



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: July 19, 2019
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Meeting Date: July 23, 2019

TO: Vancouver City Council

FROM: General Manager of Vancouver Board of Parks and Recreation (Park Board)

SUBJECT: Increase to the 2019-2022 Capital Plan for the New Park at Smithe and Richards Streets

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*. (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

RECOMMENDATION

THAT Council approve an increase of \$4.0M to the 2019-2022 Capital Plan and an associated increase to the Multi-Year Capital Project Budget for the Smithe and Richards Park to serve the construction of the new downtown park at Smithe & Richards Streets. This increase is to be funded from the Downtown South DCLs designated for parks. The expenditures in 2019 will be managed within the overall current Annual Capital Expenditure Budget.

REPORT SUMMARY

The purpose of this report is to request Council authorization to increase available funding for the new park planned for the 0.8 acre site at the corner of Smithe and Richards Streets in Downtown Vancouver, BC.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approved a revised Capital Budget Policy in April 2018 (RTS 12144). The following highlights the key Council approval authorities in the revised policy: Council approval is required for:

- new capital projects and corresponding multi-year capital project budgets
- additions to the Capital Plan
- increases to existing multi-year capital project budgets with funding from the Capital Plan
- **increases to existing multi-year capital project budgets with funding to be added to the Capital Plan**
- changes in funding sources for existing multi-year capital project budgets
- funding reallocations greater than \$500,000 between existing open multi-year capital project budgets
- increases to the total Citywide Annual Capital Expenditure Budget
- closeouts of completed capital projects with a deficit or surplus greater than \$200,000.

COUNCIL: Downtown South Public Benefit Strategy (2007) - [LINK](#)

This was an update to the original 1992 Downtown South Public Benefits Strategy (DTS PBS) for Downtown South intended to ensure that as the area continues to develop, the community receives a variety of amenities to serve the needs of area residents and that the loss of affordable housing in the area will be replaced. The DTS PBS identifies the development of the City's Property Endowment Fund (PEF) owned parcels (0.31 hectares or 0.8 acres) at the corner of Smithe and Richards Streets as a priority.

PARK BOARD: Downtown South: Park Strategy for 2007-2021 and Amendments to Development Cost Levy By-Law (2007) - [LINK](#)

Approval of acquisition of the Smithe and Richards parcel from the PEF and modifications to the DCL allocations to Parks.

COUNCIL: Rezoning of the Telus Project (2011) - [LINK](#)

A Community Amenity Contribution (\$10.0 M) was received from this rezoning. A portion of the CAC (\$8.0 M) was allocated by Council to "complete the park".

PARK BOARD: Approval of Design for New Downtown Park at Smithe and Richards (2016) - [LINK](#)

Approval of the design for the new downtown park.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Park Board recommends approval of the foregoing.

REPORT

Background/Context

Planning Context

In the early 1990s, Vancouver City Council adopted goals and policies for Downtown South including the DTS PBS aimed at creating a new high-density, livable, safe, and sustainable community. The goal was to develop the area with appropriate supportive

services and amenities to ensure inclusiveness for a diverse range of individuals and households. This included a target to provide 2.8 hectares (7.0 acres) of parks in the precinct.

The development of Emery Barnes Park and Yaletown Park represents the realization of 1.1 hectares (2.7 acres) of parks in Downtown South - approximately 40% of the target set in 1992.

The development of Smithe and Richards Park represents an additional 0.32 hectares (0.8 acres) of park space that will bring the Park Board halfway to its target goal. Opportunities to create significant parks in Downtown South (see Fig 1: DCL Boundary Map) are becoming challenging and rare as land prices have escalated almost beyond reach.

