

COMMITTEE OF THE WHOLE – DECEMBER 18, 2006

AWARD OF TENDER VAUGHAN CIVIC CENTRE – New City Hall

Recommendation

The City Manager, the Commissioner of Community Services, the Commissioner of Finance and Corporate Services, the Director of Purchasing Services, the City's Professional Advisor, in consultation with the Commissioner of Legal and Administrative Services and the Prime Architect, KPMB Architects, recommend:

1. That the tender for the construction of the new City Hall be awarded to the lowest compliant bidder, Maystar General Contractors Inc., in the amount of \$84,300,000.00;
2. That the project budget be increased from \$93.6 million to \$107 million;
3. That the Funding Plan as outlined in the following report be approved.
4. That the Mayor and City Clerk be authorized to execute the necessary documents.

Economic Impact

The tender for the new City Hall is based on the construction of a LEED Gold building. It will create an environmentally friendly and energy efficient facility for the City from which to serve the residents of Vaughan. Over 95% of the funding for the building is in place. The remaining balance will be financed toward the completion of the project. Further details with respect to the funding plan are provided in this report.

Purpose

The purpose of this report is to obtain Council's approval to award the tender for the construction of the New City Hall building.

Background – Analysis and Options

The Need for a New City Hall

The original Vaughan Civic Centre building, located at 2141 Major Mackenzie Drive, was expanded in 1982. Over the past 25-years the City's population has increased rapidly rising from 29,700 in 1981 to approximately 240,000 in 2006. This resulted in an increase in staffing to service the needs of the new residents. By the early 1990's more space was required to accommodate the growing staff complement.

To address the problem, additional office space was provided by a number of means. This included housing Civic Centre Staff through: The use of temporary structures and the conversion to offices of a former works building and dwellings on the Civic Centre site; relocation to the Joint Operations Centre on Rutherford Road; and the acquisition of the former MNR site and buildings on Dufferin Street. As a result, the staff was dispersed to a number of buildings, sometimes under less than optimum conditions, resulting in inconvenience to both the public and employees and the loss of productivity. The reconsolidation of the Civic Centre employees at a primary site would address these problems.

The Design Competition

Following an evaluation process Council adopted a resolution directing that the Vaughan City Hall remain at the current Civic Centre location at 2141 Major Mackenzie Drive in Maple. The resolution provided that Staff immediately initiate the planning and design process for the new City Hall and report to the Committee of the Whole meeting on May 5, 2003.

The May 5 report identified a number of options for proceeding. On May 12, 2003 Council directed that the design for the Vaughan Civic Centre proceed on the basis of an Architectural Design Competition. The competition would include the new City Hall building, a Master Plan for the entire Civic Centre site and the municipal park. To be consistent with the requirements for the conduct of such competitions, the retention of the Ventin Group Architects was approved to act as the City's Professional Advisor.

On June 23, 2003 Council authorized the issuance of a Request for Expression of Interest to the Architectural Profession, with the objective of short-listing from three to five design firms, which would receive a Request for Proposal. The Request for Expression of Interest was issued on June 26, 2003 and was advertised both locally and nationally. The closing date was June 24, 2003. A total of 76 Requests were picked up and 24 Expressions of Interest were submitted.

Council established an "Expression of Interest Selection Committee", made up of City Staff, to evaluate the Expressions of Interest. Chaired by the professional Advisor, Peter Berton of the Ventin Group, it was composed of representatives from the departments of Urban Design, Planning, Parks, Buildings and Facilities, Engineering with support from Purchasing Services. The Committee met during the month of August and selected four proponents to receive the Request for Proposal. They were: ZAS (Zawaski Armin Stevens Architects) and the Zeidler Partnership; Adamson Associates Architects; Hotson Bakker + Montgomery Sisam Associated Architects Inc.; and KPMB (Kuwabara Payne McKenna Blumberg) Architects.

On September 8, 2003 Council directed that the Request for Proposal be issued to the firms recommended by the Expression of Interest Selection Committee. In addition, Council confirmed the composition of the competition jury. It would be made up of the Mayor, the three Regional Councillors, the City Manager and three members of the Architectural Profession: Ms. Peggy Deamer, New York; Mr. Roger Du Toit, Toronto; and Mr. Barry Samson, Toronto. The Request for Proposal was issued on October 2, 2003 with a closing date of December 10, 2003. All four firms submitted compliant proposals. In accordance with the competition rules, the submissions were anonymous.

