

REGIONAL DISTRICT OF NANAIMO

**REGULAR BOARD MEETING
TUESDAY, JULY 26, 2011**

**C I R C U L A T E D R E P O R T
F O R A G E N D A**

PAGES

ADMINISTRATOR'S REPORTS

2-3 Nanoose Bay Firehall Construction Tender Award. (All Directors – Weighted Vote)



RDN REPORT	
CAO APPROVAL <i>(Signature)</i>	
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JUL 26 2011	
RHD	
BOARD	✓ July 26/11

MEMORANDUM

TO: C. Mason
Chief Administrative Officer

DATE: July 25, 2011

FROM: W. Idema
Acting General Manager, Finance & Information Services

FILE:

SUBJECT: Nanoose Bay Firehall Construction Tender Award

PURPOSE:

To award the tender for the Nanoose Bay firehall project construction contract.

BACKGROUND:

At the July 12, 2011 Special Board Meeting, in response to the staff report noting that all of the Nanoose Bay firehall construction project bid responses received exceeded the planned budget, the Board passed the following motion:

MOVED Director Holme, SECONDED Director Bartram, that staff and the project consultants be directed to approach the lowest qualified bidder that is prepared to negotiate, to determine whether project requirements and bidder price can be negotiated to ensure the project cost is within the established budget and borrowing authority.

Since then, staff have met with the firehall project consultants, Johnston Davidson Architecture and Planning, to revise tender specifications and reduce estimated costs to conform with the planned \$3.2 million overall project budget. Additionally, staff and the project consultants have met with representatives of W.J. Murphy Contracting Ltd and the Nanoose Bay Volunteer Fire Department to discuss completion of the project using the revised specifications and a maximum budget for the construction component of \$2,621,975 excluding contingency.

W.J. Murphy Contracting Ltd representatives have confirmed their willingness to work with the Regional District and the Nanoose Bay Fire Department and to accept changes to the tender specifications to meet this construction budget. With this confirmation from the contractor and revised specifications from the consultants, the current estimated project budget including taxes is as follows:

Nanoose Bay Firehall Demolition and Construction Project Budget

General Construction	\$2,622,000
Construction Contingency	\$338,000
Insurance, Permits and other	\$50,000
Architectural and Engineering Consultants	\$140,000
Landscaping	\$55,000
Other Equipment	\$57,500
Non-refundable HST	<u>\$57,095</u>
Subtotal	\$3,319,595
Available from funds on hand	<u>(\$117,665)</u>
Project costs to be funded by borrowing	<u>\$3,201,930</u>

ALTERNATIVES:

1. Award the general construction contract for the Nanoose Bay firehall project to W.J. Murphy Contracting Ltd for the revised tendered price of \$2,621,975.
2. Provide alternate direction to staff.

FINANCIAL IMPLICATIONS:

Alternative 1

If the Board selects Alternative 1, the Nanoose Bay firehall demolition and reconstruction project will continue as planned with \$3.2 million funded by borrowing. This borrowing will be amortized over 20 years at an approximate annual cost of \$13.70 per \$100,000 of property assessment.

Alternative 2


If the Nanoose Bay firehall project is not awarded at this time, the project will be delayed and would likely require retendering. Staff recommend awarding the contract.

SUMMARY/CONCLUSIONS:

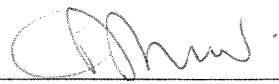
Staff were directed by the Board at the July 12, 2011 Special Board Meeting to approach the lowest qualified bidder that was prepared to negotiate, to determine whether project requirements and bidder price can be negotiated to ensure the project cost is within the established budget and borrowing authority for the Nanoose Bay firehall construction project. Since then, staff have met with project consultants, Nanoose Bay Fire Department volunteers and W.J Murphy Contracting Ltd representatives to revise the project specifications and reduce costs. An agreement has been reached with all parties that the tender specifications can be reduced to comply with the planned \$2,622,000 construction budget exclusive of contingency as shown above.

RECOMMENDATION:

That the Board award the general construction contract for the Nanoose Bay firehall construction project to W.J. Murphy Contracting Ltd for the total amount of \$2,621,975 plus HST.



Report Writer



C.A.O. Concurrence