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City forced to turn away contractors

Only companies employing union carpenters can bid on waterworks project

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The city has disqualified four out of seven bids for a multimillion-dollar construction contract because the bidders weren't affiliated with the carpenters' union.

The city is searching for a contractor for a \$55-million project at the Woodward Avenue Water and Wastewater Treatment Plant. It's the first large bid for the expected \$800 million in waterworks projects expected to be tendered in the next five years.

However, because of the city's agreement with the United Brotherhood of Carpenters and Joiners of America Local 18, the city had to turn away more than half of the qualified applicants.

Jim Harnum, Hamilton's senior director of environment and sustainable infrastructure, said the city's agreement with the union meant it had no choice but to turn down the bids.

"I would say as long as we get three qualified bids, I'm happy with that," he said. "But do we wish that we weren't in this situation? Absolutely."

City staff have suggested the union monopoly could increase costs by \$4 million to \$10 million a year.

The issue dates back to 2005, when two carpenters who had been doing work for the city applied to the Ontario Labour Board for certification that locked up all city projects involving even a small amount of carpentry work.

The city, which was unaware of the move because of a missed fax, tried unsuccessfully to have the labour board reconsider. Since then, only companies that employ carpenters from the union can bid on Hamilton contracts.

Last summer, however, the city and the union struck a deal for its water and wastewater projects.

The city had argued limiting the bids to union members could drive up costs and prevent the most qualified companies from bidding on highly specialized work.

The terms of the deal required the city to first seek out general contractors who are signatory to the carpenters' union. But if three qualified contractors with a relationship with the union couldn't be found, the city was allowed to open the bidding to everyone.

The deal was expected to save taxpayers millions on water-treatment projects. When the city put out the call to prequalify contractors for the \$55 million wastewater bid, it received only two responses from contractors affiliated with the union. The city then opened the bidding.

When the responses came back, however, three out of the seven replies were from affiliated contractors. That immediately disqualified the four non-union bidders from prequalifying.

Harnum says that if one of the union-affiliated contracts decides to drop out of the process or makes a mistake on its application, the city can approach the four rejected bidders and ask them to apply.

Matthew Creary, business manager for the United Brotherhood of Carpenters and Joiners of America Local 18, said the union is simply holding up its end of the deal.

"Whatever arrangement was made is being adhered to," he said.

Other contractors say the deal cuts the city off from the best and most qualified contractors.

"You virtually have a cartel now," said David McDonald, president of the Merit OpenShop Contractors Association.

"The city could have had seven bidders, and now they're stuck with three. And the four that they've disqualified are all superior waterworks contractors."

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