



## ADMINISTRATIVE REPORT

Report Date: March 6, 2019  
Contact: Alexander Ralph  
Contact No.: 604.829.2092  
RTS No.: 13010  
VanRIMS No.: 08-2000-20  
Meeting Date: April 3, 2019

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Real Estate and Facilities Management and  
Chief Procurement Officer

SUBJECT: Contract Award for Construction of Gastown Parkades Child Care Centres

### **RECOMMENDATION**

A. THAT Council approve an increase in the Multi-Year Capital Budget for the Gastown Parkade Child Care Centres project from \$12.30 million to \$17.03 million, with the \$4.73 million increase to be funded from cash Community Amenity Contributions (CACs) received from the following rezonings in downtown Vancouver:

- i. \$3.0 million from rezoning of 320 Granville Street in 2014; and
- ii. \$1.73 million from rezoning of 400 West Georgia Street in 2018;

FURTHER THAT the \$4.73 million CACs funding be added to the 2019-2022 Capital Plan. Expenditures for the Gastown Parkade Child Care Centres project will be managed within the overall approved 2019 Annual Capital Expenditure Budget.

B. THAT, subject to approval of Recommendation A, Council authorize City staff to negotiate, to the satisfaction of the General Manager of Real Estate and Facilities Management, the Director of Legal Services, and the Chief Procurement Officer, to enter into a contract with Heatherbrae Builders Co. Ltd. for the construction of Gastown Parkade Child Care Centres, for a term of approximately two (2) years, or until services are complete, at an estimated contract value of \$14,248,044 plus GST over the term of the project; the contract to be funded as follows:

- i. \$13,408,044 from the Multi-Year Capital Budget for Gastown Parkade Child Care Centres for the construction component of the contract; and

- ii. \$840,000 from the 2019 Property Endowment Fund (PEF) Capital Budget for a parkade capital maintenance component included in the contract.
- C. THAT the General Manager of Real Estate and Facilities Management, the Director of Legal Services and the Chief Procurement Officer be authorized to execute on behalf of the City the contract as outlined in 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 Gastown Parkades Child Care Centres project contemplates the construction of 74 new child care spaces, delivered as two (2) new 37-space child care centres atop of the existing Gastown parkades. The catalyst for this creative and unique project was the increased shortage of viable sites for child cares in the downtown area, and the opportunity to capitalize on existing City-owned land and infrastructure to provide new downtown facilities with well-lit open air exterior play spaces.

Through a Request for Proposal (RFP) process, the City engaged Heatherbrae Builders Co. Ltd. as the Construction Manager (CM) for the project in 2017. As part of its deliverables, Heatherbrae Builders Co. Ltd. issued tenders to various trade contractors and provided Class A cost estimates for the ultimate construction of the project. In February 2019, the CM completed the competitive trade bid process and presented a stipulated sum to construct the project based on the received subtrade tenders and the pricing for the CM's general conditions that was competitively bid as part of the CM RFP.

City staff that were on the evaluation committee and, subsequently, the Bid Committee, have considered the bid received and on that basis recommend that the City negotiate and, if such negotiations are successful, convert Heatherbrae Builders Co. Ltd. to the project's General Contractor (GC) by entering into a fixed price contract as described above.



Proposed Water Street Child Care Facility



Proposed Cordova Street Child Care Facility  
(Note: Photovoltaic Panels not shown in the views above)

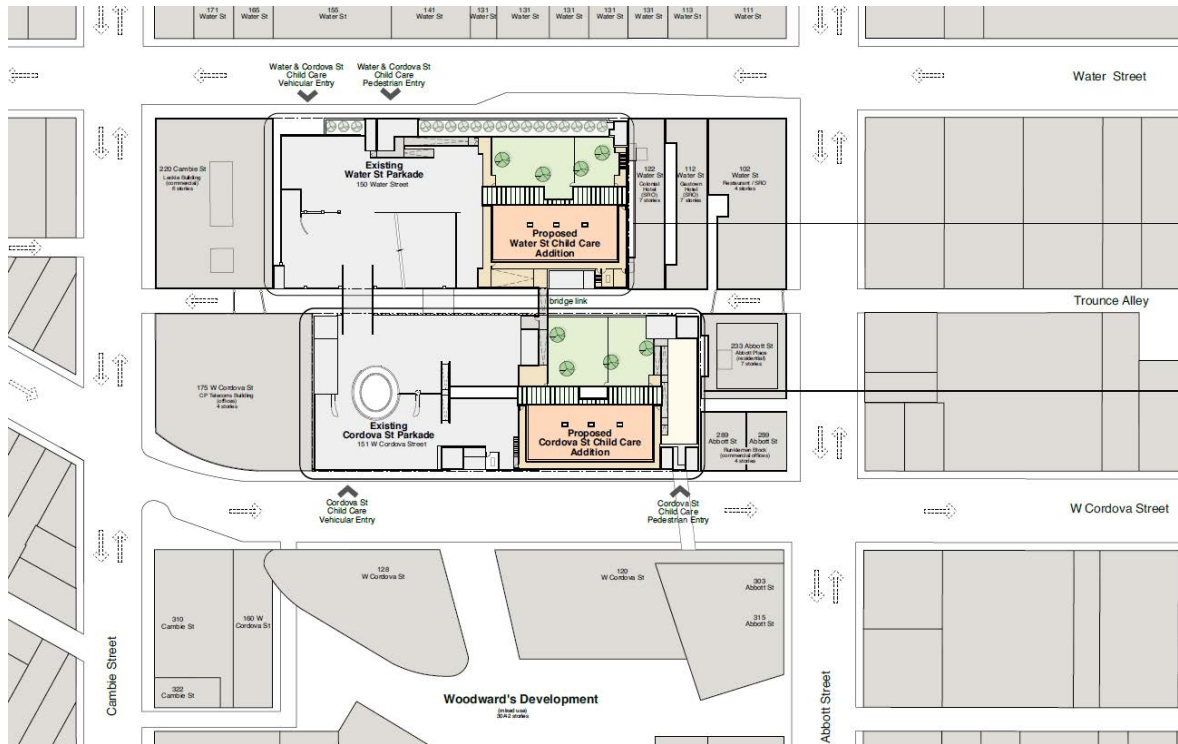
### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

The City's Procurement Policy ADMIN-008 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 Heatherbrae Builders Co. Ltd. as the successful proponent.