Judging took place at the McMichael Gallery in Kleinburg on January 14 and 15, 2004. All members of the jury were present. The jury's recommendation of the winning design was unanimous.

On February 3, 2004, a Special Committee of the Whole meeting was held to consider the recommendation of the Competition Jury. Committee of the Whole recommended that the jury selection be ratified. Subsequently, on February 9, 2004 Council ratified the recommendation of the Competition Jury and the Committee of the Whole thereby selecting the firm KPMB (Kuwabara Payne McKenna Blumberg) Architects as the project architect.

Public Consultation during the Design Competition

Public consultation took place throughout the design competition. On June 23, 2003 Council directed that a public meeting be held to inform the public of the design process

and to allow for input on its priorities. An evening public information meeting was held at the Vaughan Civic Centre. Notification of the meeting was provided by the following means: Property owners within 1000 m, all ratepayer organizations, the Vaughan Chamber of Commerce and residents of Maple Manor were notified by mail/letter. Newspaper notification was given by way of the City Page in *The Liberal*. Written input was requested from all residents.

Council directed that the comments received from the public be addressed in a report to the Committee of the Whole meeting on September 15. In response to the report and comments, Council adopted recommendations requiring that the submissions from the Ratepayers' Organizations be appended to the Request for Proposal issued to the architects; and the architects be advised that the public input is being provided for their consideration as a complement to the design criteria set out in the RFP.

On October 27, 2003 an additional Public Information Meeting was held in the evening at the City Playhouse in Thornhill. Notification of the meeting was advertised in the newspaper by way of the City Page in *The Liberal*. Residents of Maple Manor; all Ratepayers' Associations and Vaughan Chamber of Commerce were notified by mail. Representatives from the short listed Architectural firms were in attendance to hear the public comment and incorporate the comments in their respective design.

In advance of Council's consideration of the recommendation of the Competition Jury, a three day open house was held in the Council Chambers, from January 20, 2004 to January 22, 2004, to provide the public with an opportunity to view the proposals. Notification of the open house was given by newspaper by way of the City Page in *The Liberal*. Residents of Maple Manor, all Ratepayers' Associations, the Vaughan Chamber of Commerce and residents in the vicinity were notified by mail/letter. Notice of the February 3, 2004 Committee of the Whole meeting, where the jury recommendation would be considered, was also included in the notice for the open house.

Building Concept and Material Precedent

The design for the Vaughan Civic Centre is comprised of a campus of low-rise buildings that define a public terrain of open spaces, which was inspired by the clarity of the early planning principles that were applied to Ontario towns. In response to Vaughan's early agricultural heritage, the campus is organized according to a series of east-west linear bands that echo those of the early farmlands. The modest architectural palette for the precinct landscaping and building also takes its inspiration from the landscape of the region, using the natural materials and colours of the area.

The exterior cladding consists of terra-cotta panels and terracotta solar louvres, Ontario limestone panels at the Council Chamber and glass curtain walls with integral aluminum reveal panels. The palette, where possible, will use local and durable materials which will minimize the requirement for long-term maintenance.

Interior spaces are finished with a similar natural palette of materials including: limestone and terrazzo floors; exposed architectural concrete; and key public spaces will be clad in wood panels. Atria and full height glass walls will allow for views through and out of the building, while also allowing natural light to stream in to the public spaces and work lofts. Work lofts are materially restrained with carpet tile on a raised floor system and glass partitions to allow for light penetration into the central areas of the floor plate. Gypsum board partitions will be provided in areas requiring privacy and the ceilings will be of exposed concrete.

What visitors and users alike will appreciate most about this building is the amount of natural light and ventilation provided due to the high LEED (Gold) rating discussed below.

This, accompanied by simple, clean and servicable finishes will create an air of bright, open, and practical simplicity.

LEED Certification (Leadership in Energy and Environmental Design)

The Project is targeting LEED gold status in an effort to demonstrate community leadership in sustainable design and the responsible use of energy. Among the design strategies for the building is the use of a high performance building envelope, passive solar shading strategies, access to daylighting for a high proportion of work areas, natural ventilation, operable windows and building waste heat and cooling recovery. Many of these measures will contribute to lower energy expenditures. A portion of the building roof areas will be green roofs which will be irrigated by recovered storm and ground water. The Project also encourages the use of alternative transportation with bicycle storage and change rooms being provided as well as facilities for alternative fuel vehicles. The implementation of these energy strategies will generate approx. \$450,000 in cost savings to the operating budget.

