

Construction Alert

A Publication for the Buyers of Construction Services

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Kelowna Office (Head Office)

#104-151 Commercial Dr.

Ph: 250-491-7330

Fax: 250-491-3929

E-mail: Kelowna@sica.bc.ca

Website: www.sica.bc.ca

Kamloops Office

908 Camosun Crescent

Ph: 250-372-3364

Fax: 250-828-6634

E-mail: Kamloops@sica.bc.ca

Website: www.sica.bc.ca



SICA At-A-Glance - Regional News

SICA Innovation Award

At the Annual General Meeting on September 8, 2009, SICA presented this year's Innovation Award to **PCL Constructors Westcoast Inc.** PCL received the award for their innovation in creating a brand new technology which allowed them to install a structural steel work of art quickly, safely, and flawlessly. The immense challenge PCL overcame was that they had only "coordinates" to set this complex geometrical crystal, with no reference to grid lines, elevations, or traditional benchmarks.



From left – Anibal Valente, BCCA Chair, Natasha Bouwmeester, SICA Chair, and Wayne Bilawchuk, PCL Constructors Westcoast Inc.

Passing of the Gavel

With a new SICA year, comes a new Board. Past Chair, Natasha Bouweester of D&T Developments Ltd. has passed the gavel to incoming Chair, Terry Brown, STBR Consulting Ltd.



Great Christmas Gift

Big White or Silver Star Ski Package - includes 2 day Ski Passes, Ski Rentals, and Ski Lessons for 4 Adults. Valued at \$1,245, cost for this package is only \$750!

This ski package was purchased at the 40th Anniversary Auction, but unfortunately, the purchaser is unable to use the package. Please contact Debbie at SICA Kelowna (250-491-7330) if you are interested in purchasing this great deal.

[Return to Top](#)

BCCA At-a-Glance - Provincial News

BCCA Introduces Electronic Bidding System

Submitted by Manley McLachlan, President, B.C. Construction Association

Since the early days of Building Exchanges, facilitating and managing public construction bids has been a focal point for construction associations. The BC Construction Association (BCCA) and SICA, its Regional partner are no exception to this rule. For many years the BCCA and the (SICA) have operated a bid depository system for the reception of sealed bids from bondable trade contractors interested in work on major building/construction projects. The system is widely used in the public



Merry Christmas and Happy New Year

The SICA staff would like to take this opportunity to offer you and yours a very Merry Christmas and Happy New Year. We

sector for such projects as educational facilities, hospitals and other public buildings. While the rules and procedures for the use of Bid Depository are frequently updated, the system has operated much as it always has since its inception decades ago. All of that is about to change.

Bid Depository is going high tech. In September of this year the BCCA launched the BCCA Electronic Bidding System. The Electronic Bidding System is a system for the reception of secured bids from trade contractors to enable those receiving the bids to obtain firm quotations in writing and in adequate time to compile their general contractor bids completely and accurately. It is anticipated that after a reasonable transition period this system will replace the archaic Bid Depository and all bids will be submitted electronically. The System was developed in concert with our technology partner, Infinite Source and it is an adjunct to the Electronic Planroom services offered through the Regional Construction Associations.

Previous to the launch, there were eight physical bid depository locations covering the general geographic area of BC. In order to maintain the sanctity of a bid, the Bid Depository required the submission of envelopes with bids, which required the trade contractors to physically deliver bids to the bid depository and general contractors to collect them. This process was considered time consuming in an era where information exchange is more readily done by the Internet or facsimile. The BCCA Board of Directors recognized that something had to be done to modernize the system.

The construction procurement “transaction chain” includes a series of components:

- Directories of clients and subcontractors
- Product information
- Invitations to bid
- Bidding documents
- Submission of bids
- Award of Contracts
- Progress Claims
- Change Orders

With the exception of bidding documents and the submission of bids, these components of the “transaction chain” are all being managed or can potentially be managed through on-line systems currently in use through established technology. In an effort to ‘close the loop’ BCCA embarked on the creation of that last piece of the on-line “transaction chain” with the creation of the new BCCA Electronic Bidding System.

