

Bulldog Canadian

Journalist Ken Gray looks at the issues
that contribute to the national debate

Use P3's For Municipal Projects: MTAG

Posted on [March 11, 2013](#) by [Ken Gray](#)

This is a release from the Municipal Taxpayers Advocacy Group:

PPP (P3) Canada calls for mandatory P3 cost benefit analysis for new transit, water, police, recreation, and housing capital projects

During enclosed (<http://www.municipaltaxpayer.com>) OTAG City Watch segment on Rogers TV Ottawa experts, John McBride informed the listening audience that P3 opportunities include the top 5 municipal expenditures (Transit, Water & Sewer, Police, Parks & Recreation, and Housing). He suggested that cities follow the lead of the [federal government](#) and make P3 cost benefit analysis mandatory for new capital project applications.

John McBride was appointed CEO of PPP Canada by Finance Minister [Jim Flaherty](#), he was formerly the Executive Vice-President of the [Canadian International Development Agency](#), President and CEO of the Canadian Commercial Corporation, Assistant Deputy Minister at Industry Canada, and Executive Director at the [Treasury Board](#) Secretariat.

There is a benefit in providing central contract negotiation expertise for P3s, since contract development cost can be a deterrent. Every possible occurrence should be identified, responsibilities for each partner and remedies for any breach should be documented. Contract negotiation expertise could be a service that PPP Canada offers in order to ensure that one project does not give the industry a bad name. Contracts are often over 20 years and renegotiations should be avoided. The City of Hamilton wastewater management system P3 faced a number of challenges because it is reported to have the 2nd oldest water and sewer system in Canada. This is an example of why P3 contracts are expensive to develop, as they have to anticipate every potential issue. Australia has an interesting alliance model where the private and public partner award bonuses to the alliance if it is under budget, penalties for late completions, and profits reduction if costs rise.

Winnipeg is using a P3 model to finance the new South District police station; as a result, the Mayor accused the NDP Manitoba Provincial Government of introducing legislation to block P3 projects. A value for money analysis showed a \$10.4 million dollar savings in comparison to the capital budget approved for the station. The City would lease the land to the private sector partner, who would in turn lease the station back to the City for 30 years with 10 year options to renew, at the end of the lease the station would revert back to City ownership.

The City of Abbotsford launched a \$200,000 campaign to sell a P3 funding model as the solution to build a new water treatment facility at Stave Lake. The Mayor indicates that while \$61 million in federal P3 funding is a motivating factor, it is the most cost effective option; the private partner will build and maintain the plant for 25 years after which ownership will revert to the City. The City will continue to own the water, the treatment plant and set the rates.

MTAG would like to call on municipalities across Canada to familiarize themselves with the pros and cons of the following projects and include a mandatory P3 project analysis for new capital projects:

HOUSING

- 1. PPP Canada Funded Project, Downtown Eastside Social Housing Renewal Project (Vancouver, BC).*
- 2. Shoal Centre, (Sidney, BC)*
- 3. City of Ottawa Gerry Armstrong Longterm Care Home, Allan House Retirement Residence*

POLICE & FIRE STATIONS

- 1. Winnipeg South District Police Station*
- 2. The Alberta Provincial Government announced a P3 to build a \$110 million police college in Fort MacLeod.*
- 3. Edmundston, New Brunswick is looking at a P3 model to fund a new police station.*

TRANSIT

- 1. Civic Operations Centre, Snow Storage Decontamination Centre, (Saskatoon, Saskatchewan)*
- 2. Sheppard East Maintenance and Storage Facility, (Toronto, ON)*
- 3. York Region Transit/Viva, (Greater Toronto Area, ON)*
- 4. Waterloo Stage 1 LRT, (Waterloo, Ontario)*
- 5. City of Ottawa Light Rail*

6. *City of Edmonton South East Light Rail*
7. *PPP Canada Funded Project, GO Transit East Rail Maintenance Facility (Whitby, Ontario)*
8. *PPP Canada Funded Project, Lincoln Station Project (Coquitlam, BC)*
9. *PPP Canada Funded Project, Barrie Transit Facility Project (Barrie, ON)*
10. *PPP Canada Funded Project, Lachine Train Maintenance Centre (Montreal, QC)*

WATER

1. *St John, is looking at a P3 arrangement to fund a \$220 million water treatment system, (St. John, NB)*
2. *Winnipeg's wastewater treatment has a P3 element called a project management at risk model.*
3. *The City of Regina approved a P3 funding model for a new waste water treatment plant*
4. *The City of Abbotsford is exploring a P3 for a water treatment facility, (Abbotsford, BC)*
5. *The City of Moncton signed a 20 year P3 contract to build and operate a water plant.*
6. *The City of Hamilton wastewater management system*
7. *PPP Canada Funded Project, Evan Thomas Water and Wastewater Plant (Kananaskis, Alberta)*
8. *PPP Canada Funded Project, Biological Nutrient Removal Wastewater Treatment (LacLa Biche, AB)*
9. *PPP Canada Funded Project, Biosolids Energy Centre (Greater Victoria, BC)*
10. *PPP Canada Funded Project, Biosolids Management Facility (Greater Sudbury, ON)*
11. *Sooke Wastewater, (Sooke, BC)*
12. *Brockton Water & Wastewater, (Brockton, Ontario)*
13. *Canmore Water & Wastewater, (Canmore, Alberta)*
14. *Godrich Water & Wastewater, (Godrich, Ontario)*
15. *Okotoks Water & Wastewater, (Okotoks, Alberta)*
16. *Port Hardy Water & Wastewater, (Port Hardy, BC)*

WASTE MANAGEMENT

1. *PPP Canada Funded Project, Organics Biofuels Facility Project (Surrey, BC)*
2. *Vancouver Landfill Gas Cogeneration, (Vancouver, BC)*
3. *Waterloo Landfill gas Power Project, (Waterloo Ontario)*
4. *Algonquin Peel Energy from Waste, (Peel Region, Ontario)*
5. *Brady Road Landfill Gas & Resource Recovery Project, (Winnipeg, Manitoba)*
6. *Britannia Landfill Gas to Electricity Project, (Peel Region, Ontario)*

SPORTS & RECREATION CENTRES

1. *The City of Calgary is looking at a P3 for the Northwest Recreation Centre, (Calgary, Alberta)*
2. *Pan Am Games Aquatic Centre, Pan and Parapan American Game, (Toronto, Ontario)*
3. *Regina Stadium, Saskatchewan*
4. *City of Ottawa Superdome, Bell Sensplex, Ray Friel Expansion, Orleans Arts Facility, Town Centre & West Carleton Community Complex, Porter's Island Development, Lansdowne Stadium*
5. *Mohawk 4-Ice Centre, (Hamilton, Ontario)*
6. *Prairie Sports Complex La Prairie, (Montreal, Quebec)*
7. *John Labatt Centre, (London, Ontario)*
8. *Powerade Centre, (Brampton, Ontario)*
9. *Prospera Place, (Kelowna, BC)*
10. *Red Ball Internet Centre, (Moncton, New Brunswick)*

Ade Olumide

President, Municipal Taxpayer Advocacy Group

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One Response to *Use P3's For Municipal Projects: MTAG*

Ola Han says:

March 12, 2013 at 8:00 am

interesting thought, i never hear debate on the capital budget, guessing thats because the operating budget is much bigger, does Council or Committee have any meetings just for capital budgets?
operating is over 2 billion, how much is the capital budget?

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