Post-Approval Process

On February 9, 2004 Council directed that staff initiate negotiations with KPMB Architects to enter into the client-architect agreement for the design of the new City Hall. On May 10, 2004 Council enacted a by-law to authorize the execution of the client-architect agreement.

On November 8, 2004 a report was submitted to Council at the completion of the Schematic Design Phase. Direction was received to proceed to the Design Development Phase. Design Development was completed in June of 2005. A report was submitted to Council on June 27, 2005. Council directed that the Civic Centre project proceed to the Construction Document phase of the design process. In addition, Staff was authorized to initiate the prequalification process for the purpose of establishing the General Contractors that would be eligible to receive the tender for the construction of the new City Hall.

Retention of the Fairness Monitor

Also on June 27, 2005 Council directed that a "Fairness Monitor" be appointed from the legal community, to oversee the process of prequalifying general contractors and the eventual award of tender for the construction of the new City Hall. Detailed Terms of Reference would be prepared by the City Solicitor in consultation with external legal counsel. The Honourable Peter Cory Q.C. was appointed as the Fairness Monitor. Justice Cory was a member of the Supreme Court of Canada from 1989 to 1999.

The Prequalification Process

On June 27, 2005 Council approved the composition of an Evaluation Committee to assess the prequalification submissions. The Committee included:

- The City's Professional Advisor (The Ventin Group Architects);
- A senior representative from the Project Architect;
- The Commissioner of Community Services;
- The Commissioner of Engineering and Public Works;
- The Director of Buildings and Facilities;
- The Director of Parks Development; and
- The Director of Reserves and Investments (as required).

The Committee would also be supported by the Purchasing Services Department and external and internal legal counsel.

The Professional Advisor, the Project Architect, legal counsel worked with the Purchasing Service Department and external legal council to develop the Prequalification Document. It identified the standards and qualifications under which the prospective contractors would be evaluated. The following factors were the basis for the evaluation criteria.

- Experience with constructing projects of a similar scale;
- Experience with large public or institutional projects;
- The qualifications and experience of the construction management team, relating to projects of a similar type and scale;
- Experience with LEED buildings or similar technologies;
- Experience in constructing on an operating site;
- The ability to meet commercial/financial requirements and obtain bonding;
- Experience in building public parks;
- References.

Prior to the issuance of the Prequalification Document, it was reviewed and approved by the City's external legal counsel and the Fairness Monitor.

The Prequalification for the General Contractors was issued on March 3, 2006 and closed on March 30, 2006 (RFPQ06-015). It was publicly advertised in the DCN (Daily Commercial News), ETN (Electronic Tendering network) and the OPBA (Ontario Public Buyers Association).

The Prequalification Criteria DID NOT CHANGE after the documents were issued. The City process was very successful in attracting submissions from twelve experienced and reputable firms. Eleven submissions were received within the closing time and one late bid was received, which was disqualified. The following bids were received:

- Vanbots Construction Corp, Markham, Ontario;
- Torbear Contracting Inc., Woodbridge, Ontario;
- Aecon Buildings, Toronto, Ontario;
- The Atlas Corporation, Concord, Ontario;
- Urbacon, Toronto, Ontario;
- Bondfield Construction Co. Ltd., Concord, Ontario;
- EllisDon Corporation, Mississauga, Ontario;
- PCL Constitutors Canada Inc., Mississauga, Ontario;
- Bird Construction, Etobicoke, Ontario;
- Maystar General Contractors, Vaughan, Ontario;
- Eastern Construction Co. Ltd., Toronto, Ontario.

Immediately after closing, the Director of Purchasing Services reviewed the eleven bid submissions in the presence of the Fairness Monitor, to ensure that all respondents complied with the mandatory requirements. After the Purchasing Staff review, four bids were determined to be non-compliant. This was confirmed by external legal counsel and reviewed by the Fairness Monitor.

