

Reducing Costs for Councillor Constituency and Office Renovations

Date:	May 12, 2014
To:	Executive Committee
From:	City Manager and City Clerk
Wards:	All
Reference Number:	

SUMMARY

This report is in response to City Council's request for a report on a new Protocol and Policy to clarify the constituency office renovations process so as to reduce costs for these renovations using competitive bids and to ensure Councillors sign off on all expenses.

Staff have developed a new Protocol and Process as included in Attachment 1. Staff strongly recommend that Councillors do not involve themselves directly in any purchasing transactions to avoid issues of fairness, conflict of interest and Code of Conduct.

RECOMMENDATIONS

The City Manager and City Clerk recommend that:

1. City Council approve the Protocol for Councillor Constituency and Office Renovations, including a competitive process to reduce costs, as set out in attachment 1.

Financial Impact

There are no financial implications arising from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on May 5 and 6, 2014, City Council approved EX41.3 "Remuneration and Expenses of Members of Council and of Council Appointees to Agencies, Corporations and Other Bodies of the year ended December 31, 2013" and requested the City Manager to report to the May 27, 2014 Executive Committee meeting on a protocol where Councillors approve expense estimates for constituency or office renovations in advance of the work being done.

Council also requested the City Manager to report to the May 27, 2014 Executive Committee on a method where Councillors can obtain three competitive quotes on renovations to constituency offices in non-City owned properties to reduce the costs estimated by City staff and submit these to the City Clerk's Office for approval.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX41.3>

At its meeting on October 30, 31 and November 1 and 2, 2012, City Council approved report CC27.5, "Parameters for Councillor Constituency Offices" and approved the parameters on the work flow and maximum costs allowed for Councillor constituency offices.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CC27.5>

At its meeting on July 11, 12 and 13, 2012, Toronto City Council considered Report EX21.9, " Policy Changes to Facilitate Councillor Office Operations" and approved "the provision of a constituency office, within a civic centre (including Cigty Hall) or within the Councillors' respective wards, to be funded from the General Council Account, and further, that staff develop appropriate parameters for these spaces."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.9>

ISSUE BACKGROUND

All Councillors have an office at Toronto City Hall. Some may also have a constituency office. At present, 30 Councillors have constituency offices, either as expanded space at City Hall, in civic centers, other City buildings or in non-City property.

When new constituency offices are set up, or from time to time for existing offices, Councillors may require renovations to their offices. For minor work at City Hall, in-house City staff are often used. Contractors are retained for significant work at City Hall, other City facilities or in private property as required.

The Parameters for Councillor Constituency Offices Policy sets out the maximum entitlement for each Councillor when they set up new constituency offices, including leasehold improvement, furniture and equipment and permit fees, as well as maximum on-going operating expenses such as monthly lease and other costs that are eligible to be paid from the Council General Expense Budget. The parameters also identified costs which can

be paid out of Councillors' Constituency Service and Office Budgets, including signage, small appliances and parking.

<http://insideto.toronto.ca/councillors/pdf/parameters-constituency-offices.pdf>

Some issues arose with the Policy because no clear procedures were defined and some Councillors complained about the costs of renovations. In preparing this report, staff from the City Clerk's Office, Facilities Management, the Treasurer's Office and Purchasing and Materials Management reviewed the direction from Council and how this can be implemented. Staff also consulted the Integrity Commissioner on the implications of Council's request.

COMMENTS

New Protocol for Councillor Sign-off

The Parameters for Councillor Constituency Offices Policy included informal high level processes on setting up a constituency office but did not clearly identify various stages where formal Councillor sign off would be required. This has led to confusion amongst Councillors and staff.

Staff have developed a Protocol for Councillor approval of constituency and office renovation work and expenses, as set out in Attachment 1. The Protocol clearly identifies the completion of each stage where a Councillor written sign-off is required before the next stage can commence. These stages include:

- Request
- Confirmation of project scope
- Identification of space to be leased (if required)
- Lease offer letter (if required)
- Preliminary floor plan and costs
- Final floor plan and costs
- Moving details.

Sample forms that will be used for each stage of the approval process are included for reference.

New Process for Reducing Renovation Costs

When new office space is leased on non-City-owned property, the lease negotiation may include a requirement for the landlord to undertake leasehold improvements. Where renovations are done by the landlord as part of the lease agreement, the City will not be involved in the selection of the contractor. Staff will negotiate the best deal possible, whether in the form of leasehold improvements by the landlord, or as reduced rent with required renovations done by the City.

This report sets out a new Process to reduce costs where the renovation work is done by the City.

Up to now, staff have used general contractors under the City's blanket contracts to undertake Councillor constituency office renovations in private property. Sometimes, a combination of City staff and contractors were used.

Under the new process, all Councillor constituency office renovations on non City-owned property will go through a competitive purchasing process every time. For constituency office renovations on City property, including City Hall and civic centres, a combination of City staff and blanket contract general contractors will continue to be used so as to retain flexibility to carry out the renovations required in the most expedient manner.

The new Process, incorporated in the Protocol in Attachment 1, is as follows:

1. Facilities Management identifies the scope of renovations required on the Project Charter form;
2. Councillors sign off on the scope of work;
3. Purchasing and Materials Management issues call to the list of vendors and post the call on the City's website. The call will be based on the scope of work identified by Facilities Management, and in compliance with the City's purchasing policy, Fair Wage policy, and provincial statutory requirements. Councillors may make contractors aware of the public bid for constituency office work; and
4. The lowest bidding vendor meeting the requirements of the call is awarded the contract.

Issues with direct Councillor quotations

Under the Parameter for Councillor Constituency Offices Policy, all leases for constituency offices will be City leases. New leases were negotiated and taken out in the name of the City. Legacy leases that were in Councillors' names will expire at the end of the term and will be replaced with City leases.

The City is obligated to follow the City's purchasing policies, the Fair Wage Policy, as well as adhere to the collective agreements to which the City is bound in the construction industry, which may change from time to time. As well, the City must also comply also with provincial legislation, such as the Ontario Building Code, the Occupational Health and Safety Act and the Accessibility for Ontarians with Disabilities Act.

Contractors used by the City must meet these requirements. While it is possible for Councillors to make the bid process known to contractors so that they can participate in the competitive bidding process, staff strongly advise that Councillors not directly obtain quotes or participate in any part of the purchasing process because of the following concerns:

1. For any bidding process to be fair and competitive, the same set of requirements must be provided to the bidders. If Councillors independently obtain quotes, there is a risk that the requirements provided to contractors by the Councillors are different from those provided by staff. Staff dealing directly with all potential vendors will ensure that quotes submitted reflect the same requirements.

2. In her report on the Toronto Computer Leasing Inquiry, Madam Justice Denise E. Bellamy stated in recommendation 130 that "Councillors should separate themselves from the procurement process. They should have no involvement whatsoever in specific procurements. They have the strongest ethical obligation to refrain from seeking to be involved in any way."
3. Councillors may be seen to be receiving renovation work from a vendor at a "discounted" fee, which is a gift not permitted under the Code of Conduct. Alternatively, Councillors may be perceived to be improperly using the influence of the office to obtain lower quotes than those that can be obtained by City staff. Both circumstances may lead to formal or informal complaints to the Integrity Commissioner on contraventions to the Code of Conduct provisions on Gifts and Benefits and Improper Use of Influence.

The Protocol for Councillor Constituency and Office Renovations includes a new competitive purchasing process that may reduce costs of constituency office renovations.

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SIGNATURE

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ATTACHMENTS

Attachment 1 Protocol for Councillor Constituency and Office Renovations