
CITY OF KELOWNA

MEMORANDUM

Date: July 5, 2006
File No.: 0760-30
To: City Manager
From: Director of Recreation Parks & Cultural Services
Subject: **Schedule update for the MRP Aquatic Centre Early Partnering Agreement**

RECOMMENDATIONS:

THAT City Council receive for information the report regarding the Aquatic Centre Early Partnering Agreement from the Director of Recreation Parks and Cultural Services dated July 5, 2006.

BACKGROUND:

The Integrated Design Team (IDT) has completed a schematic design and capital cost estimate for the MRP Aquatic Centre as set out in the Early Partnering Agreement (EPA) with PCL Westcoast Constructors Inc. (PCL). Unfortunately, the cost estimate has significantly exceeded our budget and we are now required to consider changes. The EPA anticipated this possibility and states that when the estimates for the project exceed the budget by more than 10%, the City has three options; add to the budget, reduce the scope of the project, or end the project.

The current estimate for the facility is \$44.1 million exceeding the approved budget of \$32.9 million. Staff cannot recommend to Council the additional funding required because of the impact on the City's overall taxation, reserves, and funding for other projects. As a result, the IDT is working on revisions to the schematic design and the budget based on a reduced project scope. This reduction will include consideration of a 25 meter pool instead of a 50 meter pool. The full rationale for this change will be presented when the IDT reports back to City Council with the revised aquatic centre design and budget.

The following is our current estimate of the timing to complete the steps required to move the project ahead:

Site preparation and preload	July - December 2006
Schematic design, design development, and fixed price proposal from PCL	September 2006
Borrowing Bylaw revisions and approval process	October - November 2006
Design/Build contract approval	November 2006
Construction	Winter 2007 to Fall 2008
Target Completion	Fall 2008

The need for initiating the site preparation and preload immediately is the subject of a separate report and recommendations to Council.

The EPA requires PCL to give the City a fixed price proposal for construction after the completion of the design development phase of the work. Given the rapid escalation of construction costs, staff considered requesting PCL to give the City a fixed price proposal after the schematic design work, in an attempt to fix the price sooner and avoid the impact of another round of escalation.

After detailed consultation with PCL and our cost consultants, the IDT has determined that there is no advantage to this approach as long as site preparation and preload work commences immediately. This would allow construction to begin as early as possible and give sub-contractors greater certainty about the timing of the work. Providing this certainty reduces risk allowances and contingencies currently in construction cost estimates. PCL will base its price proposal on the timing of removal of the preload materials and the start of construction, rather than on the completion of the design development stage.

Also, the lack of design detail at the schematic design stage increases the need for design contingencies for unspecified materials and unknown construction details carried in the cost estimates. This can be reduced with greater design detail generated through the design development stage. Therefore, we intend to proceed as outlined above and originally set out in the Early Partnering Agreement.

David Graham
Director of Recreation Parks and Cultural Services

C.c. Director of Financial Services
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Civic Properties Manager