

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 47TH SESSION

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CONTRACTORS MEETING

JUNE 6, 1972

HAY RIVER, N.W.T.

TD 22-47
Tabled on Oct. 12, 1972

The meeting of local contractors and gentlemen of the Government of the Northwest Territories, Yellowknife, was held in Hay River at the Town Hall at 11:00, June 6, 1972.

Present: Mr. A. Goodzeck, Mr. P. Kaeser, Mr. B. Berg, Mr. N. Sibbeston, Mr. D. Tetrault, Mr. D. MacEachern, Mr. R. Steiner, Mr. R. Johnson, Mr. J. Bentley, Mr. D. Mathieus, Mr. C. Gilchrist, Mr. & Mrs. K. Mueller, Mr. B. Rowe, Mr. S. Dean, Mr. W. Bourne, Mr. J. Pope, Mrs. P. Engbers, Mr. T. Anderson, Mr. C. Eldridge, Mr. H. Bjornson, Mr. L. Gagnier, Mr. B. Brandon.

EQUIPMENT RENTALS

- Johnson: You go the local contractor looking for equipment, you want equipment that is only 1 - 3 years old and you specify this in your tenders. We don't always have new equipment. Give consideration to the equipment that is here already and don't ship equipment in from outside. When equipment is required for a job, look at the tenders and try to decide from the equipment available what is needed.
- Bentley: Old equipment is more susceptible to breakdown whereas a new piece of equipment is not as susceptible.
- Johnson: A '69 can be defective and a '67 can be good.
- Bentley: If we reduce requirements and say go back to a '67 or '68, the issue is not solved because somewhere we have to set a limit. Some contractors will agree while others won't. If we say to go back to a '68 then some will say well you have gone back to a '68, why can't you go back one more year to a '67? The problem will arise no matter what year we go back to.
- Dean: The type of equipment asked for is not available in the territories therefore it is almost an open invitation for outside firms to come in. They ask for high standards because they know what the standards are. When you know what equipment is available, these standards should go out to the people with the specifications that are available.
- Goodzeck: There has been no age limit on equipment until just a few years ago.
- Mueller: You raise the price on contracts so nobody can bid. If a piece of equipment is 10 years old it can still be good. "There is a discrimination against the local contractors!"
- Tetrault: Your asking for newer equipment because of how it may affect other equipment on the job. If you ask just for a particular piece of equipment, what is the reason for the new equipment?
- Gilchrist: The older the equipment the more unreliable it will be. There has to be some line drawn someplace where vintage equipment is not good for the job. We would have to look at each piece of equipment if we didn't set an age limit.
- Rowe: Licences—there were people from Alberta working in Pine Point with a licence.
- Dean: If I bid on a new truck tomorrow, I cannot get my licence for a couple of weeks. Why can't I get a licence right away? I am a resident of the N.W.T. Everyone should be on the same basis. The government says if we can't make it in trucking, get out. We are all paying insurance, compensation, etc., for everything and we are not getting the opportunity to use our equipment. No contractor here can get a job for a piece of equipment for a year. We can't afford to go and invest in something that we have no assurance that we are going to get work.
- Goodzeck: If we rent out equipment to outside contractors, which we may have to do because we have such a hard time getting contracts, they pay us only so much and no more.
- Dean: When we have a job to do we sometimes ask the Department of Highways what the figures or prices would be and they quote ridiculous figures, and these figures vary. The Department of Highways should set up a list of the rates so that we know where we stand.
- Gilchrist: The main issues then that we are concerned about here are: 1. Outside contractors, 2. The Department of Highways.
- Johnson: Compensation, Insurance, Fuel Costs, outsiders stress these. Contractors bring in their own fuel.
- Dean: For compensation rates we pay about \$6 and Albertans pay \$3.
- Rowe: The N.W.T. insurance is no good in Alberta yet Alberta insurance is good in the territories.
- Gilchrist: The liability insurance is run about the same as Alberta's insurance because it is taken from Alberta.
- Goodzeck: The work here in the territories is seasonal where as in Alberta a man can start in April or May and by the time he comes here in September he has everything made already.
- Mueller: Vintage of equipment, in the past there were no restrictions on equipment age and now there is. If the equipment is good, accept it. There should be no restrictions put on any equipment. We have to utilize the equipment that is available.
- Dean: The quality of the equipment should be considered.
- Goodzeck: The standards set are too high for vintage of equipment. You say that after 10 years a piece of equipment is no longer good.
- Mueller: We make an investment and we have no work to pay for it.
- Goodzeck: There has to be some policy. There should be a levelling point someplace.
- Mueller: Base it on horsepower.
- Dean: The government has lots of people hired for estimating costs and it seems to me that they can't come up with an estimate as to what a contractor should be able to rent a piece of equipment for.
- MacEachern: When the government bases their rates on pieces of equipment, how do they base it?
- Bentley: Actual cost, direct cash cost, overhead cost, inventories, etc. Just about anything that he collects. I would be very reluctant to hire people on a set rate.
- Dean: Set a rate and chose your bids from amongst the bids made. When you take the cost of your equipment, does that mean you take the figures of all the costs of the people?
- Bentley: We take our costs.

