



CITY OF VANCOUVER

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ADMINISTRATIVE REPORT

Report Date: November 20, 2006
Author: Piet Rutgers
Phone No.: 604.257.8463
RTS No.: 06413
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Meeting Date: December 12, 2006

TO: Vancouver City Council

FROM: General Manager of Olympic Operations and the General Manager of Parks and Recreation

SUBJECT: Hillcrest Curling Venue/Percy Norman Aquatic Centre Venue Agreement

RECOMMENDATIONS

- A. THAT the Director of Legal Services in consultation with the City Manager be authorized to amend the venue agreement with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games for the Hillcrest Curling Venue confirming an expedited process for project construction generally as follows:
- Integrated project to be managed by a joint capital works committee, made up of both Park Board/City and VANOC representatives.;
 - VANOC to enter into contracts for construction management and construction of both the Curling Venue and the Aquatic Centre.
 - Contracts dealing with the Curling Venue would be directed by the Capital Works Committee;
 - Contracts dealing with the Aquatic Centre would be directed by the General Manager of Parks and Recreation;
 - The Director of Legal Services would review all contracts and contract award by VANOC would be subject to concurrence by the General Manager of Parks and Recreation.
- B. THAT the General Manager of Parks and Recreation and the General Manager of Olympic and Paralympic Operations report to Council and the Park Board on the project schedule and budget status every six months or more frequently in the event that the project budget is expected to exceed the approved funding.

- C. THAT Council approve borrowing authority of \$17.6 million from the Community Legacies borrowing question approved by the voters on November 19, 2005 for completion of the Percy Norman Aquatic Centre replacement.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of A, B and C.

COUNCIL POLICY

Council or the Park Board approve construction contracts over \$300,000.

Council has delegated authority to the Director of Legal Services in consultation with the City Manager to enter into agreements with the Vancouver 2010 Organizing Committee for the Olympic and Paralympic Games (VANOC) for management of the City's obligations under the Multiparty Agreement, Host City Agreement, Participation Agreement, Joint Marketing Agreement or other Olympic related agreements.

PURPOSE

The purpose of this Council Report is to seek Council authority to enter into an agreement with VANOC governing the construction of the Hillcrest Curling Venue and Percy Normal Pool replacement.

The General Manager of Parks and Recreation is, in a parallel report to the Park Board, seeking authority to concur with the VANOC contracts.

BACKGROUND

In 2002, the City and the Vancouver 2010 Bid Corporation entered into a series of agreements related to the provision of Olympic venues in the City. Those agreements have subsequently been assigned to VANOC. One of those agreements is a venue agreement for the Hillcrest Curling Venue and subsequent Legacy Conversion for post Games use. The agreement outlines the City's and VANOC's responsibilities with respect to the facility. The Curling Venue will be used during both the Olympic and Paralympic Games.

Funding for a replacement Percy Norman Pool was included in the 2006 - 2008 Capital Plan approved by Council in October 2005. The voters subsequently approved related borrowing authority.

On September 28, 2006, Council approved recommendations in a report entitled "Olympic Legacy Projects: Funding Options". The recommendations, approved the overall budgets for the Olympic legacy facilities subject to report back prior to awarding construction contracts; and, specified the level and sources of City funding for the construction of the Curling Venue and the Aquatic Centre.

The Development Permit Application for the Curling Venue and Aquatic Centre was approved with conditions by the Development Permit Board on November 20, 2006. A

Development Permit is expected to be issued in January or February 2007, with construction proceeding immediately after.

DISCUSSION

The City and VANOC originally intended to build two adjacent facilities, the Hillcrest Curling Venue and the Percy Norman Aquatic Centre. In consultation with the public, the City and VANOC have now decided to build a single, integrated facility accommodating both the Curling Venue and the Aquatic Centre. This approach will allow the project to be expedited, and maximizes organizational efficiency and economies of scale.

