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EXHIBITION PLACE

June 15, 1999

To: The Board of Governors of Exhibition Place

From: Dianne Young
Interim General Manager

Subject: Policy of Scope-of-Work Change for Capital Projects

Recommendation:

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

Background:

At its meeting of April 9, 1999, the Board requested a report on material (scope-of- work) changes for capital projects awarded.

Discussion:

The Board raised two questions related to the issue of authorization of material changes to capital projects: (1) one relates to changes that have a budgetary impact; and (2) the other relates to "qualitative" changes that may or may not have a budgetary impact. Exhibition Place Capital Works follows the policies, procedures and document format of the City of Toronto. Generally, the policies developed and adopted by the City of Toronto (and the former Metro Toronto) addressed both these questions by establishing policies that focus on the budgetary impact of material changes. The Board, as an agency of the City, has also adopted this approach.

Accordingly, all Tender documents issued by the Board provide that the General Manager (or his/her designate) has the authority to order changes to the work to be performed and requires the contractor to comply with such changes. In dealing with changes to the contract or scope of work, the Board adopted a policy giving appropriate authority to various staff levels to sign off any proposed change orders for revised scope of work, additional or unforeseen work. The main thrust of the policy is as follows:

- (1) Change Orders under \$10,000 to be authorized jointly by the Director of Finance and the Manager of Capital Works; and
- (2) Change Orders over \$10,000 to be authorized by the General Manager.

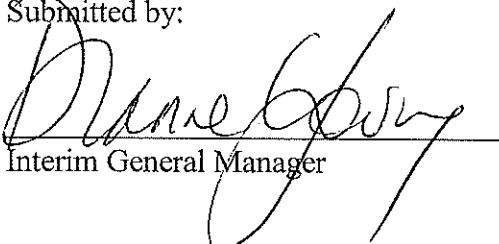
At its meeting in January, 1995, the Board adopted the former Metro expenditure level delegation, namely, the Board approved the General Manager's new level of contracts/expenditure authority would be \$50,000 for the purpose of By-Law No. 5, Respecting the Payment of Accounts and Other Matters. Therefore, combined with the authority noted above, Change Orders between \$10,000 and \$50,000 would require the authorization of the General Manager.

I believe that the standard adopted by the City of Toronto which standard is reflected in the Board's policy is an appropriate one. Generally, 95% of the individual capital projects at Exhibition Place are under a dollar value of \$500,000 and are very specific as to the work to be performed (ie replacement of 10 cobra poles; replacement of electrical substation at Horse Palace. Therefore, the potential for either a qualitative or quantitative change in the scope of work is very minimal. Accordingly, I would not recommend a change in policy at this time. However, for the Board's information, the Director of Finance is in the process of reviewing the entire powers of delegation of financial responsibilities at the Board and will be reporting out to the July, 1999 meeting. In addition, as requested by the Board, staff are reviewing the format of the monthly Capital Works Report to the Board. Furthermore, as the new City of Toronto reviews or revises its policies with respect to capital work projects, staff will bring those revised policies to the attention of the Board.

Conclusion:

The intent of this report is to clarify for the Board the established parameters and authority of staff in dealing with changes in contract specification during construction.

Submitted by:



Interim General Manager

The foregoing report was reviewed by the Executive Committee at its meeting held on June 18, 1999 and is referred to the Board of Governors for INFORMATION.