The Evaluation Committee, chaired by Peter Berton, the Professional Advisor met to review the remaining seven bids. The Fairness Monitor was present and actively participated in all meetings. During the evaluation process, two additional bids were determined to be non-compliant. This was confirmed by external legal council and reviewed by the Fairness Monitor. Upon completing the evaluation process five General

Contractors were prequalified by the Committee. They included:

- Eastern Construction Company Limited, Toronto, Ontario;
- Ellis Don Corporation, Mississauga, Ontario;
- Maystar General Contractors Inc., Vaughan, Ontario;
- PCL Constructors Canada, Inc., Mississauga, Ontario;
- Vanbots Construction Corporation, Markham, Ontario.

Concurrently, a prequalification process for subcontractors was being undertaken. The Request for the Prequalification for subcontractors was issued on April 18, 2006 and closed on May 11, 2006 (RFPQ06-071). There were seventy three (73) submissions received for the following nine (9) Sub-Contractors:

- Electrical;
- Mechanical;
- Architectural Metal;
- Millwork;
- Dewatering;
- Concrete and Formwork;
- Curtain Wall;
- Roofing;
- Masonry.

The submissions were evaluated by a team of consultants (Electrical, mechanical etc...) supervised by the Architect KPMB and reviewed by the Evaluation Committee and the Fairness Monitor. Submissions were evaluated on a completed CCDC 11 together with documentation that demonstrated project management, safety and bonding capabilities.

The Request for Prequalification did not result in sufficient numbers in the pre-qualified groups to permit the General Contractors to establish appropriate subcontractor bids for the job. In some cases only one company prequalified. In addition, there were some difficulties with the union and non-union status of some of the sub-trades that did make the prequalified list. The absence of a large number of unionized trades in the prequalified groups was a concern for the five General Contractors that prequalified. To allow the union and non-union general Contractors to bid competitively on an even playing field, the Architect, and the Professional Advisor recommended to the City that open bidding at the sub-trade level be permitted.

After receiving advice from the City's external council, and discussions with the Fairness Monitor, the City agreed that by taking the recommended approach, it would allow the prequalified general contractors to obtain more competitive prices. The respondents were advised that the City would no longer require subcontractors to be prequalified. Any interested sub-trades would be allowed to bid as a subcontractor to any one or more of the five selected General Contractors provided that they met the minimum requirements outlined in the CCDC 11 document and have the appropriate bonding. The OGCA commended the City on its efforts to ensure a fair and transparent process.

The Tendering Process.

The tender package for the New City Hall was issued to the five (5) pre-qualified general contractors on June, 16, 2006 with a site visit scheduled on July 4, 2006. At the site visit, it was indicated by the General Contractors that they would require additional time, beyond July 26, 2006, to close the City Hall bid as there were other large projects where they were also involved in the bidding process. In fact PCL indicated that if there was not

an extension, they could not participate. The City granted a three week extension to all bidders and revised the closing date.

During the first week of August, the City received letters from PCL and EllisDon stating that they were too busy with the volume of work in the market to close the bid for this project and formally withdrew. In fact PCL indicated that it had been awarded two major projects valued at approximately \$400 million and its resources were committed. The three remaining contractors wrote to the City requesting an additional extension in order to close the project. After discussions with the Architects, the Professional Advisor and the Fairness Monitor, an extension was granted.

The Project Architect - KPMB, and the City's Professional Advisor received another request from the three General Contractors indicating that there was a need for more time to obtain pricing from specific sub-trades. All three General Contractors submitted written requests asking to extend the closing time by several weeks. The City's Architect and Professional Advisor reviewed the circumstances and recommended that a five week extension be granted to allow for the maximum number of qualified bidders to submit. The request was reviewed by the Fairness Monitor who agreed with the granting of the extension.

Notwithstanding that the three General Contractors were granted an extension to November 14, 2004, each indicated a need for additional time to obtain pricing from the curtain wall fabricators. The City received a written request from the three General Contractors, supported by the OGCA (the Ontario General Contractors Association), that a further extension be granted. The request was also reviewed by the City's Architect and Professional Advisor who supported the extension of the closing date to November 24, 2006. The alternative to not allowing the extension was to carry an amount as a cash allowance. The request was reviewed by the Fairness Monitor, who concurred with the extension in order to allow the maximum number of qualified bidders to submit a fixed price instead of carrying a cash allowance.

The bids were closed on Friday, November 24, 2006, and were publicly opened on the same day. The Fairness Monitor was present during the entire process of closing and the public opening of the bids.

