserve Fund.
 - The advantages of this option: The Seventh Street Pump Station will be upgraded, providing sewer capacity and redundancy for the catchment.
 - The disadvantages of this option: There is a risk that if the 2024 Sewer DCC contributions are less than budgeted, there may be insufficient funding in the Sewer DCC Reserve Fund to fund the growth share of the project.
 - Financial Implications: The 2024 – 2028 Financial Plan will be updated for final to reflect the increased project budget.

2. That the Finance and Audit Committee does not recommend that Council increase the budget for the Seventh Street Pump Station project in 2024.
 - The advantages of this option: Funds will be available in the reserve to support other sewer projects.
 - The disadvantages of this option: The Seventh Street Pump Station will not be upgraded, limiting sewer capacity for development growth and increasing risk of sewer overflows and backups at peak flows.
 - Financial Implications: The Seventh Street Pump Station upgrade project will need to be completed in the near future. Deferring the project to a future year at current inflation rates, will likely mean the project will cost more.]

SUMMARY POINTS

- Flow conditions during the significant rainfall event on November 15, 2021 exceeded the capacity of a single pump at the Seventh Street Pump Station.
- In 2023, \$1,000,000 was allocated to complete upgrades to the pump station.
- An additional \$450,000 is required to complete the project.

Submitted by:

Phil Stewart
Manager, Engineering Projects

Concurrence by:

Poul Rosen
Director, Engineering

Wendy Fulla
Director, Finance

Bill Sims
General Manager, Engineering and Public Works

Laura Mercer
General Manager, Corporate Services