

DATE OF MEETING JULY 29, 2024

AUTHORED BY LAURA MERCER, GENERAL MANAGER, CORPORATE SERVICES

SUBJECT PUBLIC WORKS YARD UPDATES BORROWING BYLAW

OVERVIEW

Purpose of Report

To introduce “Public Works Yard Updates Borrowing Bylaw No. 7386”, for first, second and third readings.

Recommendation

That:

1. “Public Works Yard Updates Borrowing Bylaw No. 7386” (To authorize the borrowing of up to \$90,000,000 for the construction of the Public Works Yard Updates), pass first reading;
2. “Public Works Yard Updates Borrowing Bylaw No. 7386” pass second reading; and
3. “Public Works Yard Updates Borrowing Bylaw No. 7386” pass third reading.

BACKGROUND

The City of Nanaimo’s borrowing activities are guided by provisions of the Community Charter (Part 6, Division 3, sections 179 and 180 provide guidance on process of undertaking a municipal borrowing), Local Government Act (Section 86, 94, and 169-177 guide the process of Elector approval), and BC Regulation 254/2004 (Provides liability limits).

At the 2020-SEP-16 Finance and Audit Committee meeting, Council provided funding for development of an architectural concept and cost estimate for the Public Works facility. Subsequently, Staff engaged an architect, experienced in operations yards, to examine the facility and space needs. The goal being to develop the project to the point it could support a business case and budget planning for a functional, fit-for-purpose operations centre.

At the 2021-SEP-22 Finance and Audit Committee meeting, Staff presented a master plan vision for the Nanaimo Operations Centre (NOC) and a supporting business case. The report included architectural renderings for the site, split into multiple phases. The NOC is envisioned to be a utilitarian facility that would allow the City to continue to provide reliable services to a growing community. The buildings are designed to be durable and able to withstand a modest earthquake allowing for the City to respond in a post disaster scenario. The business case analysis for this project is attached to this report for reference (Attachment A).

On 2022-JUN-20, at the Finance and Audit Committee meeting, Council directed Staff to undertake a NOC Alternative Phase 1 feasibility assessment that included an engineered wetland,

storm sewer and multiuse trail and complete the stage 2 environmental work. The Alternate Phase 1 plan was developed to address the most urgent needs of the operation and allow further financial flexibility.

At the 2023-MAY-01 regular Council meeting, Council received and considered a report for approval to proceed with the NOC Phase One project. The cost of the project was estimated at up to \$48,500,000 and included:

- \$40,000,000 to construct a Fleet and Maintenance Facility, a truck wash and dump facility, and site servicing for 2020 Labieux Road
- \$4,500,000 to construct storm water management facilities at 2300 Bowen Road for storm water from 2020 Labieux Road
- \$1,500,000 to retrofit an existing fire training apparatus located at 2020 Labieux Road to facilitate the required additional sit utilization;
- \$2,750,000 to construct a multi-use pathway at 2300 Bowen Road in lieu of frontage improvements normally associated with development at 2020 Labieux Road.

At the 2023-JUN-19 Council meeting, Staff were directed to proceed with the Nanaimo Operation Centre Phase One project and prepare a borrowing bylaw to begin an Alternative Approval Process (AAP) in support of the project.

Following this direction, two AAPs were conducted which were unfortunately not completed successfully.

At the Council meeting held on 2024-FEB-12, Council once again directed Staff to prepare funding options for presentation at a later date.

On 2024-JUN-24 at the regular Governance and Priorities meeting, the Committee was presented with three options to improve facilities at the Public Works Yard and direction was sought on the preferred option (Attachment B). The Committee recommended:

“That Council direct Staff to proceed with the ‘Highest Needs in Single Phase’ option and prepare a borrowing bylaw in support of the project.”

and

“That Council direct Staff to look at other funding options with respect to debt funding.”

This option represents a fundamental change in the scope of work for the project and is a single phase that consists of:

- Fleet Maintenance and Administration buildings
- Stormwater Management, previously noted as a separate element to the project

At the 2024-JUL-22 Regular Council meeting, Council approved the following motions:

“That Council direct Staff to proceed with the ‘Highest Needs in Single Phase’ option and prepare a borrowing bylaw in support of the project.”

“That Council direct Staff to proceed with the Nanaimo Operation Centre (Public Works Yard) project with funding of \$90 million from external borrowing with debt servicing funded by property taxation.”

The project was previously referenced as the Nanaimo Operations Centre as it reflected a comprehensive master plan to fully redevelop the property at 2020 Labieux to incorporate several workgroups from Parks Operations and Supply Chain Management.

With reduction in scope focusing solely on the Fleet Maintenance and Administration Building, it is more reflective to refer to the project as Public Works Yard Updates.

The project will now serve as simply a replacement for those two existing buildings and updating existing infrastructure required to service these facilities. It is worth noting that a portion of Supply Chain Management and a few workgroups from Parks Operations are proposed be incorporated in the new Admin building. The other projects that were part of the previous Nanaimo Operations Centre Master Plan will be included in future capital plans as needed.

Borrowing will be undertaken through the Municipal Finance Authority of BC (MFA BC). Based on a 20-year term and the MFA BC's twenty year indicative lending rate of 4.58% at 2024-JUN-04, annual debt servicing costs are estimated at \$7.3 million. Impacts to the City's property taxes will be incorporated into the 2025-2029 Financial Plan upon electoral approval of the borrowing.

In compliance with applicable legislation, the City is required to secure approval by the electors for this borrowing to be consummated. Staff is recommending that the City undertake an AAP as provided in the legislation. This process will start from 2024-SEP-18 and be run by the City's Corporate Officer.]

OPTIONS

1. That "Public Works Yard Updates Borrowing Bylaw No. 7386" (To authorize the borrowing of up to \$90,000,000 for the construction of the Public Works Yard Updates), pass first reading;

"Public Works Yard Updates Borrowing Bylaw No. 7386" pass second reading; and,

"Public Works Yard Updates Borrowing Bylaw No. 7386" pass third reading.
2. That Council table this report and request additional information from Staff.]

SUMMARY POINTS

- In September 2020, Council provided funding for the development of an architectural concept and cost estimate for the Public Works facility upgrade project.
- In September 2021, Staff presented a master plan vision for the Nanaimo Operations Centre (NOC) and a supporting business case.
- In June 2022, Council directed Staff to undertake a NOC Alternative Phase 1 feasibility assessment that included and engineered wetland, storm sewer and multiuse trail as well as complete the stage 2 environmental work.

- At the Regular Council meeting on 2023-MAY-01, directed Staff to proceed with the Nanaimo Operation Centre Phase One project and prepare a borrowing bylaw to begin an Alternative Approval Process (AAP) in support of the project.
- Two AAPs were conducted which were unfortunately not completed successfully.
- At the Governance and Priorities Committee meeting held on 2024-JUL-22, the Committee recommended that Council direct Staff to proceed with the “Highest Needs in Single Phase’ option and prepare a borrowing bylaw in support of the project. As well, they recommended that Staff look at other funding options with respect to debt servicing.
- Staff returned to the 2024-JUL-22 Regular Council meeting to present funding options to Council and they approved funding the ‘Highest Needs in Single Phase’ option by \$90 million in external borrowing with debt servicing funded from property taxation.

ATTACHMENTS:

Attachment A: Nanaimo Operations Centre Project – Business Case

Attachment B: 2024-JUN-24 Nanaimo Operations Centre (Public Works Yard) Project Update

Attachment C: “Public Works Yard Updates Borrowing Bylaw No. 7386” |

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