



**CITY OF VAUGHAN
SPECIAL COUNCIL MINUTES (1)
NOVEMBER 3, 2003**

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CITY OF VAUGHAN
SPECIAL COUNCIL MEETING (1)
MONDAY, NOVEMBER 3, 2003

MINUTES

11:00 A.M.

Council convened in the Finance Boardroom in Vaughan, Ontario, at 11:11 a.m.

The following members were present:

Mayor Michael Di Biase, Chair
Regional Councillor Gino Rosati
Councillor Bernie Di Vona
Councillor Mario F. Ferri
Councillor Linda D. Jackson
Councillor Susan Kadis

MOVED by Councillor Jackson
seconded by Councillor Ferri

That Section 3.13 of Procedural By-Law 400-2002 be waived to permit the meeting to be held in the Finance Boardroom.

CARRIED

247. CONFIRMATION OF AGENDA

MOVED by Councillor Jackson
seconded by Councillor Ferri

THAT the agenda be confirmed.

CARRIED

248. DISCLOSURE OF INTEREST

There was no disclosure of interest by any member.

MOVED by Councillor Kadis
seconded by Regional Councillor Rosati

THAT Council resolve into Committee of the Whole (Closed Session) for the purpose of discussing the following matters:

- i) the security of property of the City or local board;
- ii) a proposed or pending acquisition or disposition of land by the municipality or local board; and
- iii) the receiving of advice that is subject to solicitor/client privilege, including communications necessary for that purpose.

CARRIED

SPECIAL COUNCIL MEETING MINUTES (1) – NOVEMBER 3, 2003

Council recessed at 11:17 a.m.

MOVED by Councillor Ferri
seconded by Councillor Di Vona

THAT Council reconvene at 12:35 p.m.

CARRIED

Council reconvened at 12:35 p.m. with the following members present:

Mayor Michael Di Biase, Chair
Regional Councillor Gino Rosati
Councillor Bernie Di Vona
Councillor Mario F. Ferri
Councillor Linda D. Jackson
Councillor Susan Kadis

**249. FOLLOW – UP REPORT
ADDENDUM TO REQUEST FOR PROPOSAL RFP03-212
AMENDMENT TO CLIENT/ARCHITECT AGREEMENT
VAUGHAN CIVIC CENTRE DESIGN COMPETITION**

MOVED by Councillor Ferri
seconded by Councillor Jackson

That the architectural fees be negotiated with the successful competitor and if the fees cannot be successfully negotiated, the City of Vaughan reserves the right to select the next highest scoring competitor and that an addendum be issued to this effect to Request for Proposal RFP03-212 (Vaughan Civic Centre Design Competition); and

That the report of the City Manager, dated November 3, 2003, be received.

CARRIED UPON A RECORDED VOTE

YEAS

Mayor Di Biase
Councillor Ferri
Councillor Jackson
Regional Councillor Rosati

NAYS

Councillor Di Vona
Councillor Kadis

Recommendation

The City Manager, in consultation with the Senior Management Team and the Professional Advisor, recommends that:

1. The City of Vaughan issue an addendum to Request for Proposal RFP03-212 (Vaughan Civic Centre Design Competition) which will:
 - a) Increase the fee for professional services from 5.5% of construction costs (\$76,000,000.00) to 6.9% of construction costs.
2. That Council receive the confidential letter from The Ventin Group.

Background – Analysis and Options

Background

After the October 2, 2003 issuance of Request for Proposal RFP03-212 for the Vaughan Civic Centre Design Competition, the competing architects raised concerns about the rate at which the professional fees was proposed to be calculated. The Professional Advisor (The Ventin Group Architects) reviewed these concerns in consultation with City Staff.

On October 20, 2003, Council considered a report, which recommended that the City issue an addendum to the RFP. The effect of the proposed addendum was to increase the fee for professional services from 5.5% of construction costs (\$76,000,000) to 6.9% of construction costs

Council adopted the following motion:

That this matter be deferred to a future meeting for a further staff report addressing the increase for professional services including details on recently charged professional services for similar public sector projects.

