



COUNCIL REPORT

Report Date: October 10, 2023
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Meeting Date: October 18, 2023
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TO: Standing Committee on City Finance and Services

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

SUBJECT: Contract Award for Marpole Community Centre Construction Project

Recommendations

- A. THAT Council approve a \$3.3 million increase in the Multi-year Capital Budget from \$88.0 million to \$91.3 million for Marpole Community Centre project; source of funding to be Development Cost Levies for Parks from the Oakridge-Langara district. Expenditures for 2023 will be managed within the current annual capital expenditure budget.
- B. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Real Estate and Facilities Management, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a contract with Heatherbrae Builders Co. Ltd. as general contractor for Marpole Community Centre Construction Project, for a term lasting until services are complete (estimated at approximately 2.5 years), with an estimated total contract value of \$76,639,700.00, plus GST over the term of the project. The source of funding is the approved capital budget for the construction of Marpole Community Centre.
- C. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Real Estate and Facilities Development 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 has been duly executed by authorised the City signatories identified in these Recommendations.

Purpose and Executive Summary

In March 2022, pursuant to its RFP PS202111744 (the “RFP”), the City engaged Heatherbrae Builders Co. Ltd. (“Heatherbrae”) as Construction Manager to work with the City’s Consultant to provide pre-construction management services and issue to trade contractors, invitations to tender for construction work on the proposed Marpole Community Centre Construction Project. This includes a Community Centre building to consist of a gymnasium, a number of multi-purpose and activity rooms for sports, arts, and social events, including lounges for seniors and teens as well as a community kitchen, and a childcare facility to be located at the upper level without at-grade exterior access, but rather developed roofscapes for outdoor play areas.

The building will also include park support spaces, such as public washrooms and team rooms with direct access to exterior. There will also be one level of underground parking including pick up and drop off areas for the Childcare.

The building will be constructed of mass timber and will achieve Passive House certification, and LEED™ Gold certification. The building and site will target “capture and clean” up to 48mm of rainfall during a 24-hour period. The building will achieve Rick Hansen Gold certification for accessibility.

As a Construction Manager, Heatherbrae provided Class A cost estimates and issued tenders to various trade contractors for the construction component of the Project. In September 2023, Heatherbrae presented the City with a fixed price offer for general contractor services for the Project, including trade tender pricing and Heatherbrae’s pricing proposed competitively in its Proposal submitted under the RFP.

City staff on the RFP evaluation committee and, subsequently, the Bid Committee have considered all Proposals received in response to the RFP, and on that basis recommend that the City negotiate and, if such negotiations are successful, enter into a contract as described above Heatherbrae.

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.

City Manager’s Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The Marpole Community Centre, built in 1949, is the Park Board’s oldest community centre. Due to its inability to meet current and future programming demands and aging building systems, the building is in need of renewal. The building is functionally outdated and undersized, given the population it currently serves, and the anticipated population growth which will add additional capacity pressure.

Both the Marpole Community Plan (2014) and the Park Board Facilities Renewal Plan (2009) identified the need for renewal of the Marpole Community Centre. The project will be led by the City of Vancouver Real Estate and Facilities Management department on behalf of Parks and Recreation. The Community Centre component of the building will comprise a gymnasium and a number of multi-purpose and activity rooms for sports, arts, and social events, including lounges for seniors and teens as well as a commercial kitchen.

The childcare will be located at the upper level and will not have any land at grade and therefore will require developed roofscapes for outdoor play areas. Park support spaces such as public washrooms and team rooms will be located in the building, but will have direct access to exterior.

There will be one level of underground parking including pick up and drop off areas for the Childcare.

The building will achieve Passive House certification, and LEED™ Gold certification. The building and site will target “capture and clean” of the first 48mm of rainfall during a 24-hour period, and be made of mass timber. The building will achieve Rick Hansen Gold certification for accessibility.

The City issued an RFP (PS20211744), and in March 2022 selected Heatherbrae Builders Co. Ltd. as the Construction Manager (CM) to:

- 1) work with the City’s Consultant to provide pre-construction management services that include:
 - 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) act as the General Contractor under a fixed price construction contract if a fixed price contract is agreed to by the City.

The Construction Manager submitted its final construction cost estimates that were evaluated and approved by City staff.

The total approved Marpole Community Centre construction contract value is \$76,639,700 including \$60.5M for Community Center, \$2.6M for Park Fieldhouse and \$13.5M for Childcare.

On August 20, 2021, the City issued a Request for Expressions of Interest (RFEOI) PS20211169 for Construction Management services. Seven RFEOI responses were received. Five of the seven respondents were invited to participate in RFP PS20211744 which was issued on Jan. 12, 2022 and closed on February 10, 2022. An evaluation team composed of representatives from the Real Estate and Facilities Management team, the Consultant and Supply Chain Management evaluated the proposals. The selected Construction Manager

garnered the highest score from a combination of both the technical and commercial scores. The RFP was issued in accordance with the City's Procurement Policy ADMIN-008.

Subsequently, the selected Construction Manager issued tenders to various trade contractors, and provided a Class A cost estimate for the construction project. In September 2023, the Construction Manager presented a fixed price to construct Marpole Community Centre based on the received trade tenders and the pricing for the Construction Manager's general conditions and expenses that were competitively bid as part of the Request for Proposal.

Based on the overall evaluation, the team concluded that the successful trade contractors submitted the lowest-priced compliant bids and best met the City's requirements and provided best overall value.

Financial Implications

The current approved multi-year capital budget is \$88 million. In order to complete the construction of Marpole Community Center, an additional \$3.3 million is required for a revised multi-year capital budget of \$91.3 million. The additional \$3.3 million is required due to higher tender prices largely driven by cost escalations. In general, cost escalations in capital projects are driven by higher prices to procure materials, higher shipping and transportation costs due to escalated fuel prices, unforeseen labor and sub-trades shortages due to ongoing industry supply chain issues.

Funding for the \$3.3 million increase to the multi-year project capital budget will be allocated from Development Cost Levies for Parks from the Oakridge-Langara district.

Expenditures for 2023 will be managed within the current annual capital expenditure budget.

Legal Implications

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 Council approve an increase of \$3.3 million for the Marpole Community Center multi-year capital project budget making the total multiyear capital project budget \$91.3 million. In addition, City staff recommends that the City of Vancouver negotiate and enter into an approximately 2.5 years contract with Heatherbrae Builders Co. Ltd. for the construction of Marpole Community Centre Construction Project, as noted in this report.

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