**REPORT**

**Background/Context**

The project seeks to create two (2) child care facilities on the rooftop levels of two (2) City-owned parkades while maintaining continuous parkade and tenant operations on the lower levels. The parkades are located at 150 Water Street and 151 West Cordova Street in Gastown. The project will add a total of 74 spaces in two (2) very similar facilities, total of 930 metres squared indoor space and 1,400 metres squared outdoor space, to be maintained by the City and operated by the non-profit child care operator. The facilities will be constructed to achieve LEED Gold and Passive House certification, and each facility will include a rooftop solar photovoltaic system.



Due to the challenging site conditions, the City elected to deliver this project through Construction Management at Risk (CM@R) model. The CM@R procurement consisted of the following steps:

- 1) RFP to the hire design consultant (complete)
- 2) RFPQ to prequalify the CM/GC (complete)
- 3) RFP to hire the CM/GC (complete)
- 4) Conversion of the CM to GC by entering into a stipulated sum construction contract to build the project (contemplated in this report)

In 2015, an analysis of eight (8) City-owned parkade sites concluded that only two (2) in Gastown were suitable for development of rooftop child cares. In September 2016, the City issued an RFP for Architectural Services and through this process retained Acton Ostry Architects to undertake designs and municipal approvals.

In December 2016, the City issued a Request for Pre-Qualification for Construction Managers (RFPQ PS20161816). This RFPQ was issued publically and posted in the City's website and BC bid. It closed on January 2017, and the City received ten (10) responses. An evaluation team composed of representatives from the Real Estate and Facilities Management team, the City's Consultant, Acton Ostry, and Supply Chain Management, evaluated the proposals and shortlisted five (5) proponents to participate in the next stage of RFPs.

In February 2017, the City issued the Request for Proposals (PS20162061) to identify the Construction Manager. Two (2) proponents submitted a proposal. The selected Construction Manager garnered the highest score from a combination of both the technical and commercial scores. Heatherbrae Builders Co. Ltd. was identified as the winning proponent.

As the winning Construction Manager Heatherbrae Builders Co. Ltd., was tasked to:

- 1) Work with the City's Consultant to provide pre-construction management services that include:
  - a. A review of construction drawings and specifications as they relate to the constructability of the project;
  - b. The establishment of a construction budget through the preparation of cost estimates for the construction of the project; and
  - c. The procurement of bids from trade contractors.
- 2) If a stipulated sum contract is agreed to by the City, act as the General Contractor under such stipulated price construction contract.

At the conclusion of the part 1) pre-construction services, the CM submitted its final construction cost estimates that were then evaluated and approved by City staff

In evaluating the construction costs, staff considered the unique opportunities and challenges of the project in the context of the critical shortage of viable downtown child care sites. The unique challenges include constructability (crane location, site access and loading restrictions), market factors (high demand for subtrades, larger more convenient projects on the market), and leading edge energy reduction (LEED Gold plus Passive House plus photovoltaic). A significant opportunity of this project is optimising the use of the City owned land and existing parkade building by adding much needed child care services to the downtown area. Downtown area is pressured with the continued growth and service needs; however, sites/locations for the childcares are not available. Child cares, 0-4 year age, require indoor and outdoor space, limited shadowing and functional access (appropriate drop off area). This has been extremely hard to accommodate, even with the available funding received through many downtown rezonings. This creative option allows us to address increase of the child care service for good overall value.

### ***Strategic Analysis***

The CM received all trade contractor bids on behalf of the City. The bids were evaluated through the work of an evaluation team comprised of the CM Project Manager and

representatives from Real Estate and Facilities Management under the stewardship of Supply Chain Management to ascertain if the bids offered good overall value to the City.

Based on the overall evaluation, the team concluded that the bids submitted by the CM best met the City's requirements and provided best overall value to the City.

### ***Financial Implications***

The Gastown Parkades Child Care Centres project currently has an approved budget of \$12.3 million. The Property Endowment Fund (PEF) has an approved budget of \$0.84 million for parkade base building capital maintenance.

Due to the higher than anticipated construction costs and volatile market conditions the estimated total project cost is now estimated at \$17.03 million.

As the value of the recommended contract exceeds \$2 million, Council approval is required for the award of the contract. This report recommends the award of the contract to Heatherbrae Builders Co. Ltd, subject to Council approval of a \$4.73 million increase to the project budget. The proposed funding source for the budget increase is Community Amenity Contributions as follows:

- \$3.0 million from rezoning of 320 Granville in 2014; and
- \$1.73 million from rezoning of 400 West Georgia in 2018.

Financial Planning & Analysis (FP&A) staff have reviewed the cost of service and concurs that, subject to Council approval of the increase to the project budget with this report, sufficient funding for the recommended contract award will be available from the revised Multi-Year Capital Budget for the Gastown Parkade Child Care Centres project and the PEF Capital Budget.

### ***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***

In summary, City staff recommend that the City of Vancouver negotiate and enter into a fixed price contract with Heatherbrae Builders Co. Ltd. for the construction of Gastown Parkades Child Care Centres, as noted in this report.

\* \* \* \* \*