

CJOB 68
Monday June 27, 2016
MHCA Interview
10:05 AM

GEOFF CURRIER, Host:

Chris LORENC is the president of the Manitoba Heavy Construction Association and has sent an email out to his members exhorting them to voice their displeasure with the situation.

Chris LORENC, I know you had to step out of a meeting for this so I thank you for your time this morning.

CHRIS LORENC: It's a pleasure, Geoff. Thank you.

CURRIER: So give me the situation. It's this. The provincial government – and this isn't just a city situation – the provincial government has put on hold many of its projects as it's got to review many of the spending promises from the previous government and I suppose that's understandable except it impacts you, your people and our roads.

LORENC: Well, thank you for setting it up this way in terms of the first question. We think it's very important for the public to understand that our industry is not critical of the federal government or the provincial government as both are going through their current phases of transition into understanding what their priorities are going to be and how they are going to flow those priorities. In the case of the federal government they were elected for a longer period – or longer ago – than was the provincial government, which has just been in office since April.

We understand that one of the first tasks for a newly elected government is to try and understand the nature and extent of the fiscal challenges that are facing them, what the program commitments have been and an understanding of what their priorities are and an understanding of whether or not what was committed in programming reflects their priorities.

We understand there will be a bit of a transition, a bit of a wait and see, a bit of a hold. But the reality is that one can be unhappy with a selection of a particular road or a particular bridge that has been assigned for attention by an outgoing government, but those things need to be done and you can't simply in the middle of the construction season withhold proceeding with the program and not expect to be, not expect there to be a negative impact on the industry and on the people who are employed by the industry.

In our case we provide employment to roughly 15,000 people directly and indirectly and their incomes, their livelihoods, their ability to make their mortgage payments and fund the needs of their families are at stake and that's what is really causing us concern.

CURRIER: So you understand the reasons behind the provincial government putting a stop – or at least a hold on these things – however the flipside is that it does have an impact. So let's turn our attention then toward the city of Winnipeg and Russ Wyatt's assertion that we're not spending the full budget on roads that the City claims we are. What's your understanding of that.

LORENC: I think we all need to be careful with the words and phrases we choose. Spending is one thing. Tendering projects is another. Awarding contracts that flow from bidding is yet another term.

As the 2016 season emerged we kept repeatedly urging the City as we have done each and every every year to tender early. Give us the bid opportunities between November and March, April to bid the work and once the bids are closed and you know who the lowest qualifying bidder is make sure you award the contracts on a timely basis so that by mid-May when construction season typically starts we can be in the field and working on the public's priorities and council's priorities as expressed through their budget process.

We also learned very quickly into the season that bids were coming anywhere between nine and 29 per cent lower than what the City estimated what might be the cost for projects. That's a significant saving to the capital budget.

So with that we asked administration to identify what the surplus was and accumulate that surplus and bundle it into a number of projects within the existing 2016 budget.

We never said to council or administration "Add to your existing budget." We simply said "If you have a surplus, use that surplus for the ability of additional projects as you did in 2008 when the City followed some advice."

Unfortunately what we've been told is that administration won't know until mid-July, perhaps the end of July, whether they are at-budget, over-budget or under-budget. And even if they did have a surplus, it doesn't have on-shelf designed projects that it could take to the field. All of that speaks to the process at City Hall, which is directed by council. And so our petition to the Infrastructure, Renewal and Public Works Committee on Tuesday is to fix the process, which is gumming up the capacity of administration to meet the targets that have been set by Council.

CURRIER: You've got lots of experience in the political realm as well, Chris LORENC, there seems to be some doubt as to whether Council is in fact steering the ship.

LORENC: Well, in the case of the infrastructure budget, the model that we're suggesting to Council - and it doesn't matter if it's the infrastructure budget or any other area of activity - council should adopt the 'noses in, fingers out' model of governance which means that Council should function, Council and Councilors collectively and individually should function like a board of directors. Their responsibility is to set the priorities, set the budgets, adopt the priorities for the budgets and hand off the implementation of those priorities to a professional administration and hold that professional administration accountable if and when those priorities are not met.

