



## ADMINISTRATIVE REPORT

Report Date: June 9, 2016  
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Meeting Date: July 13, 2016

TO: Standing Committee on City Finance and Services

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

SUBJECT: Contract Award for the Seismic Upgrade of West Annex and Approval of Project Budget Increase

### ***RECOMMENDATION***

- A. THAT Council approve an increase in the multi- year capital project budget for the West Annex Seismic Upgrade project from \$4,500,000 to \$5,365,000; source of funds for the increase of \$865,000 to be the 2016 PEF Capital Budget.
- B. THAT subject to approval of Recommendation A, Council authorize City staff enter into a contract with Smith Bros. & Wilson (B.C.) Limited, for the structural upgrade of the West Annex building, with an estimated contract value of \$4,212,219.00, plus GST, to be funded through the approved Capital Budget for West Annex Seismic Upgrade.
- C. 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 B.
- D. THAT no legal rights or obligations will be created by Council's adoption of Recommendations B and C 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") PS20160558 in April 2016 for the seismic retrofitting of the West Annex. The ITT was advertised on the City of Vancouver website and BC Bid, and the work was called in accordance with the terms and condition 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 recommendation by the Bid Committee. The Bid Committee has considered and recommended Smith Bros. & Wilson (B.C.) Ltd. as the successful proponent.

### ***REPORT***

#### ***Background/Context***

Constructed in 1975, the City-owned West Annex building is a 4-storey, steel-framed office-commercial building. The City intends to proceed with an upgrade to improve the overall seismic structural capacity of the entire building.

The office building is, and will be, occupied by the City along with one commercial tenant on the main floor and one commercial tenant on a level slightly lower than the main floor, accessed from Cambie Street. The sequencing of work on all the levels above the parking garage or portions thereof shall be strategically planned to avoid or minimize disruptions and disturbances to the occupants and their daily operations.

It is intended that the other office floor levels of the building shall remain occupied and fully operational during construction of each phase. Essential facilities, such as all service rooms, elevators and exit stairs, in the parking garage shall be secured and operational. To the maximum extent possible, portions of the parking stalls shall remain available for use during normal business hours while other portions of the parking levels are under construction. Some parking (mostly lower levels) will need to be temporarily relocated for the duration of the construction.

The final design for the retrofit achieves a significantly higher percentage of the current seismic structural requirement for new buildings than originally targeted. Fifty percent of the requirement was targeted and one hundred percent was achieved through the design.

#### ***Strategic Analysis***

Due to the complex nature of the project, the City elected to perform a prequalification event, Request for Pre-Qualification ("RFPQ"), issued on February 2016 (PS20160316) to request that interested groups or teams submit responses and indicate their interest by presenting their qualifications for the seismic upgrade of West Annex. The result of that pre-qualification was a shortlist of 4 contractors who were invited to participate in the ITT. One (1) contractor subsequently declined to participate because of its workload; therefore, the City received 3 bids with details as follows:

Vendor Name:	Tender Price (w/o GST):
Heatherbrae Builders Co. Ltd.	\$ 4,395,200.00
Mierau Contractors Ltd.	\$ 4,528,738.00
Smith Bros. & Wilson (B.C.) Ltd.	\$ 4,212,219.00

The ITT was issued in the accordance with City's Procurement Policy AF-015-01. The bids were evaluated by Supply Chain Management based on the bidders' compliance to the City's requirements and lowest price. The project team, comprised of representatives from Real Estate and Facilities Management and third-party consultants, had the opportunity to review all bids.

Based on the overall evaluation, the team, and, subsequently, the City's Bid Committee, 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 West Annex Seismic Upgrade project was approved in 2013 with a budget of \$4.5 million. Since a portion of the West Annex (VanCity Building) is used for parkade and commercial use and owned by the PEF, staff recommend that a portion of the project costs be funded by the Property Endowment Fund (PEF).

The construction tender includes escalation and additional work not included in the original project scope (including increased performance targets, as well as a seismic early warning earthquake system and strong motion instrumentation). Given these changes, the contract price is higher than originally budgeted.

The current revised estimates calculate the full project cost at \$5.36 million. The additional funding of \$865,000 will be provided from the 2016 PEF Capital Budget for Emerging Priorities.

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and/or service and concurs that funding is available from the Capital Budget for the West Annex Seismic Upgrade Project, subject to Council approval of the budget increase recommended in this report.

### ***Legal***

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

***CONCLUSION***

City staff recommend that the City of Vancouver enter into a contract with Smith Bros. & Wilson (B.C.) Ltd. for the seismic retrofitting of the West Annex Building. City staff also recommend that Council approve an increase of \$865,000 to the multi-year budget for the West Annex Seismic Upgrade Project, to be funded from the 2016 PEF Capital Budget.

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