



November 14, 2023 City Hall Project Update Highlights of Council Discussion

This document is a high-level summary of the discussion between Council, staff and its consultant for the City Hall Project at the November 14, 2023 Regular Council Meeting. Due to missing and/or poor audio during the Council meeting, a summary of the discussion is noted below. The presentation was conducted by CAO Paul Gipps and Ms. Kim Roger, Senior Project Manager, Colliers Project Leaders. View the Council Report: <https://pub-westkelowna.escribemeetings.com/filestream.ashx?DocumentId=13938>

Following the presentation, Councillor de Jong mentioned that he is disappointed with the cost overages and delays to the project. He requested clarification about what descoped means and wanted to understand what was descoped on the project. Both Mr. Gipps and Ms. Roger described that City crews would be performing some of the exterior finishing work in-house to save costs. Further, they have released some contractors early, as it makes no sense to keep contractors on during the winter when finishing work would resume in the spring. Examples includes City crews installing irrigation and bringing the landscaping in-house at a reduced cost compared to the pricing provided by contractors. Some of the lighting features were also removed, such as the ability to change the colours of the lights for special occasions. Ms. Roger mentioned that the building will be fully functional even with these cost reductions.

Councillor Johnston asked a descoping follow up question (e.g. what is the original scope versus what is being descoped), along with providing other comments. Councillor Johnston mentioned that he was not fully aware of the scope and budget of the project. He also mentioned that he is not aware of what the elements are to reduce costs. Councillor Johnston mentioned he would like to understand the scope and budget now compared to what was originally approved, and that he believes taxpayers end up paying in the end. He also asked if there will be costs to the City if the targets are now being changed (e.g. changing equipment, finishings, etc). He asked if the City is kicking the costs to future years that the City would have to pay for.

Mr. Gipps and Ms. Roger provided additional examples of cost reductions by using City crews, such as bringing irrigation in-house at a much more reasonable cost, releasing landscaping contractors early considering finishing work will continue in the spring, reducing the use of new furniture where possible (most existing furniture is being moved to the new building), and changed the siding on the tower (the supplier was changed to reduce costs). Some prices were excessive that have been prevented through continued value engineering. Ms. Roger mentioned that descoping is the same as the continued value engineering, which remains ongoing and does not mean cutting requirements of the project.

Mayor Milsom also agreed that the delays and cost overages are disappointing. The Mayor reiterated that aside from some specific issues related to our project, such as delays with Structuralam and BC Hydro, other issues such as the covid pandemic, wildfires, labour shortages and inflated prices have also contributed to delays and overages for capital projects to other projects across this province and across our country. The Mayor expressed that although he is disappointed with overages we're not the only one experiencing overruns like this, and that this would cost us a lot more in future.



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Mayor Milsom thanked City staff and consultants for the steps they have taken to mitigate the many challenges, which have been present during the building of our City Hall/Civic Centre. Mayor Milsom mentioned that he believes the new building will serve our own community well, and it is exciting to have additional services available. The Mayor also mentioned that he believes the new City Hall/Library building will be a landmark for our community and a community gathering space, which we will all be proud of.

Councillor de Jong requested Council to consider amending the motion to receive the project budget (but not endorse the budget after the fact). Councillor de Jong mentioned that the financial strategy presented is the best way forward and he would endorse it but not the budget after the fact.

Councillor Friesen also mentioned his disappointment over the delays and cost overages, and gave credit to the value engineering that's been done. Being in the construction industry, Councillor Friesen said he's seen this in the industry, and that no one on this Council is happy but he is appreciative of the efforts to mitigate the overages. Councillor Friesen also mentioned that he was happy with the new motion.

Councillor Johnston asked what the in-house costs may be for irrigation and landscaping. Ms. Rogers estimated about an \$80,000 - \$90,000 reduction, and that continued value engineering will occur.

Councillor de Jong asked if staff would come back to Council with a report of what items have been descoped with values attached to them that takes the project to full completion. Mr. Gipps agreed that a report would come back to Council with that information at a future Council meeting.

Councillor de Jong tabled an updated motion that Council unanimously carried (note that Councillor Zanon was absent from the meeting):

THAT Council consider and resolve to receive the revised project budget and endorse the financial project strategy. (Carried unanimously)