



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 5335-20

From: Director of Infrastructure and Environmental Engineering

Date: March 12, 2025

Subject: 6th Street Bridge – Project Update

PURPOSE:

The purpose of this report is to provide a summary of the Request for Proposals process for the 6th St Active Transportation Bridge, and to provide an estimate for the costs to construct the project and ways to fund the construction. Staff will be seeking direction on how to proceed at the March 12, 2025 Council Meeting.

BACKGROUND:

At the June 24, 2019 Council Meeting, Council resolved:

THAT staff bring forward a report providing options for exploring a 6th Street multi-use pedestrian-bike bridge at a future Council meeting.

At the September 3, 2019, Council meeting, a delegation of the Downtown Courtenay Business Improvement Association (DCBIA) asked Council to suspend the addition of the cantilevered multi-use pathway [to the 5th Street Bridge Rehabilitation Project] and instead reconsider the 6th Street multi-use pedestrian bridge option.

At the January 27, 2020, Committee of the Whole meeting, staff presented to Council the “6th Street Bridge Options Analysis” report. Council received the report for information but postponed consideration until the February 3, 2020 regular Council meeting.

At the February 3, 2020 regular Council meeting, a motion to receive the above noted report was carried.

At the July 6, 2020, Council meeting, Council resolved:

THAT Council request staff to produce a preliminary report on options and costs for the 6th Street Multi-use Pedestrian Bike Bridge to assist Council in refining the number of options to be further developed

At the December 9, 2020 Council meeting, Council resolved:

THAT based on the December 7, 2020 staff report “6th Street Multi-Use Active Transportation Bridge Update” Council approve OPTION 1, and direct:

1. Staff to include a line item in 2021 of the 2021-2025 Financial Plan to support design works with potential construction in 2022 subject to successful grant funding and borrowing in place;
2. Staff to proceed with detailed design of a 4 metre wide Symmetrical Cable Stayed Bridge, as per the project schedule presented;
3. Staff to commence public engagement to inform the public of the project;
4. Staff to further review potential grant opportunities in 2021, with the goal of supporting construction in late 2022; and

5. That staff consult with the Comox Valley Arts Council, Comox Valley Art Gallery and K'ómoks First Nation on bridge design elements; in particular regarding the inclusion of public art and potential partnership opportunities for grant funding.

On January 18, 2021, Council heard a delegation of the Comox Valley Cycling Coalition with concerns that the minimum bridge width should be 4.8m.

On February 22, 2021, a motion was moved by Council to consider a minimum width of 4.8m during detailed design of the 6th Street Bridge, but this was defeated.

At the July 19, 2021, Council meeting, Council resolved:

THAT based on the July 19th staff report “6th Street Multi-Use Active Transportation Bridge – Funding Reallocation”, Council approve OPTION 1 and direct Staff to:

Reallocate \$300,000 of Community Gas Tax Funds from the Ryan Road Sidewalk – Sandwick to Braidwood project fund, to the 6th Street Bridge project fund in 2021.

At the March 28, 2022, Council meeting, Council resolved:

THAT based on the March 28, 2022 staff report “6th Street Active Transportation Bridge – Grant Application”, Council approve OPTION 1 and direct Staff to submit an application for grant funding for the 6th Street Active Transportation Bridge project through Infrastructure Canada’s Active Transportation Fund.

At the May 9, 2022, Council meeting, Council resolved:

THAT based on the May 9, 2022 staff report “6th Street Active Transportation Bridge – 50% Design Update”, Council approve OPTION 1 and direct Staff to submit an application for grant funding for the 6th Street Bridge Active Transportation Bridge project through Green Infrastructure – CleanBC Communities Fund (CCF), which is part of the federal government’s Investing in Canada Infrastructure Program (ICIP).

