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City set to junk P3 Rec Centre

It's likely on to Plan B after numbers don't add up

Mike Sadava

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EDMONTON - The city will scrap a controversial proposal to use a public-private partnership -- a so-called P3 -- to build and run a new recreation centre in southwest Edmonton, city hall sources say.

But there is still hope that the construction of the project, which is to include two pools, four ice sheets and three gyms, will still start on July 1.

In December, council decided with a consortium of companies to proceed with a P3 to build a rec centre in the Terwillegar area.

Under that agreement, the private consortium would be in charge of building the centre and operating it for 35 years, leasing back the facilities to the city. P3s are supposed to save money and protect against labour shortages.

But the idea proved to be contentious because the negotiations were done in private, the quality of service that would be provided was questioned and it would likely employ non-union, non-city staff.

Later this month a report goes to the community services committee recommending that the city abandon the P3 idea, instead going to a model where a construction manager would be given a budget and a design and oversee the building of the facility, but it would be city-owned.

"There was no way the P3 was going to work because the first statement they made was that we were wrong in our estimate," a source close to the negotiations said Monday. "They wanted to build something that was a shadow of its former design."

The group, which included a company to build it and one to run it, proposed reducing the number of ice sheets to two from four, and the number of pools from two to one, the source said.

A figure of \$90 million had been mentioned as the cost, but even at \$110 million, which is a more realistic estimate, they were talking about reducing the scale of the centre, and would charge millions more to stick to the original plan, the source said.

Another source said the consortium was saying that the complex would cost as much as \$130 million.

Councillors never got to see how the consortium arrived at its cost and revenue

estimates because the information was deemed to be proprietary, the second source said.

With this secrecy there is no way of telling whether the city would be best served by the P3, or how much the public would end up paying in user fees.

Ward 5 Coun. Bryan Anderson, who represents southwest Edmonton, said he still believes that the project will proceed on schedule because the need is so great.

If something disastrous was in the works, he would have been summoned by city manager Al Maurer, but that has not happened, he said.

Anderson noted that the population it would serve in southwest Edmonton is larger than the combined populations served by the big recreation centres in St. Albert, Parkland County and Sherwood Park.

"Not only should the province throw some money our way because they subsidized those other facilities, but there is the absolute need for this one," Anderson said.

Dennis Mol, president of Local 30 of the Canadian Union of Public Employees, said it will be "wonderful news" if the city steers away from the P3 route.

"It was doomed to fail," Mol said. "The P3 has clearly been demonstrated in the province and the rest of the country that they are all lopsided towards the developers."

Attempts to build a hospital and the courthouse in Calgary, as well as the St. Albert recreation centre, all failed, he said. When profit is the No. 1 motive, service to the public is bound to suffer.

msadava@thejournal.canwest.com

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