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ADMINISTRATIVE REPORT

Report Date:June 2, 2009Contact:Garrick BradshawContact No.:604.873.7616RTS No.:8020VanRIMS No.:08-2000-20Meeting Date:June 16, 2009

TO:	Vancouver City Council
FROM:	Director, Facilities Design and Management and the Director, Civic Theatres
SUBJECT:	The Orpheum Revitalization Project - Award of Construction Contract

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendation B, the City be authorized to enter into a construction contract with Parkwood Construction Ltd. ("Parkwood") for the Orpheum Revitalization Project for a sum of \$3,523,707 (plus applicable taxes), with funding to be provided by the Cultural Precinct - Orpheum Restoration and Refurbishment Capital Budget;
- B. THAT all documents required to implement Recommendation A shall be drawn to the satisfaction of the Director of Legal Services, in consultation with the General Manager of Business Planning and Services provided that no legal rights are hereby created and none shall arise until all such documents are executed by the Director of Legal Services on behalf of the City.

GENERAL MANAGER'S COMMENTS

The General Manager of Business Planning and Services and the General Manager of Community Services RECOMMEND approval of the foregoing.

COUNCIL POLICY

Council approval is required for projects funded from the Capital Budget. Council approval is required for the award of any construction contract with a value over \$300,000.

Contracts are to be awarded on the basis of best value for the City.

PURPOSE

The Director of Facilities Design and Management and the Director of Civic Theatres are requesting approval of the award of a construction contract for the Orpheum Revitalization Project.

BACKGROUND

On October 31, 2006, Council approved the expenditure of \$60 million on the development of a Cultural Precinct in downtown Vancouver. This development includes:

- An acoustic separation of the Vancouver Playhouse from the Queen Elizabeth Theatre (\$6 million),
- A major renewal of the Queen Elizabeth Theatre (\$48.5 million), and
- Refurbishment of the Orpheum (\$5.5 million)

The program was planned and scheduled in order to complete all work before the 2010 Games as the three Civic Theatres will be flagship venues for the Cultural Olympiad from January to March, 2010.

The theatres are home to Vancouver's leading performing arts companies, such as the Vancouver Playhouse Theatre Co., Vancouver Opera, Vancouver Symphony, Ballet BC, Vancouver Bach Choir, Vancouver Chamber Choir, Friends of Chamber Music and the Vancouver Recital Society. Closure of the theatres for an extended period of time was not practical as it would jeopardize the financial viability of these organizations. Instead, the theatres were scheduled for serial summer closures of 6 months or less to accommodate construction.

The Playhouse acoustic separation project was completed in summer 2006.

The QET Renewal Project occupied the summers of 2007, 2008 and will be completed during the period of May to November 2009.

The Orpheum Revitalization Project commenced in the summer of 2008 with a number of minor works including the replacement of the carpet, brass handrails, and the refurbishment of the existing antique lobby furniture.

In 2009, the major elements for the Orpheum Revitalization Project include:

- replacement of existing seats with new seats;
- addition of sound and light locks at the entrance to the audience chamber on the orchestra level;
- additional handicapped seating;
- upgrades to the washrooms, including increased capacity in the women's washrooms; and
- redesign of interior signage, including restoration of the original illuminated lobby signs.

Should a grant application submitted to Parks Canada be successful, the original chandeliers and heritage lighting fixtures will be restored as well as the neon blade sign over the Granville Street entrance. The two Chinese tapestries donated by the Chinese community in 1927 will also be repaired, remounted, and sealed for long-term preservation.

Undertaking this Project in the summer of 2009 is crucial to maintaining the critical path of the overall Orpheum Revitalization Project schedule and completing the work before commencement of the 2010 Olympics. The Orpheum Revitalization Project has been carefully planned and is scheduled to be constructed during a programming dark period from July 2, 2009 to September 23, 2009.

On February 26, 2009 Council authorized the award of the seating replacement to Centaur Products Inc. (RTS 7942). Due to manufacturing lead times, the seating was tendered prior to the construction award, and the resulting contract will be assigned to the general contractor. The value of the seating contract (\$1,522,275) is included in the general contractor bids.

DISCUSSION

From an open invitation to general contractors to submit requests for prequalification, six contractors were prequalified to submit tenders for this Project. Each of the six prequalified firms submitted a materially compliant tender, the particulars of which are summarized as follows:

Bidder	Total Price (exclusive of GST)
Parkwood Construction Ltd.	\$3,523,707
Dominion Fairmile	\$3,533,068
The Haebler Group	\$3,654,500
Halse-Martin Construction Co. Ltd.	\$3,805,000
PCL Constructors Westcoast Inc.	\$3,909, 466
Heatherbrae	\$4,724, 488

On the basis of best value to the City, staff recommend that the contract be awarded to Parkwood Construction Ltd., the lowest compliant bidder, in the amount of \$3,523,707 (plus applicable taxes).

SCHEDULE

In consideration of the timing issues identified above, the target dates for this Project would be as follows:

•	Construction Start	July 2, 2009
•	Construction Completion	September 17, 2009

• First Performance September 24, 2009

FINANCIAL IMPLICATIONS

On October 31, 2006 Council approved funding of \$60 million for the redevelopment of the Cultural Precinct, of which \$5.5 million was allocated to the refurbishment of the Orpheum. Funding for the recommended contract with Parkwood Construction Ltd. is to be provided from the Cultural Precinct – Orpheum Restoration and Refurbishment Capital Budget.

BUDGET RISK MANAGEMENT

The primary risks that impact the budget are:

- the original budget being based only on a conceptual design level of detail;
- the potential for adjustments to the concept scope of work arising from unanticipated functional program requirements,
- unforeseen or concealed environmental contamination; and
- a change in the construction market.

While the budget was based only on a conceptual design, the majority of the budget has now been confirmed by a fixed fee from the consultants for the design work, and a fixed stipulated sum for the construction work as a result of the construction tender closing.

To mitigate the risk of changes to the scope of work, staff from Cultural Services has worked closely with the Architect to ensure that all the functional program requirements have been addressed. Any deviations from the concept scope of work will be controlled by closely evaluating the value and the impact on the budget.

A hazardous materials assessment was completed by an environmental consultant. Lead contamination was discovered and identified in various areas of the facility. Staff have engaged an environmental abatement contractor to remediate the affect areas. This remediation work is expected to be completed before the site is turned over to the general contractor. The cost of this work is included in the project budget. However, there still exists the possibility of further contamination in areas that were not anticipated, or in areas that were concealed from the consultant and contractor. Any additional costs that may arise from this will be drawn from the Project contingency.

The Project budget was developed with the assistance of a Professional Quantity Surveyor during the conception phase. However, the results of the tender process have provided the greatest degree of confidence in the budget. Even at the tender stage, the City is not committed to proceed. The City reserves the right not to award any tender that is considered unreasonable or that exceeds the approved budget. And further to this, separate prices were also requested in the tender to identify costs for portions of the work that may be deferred due to a lack of funds.

This Project carries a contingency of approximately 10% within the project budget to cover the cost of any unforeseen or unanticipated costs.

The construction approach being used for this Project is Design-Bid-Build. This is the most common approach used by the City to construct facilities. This construction contract will be in a stipulated sum (fixed fee) format and the City will provide project management of the Project.

CONCLUSION

Following an open call for prequalification and a public tender process, six compliant bids were received, and following analysis, the Director of Facilities Design and Management and the Director of Civic Theatres conclude that the best value tender is from Parkwood Construction Ltd. and therefore recommend that they be awarded the contract for the remainder of the Orpheum Revitalization Project at a cost of \$3,523,707 (plus applicable taxes).

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