This report has been prepared in response to Council's request for additional information.

Determination of the Fee Contained in the Request for Proposal (5.5%)

The Ontario Association of Architects (OAA) does not have a recently approved schedule of recommended fees. The last two schedules were issued in 1984 and 1989 and the 1989 schedule was never widely adopted. School boards, municipalities and universities generally use the 1984 schedule, especially for more typical or simpler buildings.

The 5.5% professional fee used in the RFP was developed using the 1984 OAA schedule, which calls for a 6.5% fee on the first \$32 million of construction costs. Beyond \$32 million of construction costs a declining rate would apply, subject to negotiation.

The fee was calculated in the following manner:

6.5%	On the first \$32 million in construction costs.
-1.5%	Discount to take into account the remaining construction costs at a declining rate.
5.0%	SUB TOTAL
+0.5%	Additional fees to retain any specialty consulting services.
5.5%	TOTAL FEE

The 6.5% fee was reduced by 1.5% to take into account the declining rate that would be applied to the construction costs beyond the first \$32 million. This reduced the fee to 5%. A further 0.5% was added to provide for additional consulting services. This resulted in the 5.5% fee that was specified in the RFP.

The fee based on 5.5% of construction costs was seen as problematic by the participants. Two firms argued that it was too little. A third firm suggested an alternative based on the application of the "new" (1989) schedule, which provides for a fee based on 8.1% of construction costs for the first \$32 million in construction costs with the remainder being calculated on the basis of a declining rate.

Subsequent to the October 20, 2003 Council meeting and Council's request for more information, examples of public sector projects were researched to determine the rate used to calculate the professional fees.

Fees Applied to Similar Projects

The Professional Advisor reviewed a number of comparable projects to determine the range of rates that have been used to calculate the professional fees for a number of public sector projects.

The results are set out below.

Project	Fee
1. Welland Consolidated Courthouse- \$10 million	9% of total construction cost;
*	
3. Kitchener City Hall-\$65 million	10% of total construction cost;
4. Richmond (B.C.) City Hall-\$31 million	8% of total construction cost;
*	
6. PWGSC Gov. of Canada, Ottawa-\$171 million	9% of total construction cost;
7. Lester B. Pearson International Airport	9.75% of total construction cost;
8. College University Expansion Project	10% of total construction cost;
*	

The projects represent a variety of uses, budgets and sizes. The range is generally from 8% to 10% of total construction costs.

Project Challenges Affecting the Fee Structure for the Civic Centre Project

As projects increase in complexity, it can be expected that a greater proportion of the overall cost will be devoted to the professional expertise required to meet the owner's requirements and expectations.

The Civic Centre project, as defined in the Request for Proposal, has a number of characteristics that make it more complex than the typical single use project.

- The size of the site (approximately 25 acres) and mix of functions;
- The requirement for the preparation of a two phase Master Plan, including future locations for two new buildings and an expansion of the City Hall;
- The emphasis on urban design in the plan and the requirement for such expertise;
- The requirement to provide designs for both a 2.4 ha park and a 1.5 ha civic square;
- Addressing the special needs of a public use/City Hall building, which are over and above a typical office building or a less complex public building;
- Meeting the needs of the number users on the site, including each municipal department, Hydro Vaughan Distribution Inc. and the Vaughan Resource Library;
- Designing for and coordinating construction on a site that will still be in use; and
- The requirement for additional public consultation after the selection of the winning design.

The nature of the project dictates the need for greater coordination (amongst the professional disciplines) and consultation with the users and stakeholders than would be expected with a smaller scale project on a less complex site. This is a time consuming but necessary task. The retained Architect is expected to play the lead role in the consultation process and be the primary liaison with the City.

