



**CITY OF VAUGHAN
SPECIAL COUNCIL MINUTES
MARCH 29, 2011**

Table of Contents

<u>Minute No.</u>		<u>Page No.</u>
43.	CONFIRMATION OF AGENDA	38
44.	DISCLOSURE OF INTEREST	38
45.	COMMUNICATIONS.....	38
46.	NEW CITY HALL – PROJECT AUDIT	38
47.	CONFIRMING BY-LAW	43
48.	ADJOURNMENT.....	43

CITY OF VAUGHAN
SPECIAL COUNCIL MEETING

TUESDAY, MARCH 29, 2011

MINUTES

3:00 P.M.

Council convened in Committee Room 242/243, 2nd Floor, Vaughan City Hall in Vaughan, Ontario, at 3:06 p.m.

The following members were present:

Hon. Maurizio Bevilacqua, Mayor
Regional Councillor Gino Rosati
Regional Councillor Michael Di Biase
Regional Councillor Deb Schulte
Councillor Tony Carella
Councillor Rosanna DeFrancesca
Councillor Marilyn Iafrate
Councillor Alan Shefman
Councillor Sandra Yeung Racco

43. CONFIRMATION OF AGENDA

MOVED by Councillor Carella
seconded by Councillor Iafrate

THAT the agenda be confirmed.

CARRIED

44. DISCLOSURE OF INTEREST

There was no disclosure of interest by any member.

45. COMMUNICATIONS

MOVED by Councillor Carella
seconded by Councillor Iafrate

THAT the Communications C1 to C3 inclusive be received and referred to Item 1 on the agenda.

CARRIED

46. NEW CITY HALL – PROJECT AUDIT

MOVED by Regional Councillor Schulte
seconded by Councillor Shefman

THAT recommendation 1 contained in the report of the City Manager, the Commissioner of Legal & Administrative Services/City Solicitor and the Commissioner of Finance/City Treasurer, dated March 29, 2011, be approved subject to adding the following to Part 3, Terms of Reference and Scope:

- That the audit should also review project management documentation, as was available over the life of the project, to determine whether schedule and project cost were adequately reported, and to whom, and comment on the oversight process, including documenting the chronology of expenses incurred to determine the point that cost overruns beyond the budgeted amount were first determined.

CARRIED

Amendment

MOVED by Regional Councillor Schulte
seconded by Councillor DeFrancesca

THAT recommendation 1 contained in the report of the City Manager, the Commissioner of Legal & Administrative Services/City Solicitor and the Commissioner of Finance/City Treasurer, dated March 29, 2011, be further amended to include the following in Part 3, Terms of Reference and Scope:

- That the external audit team will have complete independence to conduct a comprehensive audit of the cost overruns and the project management process of the new Vaughan City Hall and if a need for a forensic audit is identified to bring back to Council for further direction.

CARRIED

MOVED by Councillor Racco
seconded by Councillor Iafrate

THAT the recommendations contained in the following report of the City Manager, the Commissioner of Legal & Administrative Services/City Solicitor and the Commissioner of Finance/City Treasurer, dated March 29, 2011, as amended, be approved, and that the following Communications, be received:

- C1 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., dated March 24, 2011;
- C2 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., Mr. Angelo DiNardo, President, Maple-Sherwood Ratepayers' Association, and Mr. Prodyot Lala, President, Lakeview Estates Ratepayers' Association, dated March 25, 2011; and
- C3 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., dated March 28, 2011.

So that the recommendations now read:

1. That the Terms of Reference and Scope as provided in this report be approved, subject to adding the following to Part 3, Terms of Reference and Scope:
 - That the audit should also review project management documentation, as was available over the life of the project, to determine whether schedule and project cost were adequately reported, and to whom, and comment on the oversight process, including documenting the chronology of expenses incurred to determine the point that cost overruns beyond the budgeted amount were first determined;

SPECIAL COUNCIL MEETING MINUTES – MARCH 29, 2011

- That the external audit team will have complete independence to conduct a comprehensive audit of the cost overruns and the project management process of the new Vaughan City Hall and if a need for a forensic audit is identified to bring back to Council for further direction.
- 2. That an additional Finance & Administration Committee meeting be scheduled late in the week of April 25, 2011 to accommodate the timely award of the RFP;
- 3. That an additional Finance & Administration Committee meeting be scheduled late in the week of June 20, 2011; and
- 4. That the following Communications be received:
 - C1 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., dated March 24, 2011;
 - C2 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., Mr. Angelo DiNardo, President, Maple-Sherwood Ratepayers' Association, and Mr. Prodyot Lala, President, Lakeview Estates Ratepayers' Association, dated March 25, 2011; and
 - C3 Mr. Nick Pinto, President, The West Woodbridge Homeowners Association Inc., dated March 28, 2011.

CARRIED UNANIMOUSLY UPON A RECORDED VOTE

YEAS

Councillor Carella
Regional Councillor Di Biase
Regional Councillor Rosati
Mayor Bevilacqua
Councillor Shefman
Councillor Iafrate
Councillor DeFrancesca
Regional Councillor Schulte
Councillor Racco

NAYS

Recommendation

The City Manager, the Commissioner of Legal & Administrative Services/City Solicitor and the Commissioner of Finance/City Treasurer recommend:

1. That the Terms of Reference and Scope as provided in this report be approved;
2. That an additional Finance & Administration Committee meeting be scheduled late in the week of April 25, 2011 to accommodate the timely award of the RFP; and
3. That an additional Finance & Administration Committee meeting be scheduled late in the week of June 20, 2011.

