



CENTRAL COAST REGIONAL DISTRICT

DATE: July 15, 2016

TO: Darla Blake, CAO

CC: Board Chair Alison Sayers and Board Members

FROM: Ken McIlwain, Public Works Manager

SUBJECT: **Award of Thorsen Creek Recycle Building Construction Contract**

RECOMMENDATION

That Central Coast Regional District Board of Directors approves CCRD administration to select one of four front runner proponents identified from the Recycling Building Construction RFQ process, and subject to being within the approved budget, enter into a contract with the successful proponent for building construction.

BACKGROUND

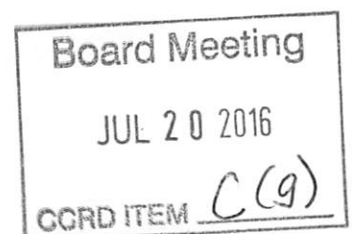
The construction of the new recycling and transfer station at Thorsen Creek is progressing well. The target completion date is December 31, 2016. The new site will include a recycling depot, transfer station, Used Oil & Antifreeze station, metals area, tire area and 'share shed'. Future expansion plans include an organics composting program.

The style of building selected for the recycle depot is an engineered steel building between 2400 (40'x60') and 3200 (40'x80') square feet. It was determined that this style of construction offered the best value to the regional district. A Request For Quote (RFQ) for engineering, design and construction of a 40' x 80' pre-engineered steel recycling building was issued June 20th, 2016 and closed July 11, 2016. Due to the estimated value of the project, the procurement process is subject to the guidelines and obligations under the New West Partnership Trade Agreement and the Agreement on Internal Trade.

DISCUSSION

There was good response to the RFQ. Unfortunately, the pricing received from all proponents exceeded the budget allowance for the project. Four of the proponents have been selected as initial frontrunners based on compliance with submission requirements, price proposal and qualifications. These four proponents have been invited to supply an addendum to their quote, providing price deductions for reduction in building foot print to 40' x 60', deletion of interior steel wall and ceiling cladding and deletion or redesign of entrance canopy.

Administration is confident that with the above noted price reductions, we will be able to select a satisfactory quote that falls within the project budget.



It was desired that a preferred proponent could be selected in time for the July 20th board meeting so that the board could approve award of the contract, however, the delay with the requested quote amendment means that we will not have the information in time for the July board meeting.

The project timeline and the fact most of the quotes are only valid for 30 days, makes it desirable to award the contract as soon as possible. Waiting until the September 8th board meeting would seriously compromise the project schedule and render the quotes invalid.

BUDGET/FINANCIAL IMPLICATIONS

The construction of the new recycling building is identified in the existing CCRD CWF budget.

RISK MANAGEMENT

This will be a fixed price contract for design, engineering and construction of the new recycling building. This essentially places the burden of risk on the contractor. If add-ons are desired or required, these can most likely be absorbed by the capital works portion of the regular Solid Waste Management Budget. We are not proceeding with purchase of an alternate cover system this year and the anticipated unspent funds can be used to cover any extraordinary expenses encountered during the construction process. There is also an unspent contingency available in the regular SWM budget to help address unforeseen expenses.

The CCRD has not included a requirement for bonding on this project. There are significant additional expenses if the proponents are required to seek bonding. The result is that the CCRD is exposed to risk associated with insolvency of the contractor or significant non-performance. These can be mitigated by selecting an established and reputable contractor, structuring progress payments in an equitable manner and maintain a 10% holdback as prescribed under the Builders Lien Act.

CONCLUSION

In order to move the project forward, it is recommended that the Board of Directors approves CCRD admin to proceed with awarding a contract for construction of the new Thorsen Creek Recycling Depot building, providing that the contract amount falls within the approved budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ken McIlwain", with a long, sweeping horizontal stroke at the end.

Ken McIlwain, RPF
Public Works Manager