



**REPORT TO SAANICH PENINSULA WATER COMMISSION
MEETING OF THURSDAY, 22 SEPTEMBER 2011**

SUBJECT **MCTAVISH RESERVOIR REPLACEMENT PROJECT (TENDER NO. 2011-530)
AWARD OF CONSTRUCTION CONTRACT**

ISSUE

To recommend the award of a contract to Knappett Projects Inc. for the McTavish Reservoir Replacement Project.

BACKGROUND

Recently, the Capital Regional District (CRD) retendered the McTavish Reservoir Replacement Project. This project was originally tendered in 2005 and, at that time, the received bids exceeded the available budget and therefore, the project did not proceed. Four tenders were received by the CRD's Purchaser by the closing time on September 2, 2011, and they are summarized as follows:

Tenderer	Total Tendered Amount (excluding HST)
1. Knappett Projects Inc.	\$3,923,077.00
2. C&M Development Inc.	\$4,208,419.00
3. Maple Reinders Inc.	\$4,221,208.00
4. Jacob Bros. Construction Ltd.	\$4,366,670.00

The lowest eligible tender was submitted by Knappett Projects Inc. of Victoria. Knappett Projects is known to the CRD staff and they are deemed capable of completing the project.

The Regional Water Supply Commission (RWSC) and Saanich Peninsula Water Commission (SPWC) have approved amounts in their 2011 capital budgets for the project of \$4,600,000 and \$1,458,000 respectively. The project expenditures include CRD staff effort, engineering consulting, and construction. The total tender amount of Knappett's tender is less than the total available budget for construction.

Based on proportional sharing between the two water services, the cost to the RWSC and SPWC for construction (Knappett's amount) would be \$2,978,896.37 and \$944,180.63, plus HST, respectively. Approval of award from both the RWSC and the SPWC is required to award the work to the contractor.

ALTERNATIVES

1. Award the contract to Knappett Projects Inc.
2. Award the contract to another tenderer.

FINANCIAL IMPLICATIONS

Alternative 1

Alternative 1 – Award the contract to Knappett Projects Inc. for \$3,923,077.00, plus HST, which is within the budget amount for this project.

Alternative 2

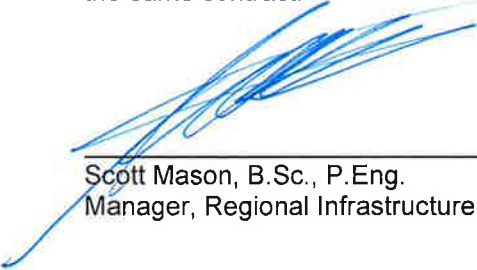
Alternative 2 - Awarding the contract to one of the other bidders without a valid reason increases the cost of construction, and likely would result in legal action by the low bidder.

CONCLUSION


In summary, the tender received from Knappett Projects Inc. for \$3,923,077.00, plus HST, meets the terms of the tender and project budget and it is recommended that Knappett Projects Inc. be awarded the contract for the work. The cost of the project will be shared between the RWSC and the SPWC in the amount of \$2,978,896.37 and \$944,180.63, plus HST, respectively.

RECOMMENDATION


That the Saanich Peninsula Water Commission award a construction contract to Knappett Projects Inc. for \$3,923,077.00 (excluding HST) for the McTavish Reservoir Replacement Project (Tender No. 2011-530), subject to the Regional Water Supply Commission adopting a recommendation to award the same contract.



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