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Red flag raised over NNC cost

BY CHRIS HAMLYN
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The New Nanaimo Centre agreements were signed Monday with council approving partnering, development and purchase deals between the city, Triarc/Suro and Millennium Development.

But not all councillors were in favour.

Councillors Bill Bestwick and Loyd Sherry voted against the approval of the agreements over concerns of a lack of a guaranteed maximum price from the project's general contractor Intertech Construction Group.

Bestwick asked for a delay in approving the agreements until council receives the contractor's guaranteed maximum price.

"I campaigned being supportive of downtown revitalization and I'm delighted Millennium is on board, but I'm also concerned we don't have all the information we need so that I, in a clear conscience, can make a decision," he said.

"I'm not 100 per cent confident where the extra dollars are coming from and in my view, another 72 hours would have allowed for a better understanding before signing."

Sherry said his concerns of transparency of the project still remain.

"We rushed this thing through still not knowing what the total costs are going to be," he said.

"It appears it doesn't matter what the costs, this project will go ahead."

Sherry said when the concept of the conference centre started, the city did not have architectural drawings and the "guesstimate" was \$52 million.

"Then we only had 50 per cent of the known facts about the project and it went from \$52 million to \$72 million," Sherry said.

"Now we're told architectural drawings are 80 per cent complete and we still haven't seen a guaranteed maximum price."

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Deputy city manager Al Kenning said a guaranteed maximum price is expected from Intertech in the next week or two, though cash allowances will be provided in the price.

"Our partners are asking how we can hold them to a price when designs, such as the interior, have just started," he said.

"The major drawings of the project are in the 90 per cent area of completion, though interior drawings are the least far along."

Bestwick said any talk of going over the \$72.5-million budget is pure speculation, but he is concerned if anything has to be cut from the project.

Kenning said if costs come in higher than \$72.5 million, options include finding further cost savings in the overall project, delete sections of the project or cancel the project.

Both Triarc/Suro and the city have the same exit option if the new contractor

price faces costs above \$72.5 million

Mayor Gary Korpan said the city's partners were hobbled without the signing of the agreements.

"If you are going to go out and try to convince a bank or lending agency to put up front millions of dollars, you have to show you have a deal, the security of the project in the land and the commitment from your partners, in this case the city of Nanaimo," he said.

"Our people and their people with their lawyers and their lawyers work these agreements literally for months until council approved them in principle a month and a half ago."

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