

Toronto Reference Library Capital Project – Construction Management Process

Date:	October 20, 2008
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

Toronto Public Library will be using a construction management contract for the Toronto Reference Library (TRL) capital project. This report outlines how this process differs from the general construction contract (stipulated price contract) used in most of the Library's construction projects and what the benefits are to the Library Board. Construction management contracts are frequently used in the construction industry to manage large and complex projects.

This report is for information. At a future meeting the Board will be asked to award the construction management contract, based on the results of a competitive bid process.

FINANCIAL IMPACT

This information report has no financial impact.

The Director, Finance & Treasurer has reviewed this Financial Impact Statement and is in agreement with it.

DECISION HISTORY

The TRL renovation multi-year capital project was approved by City Council as part of the capital budget.

The TRL project requires an estimated \$34.3 million investment to retrofit and renovate the 31-year-old building over the five-year period 2008 - 2013, funded through a blend of public and private financing. The City contribution is \$14.3 million. The Toronto Public Library Foundation has successfully requested the Province to contribute \$10 million towards the project, and a capital campaign is underway to raise an additional \$10 million privately.

Construction of the event space was begun in 2007 and is expected to be completed in mid 2009.

ISSUE BACKGROUND

The TRL renovation project is part of the continuing revitalization and retrofit of the five-storied, 416,035 square foot central library that serves the entire City of Toronto. The building structure, health and safety, mechanical, electrical and barrier-free deficiencies will be addressed. In addition, redesign and retrofit of the public service areas will consolidate comprehensive collections and subject-specialized “centres of excellence” to improve customer service.

The TRL renovation project will allow the Library to renovate and retrofit the 31-year-old building over the next five years. The renovation of TRL, which will affect every floor, includes reconfiguration and revitalization of all public service areas. Some of the major components include:

- the event space located on the east side of the building above the administration area (construction underway);
- the Yonge Street façade, the browsery area and the gallery;
- the new front entrance cube;
- the special collections area on the fourth and fifth floor.

The construction on all floors and reconfiguration of all public service areas will have a major impact on the functioning of the Library. The Library will remain open to the public during construction, which will require coordination of construction and service relocations. Funding for the total project has not been secured, and therefore the project cannot be tendered as one project at this time. For these reasons, it will be necessary to implement this project in a phased approach.

Given the complexity of the TRL renovation project and the phased approach, the Library has investigated the best approach to managing the construction and is planning to proceed with a construction management contract, which is a change from the Library’s standard practice, which is a stipulated price contract.

COMMENTS

The need

The TRL renovation capital project will be a lengthy, phased project, expected to take five years to reach completion. The Library plans to maintain public service during the project. This will require relocation of service areas during the construction. (for example, the entrance and public service desks on the main floor will be moved during the construction of the new entrance cube.) Because the Library will remain open during construction, the project will need to be phased, to reduce the impact on public service. This will require knowledge of the whole project on the part of the contractor, in order to coordinate work of the sub-trades, sequencing of work so as to minimize duplication of

effort. This should reduce the overall length of the project and contribute to cost control. Knowledge of construction practices and the overall design will allow the contractor to advise on constructability and improve budget control. Based on standard construction industry practice, these needs point to the use of a construction management approach.

What is construction management?

The construction management approach involves hiring a construction management firm which forms part of the team (Owner, Architect, Construction Manager) whose objective is to deliver the project with emphasis on timing, budget and constructability. The construction manager oversees project management and building technology issues, in which a construction manager typically has particular background and expertise. Services provided by the construction manager may include: advice on the time and cost consequences of design and construction decisions, scheduling, cost control, coordination of construction contract negotiations and awards, timely purchasing of critical materials and long-lead-time items, and coordination of construction activities.

The construction manager also acts as the general contractor and contracts with trade contractors who perform the construction and holds the trade contracts and takes the performance risk. The construction manager is the general contractor for worker liability purposes.

The construction manager is typically hired at the beginning of the design phase and participates in the design, working drawing and specification preparation phases. The construction manager provides cost estimating services to the project team during the project development.

This is in contrast to general construction contract, where the design, working drawings and specifications are prepared by the architect, in advance of the tender process. The general contractors submit a stipulated price bid for the whole project, based on the tender documents.

Benefits of construction management

The construction manager will work with the Library Management, Facilities Management, architectural and engineering consultants as a member of the team throughout all phases of the design development and building process. The expertise, continuity and project knowledge of the construction manager, engaged for the duration of the project, will contribute to the success of this project. The reported experience of this team effort shows evidence of the following benefits:

- allows for the potential fast-tracking of the project schedule;
- reduces conflicts or disputes;
- allows greater control over the quality of the work of the sub-trades. Potential for cost saving due to full disclosure of the trade prices;
- provides for unbiased contractor input during the design development phase;
- allows the construction manager to identify costly items or processes and propose alternatives for our consideration;

- provides for potential fewer contract changes due to a more constructable design;
- provides for the construction manager to have the full project perspective. There will be single construction contract accountability;
- provides for the construction manager assisting in the coordinated construction planning and phasing;
- provides for the construction manager to have a better understanding of the Library's program requirements, in particular, the need for on-going public service during construction;
- provides for possible time savings over conventional schedule;
- improves communication.

Comparison of construction cost elements

In a stipulated price contract (general contract), all the construction cost elements (e.g. profit, administration, construction site labour, office labour, skilled trade sub-contracts, materials, rental costs, testing and inspections, bonding, removal and disposal of waste, construction site safety requirements) are included in the stipulated price.

In a construction management contract the profit is a fixed fee identified in the RFP submission. Skilled trade sub-contracts are determined through competitive bidding during the project and billed monthly. All other elements are billed at cost, on a monthly basis.

Public sector experience with Construction Management contracts

Construction management is a common practice in the construction industry. Within the Toronto public sector, the City is using construction management contract for the Nathan Phillips Square and Union Station projects. The Toronto Police Service is using construction management, most recently on the Training Facility project. The Library has consulted with the Toronto Police Service, to learn from their experience.

Procurement process

The Library will invite pre-qualified construction management firms to submit proposals in response to a request for proposals (RFP) for construction management services and general construction services. The Library intends to use the Toronto Police Service list of pre-qualified firms, which is an approved practice under the Library Board's Procurement Policy. The RFP will include sample contracts for construction management services and general construction services prepared by the City's legal department.

The results of the RFP process will be brought to the Library Board for approval at a future meeting.

Project cost control

At the time the RFP is issued the TPL Foundation fundraising campaign will not be complete and therefore the total amount available for the capital project is not set. The RFP will identify that the TRL renovation capital project will be phased and not proceed

beyond funding availability. Proponents will be required to acknowledge this requirement and respond with terms for termination prior to completion of the full project. The Library Board will be asked to approve costs to a set dollar limit, based on availability of funds. Multiple approvals are expected in this project, over the life of the project.

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SIGNATURE

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