

Report Date: February 17, 2017
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Meeting Date: March 8, 2017

TO: Standing Committee on City Finance and Services

FROM: General Manager of Real Estate and Facilities Management, Chief Librarian and Chief Purchasing Official

SUBJECT: Contract Award for Central Library Levels 8 & 9 Construction

RECOMMENDATION

- A. THAT Council authorize City staff to enter into a contract with Smith Bros. & Wilson (B.C.) Ltd., for the construction of Levels 8 & 9 of the Central Library, with an estimated contract value of \$12,748,621, plus GST to be funded through the approved multi-year Capital Budget of \$15 million for Central Library Levels 8 and 9 Expansion project, to be funded from:
- (a) \$8,500,000 in cash Community Amenity Contributions (CAC) received from the following downtown rezonings:
 - (i) \$1,445,515 from the approved allocation from rezoning of 225 Smithe Street;
 - (ii) \$4,520,000 from the unallocated balance of cash CAC from the rezoning of 1151 West Georgia Street;
 - (iii) \$1,910,639 from the unallocated balance of cash CAC from the rezoning of 535 Smithe Street;
 - (iv) \$623,846 from the unallocated balance of cash CAC from the rezoning of 999 Seymour Street;
 - (b) \$6,000,000 contribution from the Vancouver Public Library Foundation, which includes a \$2,000,000 contribution from the Federal government (Canada Cultural Spaces Fund); and
 - (c) \$500,000 contribution from the Federal government (Canada 150 Community Infrastructure Program).
- B. THAT the Director of Legal Services, Chief Purchasing Official and General Manager of Real Estate and Facilities Management be authorized to execute on behalf of the City the contract contemplated by Recommendation A;
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued an Invitation to Tender (“ITT”) PS20161840 on November 21, 2016 for invited contractors which were previously pre-qualified under the public Request for Pre-Qualifications no. PS20161410 from October 2016, to submit their bids for the expansion of Central Library’s Levels 8 & 9. The ITT was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and conditions of the City’s Procurement Policy AF-015-01. City staff on the ITT evaluation committee and, subsequently, the Bid Committee have considered the responses received and, on that basis, recommend that the City enter into a contract as described above with Smith Bros. & Wilson (B.C.) Ltd.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City’s Procurement Policy AF-015-01 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered, and recommended Smith Bros. & Wilson (B.C.) Ltd. as the successful contractor.

REPORT

Background/Context

The Vancouver Public Library will expand into the two upper floors of the Central Library, Levels 8 & 9. These floors were previously leased as office space to the BC Government until July 2016. Interior demolition during the summer of 2016 reduced the areas to shell space in preparation for the expansion of library programs. The additional 35,000 square feet of programmable library space will include a two-storey public atrium, a quiet reading room, community-use spaces, administrative offices, and multi-purpose rooms with a catering kitchen. A portion of the building interior at Level 9 will be demolished to make way for a significant public roof garden. Existing terraces on both the north and south sides of Level 8 will be updated to allow public access. The expansion will provide spaces for reflection, learning and cultural exchange.

To this effect, a 2-step tender process was completed to, first, shortlist to a small group (3-5) of general contractors who have a high level of expertise in similar projects (library/civic site construction and/or renovation). Resulting from this process, five qualified contractors were selected. An ITT was subsequently issued to identify which of the 5 pre-qualified contractors offered the lowest construction price while meeting the City’s service requirements. One prequalified vendor dropped out of the process due to workload constraints.

Strategic Analysis

The ITT was issued in accordance with City’s Procurement Policy AF-015-01.

The City received bids (including GST) from the following pre-qualified contractors:

1. Graham Construction and Engineering LP	\$14,598,000
2. Heatherbrae Builders Co. Ltd.	\$15,498,000
3. Scott Construction Group	\$17,875,000
4. Smith Bros. & Wilson (B.C.) Ltd.	\$12,980,466

The bids were evaluated by representatives from Real Estate and Facilities Management and team members of the Consultant, DA Architects + Planners, under the stewardship of Supply Chain Management to ascertain if the bids offered good overall value to the City.

The successful contractor submitted the lowest-priced compliant bid. Based on the overall evaluation, the team concluded that the tender submitted by Smith Bros. & Wilson (B.C.) Ltd., best met the City's requirements and provided best overall value to the City.

Financial Implications

The Central Library Levels 8 and 9 Expansion project has an approved multi-year project budget of \$15 million. The construction contract is higher than anticipated; however, the additional cost will be covered by the project contingency. Finance has reviewed and confirmed that sufficient funding is available from current approved multi-year Capital Budget for Central Library Levels 8 and 9 Expansion project. As a result of the ITT, the City is able to achieve cost certainty for the proposed contract.

Funding for this project will come from:

- \$8,500,000 in cash CAC received from the following downtown rezonings:
 - \$1,445,515 from the cash CAC from 225 Smithe St.
 - \$1,910,639 from the unallocated cash CAC from 535 Smithe St.
(Background: The original cash CAC associated with this site, received in 2008, totalled \$6M. \$2M was allocated to the Affordable Housing Reserve, \$2M was allocated to the Cultural Precincts Reserve and \$2M allocated toward acquisition and development of Emily Barnes Park. The City also received \$228,666 of related interest which was not allocated. In 2013 the phase 2 of the Emily Barnes Park project was completed under budget and the \$1,681,973 surplus was left as unallocated CAC.)
 - \$4,520,000 from the unallocated cash CAC from 1151 West Georgia St.
(Background: The original cash CAC associated with this site, received in 2006, totalled \$7.5M. \$1.2M was allocated to public realm improvements in the Bute Street and \$6.3M was subject to future allocation by City Council to amenities in the area surrounding the site and in the downtown, such as childcare, affordable housing and cultural infrastructure. In 2009 \$650,000 was allocated to the cost of tenant improvements at for Non-Profits at Woodward's and in 2011 \$1,130,000 was allocated towards the cost of restoring the York Theatre.)
 - \$623,846 from the unallocated cash CAC from 999 Seymour St.
(Background: The original cash CAC associated with this rezoning totalling \$2,818,224 was left unallocated. Council approved allocation of \$250,000 to EV infrastructure in 2016. \$1,110,878 will remain unallocated and available for other priorities downtown after the proposed allocation to the Central Library project)
- \$500,000 funding contribution from the Federal government's Canada 150 Community Infrastructure Program. Federal funding was approved in July 2015.
- \$6,000,000 contribution from the Vancouver Public Library Foundation, which includes a \$2,000,000 contribution from the Federal government's Canada Cultural Spaces Fund. Federal funding was approved in February 2017.

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee plus Council will be signed by the Director of Legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver enter into a contract with Smith Bros. & Wilson (B.C.) Ltd., for the construction and expansion of Levels 8 & 9 of the Central Library.

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