



General Contractors Association of Ottawa Newsletter

Building a Greater Ottawa

Inside:

President's Note

City of Ottawa – VPM System

Annual General Meeting

Cocktail Party

New Faces

Awards Year – Submission Extension

GCAO Website – Help Wanted

Board Member's List

Call for project pics for the new GCAO website

Upcoming Board Meetings:

December 12th, 2014

January 30th, 2015



President's Note Joshua Laginski, GCAO President

2014 has been a challenging year for most of us due to the lack of work that was available to bid. It has also been a very busy for Jim with all the tendering issues that arose over the course of 2014. Here is a quick summary of the items that the GCAO dealt with:

1. Health Canada – Utilization of Post-Tender Amendments
2. City of Ottawa – Cap of Mark-ups at 25%
3. PWGSC – Utilization of Post-Qualification
4. City of Ottawa – Implementation of VPM System
5. City of Ottawa - Glebe Parking Garage – 1st Tender – Schedule Concerns & Liquidated Damages
6. Queensway Carleton Hospital – Changes in Pre-qualification Marking Scheme after Submissions were received
7. OCDSB - Earl of March School – Mark-up on Contingency Allowance & Mark-ups being lower than industry norms
8. Nouvelle Scene Construction – Mark-ups being lower than industry norms
9. CECCE - Fernbank School – Utilization of Post-Qualification
10. NCC – Victory Island Tender - Utilization of Post-Qualification
11. Airport Authority – Delta Park - Utilization of Post-Qualification
12. CECCE – Orleans School – Utilization of Post-Qualification
13. Ottawa Hospital – Pre-qualification 2015 Process Discussion
14. City of Ottawa – Glebe Parking Garage – 2nd Tender – Utilization of Post-Qualification
15. Health Canada – Optimization Project - Utilization of Post-Tender Amendments

As you can see from the above summary the reoccurring theme is the Owner's trend toward "Post-Qualification". I feel that this has become an epidemic in Ottawa and we need to stick together to ensure that this trend becomes a problem of the past. Our primary concern is that it costs contractors thousands of dollars to assemble a bid as a free service to the owner, only to have their bid subjectively rejected before the 2nd envelope with the price is opened. It also leads to many transparency issues in the bid process that could be easily avoided if owners would use a Pre-Qualification process.

The major pitfall I see is that the scoring process will always have a subjective component. If the bench mark is set at 80/100 to pass, and a contractor gets a 79/100 and so his price is not opened, and it happens to be the low bidder, then whatever the difference is from this unopened price to the award price

FEEDBACK



would be an additional cost to the tax payer for the one point difference in scoring. I can't help but wonder if this is good value when we are dealing with public monies. The low bidder also spent thousands of dollars to assemble their bid only to be told at the last minute that it was felt they did not qualify. Many Owners have also stated that if a bidder doesn't think that they will qualify then they shouldn't invest the time to assemble the bid. My response to this is that we don't always have the luxury of making a black and white decision such as this. We all have to obtain work to keep our businesses running and if a project comes out that we feel we can complete effectively, we should bid on this project to try and win it. We use our projects that we feel are similar to demonstrate experience and history, but at the end of the day, the decision is up to the owner when they evaluate the contents of envelope one.

As things slow down we all have the tendency to panic and try and get as much work as possible. In doing so I think we allow certain conditions in the tender documents to take a back seat in our mission to get the job. My fear is that during slow periods we agree to things that will eventually come back to haunt us when the market starts to pick up again. A common response from owners when the GCAO goes to them to talk about these issues is "well, I don't see why you are making a big deal about this issue. We always get more than 6 bids on any given project". And this is our biggest hurdle in trying to deal with these issues. We all may not like some of the terms & conditions in the bid documents and we have to evaluate the risk that is associated with these conditions, but it is difficult to foresee what the dollar value should be while being competitive in a construction market that has 15 to 20 bidders on the same project.

City Consultations on Vendor Performance

The GCAO met with the City of Ottawa on 3 occasions to review the new VPM system soon to be implemented in early 2015 for all City of Ottawa projects larger than \$100,000.00 in value.

