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# CITY OF KELOWNA

## MEMORANDUM

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**Date:** August 13, 2003  
**File No.:** 6240-20

**To:** City Manager

**From:** Director of Parks & Leisure Services

**Subject:** Mission District Park Recreation and Sports Facility Energy Efficient Systems

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### **RECOMMENDATION:**

THAT City Council authorize a change order in the Mission District Park Recreation & Sports Centre "Design Build Contract" with RG Construction (Mission) Ltd. to incorporate certain design changes intended to increase the energy efficiency of the completed facility, as outlined in the Report from the Director of Parks & Leisure Services, dated August 13, 2003;

AND THAT City Council authorize an increase in the contract price under the Design Build Contract by an amount equal to the additional capital costs to construct the Facility due as a result of the change order, but in any event not to exceed \$600,000.00;

AND THAT the additional costs be funded from the Civic Facilities Reserve;

AND THAT City Council authorize an amendment to the Mission District Park Recreation & Sports Centre "Operating, Maintenance and Management Agreement" so as to require RG Facilities (Mission) Ltd. to make, in addition to any payments already required under that agreement, a payment to the City in the amount of \$43,000.00 per annum, beginning in the first year following the Commencement Date of the agreement and indexed annually to inflation to a maximum of 5%;

AND FURTHER THAT Council instruct staff to prepare the necessary amendments to the noted agreements and authorize the Mayor and City Clerk to execute them.

### **BACKGROUND:**

The City of Kelowna and RG Properties Ltd. recognized the opportunity to design and construct an energy efficient "green" building even before the agreements to develop this facility were made. Once the designs and capital costs were finalized, we asked RG to work with their consultants to prepare energy efficient alternatives to the traditional mechanical designs and to estimate the energy savings that would result. As a result, we are now proposing several major enhancements to the building systems. These add to the capital cost of the building but greatly reduce the greenhouse emissions by virtually eliminating the need to burn natural gas. There is also a significant savings in building operating costs largely due to the reduction in consumption of natural gas.

We now need to formalize our agreement with RG for the City to pay the added capital costs and for RG to increase the Right to Use payment. The energy cost savings will accrue to RG as the operator of the building; however, they have agreed to an additional payment of \$43,000 per year, indexed to inflation, to allow the City to recover its cost of capital.

The project Quantity Surveyor has reviewed the capital costs and confirms a budget of \$600,000 as appropriate; however, there are potential cost savings from further design enhancements or reduced material supply costs. RG has agreed that the contract change order will be done so that any cost savings will be passed back to the City. Any grants available to assist will be sought and will further reduce the City's capital costs. The funding from the Civic Facilities Reserve has been confirmed through the Financial Services Department.

The attachments summarize the design enhancements and energy savings.

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David Graham, Director of Parks & Leisure Services

Attachments

cc:     Parks Manager  
         Director of Financial Services  
         City Clerk