



CONSTRUCTION LEADERS



July 19, 2006

Mr. David Graham
CITY OF KELOWNA
1435 Water Street
Kelowna, B.C. V1Y 1J4

Re: Mission Recreation Park Aquatic Centre

Dear Mr. Graham:

Thank you for the opportunity to meet with the team on Friday afternoon to discuss the approach to progressing the Aquatic Centre Project.

In order to hold our June 9th Budget of \$41,212,544 for the 50m pool as a Guaranteed Maximum Price, we feel that approx \$750,000 of Value Engineering cost savings will be required to offset the escalation associated with the one month lag in the anticipated pre-load start. This price is also contingent on the following factors:

- Construction of the project must start immediately following removal of the pre-load and must not be delayed by the City's approval process.
- Any savings generated at the end of the project will be shared 50 / 50 between the City of Kelowna and PCL.
- Schematic Design Costs incurred by the IDT Team for the 25 M pool option do not form part of this Guaranteed Maximum Price.
- Energy enhancements to the scheme, including geothermal field and connections, will be addressed separately and are not part of this Guaranteed Maximum Price.
- The Additional Pre load for the outdoor Water Park is not part of this Guaranteed Maximum Price.
- It is the City's and PCL's intent to enter into a mutually acceptable contract prior to construction start. We would however require a letter of intent to enter into a contract from the City of Kelowna by mid-October 2006.

If the City's necessary approval process associated with the change in financing requirements causes delays to the construction start, we reserve the right to revisit our Guaranteed Maximum Price submission in light of construction inflation, market pressures, capacity and available resources.

PCL CONSTRUCTORS WESTCOAST INC.

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If you have any questions on the above please feel free to contact the undersigned.

Yours sincerely,

PCL Constructors Westcoast Inc.

Mark Taylor
Operations Manager

MT/tb

Cc: Mr. Tim Spiegel – SSA

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