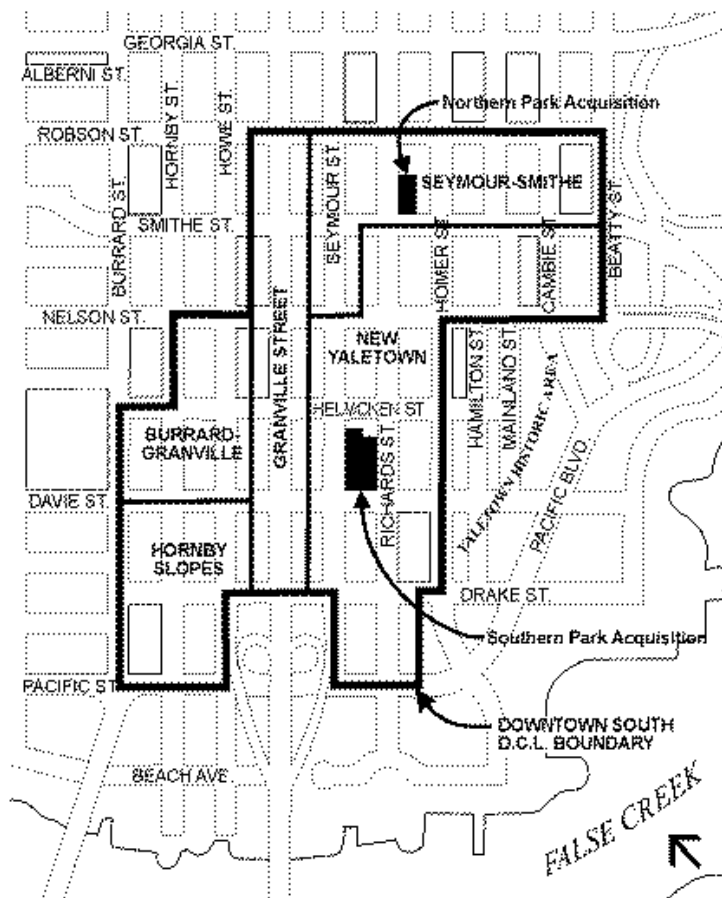


Figure 1: DCL Boundary Map

Park Development Background

The Park Board approved the [park concept design](#) on May 30, 2016, following a successful public engagement that involved a park design focus group and over 1000 participants in a final engagement survey, in which 77% of respondents supported the design. Full details of the engagement process and other background material are available on the project [webpage](#) and the "[In-Depth](#)" section of this page provides full project background including the genesis and rationale for the park as part of a new high

density mixed-use neighbourhood “Downtown South” as originally approved by City Council in 1991.

The future park will include three terraces that are vibrant and dynamic spaces providing unique user-experiences including:

- A public plaza that is a multi-use space and contains a seasonal water feature that reuses potable water for irrigation and public toilets;
- A food and beverage amenity that anchors the corner of Smithe and Richards streets, activates the public space and provides passive oversight;
- An exciting playground area;
- A community table designed for various programming;
- An overhead walkway that traverses the site and allows a bird's-eye perspective on the park below - this feature also assists in the park's oversight and security;
- Seating terraces for sun lounging and taking in plaza events;
- Lush planting including a variety of trees and plants that provide shade and that buffer the park from nearby buildings and traffic;
- A rainwater infiltration channel to filter rainwater runoff from the laneway and to act as a buffer;
- Fully accessible paths for all ages and abilities; and
- Overhead “sky-frames” that provide overhead enclosure and a sense of vertical scale relative to adjacent buildings. These structures are inspired by historical cues and are supports for overhead lighting, and ephemeral art installations or banners for community events.

This future park will serve over 29,000 individuals that live and work within a 5-minute walk of the site with little or no access to personal outdoor space. This neighbourhood has a scarcity of park space for residents (Fig 2: Park Area per Capita) and there are few, if any, opportunities to provide additional park space within downtown due to land

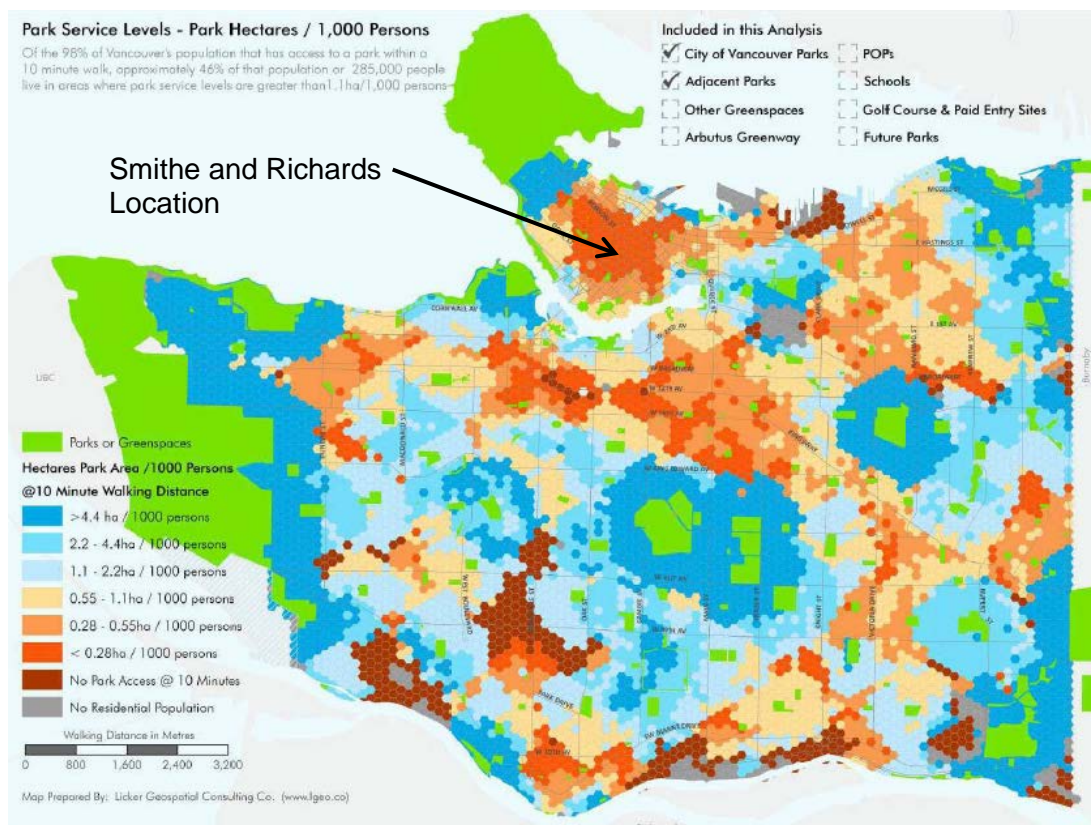


Figure 2: Park Area per Capita within a 10 minute walking distance

costs and availability.

