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Canada's untameable behemoth?

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There is no doubt that Infrastructure Ontario (IO) is one of the world leaders in executing complex and innovative P3s for infrastructure, but some are saying that the agency has bitten off more than it can chew with the roughly US\$4.8 billion Eglinton Crosstown light rail transit (LRT) P3.

Criticism is that the project is too big to be handled by a single P3 consortium being led by industry construction groups in Canada. The project is also being criticized because only two bidders have responded to the RFQ, which was issued [in January](#). [In May](#), the due date for responses was delayed by a month to give bidders more time to respond.

The RFQ attracted only [two bidders](#) – a fact that industry trade groups are using to bolster their claim that the project needs to be broken up and put out to bid as several smaller projects. According to executives familiar with the project, one consortium consists, in part, of Ellsdon, Aecom, Dragados and SNC-Lavalin, and the other is comprised, in part, of Bechtel Infrastructure, OHL and Ontario-based Kenaidan Contracting, a subsidiary of Japanese conglomerate Obayashi.

The massive project involves the construction of a 19-kilometer LRT line from the Jane Street/Black Creek area to Kennedy station. The project will require the construction of 25 new station stops, several tunnel boring machines, the construction of a bridge over Highway 401 and several right of way purchases. Recently, the size of the project was drastically reduced when [the City of Toronto cut](#) the Scarborough LRT portion out of the project after deciding that the city would be better served with a subway system.

Andy Manahan, a member of the Residential and Civil Construction Alliance of Ontario, said that “Eglinton is a massive project and the fact that IO expected five bidders and only two came forward makes me believe there was some money left on the table. The answer to all of this is to break up the project into different pieces and let different engineering and construction firms handle those pieces.”

Clive Thurston, president of the Construction Design Alliance of Ontario, said that “IO was expecting to get at least five bidding consortia, but the reality is that it took them ages just to get two. The size and complexity of this project has made things difficult. It might not be until 2016 that construction begins.”

An IO spokesperson declined to reveal the number or identity of the bidders to the RFQ in an email, but did issue a straightforward statement: “Infrastructure Ontario will continue the

competitive procurement process for the Eglinton Crosstown LRT project, which is currently in the request for qualifications stage.”

Bill Birdsell, president of the Ontario Association of Architects, said that one of the more complex aspects of the project is building and operating the 25 station stops that the project requires. He also doubted the common view that a P3 would result in a cheaper cost for building the stations.

“Design is actually the cheapest part of the construction process,” said Birdsell. “We believe that our interaction with the project will make it a better project, and we can demonstrate cost-saving. We feel design is the driver here to make each of these stations a success.”

One Canadian P3 executive who ended up passing on the project, said that despite the project’s size, it is workable as a P3.

“We passed it up because we are working on several other projects right now,” said the executive. “However, this project absolutely can be done as a P3. While I do agree that this is one of the most complex projects that IO has ever done and there are a lot of moving parts to it. That doesn’t mean, however, that a private sector partner can’t come up with a cheaper bid than a construction firm hired by the government. The private sector partner will finish various sections of the project on time, because if they don’t, they won’t get paid.”

The executive went on to say that “IO is not going to recall the RFQ because there are two bidders, but I wouldn’t be surprised if we see IO hold off on the RFP stage in order to allow more bidders to respond. Whoever wins the project, however, must carefully draft the [master] concession agreement, and we might see an agreement in which the different station stops have different deadlines and different terms. For example, it might make sense for one parking lot to be maintained by the private partner, and for others to be controlled by the government.”