At the April 10, 2024, Council meeting, upon notice of successful grant funding through Infrastructure Canada’s Active Transportation Fund, it was resolved:

1. THAT Council Direct staff to sign the Infrastructure Canada’s Active Transportation Fund grant and proceed with the project.
2. THAT Council direct staff to increase the 6th Street Bridge project to **\$6,886,075** and increase the long term borrowing authorized to **\$2,500,000**.
3. THAT Council direct staff to prepare a loan authorization bylaw using the Approval-Free Liability Zone granted by the Municipal Liabilities Regulation section 7.

At the May 8, 2024, Council meeting, Council resolved:

THAT Council give first, second, and third readings to the “Loan Authorization Bylaw No. 3137, 2024 6th Street Bridge”; and

THAT Council proceed to adoption of “Loan Authorization Bylaw No. 3137, 2024 – 6th Street Bridge” through the Approval-Free Liability Zone granted by the Municipal Liabilities Regulation section 7.

- On July 17, 2024, the above noted bylaw was adopted by Council.
- On July 31, 2024, it was resolved THAT Council give first, second and third readings to “Temporary Borrowing Bylaw No. 3149, 2024 – 6th Street Bridge”.
- On August 28, 2024, the above noted bylaw was adopted by Council.

At the January 29, 2025, Council meeting, Council resolved:

THAT Council direct staff to proceed with the evaluation of proposals for the 6th St Bridge project, and report back to Council with the recommended proposal and strategies to fund the project.

DISCUSSION:

RFP Evaluation

A Request for Proposals (RFP) was released to the contracting community on November 29, 2024 in order to select a contractor for the construction of the 6th Street Bridge. The RFP closed on January 31, 2025 with five compliant proposals received, a strong competitive response.

The Project Team elected to proceed with an RFP based on:

- access to an industry-standard construction RFP template document (MMCD RFP Template);
- ensuring construction methodology over and around the sensitive ecosystem was properly considered during the procurement process;
- to review and evaluate the construction schedule to ensure the design engineers' indicative schedule was reasonable;
- to better evaluate a proponent's experience in constructing a bridge of this nature;
- to consider the proponent's approach to Indigenous and sustainable concepts;
- the ability to maintain a high weighting on price (50%) to ensure cost competitiveness; and
- past organizational precedent with the 5th Street Bridge project, which was procured with an RFP.

Staff from the Capital Projects team and the City's design consultant evaluated the proposals. Finance and Procurement staff facilitated the process to ensure that it was conducted according to the terms and conditions in the RFP.

Now that a preferred proponent has been established, staff have begun communication with them to understand the following:

- The project's exposure to steel tariffs and the threat of broader tariffs levied by the United States of America;
- Opportunities for savings in the project that may bring the cost to deliver the project down;
- The viability of the project schedule should a value engineering process be undertaken.

Estimated Project Costs

Based on the results of the recent RFP, the total expected cost for the project is estimated to be \$11,165,000. This includes costs for the construction of the bridge, consulting fees to support the project as well as 10% contingency to account for unknowns during the construction of the project.

Proposed schedule

The contractor's preliminary schedule shows construction beginning in fall of 2025 and being complete by summer of 2026. The time between contract award and construction beginning will be spent fabricating steel and the precast panels as well as a large number of submittals to support the construction of the project.

There are a number of environmental items that can affect the schedule. Tree clearing is subject to the Migratory Birds Act. There are two eagle nests in Simms Park and construction activities can be impacted depending on what nest the eagles are using. All work undertaken will be under the direction of a Qualified Environmental Professional.

Grant implications

Although the proposals do not meet the requirements in the agreement signed with the Government of Canada's Active Transportation Fund, preliminary discussions with granting authorities indicate that a change to the agreement's end date should be acceptable. The change has been submitted for their approval.

Also included in these discussions, the granting authority indicated that no additional funds are available to fund any cost overages for the project, and the funds cannot be used to fund other projects in the City of Courtenay. However, the funds can be used to fund a similar project in a different location, or potentially of a different form.