After conducting research into the possibilities, it was clear that bidding electronically by Internet was in use in North America, however, the bidding for construction projects had yet to be undertaken extensively. That was likely due to the complexities that are inherent in the process; besides the bid price being collected at the time of bid closing there are also bid bonds, lists of alternative prices and allowances. Closing via the Internet would also add some complexities if not managed correctly – maintaining security of the documents and redundancy in case of a server failure. These are two areas of risk that a private company may be less likely to assume nor, would they have the established reputation of fairness and transparency that has been established by the Construction Associations.

What the BCCA set out to do was to develop an electronic bidding system for bid depository that would give it more appeal by making the collection of information more responsive and less time consuming to the users. The hope was that the development of an efficient bid depository system would evolve also into a system for collection of bids from general contractors to owners.

The on-line system was developed to provide a number of advantages to the industry:

- Substantially reduce the potential for bidders to submit non-compliant bids.
- Have general contractors receive the bids in an efficient electronic format that

enjoyed working with you through this “downturn” year, and look forward to a continued relationship through an improved New Year.

We wish you all the best during the Holiday Season.

Restrict Access To Your Plans!

Enjoy the convenience of the Online Planroom with the luxury of picking and choosing who is allowed access to your plans. SICA has added ‘Restricted Access’ as one of its many beneficial services. Call SICA at (250) 491-7330 or email at kelowna@sica.bc.ca for pricing and to learn more about Restricted Access.

CCA to Convene National Summit on the Non-Residential Construction Industry

CCA plans to convene a one-day, national “Non-Residential Construction Industry Summit”, on January 22, 2010, which would have the following objectives:

1. To identify the **major trends and developments** that will impact the non-residential construction industry going forward in the short and long term;
2. To determine **how**

- Reduce the impact on the environment by decreasing the use of paper and the carbon foot print from vehicles used to transport bids.

After significant development time and intensive testing of the system, the BCCA Electronic Bidding System will be implemented on several public projects already specifying its use on jobs closing in late October. The E- Bidding System provides buyers of construction services with a sustainable business practice which will enhance their ability to “green” their operations. Public bodies will soon recognize E-bidding as a means of addressing the pursuit of lowering greenhouse gas emissions and a practical approach to mitigating risk to the environment.

Warren Perks, BCCA Bid Depository Administrator, is excited about the new direction. “The Electronic Bidding System has the capability to revolutionize bidding in the industry,” he says. “BCCA along with Infinite Source Systems have built a seamless system that has the capability to eventually include everyone in the bidding chain from material suppliers bidding to sub-subcontractors through to the general contractors bidding to owners.”

The BCCA Electronic Bidding System is currently only being used where it has been specified in the project documents. However, we anticipate the value of the System will quickly become apparent and expect to see its use on many public projects in BC into the future. As for the BCCA Bid Depository? While still operating as needed, it is anticipated that the old system will gradually be phased out completely. Out with the old and in with the new.

ACT Expands Wood Use in Public Buildings

The Ministry of Forests and Range has recently announced the introduction of the *Wood First Act* which aims to increase the demand for wood products by requiring provincially funded building projects to use wood as the primary construction material.

The legislation will apply to any organizations that receive provincial funding including Crown corporations, health authorities, post secondary institutions and school districts. While it will be a requirement to use wood, if it can be demonstrated that there are good reasons not to go in that direction funding will not be withheld from the project. Organizations are expected to make a concerted effort to use wood wherever possible.

The provincial government is planning to implement this requirement through new procurement standards. Consultation will be undertaken as the Province develops best practices and a reporting structure to support the new legislation. So stay tuned.

The Cost of Onerous Bidding Conditions

In the June 2002 BCCA Bulletin (<http://www.bccassn.com/lit/bulletins/bullet0206.pdf>) we published an article called ‘A Fine Day to be a Lawyer’. At that time we expressed concerns about the implementation of the BC Government’s Capital Asset Management Framework and in particular the removal of the BC Government’s Standard Stipulated Sum contract, which was removed under the guise of reducing red tape. It did remove red tape for the government but added excessive red tape for the industry as it resulted in every agency creating their own form of contract. The industry lobbied for many years to have this standard government document and although what we had may not have been idyllic it was much better than what we have today.

