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CITY OF KELOWNA

**MEMORANDUM**

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**Date:** February 4, 2009  
**File No.:** 6240-20  
**To:** City Manager  
**From:** Project Manager, Design & Construction Department  
**Subject:** Stuart Park, Phase 1 - Project Financial Update

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**RECOMMENDATION:**

THAT Council receive, for information, the report of the Project Manager, Design & Construction dated February 4, 2009 with respect to the status of the Stuart Park Phase 1 development project;

AND THAT Council direct staff that the ice rink function proposed for the park be deleted in order to complete the first phase of park development within the available budget;

AND THAT Council direct staff that the area where the ice rink was to be built be re-designed and developed as an urban event plaza (as originally proposed) and green space;

AND THAT Council directs that any surplus project funding be reserved for use in the development of other park projects on the downtown waterfront.

**BACKGROUND:**

Current funding for the first phase of Stuart Park stands at \$5.6 million (this includes the \$1,500,000 of new funding in the 2009 Budget and \$500,000 pledged as a Spirit Square grant from the Province in 2008). The extent of the first phase of the project is between Water Street and Okanagan Lake, and extending from Queensway Avenue to the Kelowna Yacht Club.

The current estimated cost to construct the park as designed is \$7.14 million. This estimate is current to September 2009 and includes a contingency of 11%, or \$785,000.

This leaves a projected shortfall of \$1.50 million.

The shortfall can be attributed to the following factors:

- Construction costs have increased significantly since the original budget for the park, \$5,000,000, was established in 2003. Between 2003 and 2007 the Construction Cost Index (i.e. an index of material, labour & equipment costs in the construction industry) recorded an annual increase of between 5 and 10 per cent, for an aggregate increase of 35%. As a result, over that time a \$5 million project in 2003 would have escalated to cost \$6.75 million today.

- As design work on the park has progressed new or expanded objectives have evolved to become part of the park design (e.g. requirement to achieve a net habitat gain on this site in the first phase of development; operational need to provide an on-site structure for mechanical controls and equipment associated with the ice rink; need for an ornamental water fountain to mitigate the visual impact of the ice rink during the park's peak use months; the inclusion of public washrooms in the first phase of park development).
- The cost to provide the ice rink component of the project, for which \$1,000,000 was allocated in the original estimate, is today projected to cost \$2,060,000. This cost includes a 1500m<sup>2</sup> urban plaza that can be mechanically frozen to enable skating, and an on-site building to house the ice rink controls and storage for the ice cleaner/refurbisher and snowpit (n.b. the cost of an ice cleaner/ refurbisher has not been included in the estimates). The ice surface would be refrigerated by in-slab brine lines connected to the mechanical system being upgraded at City Hall. The ice rink would provide skating for 2-3 months per year.

Staff have considered the following options for resolving the financial shortfall and summarized the position of staff relative to each option:

OPTIONS CONSIDERED	STAFF RESPONSE
<p>A. Proceed with the design as is, and go to Council at Final Budget with a request for additional funding in the amount of \$1,500,000 to cover the projected shortfall.</p>	<p><b>No</b> The demands on the taxation portion of the municipal budget this year are too significant for staff to recommend this approach.</p>
<p>B. Proceed with the design as is, and go to Council at Final Budget requesting a reallocation of \$1,500,000 in capital funding from other park development projects approved in the 2009 Provisional Budget.</p>	<p><b>No</b> The Provisional Budget has limited ability to be adjusted without impacting other initiatives. For example, the total value of the top 5 park development projects in the 2009 budget (as measured by dollar value) is only \$890,000; and include the mountain bike skills park, the cenotaph upgrade at Lions Park, drainage improvements at Mission Recreation Park, the accessible playground at PRC, and all linear park work.</p> <p><b>And</b> This approach would exacerbate the backlog of as-yet unfunded projects on the growing list of park development projects. (including 11 new neighbourhood parks, 5 neighbourhood park upgrades, 5 new community parks, 5 new waterfront parks, and 5 linear parks)</p>

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OPTIONS CONSIDERED	STAFF RESPONSE
<p>C. Delay implementation of some functions or spaces of the park in order to construct the first phase of the park within the available budget.</p>	<p><b>No</b> The cost savings of deferring "non-core" functions or spaces (e.g. orchard area, waterfall/stream, boulevards) are not quite sufficient to make up the shortfall.</p> <p><b>And</b> There are some functions and spaces that cannot be deferred because they are "core" (e.g. integral to the year-round function of the park, or necessary to obtain environmental approvals and ensure cost effective construction phasing, or are funded in part by the provincial government's \$500,000 Spirit Square grant and have a deadline of 2009).</p> <p><b>And</b> Deferring implementation of some functions or spaces in Stuart Park will exacerbate the growing backlog of unfunded park projects.</p>
<p>D. Delay implementation of the ice rink function of the park and construct it as a separate phase at a later time.</p>	<p><b>No</b> While deferring the \$1,860,000 estimated cost of the ice rink would enable the remainder of the park to be constructed within the available budget, there would be a premium to remobilize at a later time and construct the rink on a smaller and developed site.</p> <p><b>And</b> Deferring implementation of the ice rink would exacerbate the backlog of unfunded park projects.</p>
<p>E. Cut the size of the rink/plaza by half to reduce costs.</p>	<p><b>No</b> The projected cost savings of \$450,000 are not sufficient to make up the shortfall.</p> <p><b>And</b> The smaller rink surface would be too small to provide an adequate skating experience.</p>
<p>F. Delete the ice rink function from the park (including deletion of the building space required to support the ice rink) and redevelop this space to provide a smaller urban event plaza in front of the stage and a treed grass area for the remainder of the space.</p>	<p><b>Yes</b> This measure would 'save' approximately \$1,670,000 and enable construction of the entire first phase of the park within budget.</p> <p><b>And</b> The resulting 'surplus' of \$130,000 could be reserved for future phases of waterfront park development.</p> <p><b>But</b> To eliminate the ice rink function would be to 'not deliver' on something that the public is expecting to have in the park, and should be weighed by Council.</p>

Staff are sensitive to the community's expectations of an outdoor ice rink at Stuart Park and do not make the recommendation to delete it from the park lightly. However, the proportionally high cost of providing this amenity for a limited season of use makes it difficult to justify exceeding the available budget or impacting the community's other park development priorities.

**INTERNAL CIRCULATION TO:**

John Vos - General Manager, Citizen Services  
Bill Berry - Director, Design & Construction Services  
Joe Creron - Director, Infrastructure Operations  
Keith Grayston - Director, Financial Services  
Terry Barton - Parks Planning Manager, Infrastructure Planning & Asset Management

Considerations that were not applicable to this report:

**LEGAL/STATUTORY AUTHORITY:**  
**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:**  
**EXISTING POLICY:**  
**FINANCIAL/BUDGETARY CONSIDERATIONS:**  
**PERSONNEL IMPLICATIONS:**  
**TECHNICAL REQUIREMENTS:**  
**EXTERNAL AGENCY/PUBLIC COMMENTS:**  
**COMMUNICATIONS CONSIDERATIONS:**  
**ALTERNATE RECOMMENDATION:**

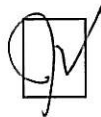
Submitted by:



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Andrew Gibbs, CSLA  
Project Manager – Design & Construction Services

Approved for Inclusion:



John Vos, General Manager, Citizen Services



Figure 1

ILLUSTRATIVE PLAN - DESIGN DEVELOPMENT  
 Stuart Park - Phase 1  
 City of Kelowna  
 11 NOVEMBER 2008

PRELIMINARY - NOT FOR CONSTRUCTION



