

Memo



Date: April 20, 2010
File: 1510-50
To: City Manager
From: Manager, Utility and Building Projects
Subject: Award of Construction Management Contract for Structural Renovation to Laurel Packinghouse

Recommendation:

THAT Council approve the award of a Construction Management contract to Sawchuk Development Co. Ltd. for the structural renovations of the Laurel Packinghouse;

AND THAT the Mayor and the City Clerk be authorized to execute the Construction Management contract on behalf of the City;

AND THAT the Director of Design and Construction be authorized to evaluate and accept or reject bids submitted in response to the public tendering process administered by the Construction Manager, Sawchuk Development Co. Ltd., in respect to Laurel Packinghouse Renovations;

AND FURTHER THAT the the Director of Design and Construction Services be authorized to direct the Construction Manager (Sawchuk Development Co. Ltd.) to execute, one or more contract(s) with such contractor(s) as recommended by the Construction Manager to carry out the Laurel Packinghouse Rennovations.

Background:

The Laurel Packinghouse was originally constructed in 1917 and is one of the oldest and largest packinghouses left standing in British Columbia. When the City of Kelowna purchased the building in 1978 it was in a state of disrepair. The original plan was to demolish the building due to its run down condition and to make way for development. This met with disapproval from the community and a lobby group was formed to save the Packinghouse. Their efforts were successful and with support from City Council, the money set aside for demolition was re-directed to establish a Community Recovery Plan. As a result, the Laurel Packinghouse was the first site in Kelowna to receive municipal heritage designation and, in 1983, became the first large scale heritage restoration project for the City of Kelowna.

A detail structural review of the Laurel Packing House was completed in September, 2008 that identified a number of deficiencies. The structural review identified the roof and main floor diaphragms, second floor offices and unreinforced exterior masonry walls as areas of concern and concluded that a repair program should be implemented to address these deficiencies and bring

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the building up to current standards. As well, the Heritage Society and public have expressed a desire to return the Packinghouse to its original layout and appearance.

The City was successful in receiving a grant from the federal Department of Canadian Heritage and Official Languages through the Canada Cultural Spaces Fund. The grant contributes 50% of eligible expenses incurred in the structural restoration of the Laurel Packinghouse to a limit of \$1.1M. The grant, coupled with the funding approved by Council, provided \$2.264 M towards a \$3.4M project. Following award of the grant, the City moved as quickly as possible to change the scope of work to meet budget and time constraints.

The contribution agreement between the City and the Federal Government contains a very aggressive schedule with the intent to create work and stimulate the economy. The project must be complete by the end of September 2010 with an interim milestone expenditure of \$525,000 by the end of March, 2010. The funding agency made it very clear that the agreed schedule and expenditures would have to be met or the City would risk losing a portion of the available grant. To meet the aggressive schedule, the City has engaged a construction management approach to fast-track the tender and award of construction trade packages as contract documents are completed.

A public competitive process was completed to find a qualified firm that could act as Construction Manager for this unique project. Sawchuk Development Co. Ltd. was deemed qualified and had the lowest fees of the eight submissions.

Fee Proposal breakdown;

Construction Manager	Proposed Fee*
Sawchuk Development Co. Ltd.	2.9%
PCL Constructors Westcoast Inc.	3.0%
Dominion Construction Ltd.	3.0%
Stuart Olsen	5.0%
Greyback Construction Ltd.	7.82%
Unitech	8.2%
Maple Reinders	16.0%
Ledcor Construction Ltd.	26.45%

*Fee percentage based on construction value.

Given the tight schedule to complete the work, construction is currently underway at the Laurel Packinghouse. The interim expenditure of \$525,000 was achieved by the end of March and the Department of Canadian Heritage is satisfied with the progress to date.

Financial/Budgetary Considerations:

The 2010 Capital Budget for this project is \$2,264,000 including construction, design consultants and construction management costs. The Construction Management fees are within the approved budget.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

Technical Requirements:

External Agency/Public Comments:

Communications Considerations:

Alternate Recommendation:

Submitted by:



Joel Shaw, P. Eng.

Manager, Utility and Building Projects

Approved for inclusion:



Bill Berry, P. Eng., Director, Design and Construction Services

cc: John Vos, General Manager, Community Services
Maureen McGillivray, Manager, Purchasing
Keith Grayston, Director, Financial Services