



April 29, 2011

**City Council
Committee Report**

To: Mayor and Council

Fr: Richard Perchuk

Re: New Harbourfront Festival Tent

Recommendation:

That Council hereby approves a change in the scope of the proposed sidewalls for the Harbourfront tent from a seasonal sidewall to that of a permanent sidewall, which will extend the life of the sidewalls, while reducing the ongoing maintenance requirements and allow for year round use of the Harbourfront tent facility; and

That Council hereby approves amending its 2011 capital budget to increase the total cost for the amphitheatre cover project to \$1.6 million from the original \$1.5 million allocation; and

That Council hereby approves this incremental \$100,000.00 to be funded through the City's Contingency Reserve; and further

That in accordance with Notice By-law Number 144-2007, public notice be hereby given that Council intends to amend its 2011 Municipal Operating and Municipal Five Year Capital Plan at its May 16th Council meeting.

Background:

The City of Kenora recently awarded the supply and erection of the new Harbourfront festival tent to KMA Contracting with an anticipated completion date of the structure scheduled for mid to late August 2011. After discussions with KMA and City Tourism representatives, a review of the sidewalls for the facility was recently initiated. The purpose of the review was to evaluate the differences between the seasonal sidewalls included in the KMA Contracting contract award that are not suitable for winter use versus an upgraded permanent sidewall available for year round use.

The award to KMA Contracting to proceed with the project was expedited with the inclusion of the base seasonal sidewall type in order to ensure the tent would be completed in the 2011 construction season and within the estimated \$1.5 million budget. KMA was asked to provide a pro versus con matrix to compare the seasonal and permanent sidewall options. The matrix indicates that the permanent sidewalls would alleviate the requirement for labour and storage for winter take down and spring re-install of the tent's seasonal walls, which are a key feature of the tent. Tourism is in favour of permanent year round sidewalls due to the lack of available labour resources to install and remove the sidewalls on a seasonal basis. Tourism also suggests that the permanent sidewalls would be more conducive for the promotion of winter events. Please refer to the attached pro/con matrix spreadsheet for details.

KMA has provided costing options related to implementing an upgraded permanent sidewall solution that includes full installation of the sidewalls in 2011 and two alternatives to phase the sidewalls in commencing in 2011 with completion in 2012. Please refer to the KMA documentation and Figures 1 to 4 that outline the seasonal and permanent sidewall options and associated costs. It should be noted that the phased in approach shown in Option 1, Figure 3 and Option 2, Figure 4 would be considerably more expensive than the complete installation in 2011.

In summary, the following sidewall options and associated costs are available to the City:

Seasonal Sidewall: Completion 2011 - Figure 1

Seasonal sidewall for non-winter use can be installed in 2011 at a cost of \$94,500.00, which is included in the current contract works already awarded to KMA Contracting.

Permanent Sidewall: Completion 2011 – Figure 2

KMA has provided an option to upgrade from seasonal to permanent sidewalls with complete install in 2011 at a cost of \$190,000.00 (\$95,500 increase over the existing contract).

Permanent Sidewall: Completion 2012 – Figure 3

KMA has provided an option to upgrade from seasonal to permanent sidewalls with half the sidewall panels and associated structural steel support system installed in 2011 and the balance of the panels and structural steel works completed in 2012 at a cost of \$227,852.00 (\$94,500.00 in 2011(already approved) and the remaining \$133,352.00 in 2012).

Permanent Sidewall: Completion 2012 – Figure 4

KMA has provided an option to upgrade from seasonal to permanent sidewalls with the installation of all the structural steel support system and one quarter of the sidewalls in 2011 and the balance of the sidewall panels installed in 2012 at a cost of \$234,514.00 (the approved \$94,500.00 in 2011 and an additional \$140,014.00 in 2012).

Permanent Sidewall: Completion 2011 – Financing Offer

The KMA proposal also identifies an option for the installation of the steel structure and permanent sidewalls to be completed in 2011 with the \$95,500.00 increase in cost to be financed by KMA offered to the City at a 15 percent interest rate. This option is not viable as the City can obtain financing elsewhere at a much lower rate than the 15% offered by KMA.

Budget:

The incremental cost would need to be financed as part of the project. Incremental payments related to this would be \$7,624.20 per annum based on the rates and amortization used within the 2011 budget calculations.

An evaluation of annualized costs for the options represented by Figure 1 and Figure 2 has been reflected in the following table. Figures 3 and 4 were not included as part of this analysis due to the increased costs as a result of splitting the works over a two year period.

	Seasonal	Permanent
Cost of Sidewalls (including HST)	96,163	193,344
Life expectancy (years)	5	9
Annualized Capital Cost	19,233	21,483
Theoretical interest differential		
Increased capital cost / annum @ 4.55%		102
Incremental costs *		
Anticipated labour costs for put up / take down **	968	
Adjusted for anticipated times required (2 winter events)	3	2,904
	22,137	21,585

- * Based on labour for put up and take down only. The following not built in:
- Storage costs (seasonal) - anticipated use existing City facilities, and no incremental costs
 - Equipment and staff costs for transferring to / from storage - unknown at this time

** Anticipated labour costs

Put up

 3 labourers @ 8 hours
 645 |

Take down

2 labourers @ 6 hours
 323 |

Combined put up / take down per occasion

(based on 2011 City labourer's rate)

968 |

Overall, anticipated costs per annum are very similar on an annualized basis. Ultimately, the key to the analysis is the review of the pros and cons related to the seasonal (or retractable) sidewall as opposed to those for the permanent sidewall. Based on a review of the benefits related to the permanent sidewalls, with particular regard being given to the reduction in staff requirements, and the increased opportunities for use of the tent structure during the winter period, it is recommended that the City proceed with the permanent sidewall option.

Communication Plan/Notice By-law Requirements:

The company constructing the tent will be advised as to Council's decision on this matter.