The following bids were received.

<u>Contractor</u>	<u>Total Tendered Price</u>
Eastern Construction Company Limited Toronto, Ontario	\$108,000,000.00
Maystar General Contractors Inc. Concord, Ontario	\$84,300,000.00
Vanbots Construction Corporation Markham, Ontario	\$90,000,000.00

The bids were opened at the office of the City of Vaughan Purchasing Department in the presence of the Honourable Peter Cory, Fairness Monitor, Goran Milosevic, Architect – KPMB and Peter Berton, the City's Professional Advisor. The tender documents submitted at closing time were in full compliance with the tender submission requirements and without qualifications. Confirming letters from the Fairness Monitor forms Attachment 1.

Bid Evaluation – KPMB Architects

KPMB analyzed the cost estimate dated November 13, 2006 as prepared by the City's independent cost consultant, Curran McCabe Ravindran Ross. KPMB analyzed this estimate and related cost including value engineering decisions and determined that a value of \$86,300,000.00 represents the target revised Construction Cost for Phase 1 of the new Civic Centre. A previous cost estimate prepared by KPMG LLP, on behalf of the City in 2002, provided a cost estimate \$81.2 million for the construction for a new City Hall of approximately 300,000 square feet. This was based on October 2002 tender levels.

The principle factors which have affected this project increase are general material cost escalation over the course of the last year and specifically concrete and curtainwall trades and increases in energy and metal costs which have affected roofing and asphalt materials. The construction industry has experienced a tremendous boom in the past year and as such, there have been significant increases in mechanical and electrical trade costs due to volume.

Based on the above-noted cost review and updated project cost analysis it was found that the bid submission of \$84,300,000.00 tendered by Maystar General Contractors Inc. represented fair value to the City. (See KPMB letter, which forms Attachment 2)

The previous construction estimate was \$71,000,000.00 with the total project budget estimated at \$93,600,000.00. By accepting the low bid, the construction cost is being increased by approximately \$13,400,000.00 and the project budget will be increased accordingly to \$107,000,000.00 mainly due to the construction costs.

The Funding Plan

Funding Sources

The total budget for the new Civic Centre project is \$107M as identified in this report. The funding of this amount is available from various sources including the following:

1.	Funds on hand – City Hall Reserves;	\$20.6M
2.	Net proceeds from surplus land sales	\$28.1M
3.	Annual debt servicing of \$1M currently budgeted can support approximately \$11M in debt, ⁽¹⁾ ;	\$11.0M
4.	Proceeds from Hydro Vaughan Distribution Inc. dividend which includes interest;	\$27.5M
5.	Funds from Hydro Vaughan Holding Inc.;	\$9.8M
6.	Annual debt servicing not required until after 2008 (\$1M x 6 years)	<u>\$6.0M</u>
	SUB TOTAL	\$103.0M
7.	Additional Financing ⁽¹⁾ ;	<u>\$4.0M</u>
	TOTAL	\$107.0M

Note (1) The amount is within the City's annual repayment limit.

Until the Development Charges Legislation was amended in 1998, municipalities were permitted to collect development charges for the expansion of administrative space. Although no new funds could be collected for that purpose since that time, any funds on hand can be carried forward and used for the purpose originally collected. As at December 2006, the City has approximately \$20.6M on hand. These funds will continue to earn interest until required.

The Region of York assumed responsibility for waste transfer and disposal costs that were previously the responsibility of the local municipalities. At the time as part of the Operating Budget the City directed a portion of these savings, \$1M annually be allocated to a new Civic Hall Reserve. This has two (2) important advantages. First, a portion of the funding is built into the base operating budget. Second, these funds will accumulate annually until required with the result that additional funds will be on hand, approximately \$6M.

The opportunity also existed to dispose of surplus City lands and to apply the net proceeds to reduce the amount of funding required to construct a new Civic Centre.

The surplus lands included the Pine Valley lands, the lands at the SW corner of Teston Rd. and Keele St., Rutherford Rd. and Melville Rd. McCleary Court, and other smaller parcels. Net proceeds of approximately \$28.1M are anticipated. This amount is net of costs and commitments made to date. Final proceeds may vary depending on the market conditions at the time of sale.

