
CITY OF KELOWNA

MEMORANDUM

Date: May 20, 2008
File No.: 0870-20
To: City Manager
From: Civic Properties Project Supervisor
Subject: Award of Construction Management Contract for Restoration of the Guisichan House

RECOMMENDATIONS:

THAT Council approve the award of a construction management contract to PCL Constructors Westcoast Inc. for the restoration of the Guisichan House located at 1060 Cameron Ave;

AND THAT the Civic Properties Projects Supervisor be authorized to evaluate and accept or reject bids submitted in response to the public tendering process administered by the construction manager, PCL Westcoast Constructors Inc. (PCL) in respect to the fire restoration of the Guisichan House;

AND THAT the Civic Properties Projects Supervisor be authorized to direct the construction manager (PCL) to execute, one or more contract(s) with such contractor(s) as recommended by the construction manager (PCL) to carry out the fire restoration construction of the Guisichan House;

AND THAT Council approve funding of \$1,012,000 from the Guisichan Insurance settlement to the Guisichan House Restoration Project (10-220-C5970);

AND THAT Council approve additional funding required to complete fire restoration construction of the Guisichan House be divided equally between the Insurance Deductable Reserve and the Facilities Reserve to the Guisichan House Restoration Project (10-220-C5970);

AND THAT the 2008 Financial Plan be amended to provide for these expenditures;

AND FURTHER THAT the Mayor and the City Clerk be authorized to execute the contract on behalf of the City.

BACKGROUND:

On the morning of September 7, 2006, a fire began under the verandah at the Guisichan House Restaurant. There was extensive fire damage to the west verandah, the Aberdeen Room and the hallway; as well as extensive smoke and water damage to the remainder of the building.



The frame building, constructed in 1891, is listed on the Kelowna Heritage Registry and is the subject of Heritage Designation Bylaw 7794 (1996). An application to have it added to the National Registry was submitted prior to the fire. The building had been leased to Strongwave Investments Ltd until May 31, 2011 (annual rent \$34,913) whose operation was closed as a result of the fire. The tenant awaits restoration so that they can resume business.

On April 22, 2008 a Request for Qualification to provide Construction management Services for the Guisachan House restoration was issue by the City of Kelowna. The closing date for the pre-qualification was May 6, 2008 and the City received three submissions. The Civic Properties Project Supervisor, the Civic Properties Project Technician and the Cost Consultant, Tim Spiegel scored the applications and found two construction managers qualified to submit a fee proposal for the work. On May 20, 2008 fee proposals were received from PCL and Graham Construction. The Civic Properties Projects Supervisor, the Civic Properties Manager and the Cost Consultant, Tim Spiegel reviewed the proposals and are recommending acceptance of the low bid from PCL Westcoast Constructors Inc who is proposing a 4.75% Construction Management Fee.

FINANCIAL & BUDGETARY CONSIDERATION

The following is an estimate of the fire restoration expenses.

<i>Expense Summary</i>	<i>Cost</i>
Construction costs	\$1,305,396
Restoration expenses to date	\$125,604
Additional consulting fees	\$60,000
Project contingency to cover non-fire related structural repairs and extra cost due to unknown site conditions	\$200,000
<i>Total</i>	<i>\$1,691,000</i>

The estimated construction cost of \$1,303,939 includes overhead and profit and has been confirmed by two independent construction cost estimates. Expenses to date include consulting fees, security for the site since the fire, demolition and cataloguing of fire damaged elements in the building and building permits.

The following is a summary of funding sources for the fire restoration.

<i>Funding Source</i>	<i>Amount</i>
Primary insurance settlement	\$1,012,000
Secondary insurance policy	\$370,000 (*)
City contribution	\$155,000
Heritage sprinkler grant	\$14,000 (<i>Heritage Legacy Fund of B.C.</i>)
Additional Funding	\$140,000 (**)
<i>Total</i>	<i>\$1,691,000</i>

(*) Insurance claim settlement pending

(**) Estimated amount, additional funding required will be provided from the Insurance Deductible Reserve and the Facility Reserve to cover the shortfall between the estimated construction costs and the total available funding. Surpluses created by unspent contingencies will be returned equally to the source reserves.

Considerations that were not applicable to this report:

**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:
PERSONNEL IMPLICATIONS
EXISTING POLICY
ALTERNATE RECOMMENDATION
EXTERNAL AGENCY/PUBLIC COMMENTS
TECHNICAL REQUIREMENTS
INTERNAL CIRCULATION**



Martin Johansen
Civic Properties Project Supervisor

Approved for Inclusion:



Director, Recreation Parks and Cultural Services

Cc David Graham, Director of Recreation, Parks and Cultural Services
Paul Macklem, Director of Financial Services
Keith Grayston, Financial Planning Manager
Randy Cleveland, Civic Properties Manager
Maureen McGillivray, Purchasing Manager
Ron Forbes, Civic Properties Property Manager
Lance Kayfish, Risk Manager