

By: [Tess Kalinowski](#) Transportation reporter, Published on Thu Aug 08 2013

## Metrolinx mega-contract too big, say builders and architects

**Industry players warn that the province is putting tax dollars at risk by bundling too much of the facilities work into one project.**



Work is underway on tunnelling the Eglinton Crosstown line, but the contract to build the stations and maintenance facility is still up in the air, with many critics in the construction industry suggesting it's too big to attract a good range of bidders.

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Jumbo contracts are supposed to drive competition among construction companies and save Ontario tax dollars on big infrastructure projects such as roads and hospitals.

But the province's construction industry is sounding alarm bells about the \$4 billion [Infrastructure Ontario \(IO\) contract](#) to build the stations and maintenance facility for the [Eglinton-Scarborough Crosstown LRT](#).

The [Construction and Design Alliance of Ontario](#) — which represents engineers, architects, road and residential builders — says the contract, part of a “P3” public-private partnership is too big, squeezing out the very competition it was supposed to inspire and potentially costing up to \$500 million more than it should.

A series of smaller construction and design contracts would have attracted more competition than the two giant construction consortia the CDAO says have put forward qualifications for the Crosstown work it estimates to be worth about \$4 billion.

The huge Crosstown contract, being procured on behalf of provincial transportation agency Metrolinx, is also jeopardizing the 2020 completion date for the new transit, says CDAO chair Clive Thurston.

The coalition took its concerns public after failing to persuade the government behind the scenes to break the public-private project into smaller parcels.

“It’s heresy to speak out about this, and for a long time we in the industry have kept our fire and we’ve kept our mouths shut and we’ve tried to work from the inside. But it hasn’t worked,” said Thurston, who is also president of the Ontario General Contractors Association.

The CDAO says there’s [mounting international evidence](#) that bundling infrastructure projects on such a massive scale doesn’t always work. Which is not to say they never work, he said, citing IO’s construction bundle for 18 [OPP detachments](#).

To bid on a project this big so early in the years-long build, companies pad their numbers to reduce their risk of under-estimating or encountering a problem, said Bill Birdsell, president of the [Ontario Association of Architects](#).

There are no Ontario architectural firms big enough to take on the \$1.75 billion in work in the Crosstown contract, says the association. Toronto risks ending up with foreign-designed cookie-cutter stations.

“Design is actually the cheapest part of the construction process,” Birdsell says, arguing that architecture produced locally would better incorporate the new transit development into the city’s culture and street life.

“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,” said Birdsell.

Good design doesn’t necessarily cost more, but it’s not the place to scrimp, he said.

Birdsell says an upcoming meeting between industry representatives and Ontario Transportation and Infrastructure Minister Glen Murray suggests the government is still listening.

A spokesman for Murray said the minister wasn't available to answer questions about the Crosstown project. His office issued a statement Tuesday, saying, "The minister believes that these concerns need to be given consideration, and has been listening to industry representatives since he first came into this role."

The Crosstown contract is the largest ever issued by Infrastructure Ontario, the government agency in charge of public-private partnerships.

Bidders will be evaluated in part on their local knowledge and the use of local trades, said an IO spokeswoman.

"From our experience, more than 80 per cent of local labour participates on the large projects. The majority of work on alternative financing and procurement projects (also known as P3s) is completed by local and regional contractors and suppliers," Paulette Den Elzen wrote in an email to the Toronto Star.

IO won't talk about the estimated worth of the contract or how many construction companies have responded to its call for bidder qualifications. The proponents are still being evaluated, she said. Citing "privacy reasons," IO will not disclose the names of construction consortia that don't qualify.

But Thurston says it's an open secret that only two consortia have submitted qualifications for evaluation by IO in advance of the project going to tender in the fall. That's far short of the five qualified bidders IO expected, he said.

The two consortia that have expressed interest — one mostly Canadian, another multi-national — are comprised of construction industry giants including Aecom, Ellis Don, SNC Lavalin and Bechtel, OHL and Kenaidan.

That raises the question of what happens if only one of the two qualifies to bid on the contract.

"Are we prepared to hand a \$4 billion bundled project to one bidder?" wondered Thurston.

An analysis by the Ontario General Contractors Association suggests a series of smaller contracts could have attracted up to 10 small and medium local firms.

It costs a construction company between \$3 million and \$10 million to bid on the kind of P3 projects handled by IO, said Thurston. The "pursuit cost" for the Crosstown contract is conservatively estimated at \$20 million per bid, he said.

The Eglinton line doesn't need to be like the Spadina subway extension, where each station is being designed to a high degree of individuality, said Andy Manahan, of the Residential and Civil Construction Alliance of Ontario.

You can have a common footprint among the stations but "funk it up a bit," like the customized Museum station on the Yonge-University line, he said.

“Eglinton is a massive project and the fact that IO expected there would be five bidders and only two came forward makes me believe there was some money left on the table,” Manahan said.

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