- MacEachern: You advertise outside so you can get a more competitive price but we can't work for Alberta rates.
- Goodzeck: The Territorial Government should not go outside the Territories for equipment.
- Dean: When you hire from the local people you are hiring a resident of the Territories but you are not when you hire from outside. Hire N.W.T. people. Make contracts that people from the Territories can handle. Our equipment stays in the country. No money that the Alberta people make stays in the country.
- Goodzeck: The equipment tenders should be restricted to the Territories.
- Mueller: All we are asking for is a fair share.
- Gilchrist: Most of the highways work is a shared thing between governments. Therefore, it doesn't come under the control of the Territorial Government. When you bid on something, it may be \$20 and outside it may be \$16. This is what we have to look at. We have to go out sometimes to see what is the difference in contracts.
- Goodzeck: There was no restrictions on age of equipment a few years back but now there is a restriction of three years. This is hard to adjust to.
- MacEachern: Equipment just doesn't depreciate as fast as your car will. You can go back eight years when you are in service equipment. Take the year restriction out of the equipment altogether.
- Gilchrist: We will look into changing the age limit to maybe 10 years.

ENGINEERING

- Mueller: Why does the government go all over to find an engineering staff? A junior engineer is put to work in charge of a piece of equipment and has no idea as how to run it. We have to have somebody from the Federal Government check into this. How can a person come in here and say he is an engineer and yet he can't do anything?
- Dean: Standard contract forms have many details and steps in them that are supposed to be followed. When you get an engineer on the job who knows what he is doing he doesn't go into every detail but a man who doesn't know anything looks into them. If we get stuck doing a job we don't get paid for the time spent getting our machine out, even if the engineer told us to go there. The inexperienced people should not tell us how to run our machines. The young engineers don't know their business very well. Unless we get a better quality engineering staff, we can't do anything.
- Mueller: Don't hold back any money if the engineer made a mistake. If they made it they should pay for it.
- MacEachern: What is the policy on placing these engineers or surveyors? There are supposed to be experienced men with some junior engineers under him but these young guys are coming out and running the job.
- Bentley: The policy is trying to hire the most competent people we can. We have to hire these people on a short time basis whereas in the city they have a more secure standing.
- Goodzeck: We are working by a unit price and when something goes wrong because of the engineer, he won't admit it for maybe five to six days and then he finally does agree with us that it was his fault, but we don't get paid for that time he wasted.
- Dean: You have to have university qualifications to hold the job but these students don't have the qualifications. All these students want to do is follow the lettering of the contract. Who pays for the time wasted when everything is finally getting ready to begin work?
- Bentley: You can go to the Director.
- Mueller: The Director of Public Works doesn't know anything about engineering so he agrees with you no matter if you are right or wrong.
- Goodzeck: It can cost us more money to go to the top guy then to just close the thing. If we want to go to the top guy it takes time and we may not be able to do it.
- Gilchrist: The small contractor doesn't have the ability to work through back pays. When you have an important problem you have to have more ready access to someone who you can appeal to. We will have to have some better back up for these young engineers so you can have someone who can come and look up on them.
- Goodzeck: The men from Yellowknife have the responsibility to see that we have a good engineering organization. The government is not always right, when someone complains there are definite problems. You are not always right. The staff sometimes likes to give the impression that everything is ok.

Recess: 1:35

Resumed Meeting 3:45

BID BONDS

- Steiner: Bid bonds are impossible for Territorial residents to obtain. Insurance companies will not issue bid bonds, only to people who have had them for many years. We had them for 15 - 20 years, then we didn't get a contract for a year and they wouldn't give them back to us even after that. The bank thought they had found a way to get us bid bonds but they couldn't get them. With lawyers, auditing firms, and the bank, there is no way that we can get bid bonds. The only way is if you had them way back.
- Gilchrist: If the contractor could show a financial statement showing his records, and if he had a good reputation, I don't see why he would have any trouble getting a bid bond. It helps to put the business on a good financial basis.
- Steiner: They're not prepared to give residents of the Territories bid bonds because it is too risky. The risk is too high and that is all they say about it.
- Dean: Bid bonds are not available to the local contractors. There are a few exceptions. All the big contractors in Alberta get the contracts if we can't. When you people make it compulsory to have bid bonds for a contract, you are saying this money is federal money and it has to be available for all contractors in the

country but not in the Territories because we can't get the bid bond. Why can't the N.W.T. provide bid bonds for its residents?