The VPM system will be managed online through Merx and any score less than a 70% in any one category will require backup documentation that was sent to the contractor during the construction process. The intent of this program is to increase communication throughout the construction process and the City would like to see the topics described in this form to be discussed at each bi-weekly meeting and the results of the discussion to be included in the project minutes.

An appeal process has now been put in place and will allow the contractor to have upper management review the various files on a monthly basis.

The program will run for approximately 2 years before the contractor VPM score effects their tender price during the bid process. The following is their current model as to how the VPM will affect a bidder's tender price: (note 80% bid price and 20% will be the VPM score).

PRICE EXAMPLE	
Bid Value	Calculated Points Awarded
\$1 (lowest responsive)	80
\$1.5	$80 - \left(\frac{1.5 - 1}{1}\right) \times 80 = 40$
\$2	$80 - \left(\frac{2 - 1}{1}\right) \times 80 = 0$ Higher bids also get 0 points.

$$ORB = 80 - \left(\frac{ORB - LRB}{LRB}\right) \times 80$$

RATING EXAMPLE	
OVS	Calculated Points Awarded
60%	60% x 20 = 12
80%	80% x 20 = 16

The City of Ottawa will be holding training sessions about how to use the Merx system in January. (Dates are as follows)

- Jan. 12, 13 and 30: Three Vendor training sessions at Ben Franklin Place.
- Jan. 30: Online training tutorial available on MERX.com and Ottawa.ca.

AGM – mark this date

Thursday, January 22nd, 2015 at 4pm. The **Centurion Centre** on 170 Colonnade Road will be hosting the GCAO's Annual General Meeting. Mark the date in your calendar now and plan to attend the event. See how your Association is working for you.



And while you're marking up your calendar, don't forget to circle February 26th. After all, you're invited!



When: February 26, 2015

Where: Rideau Club

What: The GCAO's biggest event where you get to mingle, renew connections, make new ones and be part of the Association's largest event featuring media and local leaders from Ottawa's business and municipal communities.



You may have noticed a new name making the rounds, doing a little bit of this and a little bit of that. You may have even met her already and thanked her for keeping us in line! She is **Alison Hogan**, the GCAO's newest Association Coordinator.

Alison brings a solid background in organizing and managing Boards, helping fill in the day-to-day operations so that we spend our time where it's needed most – serving our members! Let's all welcome her to the team with open arms!

You may also want to welcome Russell Grass to the Board of Directors. Russell comes to us from Waterdon Construction and will be assuming the Non Refundable Deposit Program (NDRP) mandate.

Welcome aboard all!

Awards Year !!! – Achievement Award

You heard it! This year marks the **GCAO's** 3rd biennial General Contractors Association of Ottawa Awards. The awards inaugurated in 2011 recognize excellence and merit and will feature the Don Chutter Meritorius Achievement Award presented to that general contractor whose efforts most improved quality of life in Ottawa.

Entries are judged by a distinguished panel of industry experts including peers, engineers, architects and owners alike not currently engaged in general contracting.

We seen great interest but hurry, your submissions are due January 9th.



OCA Trade Scopes – Work in Progress

The OCA Documents committees have been hard at work at putting together scope of work documents that we can all agree on!!! Attached to this newsletter are **draft only** copies for Masonry, Drywall, Sprinkler, Piping and Ventilation. Have a *look* see and voice your opinion.

Our new website continues to evolve but we need your help. Send us your project pics to help populate the site with local content or better yet, send along suggestions and ideas of what you want to see on the site. Your GCAO wants to know!



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MANDATES

Tendering Practices

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Michael Nicolini
Gary Codogno

Nominating Committee

Michael Nicolini

BILDCO Ottawa Joint Committee

Josh Laginski - Chair
Jim Tsarouhas
Michael Nicolini
Gary Codogno

Projects Awards Program

Michael Nicolini

Integrity and Ethics Award

Josh Laginski

Entertainment

David Pimentel

Web Site

Gary Codogno

OCA Standard Practices Committee Liaison

Jim Tsarouhas

Non-Refundable Deposits

Tim Pruner

Membership

Michael Nicolini

Treasurer

Tim Pruner

Non Refundable Deposit Program (NRDP)

Russell Grass

The GCAO
would like to take
this opportunity to wish
all our members
and their hard working families
the best of the Season
and a very happy
New Year!

