



REGIONAL
DISTRICT
OF NANAIMO

BAY AVENUE PUMPSTATION UPGRADE – BUDGET AMENDMENT

RECOMMENDATION

That the Board authorize an amendment to the 2023 Financial Plan to increase the budget of the Bay Avenue Pumpstation Upgrade project by \$450,000 to a new total budget of \$7,222,595 with the additional funds coming from the capital reserve, the DCC reserve, and the operating budget.

BACKGROUND

The Bay Avenue Pumpstation receives wastewater from the majority of Parksville as well as Pacific Shores. These flows are then pumped to the French Creek Pollution Control Centre for treatment. The pump station was originally built in 1978 and received various upgrades in 1997 and 2003. The current large-scale upgrade project involves the addition of a second wet well, a new electrical and controls building, new pumps, a new generator, and improved access and safety for the Regional District of Nanaimo (RDN) operations staff. This project is required to increase the pump station capacity to meet projected future flows and mitigate the effects of coastal flooding.

According to the RDN's procurement policy, the construction tender was awarded to the lowest compliant bidder, Coast Utility Contracting on May 25, 2021, for a total of \$4,594,348 (excluding GST). The original construction completion date was set at May 25, 2022, as per the contract. Coast Utility Contracting has since encountered significant schedule challenges, and RDN staff have proactively worked on this project to mitigate the overall project risks by maintaining regular site construction management inspections. Even though a total of 186 calendar days have been added to the contract by approved change orders, based on the construction progress to date it is estimated that actual construction completion will be at the end of November 2023.

Due to the extended construction duration, the RDN has incurred additional construction management fees and increased exposure risk to construction changes. The project is now approximately 90% complete, and staff believe that allowing the contractor to continue to completion provides the least risk to the RDN despite the schedule challenges results in budget increases. Regular on-site construction management reduces risk to the project by ensuring quality, removing barriers to execution, and working with the contractor to solve challenges and minimize potential contract changes.

This report is requesting a budget increase of \$450,000 (a 6.7% increase to the overall approved project budget) to provide sufficient funds to cover known project costs with contingencies through to its expected completion in November 2023.

FINANCIAL IMPLICATIONS

The Bay Avenue Pumpstation Upgrade project expansion project is funded by the Northern Community Wastewater Treatment Reserve Fund, operations, and Northern Community Sewer Service Area Development Cost Charges. To maintain consistency, the financial plan amendment requests funds as follows: \$360,000 from Reserves; \$4,500 from the operating budget; and \$85,500 from DCCs. It has been confirmed that there are sufficient funds available to cover this financial plan amendment without affecting future planned projects also funded by these sources. There is negligible tax impact due to this amendment.

STRATEGIC PLAN ALIGNMENT

Growth Management - Provide effective regional land use planning and responsible asset management for both physical infrastructure and natural assets.

REVIEWED BY:

- J. Haddou, Manager, Capital Project Delivery
- M. Walters, Acting Manager, Wastewater Services
- T. Moore, Chief Financial Officer
- E. Tian, General Manager, Regional & Community Utilities
- T. Osborne, Acting Chief Administrative Officer