- Steiner:** The major contractors get the major jobs and the Territorial contractors get the little jobs left. A lot of the jobs done by local contractors are done because they go through the outside companies who get the bid bonds and charge us 20%. They take the cream. The bid bond is an essential thing.
- Matthieus:** We are not able to go out to contract until the council session is over. We are doing everything possible to get the jobs out as early as possible for bidding and bonding whatever. We get the tenders out as fast as we can because of the short season.
If we take away the bonding then we have no way of stopping anyone from bidding. Anyone would be able to bid if we withdrew the bid bond. The bid bond is an assurance that the job will get done even if something happens to the contractor. We have to know that the job is going to get done for the money.
- Sibbeston:** The large companies make the higher bids than the local contractors but the large companies have the essential bid bonds so they get the jobs. Your not helping the people in the North because it is only the large companies from outside who get the contracts.
- Dean:** We are asking the government if it will make it possible to get bid bonds. When I don't get a contract it is a territorial resident that doesn't get work but when outside companies get a job them employ outside people to work for them, not territorial residents.
- Steiner:** Insurance is getting harder and harder to get and there is no contractor with big trucks who can get it. We have laws, we have ordinances which say that we can't operate a piece of equipment without insurance--good! But, you can't say that we have to have insurance and then turn around and not give it.
- Berg:** I am finding it difficult right now. I can't provide automobile insurance, snowmobile insurance, and motor insurance.
- Steiner:** I think the government should look into the insurance so that people can get it and also bid bonds.
- Goodzeck:** I have tried to get bid bonds and everyone says it looks good but when it comes to it they find some excuses. They always say we can but we can't.
- Dean:** A written contract provides more insurance that the job will be done than a bid bond.
- Gilchrist:** If we know of a contractor who completed a job for us, we could give him a higher exemption. N.W.T. contractors should bid whether or not they have the bid bond.
We will consider exempting contracts from \$50,000 to \$100,000 from having a bid bond. The amount is now \$25,000.
- Sibbeston:** How soon can you bring about these changes?
- Gilchrist:** I will look into these things as soon as I get back and some thing may be done within the next few weeks.
- Berg:** Can you reduce the size of the contracts so that some of the smaller contractors can handle them?
- Gilchrist:** We are operating on a limited budget but we are considering it all the time.

LAND USE REGULATIONS

GRAVEL PITS, DIRT PITS, ETC.

- Goodzeck:** We don't have any fill dirt.
- MacEachern:** We cannot go into pits unless we have a land lease from the Territorial Government to take gravel out. The Highway's Department can go into any gravel pit or they can open up new ones anywhere but we can't until we go through the formality.
- Dean:** The Territorial Government has refused to give the town the right to look after the pits. Mayor Stewart can't give permits to anyone to take dirt out within the town limits.
- Gilchrist:** I will look into it as soon as I get back to Yellowknife and see if it is in our jurisdiction.
- Johnson:** If we have a permit now to get 5,000 yards we have to pay for that 5,000 yards right away whereas before, we would pay for 2,000 yards after we took the 2,000 yards.
- Rowe:** We can't bid on a yard of dirt because there is no where that we can get it.
- MacEachern:** We now have to go to Mile 23 and that ups the price.

STAIRS AGREEMENT

- Johnson:** What is it?
- Bentley:** It is an agreement whereby the Territorial Government undertakes projects for the Federal Government. This agreement doesn't include work done outside the Territories.

TENDERING AND RETENDERING

- MacEachern:** When the government puts out a tender I set up my financial position, and I fill out my tender and then the government will figure that the tenders submitted are too high and so they call for a re-tender.
- Mueller:** You should set a limit of maybe 2 weeks to 30 days to award contracts. In the tender contracts it says that you can hold up for 60 days. The low bidder doesn't know whether or not he will get the job and so he can't bid on another job.
- Gilchrist:** Retendering is necessary if we don't have the funds for the amount. We change the contract or we try to go to the low bidder and negotiate with him to get the job done with the amount of money we have. If we can't come to an agreement then we have no alternative but to retender.
Generally, people just register their tender for so much and then they figure out how much it will cost them. They then phone us and tell us how much to add or subtract from their tender. You can change a tender any time before the closing time.