Hydro Vaughan Distribution Inc. declared a \$25M dividend as part of the recapitalization of the utility as a result of the hydro merger. This dividend has been identified for funding for the new civic centre. In addition excess working capital funds from Hydro Vaughan Holdings Inc. (approximately \$9.8M). These funds are also identified to fund the new civic centre.

Until the City requires the funds raised to-date they will continue to earn interest and the interest will be credited towards the project. The significant amount of available funding that has been identified minimizes the amount of additional financing required. Given the expected useful life of this capital project, financing a portion of the cost is not unreasonable. The difference between the total funding required and the funding currently identified is \$4M. The difference will be further reduced by the additional interest income that will be earned and adjusted when all the surplus land sales are finalized. Financing the current difference of \$4M over a twenty year term would result in annual financing costs of approximately \$321,000.

On-Going Project Administration

The client and architect agreement between the city and the architect outlines in details the architect, KPMB responsibilities regarding project administration and cost controls. The project documentation and specifications are very detailed. In addition, the City will provide a full time Project Manager, working closely with the architects and the City's Professional Advisor will be on the site daily to monitor all aspect of the work being performed. This will help the architect's on site representative and consultants to maintain quality control and ensure that work is being performed according to specifications. . There will be bi-weekly site meetings and reviews by the design team and project manager to resolve and discuss outstanding issues. There will be a risk management Consultant added to the team to review work scheduling any claim issues as they arise. Timely turnover of submittals and responses to Contractor clarifications will be a priority of the design team in addition to the careful scrutiny of any requests for additional costs by the Contractor as construction progresses. Any additional costs will be carefully reviewed by the team of the architect, professional advisor, the risk

consultant and the appropriate consultants before being presented to the city for review and approval.

Relationship to Vaughan Vision 2007

Vaughan Vision 2007 in Section 4, "**Planning and Managing Growth**" identifies the following objectives:

- 4.2 Develop a new Vaughan Civic Centre that encourages a "people place".**
 - 4.2.1 Undertake the necessary process to develop a new Vaughan Civic Centre.
 - 4.2.3 Design and build a new Vaughan Civic Centre

Proceeding with the tender award and the construction of the new City Hall would fulfill the objectives identified and approved in the Vaughan Vision.

Conclusion

On June 27, 2005 Council approved a motion providing for the appointment of a "Fairness Monitor" from the legal community to oversee the entire process of prequalifying general contractors and the awarding of the tender for the construction of the new City Hall. The Honourable Peter Cory Q.C., formerly of the Supreme Court of Canada, was appointed. Mr. Cory will be in attendance at the Committee of the Whole meeting to answer questions about the process. The City's advisory team also included: The Professional Advisor, the Ventin Group Architects; the primary Architect (KPMB Architects); and external legal counsel.

The report identifies instances where extensions were requested. The requests were always reviewed and recommended by the Professional Advisor, KPMB Architects, the City's external legal counsel and concurred with by the Fairness Monitor, prior to the City issuing an extension.

Shirley Blumberg, Senior Partner with KPMB Architects, by letter (Attachment No. 2) has advised that the low bid submission tendered by Maystar General Contractors Inc. is compliant with all the tender closing requirements and that the bid amount represents fair value to the City.

In summary, over the last several years a considerable amount of time, effort and public consultation has been devoted to bringing this process to a conclusion. It is recommended that Council proceed with the Award of Tender for the new City Hall, as set out in this report.

Attachments

1. Letters from the Fairness Monitor (available prior to the meeting).
2. Letter from KPMB Architects

Report Prepared by:

Roy McQuillin, Manager of Corporate Policy, extension 8211

Respectfully submitted,

Michael DeAngelis
City Manager

Marlon Kallideen
Commissioner of Community Services

Clayton Harris
Commissioner of Finance and Corporate Services

George Wilson
Director of Purchasing

Peter Berton
The Ventin Group Architects
Professional Advisor

The Honourable Peter Cory, C.C., C.D., Q.C.
pcory@osler.com
Our Matter Number: 1054504/7900098

June 8, 2006

Janice Atwood-Petkovski
City Solicitor
The City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

Dear Ms. Atwood-Petkovski:

**Re: Pre-Qualification Document of Contractors and Sub-Contractors
New Vaugh Civic Centre**

The pre-qualification of contractors and sub-contractors for the new City of Vaughan Civic Centre has been completed by the Evaluation Committee appointed by Council (the "Committee"). The Committee was comprised of four members of City staff and two architects. The staff members were Marlon Kalliden, Bill Robinson, Paul Gardner and Jeff Peyton. The Architects were Mr. Peter Berton, retained directly by the City as a professional advisor and Mr. Goran Milosevic, representing the project architect, Kuwabara, Payne, McKenna, Blumberg. All members of the Committee and its advisors have executed a declaration that they have no conflict of interest with any of the bidders.

