



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: March 7, 2005
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Meeting Date: March 15, 2005

TO: Vancouver City Council

FROM: Director of Facility Design & Management in consultation with the General Manager of Engineering Services and the Director of Real Estate Services

SUBJECT: Gastown Parkade / Storyeum - 150 Water Street and 151 West Cordova - Funding Adjustment for Additional Work

RECOMMENDATION

THAT Council approve an increase in the budget for the Gastown Parkade Project (150 Water Street and 151 West Cordova) for additional work comprising:

- (i) final fit-out work including wayfinding signage, off-site engineering works and new security systems in the amount of \$772,000; and
- (ii) for DCLs, GVRD development levies and unforeseen items arising during construction in the amount of \$900,000,

for a revised total budget of \$42.32 million as set out in the report; source of funding to be the Parking Sites Reserve, with a proportionate share to be determined at completion from the general Property Endowment Fund.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

COUNCIL POLICY

- Council approval is required for adjustment of budgets or transfer to/from Capital Accounts over \$50,000.

BACKGROUND

In 2002 and 2003 Council approved funds in the amount of \$39.53 million for the demolition and replacement of the Cordova Parkade and upgrade and expansion of the Water Street Parkade (Gastown Parkade).

Subsequently, in 2003 Council approved additional funding for a partial lighting upgrade (\$227,000), parking revenue equipment (\$348,942), off-site engineering works (\$75,000), and tenant improvements, the cost of which to be borne by HXP (\$470,605); bringing the total project budget to \$40.65 million.

In 2002 Council appointed Dominion Fairmile Construction Ltd. as general contractor for the reconstruction of Cordova Parkade, and in 2003 general contractor for the Water Street Parkade upgrade.

PURPOSE

This report requests additional funding in the amount of \$1,672,000 for the Gastown/Cordova Parkade project to offset fit-out, City and Regional development charges and other unforeseen costs which have arisen during construction. The report also notes in general the ongoing disputes with the contractor which have yet to be resolved.

DISCUSSION

In August 2002, the City entered into contract with Dominion Fairmile Construction Ltd. (Dominion) for reconstruction of the Cordova Street Parkade and in April 2003, added a two and a half floor expansion to the Water Street Parkade. The work includes shell space for a major tenant, Westcoast Historical Experiences (now called HXP) for its Storyeum show.

Dominion contracted to deliver the project sequentially so the HXP space could open on June 1, 2004, and Parkades by the summer of 2004. When scheduling difficulties arose, Dominion proposed an integrated schedule which allowed HXP to open as scheduled, and the parkades by the fall of 2004. Throughout the project Dominion experienced scheduling problems requiring sequential extensions in the delivery dates to February/March 2005.

CURRENT STATUS

An occupancy permit for the Water Street Parkade was received on February 24, 2005. With the exception of a deficiency in the required clearance, an occupancy permit for the Cordova Parkade could be applied for shortly. Other disputes with Dominion pertaining to delays are currently being reviewed by staff; however, a protracted process is anticipated before a final settlement is reached.

Additional costs not provided for in the current budget have been incurred or are anticipated. These costs are primarily comprised of fit-out costs required to occupy and operate the parkades and unforeseen costs which arose during construction due to phasing and an extended schedule, as follows:

A. Fit-out Costs

Additional items required to fit-out the parkades for occupancy:

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| 1. | Wayfinding and directional signage including temporary measures installed during phased construction activities | \$124,000 |
| 2. | Additional off-site engineering costs related to street, traffic changes, corner bulges, and such to address the proposed Traffic Management Plan in Gastown Area | \$106,000 |
| 3. | Integrated parking/security system with card access to allow individual parking levels to be secured for residential or other uses with a simple upgrade of gates and reprogramming of exit doors and elevators. Premium for running extra conduit, security systems, parking gates and refurbished, furnished attendant booths | \$500,000 |
| 4. | Replacement of storm drain lines and several rain water leaders in Water Street Parkade too damaged to be retained | \$42,000 |
| Sub-total Fit-out Costs | | <u><u>\$772,000</u></u> |

B. Levies and Unforeseen Costs

Unforeseen, extraordinary expenses and unrealized recoveries have been incurred and as the project has progressed. The project has been delivered in phases with the overall schedule extended by six months, impacting the budget and depleting normal contingencies.

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| 1. | DCL and GVRD levies (unfunded; exemption confirmed to be not possible) | \$315,000 |
| 2. | Design changes to elevator and stair core | \$220,000 |
| 3. | Consultants extra fees due to phasing and delays | \$150,000 |
| 4. | Increased Insurance, Bonding, and BC Hydro charges | \$215,000 |
| | Sub-total Unforeseen Items | <u>\$900,000</u> |

FINANCIAL IMPLICATIONS

Council has approved funding totaling \$40.65 million for the Gastown Parkade project including recoveries. Additional costs identified above are expected to increase this cost by \$1.672 million to \$42.32 million.

It is proposed that the initial source of funding for this increase be the Parking Sites Reserve, and that the Director of Finance be authorized to allocate a proportionate share of this cost to the Property Endowment Fund, the amount to be determined at completion of the project.

Discussions with Dominion with respect to disputed claims have yet to be resolved to the satisfaction of the City. Staff will report back to Council when these discussions are concluded.

Depending on the net settlement this may require additional funds to complete the project.

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