

LATE DISTRIBUTION REPORT

Date: May 25, 2007



TO: Board Members – Parks and Recreation
FROM: General Manager – Parks and Recreation
SUBJECT: Killarney Ice Rink And Lobby Award Of Contract

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C and D, the General Manager of Parks and Recreation be authorized to enter into a contract with Haebler Construction Projects Inc. for \$406,457, plus GST, with funding to be provided from the Capital Budget.*
- B. THAT the General Manager of Parks and Recreation be authorized to execute and deliver on behalf of the Park Board all legal documents required to implement Recommendation A.*
- C. THAT all such legal documents be on terms and conditions satisfactory to the General Manager of Parks and Recreation in consultation with the Director of Legal Services.*
- D. THAT no legal rights or obligations will be created or arise by the Board's adoption of Recommendations A, B and C above unless and until such legal documents are executed.*
- E. THAT the Board reserve the following reallocations from the capital accounts listed below for the Killarney project:*

Concessions	\$100,000
Fieldhouse Renovation	\$75,000
General Facility Improvement	\$25,000
Brockton Point/Seawall	\$200,000
New Brighton Foreshore	\$50,000
Stanley Park Water and Utilities	\$250,000
Total	\$700,000

Subject to the final reallocations being determined at such time as all trade bids for the Killarney Rink project have been received.

POLICY

The Board must authorize construction contracts over \$300,000.

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BACKGROUND

The Board approved the development permit design plans for the Killarney Ice Rink and Lobby at its meeting of October 2, 2006.

After a competitive process Haebler Construction Projects Inc. (Haebler) was awarded a contract to provide construction management services, including pre-construction services and the obtaining of competitive trade bids on behalf of the Board.

DISCUSSION

In order to gain time in the overall construction schedule, staff advise awarding the deconstruction work prior to the receipt of all other trade contractor bids by the construction manager. Bids for demolition were received by Haebler in their role as construction manager. Staff have now negotiated a fixed price contract in the form normally used for fixed price contracts and reviewed by the Director of Legal Services. This contract will set in place the form of agreement and all the general and special conditions applicable not only to this demolition phase, but to contracting the remainder of the work through to completion of construction. The contract award as now recommended to the Board will include the cost of deconstruction and incidental work, such as the erection of a perimeter safety fence around the construction site, as well as the cost to supervise and coordinate the work, and the contractor's fee. The fixed price for the deconstruction and associated work is \$406,457.

While demolition proceeds, expected to take ten to twelve weeks, Haebler will call for competitive bids from trade contractors on the remainder of the work. Revisions to the fixed price contract that is recommended in this report will be negotiated with Haebler, based on the trade bids received, and including the "general conditions" cost (overhead, supervision, temporary utilities, recycling, etc.), own forces work, and a construction management fee. The final amount of Haebler's contract will be the subject of a future Board report.

Project Status

The most recent cost estimates for the Killarney project indicate a \$2.4 million shortfall for construction as a result of market conditions. This situation has been reviewed by staff and the building committee, and the following budget adjustments, design changes and reallocations are recommended.

On the budget side \$500,000 can be transferred from the allowances for soft costs to the allowance for construction: the construction contingency can be adjusted from \$783,000 to \$583,000, and the required DCL payment was lower than anticipated by \$300,000.

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On the design side some \$1.2 million of value engineering can be achieved through, among others, the following initiatives:

- Reduction in floor area
- Reductions in landscaping and site improvements
- Deletion of non-essential items, including a canopy, several skylights, some ceiling panels
- Replacing the green roof system with a reflective roofing membrane system
- Reducing or reviewing the extent of glazing in the facility

While these changes affect the aesthetics of the building, the fundamental program objectives, design quality, as well as the LEED Gold standard can be maintained. The building committee has indicated non-support for, among others, the following initiatives (totalling approximately \$240,000) that are required to meet the value engineering target:

- Reduction in floor area
- Deletion of concrete plaza
- Replacing asphalt with crushed gravel

At this time even after the budget adjustments and the value engineering, an additional \$700,000 needs to be identified to fund the entire project.

Budget Reservations

Staff have reviewed the various capital accounts and recommend the following re-allocations be reserved for use in the Killarney project:

Concessions	\$100,000
Field house Renovation	\$75,000
General Facility Improvement	\$25,000
Brockton Point/Seawall	\$200,000
New Brighton Foreshore	\$50,000
Stanley Park Water and Utilities	\$250,000
Total	\$700,000

These transfers will defer a number of smaller projects and reduce flexibility in addressing unforeseen projects in each of these areas.

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SUMMARY

This report recommends award of a contract to Haebler Construction Projects Inc. for the deconstruction of Killarney Ice Rink and Lobby. After receipt of trade bids by Haebler, the contract will be increased, with Board approval, to a higher negotiated fixed price to complete the project.

Prepared by:
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