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ADMINISTRATIVE REPORT

Report Date: February 19, 2009
Contact: Janson Ho
Contact No.: 604.871.6692
RTS No.: 7938
VanRIMS No.: 08-2000-20
Meeting Date: March 3, 2009

TO: Vancouver City Council
FROM: General Manager - Business Planning and Services
SUBJECT: Approval for Funding in Advance of the 2009 Basic Capital Budget

RECOMMENDATION

- A. That Council approve a budget of \$610,000 for the Capital Maintenance - Building Envelope (Roofing) and that funding be provided in advance of the 2009 Basic Capital Budget.
- B. That Council approve a budget of \$870,000 for Building Specific Capital Maintenance- Exterior cleaning and painting, and that funding be provided in advance of the 2009 Basic Capital Budget.
- C. That Council approve a budget of \$850,000 for Building Specific Capital Maintenance- Interior renovations, and that funding be provided in advance of the 2009 Basic Capital Budget.
- D. That Council approve a budget of \$10,500,000 to replenish funds for the capital upgrades to the Queen Elizabeth Theatre that had been used to remediate unexpected lead contamination, and that funding be provided in advance of the 2009 Basic Capital Budget.

GENERAL MANAGER'S COMMENTS

The General Manager of Business Planning and Services recommends approval of A, B, C, and D.

COUNCIL POLICY

Council approves the allocation of Capital Plan funding through the annual Basic Capital Budget process.

Allocation of funding in advance of the annual Basic Capital Budget requires Council approval.

PURPOSE

The purpose of this report is to obtain Council approval for funding in advance of the 2009 Basic Capital Budget to expedite capital works required on existing civic facilities.

DISCUSSION

Capital Maintenance - Building Envelope (Roofing)

The roofing systems on many buildings owned by the City have far exceeded their life expectancy. Despite regular maintenance and frequent repair, a number of these roofs have now deteriorated substantially and are beyond economical repair.

The Facilities Design and Management department has a plan for the regular scheduled replacement of roofs on an annual basis. Facilities that require roofing work in this program include Dunbar Library, Kitsilano Library, Hastings Library, Fire Hall#2 Hose Tower, and the Centennial Museum.

Roofing replacement is generally performed during the drier summer season. In order for the City to schedule a roofing contractor for this period, the tendering work and award of contract must be completed in the early part of the new year. The availability of qualified roofing contractors decreases with the approach of summer as contractors finalize their summer work plans. Failure to secure resources early may result in roofing work being done during the unfavourable wet season or being postponed to the following year. Further delay in the replacement of these roofs may substantially impact the operations of the facilities and their programs. Funding for this work is therefore requested in advance of the 2009 Basic Capital Budget to ensure that contractors are secured and able to schedule this work during the dry summer season.

Building Specific Capital Maintenance - Exterior Cleaning and Painting

The Building Specific Capital Maintenance Program plan for 2009 includes exterior cleaning and/or exterior painting of several major civic facilities. These facilities include Library Square, the Queen Elizabeth Theatre, the Orpheum Theatre, City Hall, and the Vancouver Museum. This work is planned to be completed by the fall of 2009 in advance of Olympic Games activities. Funding for this work is therefore requested in advance of the 2009 Basic Capital Budget to ensure that contractors are secured and able to schedule this work during the dry summer season.

Building Specific Capital Maintenance - Interior Renovations

The Building Specific Capital Maintenance Program plan for 2009 also includes interior improvements at City Hall. The first three floors of City Hall are some of the most used public spaces in the building and over the years the interior finishes of these areas have become worn and dated. Modifications to these spaces are also required to improve function and accessibility.

Improvements to floors 1,2, and 3 include the installation of new Energy Smart light fixtures to improve the level of illumination and to reduce energy costs, the cleaning and painting of

existing surfaces, the upgrading of washrooms, new public seating to replace the existing worn furniture, new carpeting, and upgrades to the existing mechanical and ventilation system.

The Protocol Office has requested that these improvements be completed by the summer of 2009 in order not to interfere with the visiting Heads of State and Dignitaries that are expected commencing the fall of 2009. Funding for this work is therefore requested in advance of the 2009 Basic Capital Budget in order to proceed with tenders and contracts to achieve this timeline.

