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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: July 10, 2007
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Meeting Date: July 24, 2007

TO: Vancouver City Council

FROM: The Project Manager for the Southeast False Creek & Olympic Village Development (the "Project Manager")

SUBJECT: Southeast False Creek and Olympic Village - Award of Contract C111 for First Avenue Reconstruction

RECOMMENDATION

- A. THAT a budget of \$23,000,000 be approved for the First Avenue Reconstruction Project in the Southeast False Creek ODP area, source of funding to be:
- \$20,657,900 plus GST from Southeast False Creek Financial Plan; and
 - \$2,342,100 plus GST from the Neighbourhood Energy Utility Capital Budget.
- B. THAT, subject to the conditions set out below, the City Manager be authorized to enter into a contract with BelPacific Excavating & Shoring Limited Partnership ("BelPacific") for the First Avenue Reconstruction Project at an estimated cost of \$20,604,260 plus GST; funding to be provided from the budget approved in Recommendation A;

THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement this Recommendation;

THAT all such legal documents be on terms and conditions satisfactory to the City Manager and the Director of Legal Services; and

THAT no legal rights or obligations will be created or arise by Council's adoption of this Recommendation B unless and until such legal documents are executed and delivered by the Director of Legal Services.

- C. THAT the SEFC Project Manager be instructed to seek the recovery of the costs of installing the BC Hydro (\$1,051,100), Telus (\$535,400) and Engineering Services (\$325,400) infrastructure as part of the First Avenue Reconstruction Project; and failing that be authorized to adjust by change order the scope of work under the BelPacific contract.
- D. THAT the SEFC Project Manager be authorized to reimburse BC Hydro for relocation of the overhead electrical lines on First Avenue at a cost of \$630,700 plus GST, with the funding to be provided from the First Avenue Reconstruction Project Budget approved in Recommendation A.
- E. THAT Council approve an additional \$1,000,000 budget for site servicing costs and other work for the City's infrastructure development in SEFC Area 2A; source of funding to be the Property Endowment Fund: Southeast False Creek Development.

CITY MANAGER'S COMMENTS

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

COUNCIL POLICY

Funding for all capital expenditures must be approved by Council and Council approves the award of contracts that exceed \$300,000.

PURPOSE

This report seeks approval of the budget for the First Avenue Reconstruction Project in Southeast False Creek and authorization for the City Manager to award a contract for this project to BelPacific. In addition, this report seeks approval for an additional \$1,000,000 budget for site servicing costs and other work for the City's infrastructure development in SEFC Area 2A.

BACKGROUND

On March 1, 2005, Council approved the Official Development Plan ("ODP") for the SEFC neighbourhood, which sets the framework for development of the SEFC neighbourhood.

On May 12, 2005, Council approved the establishment of the SEFC and Olympic Village Project Office (the "Project Office") to manage the development of the City-owned lands in SEFC (including Area 2A, the site for the Olympic Village), as well as the design and facilitation of the public infrastructure for the entire ODP area. This includes selecting a developer and work with the developer to design and construct the buildings on City lands in Area 2A, as well as designing and constructing the parks, streets, waterfront, other public spaces, and

site servicing infrastructure, including sewer, water, storm water, energy, and other utilities within the SEFC ODP area.

On March 2, 2006, Council approved the creation of the Neighbourhood Energy Utility to provide domestic hot water and hydronic heating to the buildings in the SEFC ODP area, and provided an initial capital budget of \$14 million to undertake this work. The infrastructure to support the utility is being installed within the street rights of way in the ODP area, including along the reconstructed First Avenue.

On June 15, 2006, Council approved the Southeast False Creek Public Benefit Strategy and Compatible Housing Strategy, including the underlying financial plan and funding strategy for delivering the public amenities and infrastructure within the SEFC ODP area. This strategy involves reinvesting the proceeds from City-wide development cost levies earned from development in the ODP area to public benefits along with the proceeds from an area specific DCL and CACs generated from rezonings of the private lands. The First Avenue Reconstruction Project was included in the infrastructure components of that plan.

DISCUSSION

i) First Avenue Reconstruction

The next scheduled construction activity in the ODP area is the reconstruction of First Avenue from Quebec Street in the east to Wylie Street at the west end of the ODP area. This includes the installation of water, sanitary, storm, district heating, lighting, electrical and telecommunications infrastructure.

Through a public tendering process, tenders were received from BelPacific, Pedre Contractors Ltd. and JJM Construction Ltd. Prices listed in Table 1 exclude GST and are based on lump sum and unit rates (as noted in the Tender Documents) for mobilization, demobilization, road works, and supply and installation of water, sanitary, storm, district heating, lighting, and electrical and telecommunications infrastructure. The contractor will be paid for the actual quantities of material used, whether it is more or less than the amount estimated.

