

More for the money

by Richard Bray

Ottawa Chartrand focuses on public-private partnering

Like many cities in Canada, Ottawa decided to meet the dual challenge of dwindling budgets and escalating public expectations by using public-private partnerships (P3s). Unlike other cities, however, it decided to establish a Strategic Delivery Unit (SDU) for P3s within the bureaucracy to cut duplication and ensure best practices were used. Conventional wisdom says that every successful P3 needs a champion. In Ottawa, that came from the top. "That was the mayor, and that was the way to do them," according to Councillor Rick Chiarelli.

"You have too many people trying to suffocate the thing in process, so you had to have an office that had as its focus, the breaking down of barriers," Chiarelli said. "The O-train [light rail project] was done on a "one-off" basis and received a lot of that kind of criticism."

When Mayor Bob Chiarelli (Rick's cousin) decided in spring 2002 that P3s were the way to go, things happened quickly. In June, City Manager Bruce Thom recommended the creation of the SDU, and it was formed in July. By the middle of October, Ottawa City Council was looking at priority P3 projects recommended for swift implementation.

Councillor Chiarelli has high praise for the city official selected to head the P3 unit. "Rejean Chartrand is the go-to guy when you

want to do something unconventional in this bureaucracy, and you had to find a way to empower him."

Chartrand, Ottawa's director of business development, said SDU's purpose is to develop P3 expertise. "Our work is to research best practices, to make sure that we define a process that works for the city," Chartrand said. With approval from Council for the principles underlying potential P3s, he said, "We could pick the type of capital programs that should lend themselves to a P3 initiative. This kind of leading effort comes from my office, because it is a bit of a corporate effort which should be the same for every operating department."

The three-person SDU not only creates a focal point within city government but, "We work very closely with the operating departments, so when a project is identified as a potential candidate, then we assist them to accelerate the delivery of that process," says Chartrand. He makes a clear distinction between the P3 process and the content of any given project. "Our office does not become what I would call the 'project owner,' but we become the 'process owner.' We drive the process, advise people and surround ourselves with the best experts in the field. Our effort is to make sure ... we have all the right infor-

mation and the right expertise at the table, but the department controls the content of the project as project owner, so it is really a team effort." In some cases, Chartrand said, he becomes the team leader, setting up the critical path and timelines, looking at project content and making sure that the city's finance, legal and procurement people all work together.

In physics, every action has a reaction and municipal government is no different. In the newly amalgamated Ottawa, the Canadian Union of Public Employees (CUPE) has a municipal membership of almost 10,000, which can mean a solid and organized opposition. Taking the lead is Ottawa District CUPE Council president Steve Sanderson.

Of P3s in general, Sanderson said, "A number of different enterprises have come forward, where it is going to be the greatest deal of the century for that community. Then suddenly, when there is an overrun here and a cost overrun there, then there are specialists being brought in and experts to deal with these issues." When corporations go broke, Sanderson said, community members are left holding the bag.

"...Rick Chiarelli has been talking about privatizing the library," Sanderson continued, "so the new library would be a P3, and that is

a concern to me too, a serious concern. Because whatever people say about libraries, libraries are still quite dynamic and are moving into the 21st century. They don't just have books any more, they have a lot of different reference services through technology." As a P3, Sanderson asked, "Does it kind of become a wing of a publishing firm [or] a Chapters?"

For his part, as chair of the Ottawa Public Library Board, Rick Chiarelli said, "There are a number of services that you only get through a P3 that the public wants. For instance, if we are doing a new main library, the public wants a restaurant there, at least nearby. They want coffee and doughnuts in the library. They want stationery and bookstores. They want CD and computer outlets. The city just could not get away with funding any of those things, but the public wants them."

Another front for public sector union attacks on P3s is fairness. According to Sanderson, "The tendering process used to be something that was very open and then becomes much less transparent because it is commercially geared, not geared to a service." Like other jurisdictions, Ottawa has countered by



appointing commissioners to oversee the fairness of its P3 projects.

"Openness and fairness, especially in a municipal environment is paramount," said Rejean Chartrand. For its first P3, new ice surfaces, the city retained the services of a fairness commissioner. "We had a very well laid out set of evaluation criteria which we vetted with the fairness commissioner before we even opened any responses. Once everybody was very comfortable [with] the criteria and with how they were laid out, then we opened the responses from the respondents

on the ice surface. We started rating, through a five member rating panel, all the responses in the presence of the fairness commissioner and our procurement people, who guided the process."

At this stage, Ottawa is focused on infrastructure high in demand in the community, and additional ice surfaces are among the first priorities. "We are not prescriptive," Chartrand said. "We are not saying 'build two.' What we have said is that the city will be an anchor user for so many hours of ice time a year for up to a 20 or 25 year commitment."



It is up to the private sector to design a project around that foundation. If proponents wish to provide more surfaces and surround them with other facilities, the city will consider those enhancements as part of the total package.

“The benefit will definitely be on the ability of the private sector to provide a much broader scope of services in what would traditionally be seen as sole-function facilities if they were to be publicly held,” Chartrand said. He explained that where municipally-owned arenas rarely feature amenities more inviting than a small coffee shop, “As part of a private sector initiative, you would expect to see a stronger retail component – food and beverage, perhaps a sports bar – which as a public organization we just could not do because it is just not seen as our mandate. So, I think there is some definite benefit in the ability of the private sector to explore complementary uses to a much greater extent than governments.”

Ottawa City Council was divided on the creation of a dedicated P3 office. As Councillor Chiarelli said, “I think it was decided by one vote, five to four, so we almost lost. The people opposed to it wanted to create a situation where only one day a year would P3s be accepted, and they would have to be the next ones on the city’s priority list. So, if you had an arena that was number 20 and you could only afford the first 15, and you could get a free arena, the answer would be ‘no.’”

With that slender political endorsement, the SDU is clearly under pressure to deliver solid, valuable projects and Rejean Chartrand knows it. “Certainly in Ottawa, give us another year and we will be able to talk about our own city experiences and process – the shortcomings of the process and the successes. I think there are other cities that are probably looking at this as we speak. My perception is that most municipalities have done a one-off project,” he said. “In this city, we are setting ourselves up to use this tool on a day-to-day or consistent basis, whenever it makes sense.” *MM*

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