Contribution to Sustainability

N/A

Economic Impact

The cost of an audit was not specifically provided for in the development of the City Hall budget. For the purposes of this report an estimate of \$100,000 to complete the audit has been assumed and will be charged to the project.

Communications Plan

The final audit report will be available to the public as an agenda item for the Finance & Administration Committee.

Purpose

The purpose of the report is to provide comments on the audit process and the qualifications of the audit team and outline the Terms of Reference and Scope for an audit of the new City Hall cost overrun. An RFP will be issued following Council approval.

Background - Analysis and Options

At the February 22, 2011 Committee of the Whole meeting, staff were requested to bring Terms of Reference and Scope to the March 8, 2011 Council meeting with respect to an audit of the new City Hall cost overrun. At the Council meeting there was a lot of discussion and Council referred the matter to a Special Council meeting on March 29, 2011. A number of the comments at the meeting and those provided subsequently were not restricted to the terms of reference and scope of an audit. They can be summarized into three (3) categories:

1. Audit Process;
2. Audit Team Qualifications; and
3. Terms of Reference and Scope

For the benefit of the Members of Council, the following comments and information is provided in each of the above three (3) categories.

1. Audit Process

The external audit team will have complete independence to conduct their audit of the cost overruns of the new Vaughan City Hall.

The audit team must have access to and review all relevant executed Contracts entered into by the City, and to all project documentation.

It is expected that the audit team will have the full cooperation of the City, its consultants, the architect, and the general contractor. The City Manager will provide a letter to the appropriate staff, consultants, the architect and the general contractor advising them of the audit and requesting their full cooperation.

The final audit report will separately identify any comments from staff as they relate to the audit report.

The auditor will report to Council through the Finance & Administration Committee. The timing of the completion of the audit is uncertain at this time. The objective is to complete the audit and report to Council no later than the June 28, 2011 Council meeting. As part of their proposal submissions, firms will be requested to comment on their ability to meet the time frame.

The RFP will request the proponents to provide for a status update to the Finance & Administration Committee during the course of the audit. It should be noted that the

timeframe to prepare, issue, evaluate and award the RFP will take approximately one month. Without an additional Finance & Administration Committee, the only opportunity for a status report would be May 16, 2011.

2. Audit Team Qualifications

An RFP will be issued in order to retain a qualified audit team. The RFP will be an open bid process through the Purchasing department. The RFP document is being developed. Criteria such as the following will be weighted and used to evaluate the submissions:

- i) Qualifications and Experience of the Team
- ii) Experience of the Firm
- iii) Methodology, Work Plan and Timelines
- iv) Cost

The audit team should have extensive experience in Contract Administration of construction projects over \$25 million in Ontario and preferably including experience in LEED construction.

With respect to conflicts of interest, the City's standard wording in RFP's is as follows: "Each proponent must declare in their proposal submission any situation that may be a conflict of interest or that may appear as a potential conflict of interest in submitting a proposal or undertaking the work or service. If a conflict of interest does exist, the City may, at its discretion, refuse to consider the proposal submission."

3. Terms of Reference and Scope

The Audit Team will undertake a detailed review of all costs associated with the project with particular attention to the change order process and provide comments with respect to the management of the process, the controls, monitoring, reporting and timelines for processing changes. In addition, the Audit Team will undertake the following:

1. Document the chronology for each of the change orders from inception through the costing and approval process to a formal change order.
 - Review the change orders for appropriate approvals
 - Provide observations and comment as appropriate
2. Validate the reasons giving rise to the change orders, the pricing and confirm that the works were completed.
 - Comment on the review and approval process
 - Comment if the city received fair value or not
 - Confirm the amount by category of change order as provided in the February 22, 2011 new City Hall Final Report.
3. Identify, to the extent possible, responsibility of each stakeholder for all changes and modifications which gave rise to the increased cost.
 - Identify if any of the cost overruns can be attributed back to the general contractor, the architect or other parties based on their contractual/agreement with the City.
4. Provide any observations and comments that would benefit the management of future capital construction projects.

There are three (3) Finance & Administration Committee meetings scheduled before the end of June. They are as follows:

April 18, 2011
May 16, 2011
June 20, 2011

To facilitate the timely completion of the audit, staff recommend an additional Finance & Administration Committee meeting be set up towards the end of the week of April 25, 2011 to award the RFP contract. Staff also recommend that an additional Finance & Administration Committee meeting be scheduled late in the week of June 20, 2011 to provide more time for the auditors to complete their report.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council.

Regional Implications

There are no Regional implications.

Conclusion

Staff recommend proceeding with an audit of the cost overrun for the new City Hall. The audit will assist in understanding the reasons for the cost overrun, determining related obligations under the various contractual agreements with the City and identify opportunities to improve.

Attachments

None.

Report prepared by:

Clayton D. Harris
City Manager

47. CONFIRMING BY-LAW

MOVED by Regional Councillor Di Biase
seconded by Councillor Racco

THAT By-law Number 38-2011, being a by-law to confirm the proceedings of Council at its meeting on March 29, 2011, be enacted.

CARRIED

48. ADJOURNMENT

MOVED by Councillor Iafrate
seconded by Councillor Carella

SPECIAL COUNCIL MEETING MINUTES – MARCH 29, 2011

THAT the meeting adjourn at 5:00 p.m.

CARRIED

Hon. Maurizio Bevilacqua, Mayor

Jeffrey A. Abrams, City Clerk