As we predicted in the article this outcome has made a lot of work for lawyers. Many agencies went down the road of hiring lawyers to draft contracts and supplementary conditions that heavily distributed the risk in bidding and contracting to the construction community. Despite taking the lead from industry stakeholders, first with the development of the AIBC Working Group Stipulated Sum document in 2004 and its predecessor document BCDC 2 in 2008, many government agencies have relied

the industry will be impacted upon and altered by those trends/developments;

3. To determine **what industry associations need to do** at all levels to remain relevant and meaningful to their members in terms of the benefits, products and services they offer;
4. To promote unity and partnership among CCA and its Partner Associations.

Proposed invitees to this Summit include CCA Provincial Vice-Chairs and the Chief Elected and Chief Staff Officers of all CCA Integrated Partner Associations. CCA is prepared to reimburse participants for travel and accommodation expenses. Look for more details soon.

Gold Seal

The next Upcoming Gold Seal Exam is **January 22, 2010**. Be sure to get your applications in as soon as possible!

Contact SICA Education at 250-491-7330 or education@sica.bc.ca

on one sided legal advice that has produced onerous bidding conditions for contractors. Seven years later BCCA and its Regional Associations continue to engage the local agencies in discussions about this unfair distribution of the risk and for the most part it falls on deaf ears.

Despite the falling cost of construction these days we believe this onerous risk to general contractors and trade contractors comes at a cost to the taxpayers of BC. Not only are agencies paying for unnecessary legal fees, which could be saved if agencies used BCDC 2, 2008, but the onerous conditions add to the cost of construction.

Recently an article from the Daily Commercial News stated that in Ontario 'Realistic and better structured construction contract procurement practices could save governments province-wide \$1 billion, an industry study concludes'. The article went on to say that the study 'conservatively estimates that taxpayers are paying at least five per cent more than they should because of these practices and that's very much on the low side. At the upper end, it could be as much as 20 per cent. Government purchasing policies and contract documents are at the root of the problem. They have become "so onerous" in the transfer of the risk to construction contractors that many qualified companies simply do not bid. This purchasing and contract landscape creates a less competitive marketplace for public sector work. Savings that could be found in this area could be used to fund additional needed infrastructure work or reduce looming deficits, notes the study'.

We believe this is the same situation in BC. Not only are these onerous conditions adding to the cost of the construction but they are a burden which belies the efficiency of the industry and affects everything from human resources to the future capabilities of the industry to maintain a skilled workforce.

The solution is that savings can be achieved by public owners who adopt the industry standard BCDC 2, 2008 Stipulated Sum Bidding documents and stop spending excessive funds on unnecessary legal fees that are adding to the cost of construction. Other public owners across Canada, both at the provincial and the federal level, have acknowledged the value of a standard document. Its time to be accountable to the tax payers and to do the same thing in British Columbia.

[Return to Top](#)

CCA At-A-Glance - Federal News



[Canada's Economic Action Plan](#)

The Government of Canada recently released a third update on the implementation of its Economic Action Plan. The release states that about 89 percent of federal infrastructure funding has already been committed. Other highlights of the report include:

- Building Infrastructure – More than \$7.6 billion in federal funds have been committed to more than 4,700 provincial, territorial and municipal infrastructure projects worth over \$21 billion, creating and preserving jobs in communities across Canada. This includes over \$3 billion of the \$4-billion Infrastructure Stimulus Fund that has been committed to more than 2,900 shovel-ready projects.
- First Nations Infrastructure – Over 97 per cent of the funding for infrastructure in First Nations communities has been committed for 2009-10. Projects for schools, safe water systems and health services infrastructure have begun.
- Recreational Infrastructure – About \$138 million of Recreational Infrastructure Canada's 2009-10 funding has been committed to build and refurbish recreational infrastructure facilities across Canada.