Value Engineering

Post-bid value engineering is a cost-saving and efficiency optimization process conducted after a preferred proponent has been established but before contract award. It aims to identify alternative materials, methods, or design modifications that reduce costs, improve constructability, or enhance long-term value without compromising project quality or functionality. Processes of this nature can take time, and consideration of the broader construction schedule with limited windows may require an accelerated approach. To formalize the results of any value engineering process, some limited project redesign may be necessary to formalize the discussions and award a contract.

Tariffs

Staff have begun communicating with the preferred proponent to better understand the project's exposure to the tariffs and opportunities for mitigation. Initial communications indicate that this RFP process has secured "pre-tariff" pricing. The preferred proponent has suggested that if and when the announced steel tariffs are implemented on or around March 12, 2025, the project will be exposed to up to \$250,000 of additional material costs. This number is preliminary and may be mitigated further.

POLICY ANALYSIS:

The City's Procurement Policy and City of Courtenay Delegation of Purchasing Authority Bylaw No. 3082, 2023, delegate authority to staff to enter into contracts that are budgeted for in the Council-approved financial plan. Since the preferred proponent price for this project is over budget, staff cannot award the contract until the Council amends the budget or provides alternative direction.

FINANCIAL IMPLICATIONS:

For the purposes of the 2024-2028 Five-year Financial Plan, the 6th Street Bridge project was estimated at \$6,588,900. However, on April 10, 2024 Council was presented a staff report indicating a budget shortfall of \$702,825. To accommodate, Council authorized an increase of \$1,000,000 to the long-term borrowing, from \$1,500,000 to \$2,500,000, subsequently increasing the 2024 project budget to \$6,886,100. A breakdown of the funding sources for this budget is below.

Funding Source	Amount
Federal ATF Grant	\$2,502,200
Debt (Long Term Borrowing)	\$2,500,000
Growing Communities Fund	\$1,000,000
New Works Reserve (3 rd Cross Fund)	\$815,300
RFE (Reserve for Future Expenditure)	\$68,600
TOTAL	\$6,886,100

The amount of budget shortfall is shown in the table below

	Amount
Preliminary budget in 2025-2029 Financial Plan	\$6,886,100
Funding required to fund construction	\$11,165,000
Additional funding required	\$4,278,900

Project Funding Options

In order to fund the project, staff are proposing the following funding sources to fund the \$4,278,900. There is no single clear solution to funding this project as costs have escalated substantially. Each of the options might be able to be used individually however the likely solution is a mixture of approaches.

Debt

Debt could be used to fund the entire overage of this project as the City has adequate debt capacity to add \$4.3M in long term borrowing. The annual debt servicing cost at 5% over a 20-year term would be \$367,053. A 1% change to the interest rate is equal +/- \$43,000 in interest expense. The new debt servicing cost would require about a 1% property tax increase to fund.

Pros

- Taxation impact is somewhat limited (1%)
- City has capacity to add more debt
- Interest rates are anticipated to be in the 4-5% range

Cons

- Pushes payment burden to future generations
- Timing of accessing funds
- Project is 61% debt funded

Though debt is a reasonable solution to fund this project it is not without its challenges. The most significant challenge with debt is the timing of the project. With construction ideally commencing in 2025 and the length of time it takes to secure long term debt, there is a strong likelihood that the City will have to self fund this project from surplus until the borrowing process can be completed. The borrowing must be included in the financial plan (currently not included), and the financial plan must be adopted prior to commencement of Council considering a borrowing bylaw. In 2024, loan authorization bylaws were first read by Council in early May and were not fully completed until October, furthermore the City was not required to seek electoral approval for the borrowing due to its current low long-term debt holdings. The borrowing process is not quick and borrowing follows the same time line no matter what amount of money is borrowed.

Taxation

To collect \$4,278,900 in taxation would require a 12.4% tax increase in addition to the existing and yet to be determined increase for 2025.

Surplus and Reserves

Other Reserves

The City holds no additional suitable reserves specifically to fund a net new project of this type. The City's reserves focus on replacement of existing assets and it would not be appropriate to use these reserves to fund a net new asset.

