

RCCAO head: Bundling better, but not too big a bundle

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by John Michael McGrath

The executive director of the **Residential and Civil Construction Alliance of Ontario** agrees with recent criticisms of the Eglinton Crosstown's public-private partnership mega-bundle, but Andy Manahan says it's important criticism of the Eglinton case don't tar other examples of bundling, some of which promise substantial cost savings for municipalities.

"We've been a really big supporter of AFP (alternative finance and procurement) for a while now," Manahan said. "And we're looking at bundling right now in conjunction with the Ontario Good Roads Association."

Manahan's organization is part of the CDAO that previously criticized the Eglinton Crosstown's bundled contract as too large for many Ontario contractors to bid on.

He expects the report with the OGRA to be released in the near future but was willing to discuss some of the early findings with QP Briefing.

"AFP and bundling make sense for municipalities... (Wellington county) is more indicative of a typical region of the province with aging bridges and low-growth municipalities that can't afford the maintenance of their existing bridge and culvert infrastructure.

"In terms of bundling, it makes a lot of sense if there's a longer term contract where a number of contractors have responsibility for maintenance and upkeep."

A contract that locks both private contractors and municipalities into regular maintenance instead of allowing repairs to be put off can keep costs low for taxpayers, Manahan said.

At the Association of Municipalities of Ontario general meeting earlier this week, AMO executive director Pat Vanini discussed how operational pressures can cut into capital spending for municipalities, invoking some of the findings of the Walkerton inquiry.

"Part of the evidence there was your capital side of things starts to suffer when you've got such high operational requirements. And if you're revenues don't keep up with it then you have to take from what you think you would invest in capital," Vanini told QP Briefing on Tuesday. "It's the only really

discretionary fund you have.”

Manahan says the study RCCAO and OGRA are conducting is an analytical exercise that is trying to estimate the potential for bundling and P3s for smaller Ontario municipalities. That started with conducting an inventory and assessment of more than 300 bridges and culverts in Wellington county and its townships, “and quite frankly we found in some cases the data collection was a little sparse, but having filled in those gaps the view was there are substantial savings to be found.

“So despite what was said about the Eglinton LRT, we think there’s some merits about bundling.”

Manahan says that in conversations with Infrastructure Minister Glen Murray’s office he’s heard “lessons have been learned” since the Eglinton process resulted in a contract too large for much of Ontario’s construction industry to bid on, and future projects may be broken up in smaller bundles.

In the longer term, Manahan says he expects consolidation in the construction industry to create larger Ontario-based companies that can also bid on future large projects.