



Date: February 25, 2005

**TO: Board Members – Parks and Recreation**

**FROM: General Manager – Parks and Recreation**

**SUBJECT: Queen Elizabeth Park Plaza: Construction**

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**RECOMMENDATION:**

- A. THAT, subject to the conditions set out in Recommendations B and C, the Board authorize the General Manager to issue a notice of acceptance of offer to Alexander Construction Ltd. and proceed to execute a contract with Alexander Construction Ltd. for the construction of the Queen Elizabeth Park Plaza at a price not to exceed \$4,606,771, plus GST.*
- B. THAT, subject to the conditions in Recommendation C, the Board exercise its option to reject all tenders submitted in response to Invitation to Tender T2005-2, and that the General Manager be authorized to formally notify each of the bidders that their respective bids have been rejected, both as of right and as being in excess of the Board's budget for this project.*
- C. THAT no legal rights or obligations will be created by the Board's approval of Recommendations A and B, unless and until the General Manager has issued the requisite notices of rejection, notice of acceptance, and executed the requisite contract.*

**POLICY**

Construction contracts over \$300,000 are awarded by the Board.

**BACKGROUND**

The Queen Elizabeth Park Plaza project follows the demolition and reconstruction of the reservoir by the Greater Vancouver Regional District (GVRD), completed in the spring of 2004. The design of the plaza was developed by Kim Perry and Associates and their consultant team, including architects Henriquez Partners. The design includes a water feature, arbours, a pavilion, washrooms, paved plaza, parking and extensive plantings of trees, shrubs and lawn areas. The concept plan was favourably received by the public at an Open House in June 25, 2003, and presented to the Board on July 21, 2003 and subsequently approved.

The project was originally tendered in June of 2004 but the bids received were significantly higher than the available funds. The bids were subsequently rejected, and the consultants were then given directions to reduce costs, while at the same time not compromising the design intent. In the fall of 2004 when additional funds became available, the consultant team proceeded to make additional changes to reduce costs and to prepare working drawings for tendering in the first week of January, 2005.

## DISCUSSION

The funds for this project come from several sources:

<b>Source of Funding</b>	<b>Amount</b>
Capital Funds	\$3,875,000
Reallocated Funding	\$ 550,000
Cost Escalation Funding	\$ 431,000
Reserve Fund (loan)	\$1,400,000
<b>Total Funding</b>	<b>\$6,256,000</b>

The capital funds include a carry over from the previous capital plan, as well as \$500,000 from the GVRD for restoration of the site after the reservoir and exterior piping upgrade. The reallocated/ new funding was approved by the City in April 20, 2004 to address the escalating construction costs and the unique infrastructure challenges due to construction on top of the Reservoir. The cost escalation funding was approved by the Board on July 19, 2004 to deal with the escalating construction costs for this, as well as other capital projects. At its meeting in October 28, 2004, the Board approved a loan of \$1.4 million from its reserve funds to fund for the construction of the Celebration Pavilion, with the loan to be repaid from the revenues generated by the project.

The project budget breaks down as follows:

<b>Item</b>	<b>Amount</b>
Infrastructure upgrades	\$ 343,000
Permits and Fees	\$ 54,000
Consultancy Fees	\$ 579,000
Restoration Costs	\$ 400,000
Contingency	\$ 273,229
Construction Contract	\$4,606,771
<b>Total</b>	<b>\$6,256,000</b>

Tenders were received from the three pre-qualified bidders:

<b>Company</b>	<b>Base Bid Price</b>	<b>Union/ Open Shop</b>
Alexander Construction Ltd.	\$4,778,195	Open
Holland Landscapers Ltd.	\$4,942,254	Union
Smith Brothers and Wilson Ltd.	\$5,125,938	Union/Open

In addition to quoting a base bid, bidders submitted separate prices for the possible addition of certain works. It was determined that fair prices were submitted for the addition of the balancing valves for the fountain jets and for the upgrading of a water line through the existing plaza, at an additional cost of \$29,176. Including the cost of the separately priced items, the total bid of the lowest bidder, Alexander Construction Ltd., is \$4,807,371. This exceeds the maximum construction budget of \$4,607,000 by about \$200,000. As advised by Legal Services, all three tendered bids must be rejected as they are in excess of the maximum allowable construction budget. However, there remained the opportunity to negotiate with the lowest bidder to get the project cost within budget.

The Consultant, after reviewing the tenders, recommended negotiating scope reductions with the lowest bidder, Alexander Construction Ltd. to bring the project under budget. Subsequently, Park Board staff and the Consultant negotiated a reduction of \$200,600 in project cost. The major reductions were deletions of three of the seven overhead arbour structures, reduction in height of the berms, and deletion of the pavilion graphics. Many of these items, for example the overhead arbour structures, can be reinstated at a later date, as additional funds become available. The Consultant states that the credits offered in exchange for the scope changes are fair and reasonable, and recommends their acceptance.

Construction is expected to be completed by November 2005.

## **SUMMARY**

Staff recommends that the Queen Elizabeth Park Plaza project be awarded to Alexander Construction Ltd. for a stipulated price contract of \$4,606,771. Funds are available for this amount.

Prepared by:

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