To read the full report, visit www.actionplan.gc.ca.

To read CCA's October newsletter, visit: www.sica.bc.ca/ccaoct.pdf

2009 Canadian Design-Build Award of Excellence

Two very different projects, exhibiting the best of design-build advantages and closely responding to the intent and requirements of the awards program were selected. The submissions illustrate how the Design-Build delivery method is adaptable to a wide variety of projects.

The 2009 award recipients are: The 156th Street / Highway 1 Underpass Design-Build Project (Surrey, BC) presented by BA Blacktop Ltd. and McElhanney Engineering Services Ltd. The project submission clearly demonstrated a "text-book" Design-Build approach to a seemingly straightforward civil engineering challenge.

The other recipient was the Calgary Courts Center, presented by CANA Management Ltd., Kasian Architecture and Stantec Consulting Ltd. The project had complex functional requirements as well as architectural stipulations relating to the adjacent urban fabric..

To read CCA's October newsletter, visit: www.sica.bc.ca/ccaoct.pdf

Canada Green Building Council To Release LEED Ratings Update - Easily Earned Credits To Become Mandatory

The Canada Green Building Council is poised to launch an updated version of its flagship LEED Canada rating system for New Construction (NC) and Major Renovations. Mark Hutchison, LEED program director, says the new system will still be "very familiar" to those who have worked with the current version, which was introduced in 2004. Read more: dcnonl.com/article/id35555

CCA Bulletin: Bidding Practices for HST Transitional Projects in Ontario and BC

As you may be aware by now, both the BC and Ontario provincial governments have announced their intention to harmonize their existing PST with the 5% federal GST to create a single, value-added Harmonized Sales Tax (HST) effective July 1, 2010. To this matter, CCA has written a bulletin outlining recommended bidding practices for projects that will be affected during the transition period. The bulletin is currently posted on the homepage of the CCA website under the "News" section (www.cca-acc.com). Essentially the Bulletin recommends the following:

- Bidders be directed NOT to include GST and HST in their fixed bid prices as is the recommended practice currently;
- Bidders NOT be asked to indicate in the Bid Form or otherwise the GST and HST applicable to their bid prices;
- Have clear instructions in the Bid Documents directing bidders to bid based upon the transition to the HST occurring as announced. This eliminates the need for changes to be made to the Contract Price after the transition date due to increased or decreased costs incurred by the Contractor since these would be factored into the original bid; and
- Where bidders are directed to bid assuming no transition to the HST occurring (less preferred option) and a credit sought for any cost savings due to such a transition occurring, do NOT ask for this credit to be identified at the time of bidding.

Read more: www.sica.bc.ca/ccanov.pdf

CCA Lobbying For Applied College Research

The coalition that helped advocate for college infrastructure dollars from Ottawa is aiming to secure applied research funding for Canadian colleges. "We refocused our attention not just on infrastructure money for the colleges but are now going to increase our efforts for research and development," said Paul Charette, former Canadian Construction Association chairman and current CCA human resources committee member. Read more: <http://www.joconl.com/article/id35772>

Consultation Draft Released for New CCA Guide to P3s

A special CCA Task Force has produced a proposed CCA *Guide to Public-Private Partnerships (P3s)*. The intent is to provide members with a basic understanding of the different contractual structure, operation and risk allocation that accompanies the P3 model in Canada.

[Return to Top](#)

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2010 Annual Conference

Registration to CCA's 92nd Annual Conference, which is set to take place aboard the Regent Seven Seas Mariner from March 16-22, 2010, keeps cruising along. Since its launch last August, cabins are being scooped up on a steady basis. As of today, only Deluxe cabins (**\$5,365 US per double occupancy**) remain available for reservation and since the conference is expected to sell out, we encourage to book now!

Read more: sica.bc.ca/ccanov.pdf

SICA Member Sierra Landscaping has a suite reserved for this Annual Conference Cruise for sale. If you are interested, please contact them at 250-212-4700.