In accordance with the attached terms of reference applying to my appointment as Fairness Monitor, I have had full access to and have approved all documentation and communication to proponents including the evaluation criteria and other terms applying to the work of the Committee. I am satisfied with the qualifications of the Committee members and that none of them has any conflict of interest. I have been present at the openings of all submissions for pre-qualification and at all deliberations of the Committee. I am satisfied with the structure of the evaluation and the transparency of the criteria used in the pre-qualification process and that the committee adhered to the prescribed process and policies.

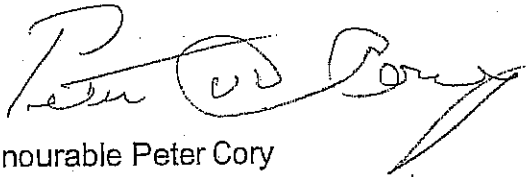
I also was consulted regarding the disqualification of several tenders for failure to comply with mandatory requirements. I am satisfied that these disqualifications were

appropriate and that they were dealt with in accordance with the legal advice received from Messrs. Weir & Foulds.

I have been impressed with the rigour applied to the process and the thorough, careful and eminently fair manner in which each member of the committee has approached the pre-qualification. I am satisfied that the process has been fairly carried out by the Committee and its advisors. Please pass on to your Council my compliments on the dedication and outstanding performance of the very capable City staff involved in the process.

I will be reporting again after the opening of the tenders and a recommendation for the award has been made.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'Peter Cory', with a long, sweeping flourish extending to the right.

The Honourable Peter Cory
PC:bt

TERMS OF REFERENCE - FAIRNESS MONITOR

The City of Vaughan has retained the Honourable Peter deC. Cory as a Fairness Monitor to ensure that the procedure leading to the award of a contract to a general contractor and major sub-contractors for the construction of its new Civic Centre building is fair, impartial and leads to the construction of the building by qualified contractors at the lowest price to the City.

The City intends to pre-qualify contractors and major sub-contractors by way of a formal evaluation process carried out by an impartial committee which has been appointed by Council. When qualified contractors have been identified, they will be invited to submit a formal tender for the construction of the building.

The Fairness Monitor shall:

1. have full access to, and shall approve all documentation and communications to proponents for pre-qualification prior to the use of such documents and such communication;
2. be present during all deliberations of the committee;
3. be satisfied with the qualifications of the evaluation committee and that none of its members have any conflict of interest;
4. Be present at the opening of the submissions for pre-qualification;
5. be satisfied with the structure of evaluation and transparency of criteria used in the pre-qualification process and that the committee adheres to prescribed policies and process;

At the Council meeting when the Commissioner of Community Services reports on the contractors qualified by the Committee, a report from the Fairness Monitor shall be available to Council including his opinion (subject to the City having complied with all directions from the Fairness Monitor to his satisfaction) that the pre-qualification process was fairly and impartially carried out by the City in accordance with procedures and using documents approved by the Fairness Monitor.

After the pre-qualification process has been completed, the City shall prepare and call tenders for the construction of the Civic Centre from the contractors so qualified.

The Fairness Monitor shall:

1. have full access to, and shall approve all bid documents and communications to qualified contractors prior to the use of such documents and such communication;
2. be present at the opening of the tender;
3. be satisfied that the staff recommendation for the award of tender is based on proper documentation and with fair and transparent procedures.

At the Council meeting when the recommendation to award the tender is considered, a report from the Fairness Monitor shall be available to Council including his opinion

(subject to the City having complied with all directions from the Fairness Monitor to his satisfaction) that the process leading to such award was fairly and impartially carried out by the City in accordance with procedures and using documents approved by the Fairness Monitor.

At any time during the pre-qualification or tender process, the Fairness Monitor may submit to the City Solicitor an interim report and the City will implement any recommendations contained in such report or such report will be communicated to Council for instructions.

