

# Memo



**Date:** June 22, 2011  
**File:** 0500-41  
**To:** City Manager  
**From:** Lance Kayfish, Risk Manager  
**Subject:** City Park Pavilion Building - Next Steps and Insurance Claim

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**Recommendation:**

THAT Council directs staff to demolish the City Park Pavilion building and reclaim the site;

AND THAT Council directs staff to report back with a plan and budget to construct new buildings in City Park to provide washroom and concession space and to renovate City Hall to provide additional capacity for offices and workspace within the existing building.

**Purpose:**

This report provides an update to Council about the fire damage insurance claim for the City Park Pavilion building, and seeks Council's direction on the options: (1) to restore the building; or (2) settle the claim in an alternate fashion by building a new park structure and renovating City Hall.

**Background:**

This report follows the Risk Manager's report of March 23, 2011 regarding the fire causing extensive damage to the City Park Pavilion building on March 6, 2011. All of the displaced staff have been absorbed into City Hall utilizing free workstations and meeting rooms to serve as interim work space in City Hall. Later this summer, the *Design & Construction Department* will be moved into temporary workspace in the Bruckal Building.

Staff recognizes future plans for City Park do not likely include a building at the current site of the Pavilion. The pre-fire use of the building as office space was not the original intent of the building. With this in mind, staff have been working with the City's insurance company, the Cowan Insurance Group, since the fire to determine the best course of action for the future of the Pavilion site.

The insurer has agreed to a proposal by the City to recreate the office space capacity lost at the Pavilion by way of an alternate solution to restoration of the Pavilion to pre-fire condition. The alternate approach proposed by staff is to build smaller structures in the park, in new locations, that will provide washroom and concession amenities and to renovate City Hall to provide for the office work station capacity lost at the Pavilion.

The basis of the settlement of the insurance claim for a new City Park building and renovation project would be on full replacement cost value of the cost estimated to repair the Pavilion to pre-fire condition. Currently the estimated cost of repair to put towards the alternate proposal is \$1.1 - \$1.5 million; the total value to replace the building is estimated at \$1.8 million. The final amount available as part of the insurance claim will be determined by a quantity surveyor's assessment based on architectural plans for a restoration project including structural, environmental and geotechnical engineering reviews.

A consultant review has confirmed the lost capacity can be effectively replaced with new park structures and renovations to City Hall. Staff are not able to accurately estimate the full cost of the solution at this early stage. Preliminary estimates for various scenarios range from \$1.2 million to over \$2 million. The uncertainty associated with this approach is the gap in funding between insurance proceeds and the actual cost of the associated projects. If approved, it is anticipated the funding gap would be addressed in the 2012 budget. A detailed plan and budget will be brought to Council for review once completed.

It is recommended the Pavilion building be removed and the site landscaped as soon as reasonable. Staff have determined full demolition cannot proceed without major interruptions to the Water Park summer schedule so are not planning to complete the demolition until the Fall. Some salvage and preparation work may proceed earlier. A fencing, hording and security plan will be put in place until the demolition proceeds.

**Alternate Recommendation:**

THAT Council directs staff to work with our insurer to repair and restore the City Park Pavilion building to its pre-fire condition.

**Internal Circulation:**

Director, Infrastructure Planning  
Director, Corporate Services

**Considerations not applicable to this report:**

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:

Submitted by:

L. Kayfish, Risk Manager

Approved for inclusion:

Rob Mayne, Director, Corporate Services

cc: Director, Infrastructure Planning  
Director, Real Estate & Building Services  
Director, Recreation & Cultural Services