

5

EXHIBITION PLACE

March 22, 2005

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Consultants for the Capital Works Program**

Purpose:

This report outlines the consultant process and selection followed by Exhibition Place with respect to its Capital Works Program.

Financial Implications and Impact Statement:

There are no financial implications to this report.

Recommendations:

It is recommended that the Board receive this report for its information only.

Background:

At its meeting of March 4, 2005, the Board requested staff to provide a report detailing the reasons and policy for the use of consultants within the Capital Works program.

Comments:

Exhibition Place generally follows the policy established by City Council with respect to the engagement of consultants. As set out in the City Policy, the primary benefits for engaging consultants rather than hiring permanent staff are as follows:

- Permits the allocation of staff resources to front-line and direct service priorities;
- Can be used for any type of function, service or problem;
- New skills can be acquired by staff working with experts in a field;
- Addresses situations that require objectivity, impartiality and independence of opinion;
- Can result in cost-savings, improved service, or better procedures;
- Avoids payroll costs associated with permanent, contract or student work; and
- Appropriate for non-recurring or infrequently occurring tasks not warranting full-time staff.

The City policy outlines definitions of project categories used for consulting services, one of which is "Technical and Professional Consultants" who "undertake activities for a defined assignment to assist managers in delivering services requiring the application of mandatory or essential technical skills by accredited professional or quasi-professionals (can be architectural or engineering design, accounting, actuarial, medical, appraisal, scientific, community planning, banking/financial, surveying or landscape/interior design in nature.)" Generally, the consultants engaged for the Capital Works Program fall within the "Technical and Professional Consultant" category.

Typically, the Capital Works Program for Exhibition Place includes about 15 - 20 projects valued at \$4.0 to \$5.0 million. In 2005, the Program includes 31 sub-projects with a budget of \$5.55 million, plus four (4) energy generation and retrofit projects equivalent to an additional \$7.1 million. The Exhibition Place Capital Works area has two full-time staff – the Capital Works Manager and a Capital Works Co-ordinator who manage these programs from the design through to full implementation. The purpose of having a capital works area at Exhibition Place is to develop in-house expertise on the capital needs of the site which expertise would include not only a technical assessment of the capital needs but an understanding of the needs in terms of the "business" of Exhibition Place. Also an in-house capital works area is cognizant of the client needs in the implementation of a capital program.

Because of the diversity of the site (192 acres, 33 acres of parkland, 7 buildings and structures designated under Ontario Heritage Act; 17 buildings and structures listed with Heritage Toronto; indoor/outdoor parking lots; 5.5. km of public roads) the capital projects undertaking in any one year are technically diverse. For example, in 2005, the capital projects cover the following technical areas: structural, civil, municipal, mechanical, electrical, building envelop engineering, interior design, historical restoration architects and landscape architects. Exhibition Place also acts as an advisor and liaison to the water and sewer program of the City. There is likely no other department in the City of Toronto that has to deal with such a diverse capital programs.

As noted above in the City Policy, it would not be advisable to employ, on a permanent basis, staff knowledgeable in all the technical areas related to the diverse capital projects at Exhibition Place. Rather, it is more cost effective to hire consultants for this purpose since from year-to-year the projects change. This is exactly the same approach taken by the City – there are limited staff hired on a permanent basis and consultants used on an "as needed" basis.

One of the main reasons consultants are hired at the design stage is that all capital projects must use a public tender process through the City of Toronto Purchasing. Again, this is the practice followed by other City departments. Since the public tender documents become part of a legally binding agreement between the Board and the successful bidder, it is essential that the work to be done be properly designed and described in the tender documents. Contractors are relying upon the clarity of the tender documents and the accuracy of technical specifications and drawings to prepare their submissions. If the tender documents are unclear or missing particular information, Exhibition Place is liable for cost of change orders issued.

The other major issue to be addressed with every project is potential legal liabilities. Generally, all major projects on the grounds are related to large buildings that are 50 to 80 years in age. These

are also buildings that are used for major public gatherings. A technical consultant involved in reviewing the project and preparing the specifications for the project attaches their professional stamp of approval on that work and becomes legally responsible for the advice provided. In other words, the legal responsibility assumed by the consultants is a protection for the Board and the City.

Consultants are not hired where there is in-house expertise. For example, consultants are not necessary and not hired for equipment purchases where Exhibition Place staff know the exact requirements for such requisitions and can direct the installation for such equipment. In other instances, Exhibition Place has drawn on the resources of City staff, for example in developing the tree-planting program for the grounds.

As for the selection procedure, staff follow the requirements of the Board's Financial By-law No. 2-99. For a projected consultant fee over \$10,000, a competitive process with a minimum of three proposals is used. Engagement is determined on the basis of the best value based on an evaluation point system considering criteria such as: qualification, firm experience, team members, references and fees. The Board must approve of any engagement valued at fees over \$50,000. Exhibition Place enters into a letter agreement with each consultant which outlines specifically the tasks to be performed. These procedures are in keeping with the requirements of the Board's by-law and the City policy.

In general, the total annual fees for consultants has been in the range of \$400,000 to \$550,000 depending on the complexity of the projects that year. As with all agencies, boards and commissions, Exhibition Place reports to the City on an annual basis on all consultant activity and expenditures.

In 2004, \$503,619 was spent on consultants. This amount included \$388,621 on 17 particular projects, which consultant list was provided to the City's Chief Financial Officer's office pursuant to City of Toronto Council policy. The Pre-Engineering expenses for 2005 or future projects totalling \$114,998, are generally itemized below:

Hotel (archaeological, legal, green energy issues, planning consultant)	\$44,123
Dennis Foster, P. Eng (energy retrofit assessments/RFQ)	\$20,000
Terraplan Landscaping Architect (Food Building design)	\$3,720
E.C. & Associates (BLC & GS structural investigations)	\$5,045
Takvor Hopyan Architects (Bandshell Canopy)	\$8,738
Dunlop Farrow (NTC Canopy)	\$10,372
Rich & Associates (Parking Study)	\$6,000
Ameresco (Building efficiency report)	\$17,000
Total for Pre-engineering Project	\$114,998

Conclusion:

The intent of this report is to clarify for the Board's information, the policy for hiring consultants for Capital Works projects.

Contact:

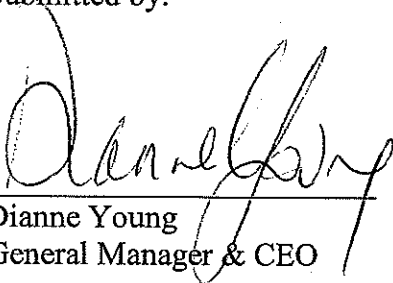
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Submitted by:

A handwritten signature in cursive script, appearing to read "Dianne Young". The signature is written in black ink and is positioned above a horizontal line.

Dianne Young
General Manager & CEO