



City of Richmond

Report to Committee

To: General Purposes Committee
From: Greg Scott, P. Eng., LEED A.P.
Director, Major Projects

To General Purposes - April 21, 2008
Date: April 9th, 2008
File:

Re: Richmond Oval – Contingency Adjustments within \$178M Project Budget

Staff Recommendation

That, within the \$178M Richmond Oval Project Budget, \$1M from the Owner's Allowance be allocated to the Construction Contingency.

Greg Scott, P. Eng., LEED A.P.
Director, Major Projects
(4372)

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Olympic Business Office.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
REVIEWED BY SECRETARIAT	YES <input checked="" type="checkbox"/> 	NO <input type="checkbox"/>	REVIEWED BY CAO
			YES <input checked="" type="checkbox"/>
			NO <input type="checkbox"/>

Staff Report

Origin

The budget for the design and construction of the Richmond Oval is \$178M. Within this budget, the line item "Owner's Allowance" stands at \$4,147,639 and the line item "Construction Contingency" is \$3,594,100. These contingencies were created to cover costs not identified at time of construction or during the development of the program. The delivery team recommends a redistribution of these contingencies.

Analysis

The Owner's Allowance and the Construction Contingency were created to supply an appropriate level of contingency relative to the scale of the project. At this date, Contract Change Orders to the amount of \$1,344,487 have been approved. Additional Contract Change Orders estimated at \$2,558,237 are forecasted to the end of the project. All of the monies to cover the Contract Change Orders have been or will be drawn from the Construction Contingency. The view of the project team is that there will be changes required from now till the end of the project which are unforeseen, and as such further Construction Contingency will be required.

At project completion, if the entire Construction Contingency is expended this would equal only 2.6% of the overall construction budget, which is an excellent outcome when measured against industry standards.

Expenditures-to-date from the Owner's Allowance are \$653,000. These expenditures were comprised of overhead, art works and a minor change in future tenant space. The current balance of the Owner's Allowance is \$3,494,639.

Construction has reached a point where attachments for the placement of sponsorship and/or naming marks on the Oval's east and west facades need to be put in place. These expenditures were not included in the original budget as typically the naming sponsor is responsible for such costs. The design team has created a flexible way to attach such marks at the cost of \$100,000.

As this is a true construction item, we recommend that the monies be transferred from the Owner's Allowance to the Construction Contingency Fund to cover these costs. With the transfer of this amount the Owner's Allowance will stand at a balance of \$3,394,639. Should a naming sponsor be contracted, that sponsor can replenish the Owner's Allowance for the \$100,000 transferred.

The delivery team, staff, the Richmond Oval Building Advisory Committee concur and recommend that an allocation. Staff recommend that \$1M be transferred from the Owner's Allowance be transferred to the Construction Contingency. This will leave the Owner's Allowance with a remaining balance of \$2,394,639.

April 9th, 2008

- 3 -

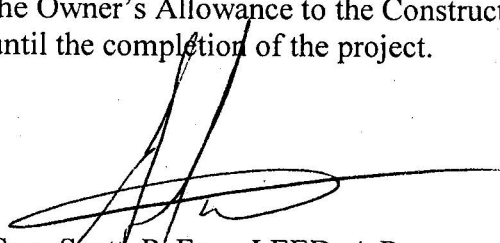
Financial Impact

N/A

Conclusion

The City has both anticipated the need for and has allocated sufficient funds to cover contingencies. Contingencies have been very well managed and accounts for only 2.6% of the project's expenditures.

Staff recommend, that within the \$178M Richmond Oval Project Budget, \$1M be allocated from the Owner's Allowance to the Construction Contingency to cover unforeseen changes from now until the completion of the project.



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cc: Lee A. Malleau, EcD., Manager, Sponsorships and Partnerships