Following Board approval in 2016, staff advanced the project through design development, including Urban Design Panel review and a year-long Development and Building Permit process.

The park construction project, based on the permitted design (see Appendix A), was issued to pre-qualified contractors on July 27, 2018, and bids were received on September 20, 2018.

The lowest bid was \$14.7M, not including a construction contingency, which exceeded the project budget of \$10.5M. Analysis identified several factors which contributed to the high bids: steel tariffs; ongoing and high cost escalations in the construction industry; design detail complexity; and inaccuracy in the consultant's Class 'A' cost estimate. In consultation with Supply Chain Management, who oversaw the procurement process, staff collapsed the tender and explored alternate models to deliver the project at a reduced cost.

The preferred next option was to utilize a 'Construction Manager at Risk' (CMAR) procurement model. The CMAR approach retains a construction manager from a respected general construction firm – this individual works closely with the design team to reduce costs. A construction manager's value resides in their understanding of 'real-world' pricing and efficient construction methods, an invaluable aspect of the design process.

The CMAR RFP was issued to prequalified contractors on January 25, 2019, and the contract for construction management was awarded to Smith Bros. and Wilson Ltd. (SBW) in late March 2019.

SBW has been working directly with the park design consultant (DIALOG) to guide design revisions necessary to reduce project costs while maintaining design integrity. Concurrently, SBW has reached out to sub-contractors and suppliers to obtain real market pricing to ensure accurate construction cost estimates. The tendering process performed by SBW will result in further costs incurred on the project based on its current design and cost estimate. As a result, staff are seeking support for the increased funding before moving forward and incurring these costs. Upon completion of the design and procurement phase and prior to the start of construction, the CMAR contract will be converted to a standard construction agreement which requires Bid Committee, Park Board and Council contract award approvals.

Strategic Analysis

The aspiration of this value engineering CMAR process is for the park design program to remain intact, limiting design modifications to building materials, timelines, and construction methods. This will ensure delivery of park service levels and enhance delivery timelines.

Estimated costs have been reduced by \$1.6M through the process; however the current total budget estimate is \$14.5M (inclusive of a 10% construction contingency).

This is \$4.0M above the current project budget (\$10.5M): any further reductions in cost will necessitate design modifications that trigger development and building permit

amendments, new public engagement, and require new concept plan approvals by the Park Board – this will significantly delay delivery of this much needed downtown park.

Based on the cost cutting efforts-to-date and the significant number of people the park will serve, and the limited opportunities to provide new park space in downtown due to land costs and availability, staff feel that a budget increase to deliver this much anticipated park space for Downtown South is good value and will deliver much needed open space outcomes.

Currently, the target timeline for this project is as follows:

- Apr - Jun 2019: Construction manager and DIALOG revise design to reduce costs;
- July 2019: Staff seek additional funding from Council;
- Jul - Sep 2019: Construction manager tendering to sub-trades;
- Nov 2019: Easy Park removes infrastructure from park site;
- Nov 2019: CMAR contract converted to construction contract (Board & Council approvals required);
- Dec 2019: Construction begins, subject to Board and Council approvals; and
- Jun 2021: Construction complete.

In the meantime, the site will continue to be leased to Easy Park and operated as a parking lot - this will cease once construction begins in late 2019.

Implications/Related Issues/Risk (if applicable)

Financial

At this time the Park Board requires a \$4.0M increase to the 2019-2022 Capital Plan and associated Multi-Year Capital Project Budget to successfully deliver a new park at Smithe and Richards funded by Downtown South DCLs allocated to Parks.

According to SBW, construction costs are increasing by approximately 5% year-over-year. Consequently, further design-induced delays to the Smithe and Richards project will likely result in higher construction costs offsetting design-based cost reductions.

CONCLUSION

Increasing property values make the acquisition of parcels for future downtown parks increasingly difficult. The new park at Smithe and Richards represents a rare opportunity to develop a downtown park with a new and innovative program to serve a growing downtown population. The new park will reduce pressure on existing downtown parks such as Emery Barnes and Yaletown Parks while delivering critical services such as access to nature, outdoor recreation and leisure, children's play and green infrastructure. The multi-layered park will provide an underserved community with a year-round place of respite from the bustling urban core and provide a memorable gateway and dramatic park experience next to downtown.

The General Manager of Park Board is of the opinion that cost reductions realized through the value engineering process coupled with thoughtful and innovative design

represent fair market value for the City of Vancouver. As the Recommendation outlined in this report will provide funding for a much needed park space in the downtown peninsula, an area deficient in parkland, the General Manager of Park Board recommends approval of the budget increase in order to expedite delivery of this much anticipated and remarkable new urban park for Vancouverites.

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Birds-Eye View of Smithe and Richards Park



View of park from Smithe Street along Lane



View of Smithe and Richards Park Plaza by Night