Council should never have their noses in and fingers in because councilors are not engineers, they're not department heads, they're not directors, they're not CAOs, they're not CFOs, they're a member of board of directors called City of Winnipeg Council.

They need to understand the roles and responsibilities of the elected branch of council are vastly different than the roles and responsibilities of a professional administration. And when you blur the lines that's when you get the kinds of problems that we're seeing this construction season. And that's why we've been saying to council over and over and over again, separate yourself from the administration of your priorities, enable your administration to administer and hold it accountable for the delivery.

CURRIER: The lines - at least according to some Councilors seem to get blurred both ways. That administration doesn't necessarily always follow the directions of council and some members of council claim they don't always get timely information. And so the sort of dysfunction that we talked about before this most recent mayor and council were elected doesn't appear to have been resolved in any way so that makes it almost impossible for any project to proceed in any efficient way.

LORENC: As long as you have blurred lines of responsibility, as long as you maintain that system of governance you will have exactly the scenario that you're talking about. Because nobody is sure of what their role and responsibility is, and when you try to micromanage - which some councilors are trying to do - you then have the administration saying "But council and councilors you have implemented a process which doesn't allow me as an administration of making a selection or making a decision because every time I'm being asked to make a decision I can't because it has to go back to Council for approval."

And that's my point about noses in, fingers out. Council has the right, the responsibility, the obligation to set direction. But they need to step aside, allow administration to do their work and hold it accountable if, as and when it has failed. But that will never happen as long as you have a blurring of those responsibilities. And that is the status of affairs at City Hall. That there is not clarity as between council and its administration as to its roles and responsibilities. Act like a board of directors. That is your job.

CURRIER: How do we fix this then? Chris? Whose responsibility is it to lead the way and to repair this kind of dysfunction?

LORENC: It's a collective responsibility. And I, I empathize and I feel for councilors. I was there from '83 to '92 and I understand they get flooded with priorities left, right and center. I understand and empathize with the fact that they're pulled, pushed and tugged in a million different directions.

But at the end of the day, council as an elected branch – now only 15, when I was there, there were 29 of us. Now full-time, when I was there it was only part-time. Now resourced, when I was there it wasn't resourced. It needs to build the internal structural governance discipline so that the focus is on priorities, the focus is on outcomes, the focus is on fiscal, prudent management of dollars that as taxpayers we all contribute to council coffers. It's a collective responsibility that they must discharge and the public needs to hold them accountable for it.

CURRIER: Is it true that some of your members are actually laying people off at this time of year?

LORENC: We have companies whose workload, whose volumes of work are anywhere between 20-30% less. We have companies from big to small that have already laid off people. We have companies that have not called back people. We have people who have worked in our industry for years who have not gotten called back and are now shopping their resume around to competitor's companies because they don't have work.

It's a perfect storm that has hit our industry this year. The City may be complimented for timely tendering but not for timely contract awards because that hasn't happened. The province we've already discussed and Ottawa we've already discussed. There's a weaker private sector market in terms of development investment. You take all of those four factors in play and the people who get it in the neck are the people who work in our industry.

CURRIER: So there's work to be done. There's money there to do it. But we're not doing it. That's my takeaway from this conversation we've just had.

LORENC: It's a little bit of all of that and again I think the four streams give it the definition. You have the federal government not flowing funds. You have a provincial government just elected and in transition. We get it, we understand it. We have a weakened private sector market, which will have an impact on the volume of work. And we have had the challenge of getting contracts awarded because of a flawed process that we are encouraging council to fix immediately.

CURRIER: Chris LORENC, thanks for this. Chris LORENC is the president of the Manitoba Heavy Construction Association. Meetings will continue, presentations to council tomorrow and I know that road construction is going to be on the agenda Wednesday as well at Council meeting, so we are a long ways away from the end of this.