Queen Elizabeth Theatre Upgrades (Lead Remediation)

The 2009-2011 Capital Plan includes funding of \$10,500,000 to cover the cost of lead remediation associated with the renovation of the Queen Elizabeth Theatre.

Previously, Council approved a phased approach to renewing the Queen Elizabeth Theatre (QET) Complex with work scheduled in the summers of 2006, 2007, 2008, and 2009. In 2006, a project to acoustically separate the Queen Elizabeth Theatre and the Playhouse was completed on time and on budget. The first phase of the audience chamber renovation project in 2007 included the remediation of existing lead coatings on the ceiling structure. During this construction period, routine testing revealed lead dust contamination throughout the construction area, prompting extensive site cleanup. Full environmental clearance was attained prior to the theatre re-opening in the fall of 2007.

In preparation for the 2008 Phase of the audience chamber renovation, preconstruction testing revealed the re-emergence of lead dust in previously cleared areas, and further testing indicated the additional presence of lead dust in sealed and concealed areas. WorkSafe BC issued a directive that a comprehensive remediation program be completed for both lead paint and lead dust. This work was performed concurrently with the 2008 construction, and full environmental clearance was again attained prior to the theatre re-opening in the fall of 2008.

The overall project scope and sequencing was redesigned to accommodate this major hazardous material remediation work in conjunction with the construction work. In order to continue the QET renovation plan schedule, the cost of the lead abatement was charged to the QET Renovation Project. The total cost of lead remediation is currently estimated at \$10.5M. To address this funding issue, the cost for the additional lead remediation was included in the 2009 - 2011 Capital Plan. While the construction budget remains adequate to complete the revised scope (excluding the lead remediation), it cannot accommodate the cost of the lead remediation. Funding for this unplanned lead remediation cost is therefore requested in advance of the 2009 Basic Capital Budget in order to maintain the construction schedule for the 2009 phase of this project and the scheduled reopening of the theatre for the 2009 season.

FINANCIAL IMPLICATIONS

The 2009-2011 Capital Plan includes funding of \$7.3 million for General Capital Maintenance, \$1.9 million for Building Specific Capital Maintenance, and \$10.5 million for Queen Elizabeth Theatre Upgrades. A number of facilities-related capital projects scheduled for 2009 require

tendering and contractor scheduling within the next several weeks to allow for work to be completed during the drier summer season. Accordingly, funding in advance of the 2009 Basic Capital Budget is requested to expedite capital works required on existing civic facilities as detailed in the preceding section and as outlined in the following table:

CAPITAL PLAN PROGRAM	CAPITAL PLAN REFERENCE	2009-2011 CAPITAL PLAN AMOUNT	ADVANCE FUNDING REQUESTED
General Capital Maintenance	W3		
Building Envelope (Roofing)	W3f		\$610,000
Total - General Capital Maintenance		\$7,330,000	\$610,000
Building Specific Capital Maintenance	W3-3		
City Hall - Window Rehabilitation	W3-3		\$150,000
City Hall - Exterior Cleaning	W8a		\$200,000
Library Square - Exterior Cleaning	W8c		\$200,000
QET - Exterior Cleaning	W8d		\$50,000
Orpheum - Exterior Cleaning	W8e		\$50,000
Planetarium - Resurface Roof; Repaint Exteriors	W8f		\$220,000
Subtotal - Exterior cleaning and painting			\$870,000
City Hall - Interior Renovations	W8i		\$850,000
Total - Building Specific Capital Maintenance		\$1,900,000	\$1,720,000
QET Upgrade - Lead Remediation	N3	\$10,500,000	\$10,500,000

Source of funds to be as follows:

- \$1,610,000 Capital from Revenue requiring a commitment of Capital from Revenue in advance of the 2009 Operating Budget approval;
- \$11,220,000 Debenture funding as approved by plebiscite.

CONCLUSION

In order to meet the planned construction schedule of the work identified in this report, Council approval for capital funding in advance of the 2009 Capital Budget is requested.

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