

COMMITTEE OF THE WHOLE – FEBRUARY 19, 2007

NEW CITY HALL PRE-CONSTRUCTION STAGE INITIATION OF OPERATIONAL AUDIT

Recommendation

Mayor Linda D. Jackson recommends that:

1. The City conduct an operation and compliance audit of the process of the new City Hall project, beginning with the process to retain the architect through to the selection of the general contractor and the award of tender.
2. The audit be undertaken by the city internal auditor as part of his Operational and Compliance Audit mandate;
3. A report on the results of the audit be prepared for the public Audit Committee meeting for June 2007;
4. That an independent quantity surveyor and independent cost consultant, reporting to the Project Team, be retained by April 2, 2007;
5. That the soft cost budget be increased to cover the cost of the consultant.

Economic Impact

The audit will be conducted internally by the Operational and Compliance Auditor. No additional funding will be required. The retention of the quantity surveyor and cost consultant will increase the soft cost budget.

Purpose

To obtain direction from Council to proceed with an operational audit of the pre-construction stage of the new City Hall project beginning with the process to retain the architect through to the award of tender and retain a quantity surveyor and cost consultant.

Background – Analysis and Options

Recently Council awarded the tender for the construction of the new City Hall. This concluded a long and rigorous process that began in May 2003 with Council's direction to undertake an architectural design competition to select the design team, and ended in December 2006 with the retention of the general contractor.

This is an important project for the City of Vaughan. Building the new City Hall is an objective of the City's strategic plan, Vaughan Vision 2007. It represents a major capital investment; the building's architectural design and "green" features will help shape the public's long-term image of the City; and it will be the centre of the City's administration for decades to come.

As a result, the process that was followed by the City was rigorous, extending over close to four years. It also included a formal architectural design competition to select the project architect (KPMB Architects) and the retention of a "Fairness Monitor" (The Honourable Peter Cory, Q.C.) to oversee the process of pre-qualifying the general contractors and the awarding of the construction tender. This was to ensure that the

process continued to be open, fair and transparent through the completion of the tendering process.

In the Spring of 2004, The City of Vaughan retained the services of Curran, McCabe, Ravindran, Ross Quantity Surveyors and Cost Consultants to prepare cost estimates. The consultant was working directly for the City and provided cost estimates to the architect at various stages of the process.

Projects of this size and complexity do not take place frequently. When they do, they represent an important opportunity to learn about the effectiveness of our processes and procedures. Therefore, it is recommended that an operational audit of the pre-construction stage of the City Hall project be done, beginning with the process to retain the architectural team through to the hiring of the general contractor. This will allow the City to evaluate the process in greater detail and potentially identify opportunities to make continuing improvements to our business practices and procedures.

It is also recommended that the City retain a quantity surveyor and a cost consultant to obtain a second opinion on costs. The consultant would first carry out a peer review of CMRR estimate. Then they would be engaged in performing a full new detailed costs estimate and quantity survey including ongoing risk management.

There are several experienced and reputable firms who could perform this task. It is recommended that the City staff contact the following companies to submit cost to perform the work required:

Altus Helyar and Associates
Hanscomb Associates
Vermuelens Cost Consultants
A.W. Hooker Associates

It is not the intention of this audit to either delay the project or revisit Council's previous decisions.

The audit would be conducted by the City Manager's office, under the Operational Compliance Audit mandate. The cost consultant will be retained through the City Procurement Policy and will report to the project team.

The consultant will be retained by April 2, 2007 and the audit report is targeted for June 2007.

Relationship to Vaughan Vision 2007

The proposed operational audit is consistent with the objective of "Service Delivery Excellence" including "Provide effective and efficient delivery of services" and "Develop an effective service measurement system".

Conclusion

The pre-construction stage of the new City Hall project went through a rigorous process, which included a major architectural design competition and the retention of a fairness monitor to oversee the prequalification of the general contractors and the tendering process. This was a unique process and an analysis would assist the City in further refining its business practices and procedures. For this reason it is recommended that both operational audit be conducted and the City obtain a second opinion regarding costs. The audit would be conducted by the Operational and Compliance Auditor in the City Manager's office. The cost consultant would be obtained by the City and will work

and report to the project team. Undertaking the audit and the retention of the cost consultant will not delay the project.

Therefore, it is recommended that the recommendations set out above be adopted in order to proceed with the audit.

Attachments

N/A

Report prepared by:

Respectfully submitted,

Mayor Linda D. Jackson