Gaming Funds

Gaming funds could be used to supplement this project as the expected fund balance is not adequate to cover the entire overage. The expected gaming fund balance available for use in 2025 is \$1.77M, this figure takes into consideration the recent council direction to fund the Bridge building demolition from gaming.

Surplus

The City does have prior year's unappropriated surplus on hand that is typically used as its working capital reserve to provide a stable cashflow throughout the year. This surplus has seen growth over the past few years and has an anticipated available balance in 2025 of about \$11.5M. This figure is still subject to 2024 year-end adjustments along with Council initiated direction for use in the 2025-2029 Financial Planning process. The desired surplus balance is equal to 20% of annual general fund operating costs which is about \$11.2M or 10 weeks of spending.

Funding Recommendation

There is no simple, clear solution to this challenge because each option presents its own issues. If we use a long-term lens, debt becomes the best approach as it spreads the burden of cost over 20 years but it comes at the expense of future taxpayers and substantial borrowing costs. If borrowing is the preferred method the total amount borrowed would be \$6.8M (\$2.5M + \$4.3M) and would require \$580K annual debt servicing payments (note \$2.5M of debt servicing costs are included in the draft 2025-2029 Financial Plan). The estimated total repayment cost (interest and principal) to borrow \$6.8M would be \$11.6M. If a mixture of borrowing and other funds is selected it will still require the City to go through the normal borrowing process.

ADMINISTRATIVE IMPLICATIONS:

The 6th St Active Transportation Bridge Project will be led by Infrastructure & Environmental Engineering, with support from most other City Departments. Consultants with technical knowledge specific to this work will be utilized to develop and implement detailed designs and processes.

STRATEGIC PRIORITIES REFERENCE:

A 6th Street Active Transportation Bridge would provide a dedicated cycling and pedestrian connection between downtown Courtenay and Simms Millennium Park as well as a connection to the future cycling network along 6th Street and Anderton Avenue, the Courtenay Riverway Trail, and the Lewis Park pathway connection to the Lewis Centre.

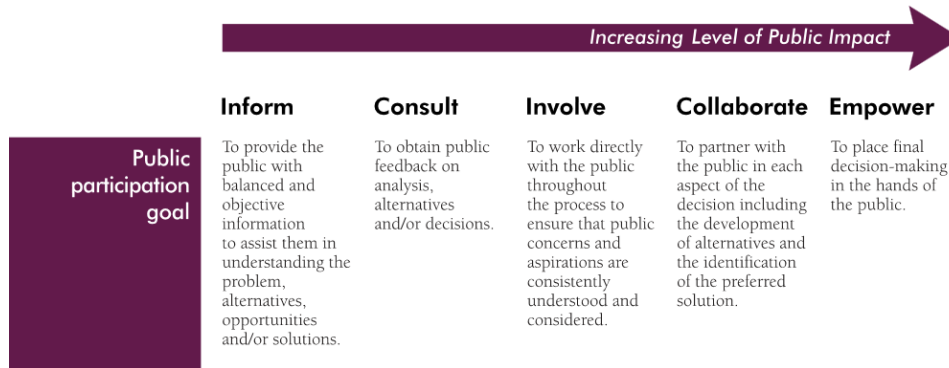
A 6th Street Active Transportation Bridge is included in the Parks & Recreation Master Plan and referenced in the City's Transportation Master Plan as well as the Downtown Courtenay Playbook. The design and funding as well as the construction of the 6th Street Bridge is a Council strategic priority.

This initiative addresses the following strategic priorities:

- Streets and Transportation - 6th Street Bridge design and funding
- Streets and Transportation - 6th Street Bridge construction

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council direct staff to amend the 6th Street Bridge Capital Budget in the 2025-2029 financial plan to \$11,165,100, and award the construction contract, and proceed with construction of the project.

THAT Council direct staff to prepare a loan authorization bylaw for \$4,300,000.

2. THAT Council cancel the current procurement, and direct staff to report back on alternative options for a 6th St Bridge.
3. THAT Council cancel the project.

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