The Honourable Peter deC. Cory, C.C., CD.,Q.C.
P.O. Box 50
1 First Canadian Place
Toronto, Ontario M5X 1B8
Telephone (416) 862-6735

December 11, 2006

Ms. Janice Atwood-Petkovski
Commissioner of Legal & Administrative Services
City of Vaughan
2141 Major McKenzie Drive
Vaughan, ON
L6A 1T1

Dear Sirs:

The Tender process for construction of your City Hall has now been completed. All that remains to be done is the awarding of the contract.

I refer to my letter dated June 8, 2006 reporting on the completion of the prequalification of contractors and sub-contractors, which is enclosed for the information of Council. I confirm that the findings contained in that letter remain true and that tenders have since been called from contractors pre-qualified under the process approved by me. The reasons for all changes to bid documents and postponements in timing, were explained to me and approved by me. In particular:

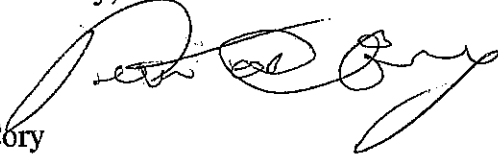
- The extension beyond the originally scheduled closing date of July 26, 2006 to August 16, 2006;
- The extension from August 16, 2006 to September 25, 2006;
- The extension from September 25, 2006 to November 14, 2006;
- And the extension from November 14, 2006 to November 24, 2006.

I confirm that I have had full access to all documentation throughout, and that I have been present at the opening of the bids. I can confirm that tenders closed at the appointed hour. They remained locked in the tender box until the time set for their opening. That opening was conducted publicly, the bids were read out and it was apparent to all present which company was the lowest bidder.

I can confirm that in all aspects, this procedure was conducted fairly, openly and properly. The work of the city employees was conducted in an exemplary manner. Their care and scrupulous attention to fairness in every aspect of the process was outstanding.

Particular recognition should go to the patient and tireless efforts of Marlon Kallideen and George Wilson.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Peter Cory". The signature is written in black ink and is positioned to the right of the typed name.

Peter Cory
PC:ch

Kuwabara Payne McKenna Blumberg Architects

29 November 2006

Mr. Michael DeAngelis
 City Manager
 City of Vaughan
 2141 Major Mackenzie Drive
 Vaughan, Ontario
 L6A 1T1

KPMB

Re: Vaughan Civic Centre Phase I Tender Report

Dear Michael,

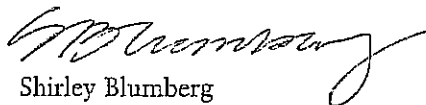
Based on our review of the Vaughan Civic Centre Phase I tender submissions at time of tender opening, a review which was conducted jointly with Vaughan Purchasing staff, Peter Berton (City's Professional Advisor) and Peter deCarteret Cory (City's Fairness Monitor), we find the tender documents submitted at closing time to be in compliance and without qualification as per the tender submission requirements.

We have analyzed the 'Opinion of Probable Cost' estimate dated 13 November 2006 as prepared by the City's independent Cost Consultant, Curran McCabe Ravindran Ross and following our own analysis of this estimate and related cost and value engineering decisions we have determined that a value of \$86,300,000.00 represents the target revised Construction Cost for Phase I of the Civic Centre. The principle factors which have affected this increase in cost are cost escalation over the course of the last year, specific industry market increases in the concrete and curtainwall trades and increases in energy and metals costs which have affected the roofing, asphalt and mechanical and electrical trades.

Based on the above-noted tender closing review and updated projected cost analysis we find that the low bid submission of \$84,300,000.00 tendered by Maystar General Contractors Inc. to be in compliance with all the tender closing requirements and that the bid amount represents fair value to the City.

Please do not hesitate to contact me if you require any further clarification.

Yours truly,



Shirley Blumberg

cc Marlon Kallideen City of Vaughan
 George Wilson City of Vaughan
 Peter Berton The Ventin Group
 Bruce Kuwabara KPMB Architects

*A Partnership of
 Corporations*
 Bruce Kuwabara
 Thomas Payne
 Marianne McKenna
 Shirley Blumberg

Senior Associates
 Christopher Couse
 Luigi LaRocca

Associates
 John Allen
 Andrew Dyke
 Mitchell Hall
 David Jesson
 Goran Milosevic
 Robert Sims
 Judith Taylor