A Capital Works Committee with equal representation from VANOC and the City/Park Board has been established to guide the design and development of the Curling Venue and Legacy Conversion, and coordinate decisions related to the Aquatic Centre.

The City and VANOC have concluded that the most effective way to manage the integrated construction project is to have VANOC enter into the necessary contracts with concurrence from the City. The City will then reimburse VANOC for the City's portion of the costs.

The project will require a construction management contract and approximately 14 trade contracts. VANOC, with the City's concurrence, intends to enter into a contract with Stuart Olson Inc.. Stuart Olson to provide construction management services and seek bids for the trade contracts, ranging from excavation through interior building finishes. Stuart Olson's contract will contain an incentive clause whereby if the project is delivered under budget and on schedule, Stuart Olson will be entitled to share in a portion of the savings. The incentive will encourage Stuart Olson to maximize potential savings in the project.

The City is currently finalizing a memorandum of understanding with VANOC outlining the provisions of a revised venue agreement for the Curling Venue based on Council's decisions in September 2006. The memorandum of understanding also contains a provision whereby VANOC will pay the City \$10 million for the cost of the Legacy Conversion of the Curling Venue to its post Games configuration.

Given that VANOC will be contractually responsible for the integrated facility, it is recommended that Council authorize the Director of Legal Services to further amend the venue agreement to describe the process by which construction of the facility will proceed:

- VANOC will enter into contracts for the construction of both the Curling Venue and the Aquatic Centre.
- Contracts dealing with the Curling Venue would be directed by the Capital Works Committee, made up of both Park Board/City and VANOC representatives.
- Contracts dealing with the Aquatic Centre would be directed by the General Manager of Parks and Recreation.

- The Director of Legal Services would review all of the contracts, and contract award by VANOC would be subject to concurrence by the General Manager of Parks and Recreation.

This approach is a change from normal administrative authorities in which each contract over \$300,000 would be approved directly by Council or the Park Board. However, as the City will not be contracting directly for the construction work and as Council and the Park Board have established the overall City funding for the project thereby limiting the City's exposure, it is recommended that Council delegate authority for the General Manager of Parks and Recreation to concur with construction contract awards that arise from the process.

The agreement would apply to construction contracts up to the completion of the Curling Venue and the Aquatic Centre. Contracts for the Legacy Conversion of the Curling Venue will be awarded directly by the Park Board, and this work will occur in 2010 and 2011.

The General Manager of Parks and Recreation is submitting a companion report to the Park Board seeking authority to concur with the VANOC contract awards.

An alternative approach would be for the City to enter into parallel contracts with VANOC and for contract award to be authorized by Park Board as per normal City/Park Board policy. This approach would result in the facility not being completed on schedule.

FINANCIAL IMPLICATIONS

The City has committed a total of \$38.76 million to construction of the Hillcrest Curling Venue/Legacy Facility and the Percy Norman Pool replacement. Of this, \$19.5 million is derived from borrowing authority approved by the voters as part of the 2006 - 2008 Capital Plan. Of this borrowing authority, \$1.9 million was approved as part of the 2006 Capital Budget. In order to provide the balance of the funding necessary to proceed with these projects, Recommendation C seeks Council approval of the balance of that borrowing authority.

Council approved the balance of the funding for these facilities (\$19.26 million) on September 26, 2006. City funding will be provided from internal sources.

The project continues to be on track to be completed within the budget approved by Council and the Park Board. In the event that, based on construction contract costs, it appears that the project may not be completed on budget, the General Manager of Parks and Recreation and the General Manager of Olympic and Paralympic Operations will report back to the Park Board and Council. In any case, the General Manager of Olympic and Paralympic Operations and the General Manager of Parks and Recreation will report back to Council and Park Board each six months to update Council on the project budget and schedule.

Entering into an agreement with VANOC whereby VANOC will enter into construction contracts for both the Aquatic Centre and the Curling Venue and the City will

reimburse VANOC for the City's portion of the cost of the contracts, will allow the project to be completed on schedule and improve project efficiency.

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