** Third party commercial information has been severed from this report pursuant the provisions of the Municipal Freedom of Information and Protection of Privacy Act.*

Given the range of challenges inherent in the Civic Centre redevelopment and the need to ensure a satisfactory level of service, an increase in the fee can be supported.

The Recommended Fee

Evidence indicates that the typical fee for professional services accruing to major public sector buildings ranges between 8% and 10% of construction costs. In response to the concerns of the architects and for internal purposes, the rate was recalculated based on 8.1% of the first \$32 million in construction costs, with the remainder to be subject to a declining rate. The resulting fee was calculated to be 6.9% of the total construction costs. The Professional Advisor and Staff remain

A number of specialty consulting services may also be required to successfully complete the project. Whether these consultants are required will need to be determined at a later date along with their scope of work. Professional fees are a soft cost item and not part of the construction budget. An amount equal to 25% of the construction cost budget has been assigned to soft costs. Professional fees in the soft cost budget have been allocated on the basis of the 8% professional fee. The 8% will be composed of professional fees for the architect and the main consultants at 6.9%, plus an allowance for specialty expertise and a contingency factor at 1.1%. This can be carried within the soft cost budget.

It is noted that the professional fees cited above apply to the entire facility. With the presence of the Resource Library and Hydro Vaughan Distribution Inc., a portion of the professional fees will be attributable to these users. The exact extent of their responsibility will be negotiated at a later date.

Conclusion

The RFP for the Vaughan Civic Centre Design Competition proposed that the professional fees for the project be calculated on the basis of 5.5% of construction costs. The participating architects raised the concern that this fee was insufficient. The Professional Advisor and City Staff reviewed this position and concluded that an increase was warranted, based on the nature and complexities of the project and precedent elsewhere. On this basis, an increase in the rate to 6.9% was considered supportable.

On October 20, 2003, Council considered the proposed rate change and deferred the matter to a future meeting for a further Staff report addressing the increase for professional services including details on recently charged professional services for similar public sector projects. It was determined that these fees were charged on the basis of 8% - 10% of total construction costs.

The Professional Advisor and Staff have given further consideration to the professional fees. It remains the consensus that an increase in the fee from 5.5% of construction costs to 6.9% of construction costs is appropriate. This is in recognition of the range of challenges that the teams will be facing in designing and implementing the Civic Centre redevelopment. To provide for the retention of any specialty consultants and contingencies, the soft cost budget includes an 8% allowance for professional fees. These resources would be retained as required and this can be absorbed in the soft cost budget.

Ensuring the provision of high quality professional services will be critical to the success of this project. The professional fees must be fair to both the City and the service provider. This will be essential if the City wants to attract the qualified professionals it needs and receive the level of service that is commensurate with the importance of this project. Staff is satisfied that a professional fee equivalent to 6.9% of construction costs strikes this balance.

Therefore, it is recommended that the City issue an addendum to RFP03-212 (Vaughan Civic Centre Design Competition) to increase the professional fee from 5.5% of construction costs to 6.9% of construction costs.

Should Council concur, then the recommendation set out in the "Recommendation" section of this report should be adopted.

SPECIAL COUNCIL MEETING MINUTES (1) – NOVEMBER 3, 2003

Attachments:

1. Council Minute, October 20, 2003, "Addendum to Request for Proposal RFP03-212"
2. Confidential Letter from The Ventin Group Architects

Report Prepared by:

Roy McQuillin, Manager of Corporate Policy

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

250. CONFIRMING BY-LAW

MOVED by Councillor Jackson
seconded by Councillor Di Vona

THAT By-law Number 377-2003, being a by-law to confirm the proceedings of Council at its meeting on November 3, 2003, be read a First, Second and Third time and enacted.

CARRIED

251. ADJOURNMENT

MOVED by Councillor Kadis
seconded by Regional Councillor Rosati

THAT the meeting adjourn at 12:42 p.m.

CARRIED

Michael Di Biase, Mayor

J. D. Leach, City Clerk