July 16, 2001

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Consultants for Capital Works Projects

Recommendation(s):

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

Background:

At its meeting of June 29, 2001, the Board requested staff to provide a report detailing the policy for hiring consultants for Capital Works projects. At its meeting of June 26, 27 & 28, 2001, City Council adopted a “Policy for the Selection and Hiring of Professional and Consulting Services”.

Discussion:

Exhibition Place has adopted and always followed the “Consultant Selection Policy” of the former Metropolitan Toronto for hiring consultants. In June, 2001, the City of Toronto adopted a new policy which staff have now had an opportunity to review.

As set out in the City Council report, the primary benefits to the City in using consultants 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 hired by Capital Works fall within the “Technical and Professional Consultant” category. The main reasons for hiring consultants 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;
- 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.

In the last few years, the Capital Works Program for Exhibition Place includes about 10 - 15 projects valued at $3.0 to $4.0 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 would be sensitive to 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 2001, the capital projects covered the following technical areas: structural, civil, mechanical, electrical and building envelop engineers, interior and historical restoration architects and landscape architects. There is likely no other department in the City of Toronto that has to deal with such a diverse capital programs. For example, the capital division of the Transportation Department generally deals only with road projects, the Parks Department with park projects; and Corporate Services with building projects.

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 capital works areas – 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 will attach his/her 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, on equipment purchases where staff know the exact requirements for such requisitions and can direct the installation for such equipment, consultants are not necessary. In other instances, Exhibition Place has drawn on the resources of City staff, for example in developing a tree planting program for the grounds.

As for the selection procedure, staff follows the requirements of the Board’s Financial By-law No. 2-99. For a projected consultant fee of over $10,000, a competitive process with a minimum of three proposals is used. Appointment is granted to the lowest fee proposal. For proposed fees over $50,000, staff make a recommendation to the Board on the appointment of such consultants. The appointed or recommended consultant for these assignments is based on an evaluation of proposals to ensure compliance with pre-determined criterion. Exhibition Place enters into a letter agreement with all consultants which outlines specifically the tasks to be performed. These procedures are not only in keeping with the requirements of the Board’s by-law but also are similar to the procedures outlined in the new City policy.

In general, the total annual fees for consultants has been in the range of $200,000 to $350,000 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.

Conclusion:

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

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