Table 1: Tender Prices

	Tender Price
BelPacific	\$20,604,260
Pedre Contractors Ltd.	\$21,800,000
JJM Construction Ltd.	\$22,877,020

On the basis of best value, it is recommended that the First Avenue Reconstruction Project contract be awarded to BelPacific for the estimated amount of \$20,604,260 plus GST.

The tender price by BelPacific includes the costs of providing in-ground infrastructure that will be utilized by utility services, including:

- \$1,051,100 for BC Hydro infrastructure construction;
- \$535,400 for Telus infrastructure construction; and

- \$325,400 for common carrier ductwork to be controlled by the City's Engineering Services Dept.

The City will be seeking reimbursement from BC Hydro, Telus and Engineering Services for these costs in advance of construction. Recommendation C authorizes the Project Manager to alter the scope of the First Avenue Reconstruction Project contract by change order if these recoveries are not satisfactory.

The First Avenue Reconstruction Project will require that overhead electrical lines owned by BC Hydro and running from Quebec St to west of Wylie Street be relocated. To facilitate construction, BC Hydro will reroute the existing overhead circuits through new and existing duct banks to new terminal poles where they will be tied into existing overhead lines. The cost for this work is \$630,700 plus GST, with funding included in the project budget requested in Recommendation A.

ii) Increase in Funding for SEFC Site Servicing

Recommendation E seeks approval of additional funding for site servicing of \$1.0 million. The additional funding requested in this report will provide funding for expanded work under existing contracts or for new contracts up to an individual maximum of \$300,000 in value. Any use of these funds will be in accordance with existing administrative authorities.

Examples of activities to be funded by the additional budget are:

- construction site logistics including fencing, security and first aid;
- change orders to existing construction contracts for site servicing; and
- design modifications required to accommodate updates to the site plan.

Previous interim site servicing funding requests have been approved by Council. On May 12, 2005, Council approved \$200,000 for consultancy contracts. On January 19, 2006, Council approved \$1,000,000 for consultancy and construction work to continue with the site servicing project. Council also approved \$1,000,000 on July 18, 2006, \$1,000,000 on November 16, 2006, and \$2,000,000 on January 30, 2007 for this purpose.

The total budget to date including the proposed additional funding is within the amount allocated in the pro-forma for the SEFC development.

FINANCIAL IMPLICATIONS

This report recommends that Council establish a budget of \$23,000,000 for the First Avenue Reconstruction Project; with funding provided from the following sources:

- \$20,657,900 plus GST from Southeast False Creek Financial Plan; and
- \$2,342,100 plus GST from the Neighbourhood Energy Utility Capital Budget.

The contract to BelPacific at an estimated cost of \$20,604,260 plus GST is to be funded from this budget.

The BelPacific contract includes the following work being conducted to the benefit of utility services for which the Project Manager, SEFC Development will seek reimbursement as follows:

- \$1,051,100 from BC Hydro for the cost of BC Hydro infrastructure work;
- \$535,400 from Telus for the cost of Telus infrastructure work; and
- \$325,400 from Engineering Services for common carrier ductwork.

Should reimbursement not be to the satisfaction of the Project Manager, SEFC Development, scope changes can be made in the BelPacific contract.

In addition to the civil works that are part of the First Avenue Reconstruction Project, the overhead lines on First Avenue need to be relocated to facilitate construction. This work will be completed by BC Hydro at a cost to the City of \$630,700 plus GST; funding to be provided from the project budget.

The budget of \$23,000,000 in Recommendation A includes the First Avenue Contract Price of \$20,604,260, the cost of \$630,700 for BC Hydro to relocate the overhead lines, and a contingency of \$1,765,040.

ENVIRONMENTAL IMPLICATIONS

An Approval in Principle ("AIP") for the SEFC City-owned lands was received from the Province of British Columbia on June 14, 2005.

The Project Office has been working with the member agencies of the Burrard Inlet Environmental Review Committee ("BERC") and on November 25, 2005 received authorization from the Department of Fisheries and Oceans Canada to proceed with construction of the SEFC project.

The work described in this report will be completed in compliance with the terms of the AIP and BERC authorization(s).

CONCLUSION

The SEFC and Olympic Village Project Manager seeks Council approval of a budget of \$23,000,000 for the First Avenue Reconstruction Project in Southeast False Creek, and authority to enter into a contract with BelPacific at an estimated cost of \$20,604,260 plus GST.

In addition, the Project Manager seeks Council approval of \$1,000,000 for site servicing costs and other work for the City's infrastructure development in SEFC Area 2A.