

Town plans Carillion contingencies

By Nate Smelle

Since **Carillion Canada's** U.K.-based parent company announced it was filing for bankruptcy, and entering liquidation protection, several municipalities throughout the province have been reassessing their options in terms of how they can continue to provide winter highway maintenance.

Currently, Carillion Canada maintains the provincial highways running through the Bancroft area and throughout Hastings, Lennox, Addington, Haliburton, Peterborough and Renfrew counties. The company also has contracts in place for the winter maintenance of highways in Huntsville, Kingston, Chatham, London, Peel, Simcoe and Thunder Bay.

If Carillion Canada is unable to fulfil their contract the municipality has a contingency plan in place that will allow for the winter maintenance of the 11.1-kilometre stretch of highway known as the connecting link to continue.

In anticipation of such an emergency, Bancroft manager of public works Perry Kelly has been in contact with the Ministry of Transportation Ontario to discuss the town's plans and ways for them to work together.

Helping to facilitate such a transition, he said the town already has a spare vehicle in its fleet that could be used to take care of the roads until a more permanent solution is found.

Bancroft's contract with Carillion was originally established over a five-year period. It was extended for another year at the end of 2017. The existing contract expires in 2019. It is up for review this April.

Kelly said he is "looking at other avenues to permanently look after the connecting link in-house."

"We have the facilities, we have the equipment, and we have the staff to continue the service of the connecting links maintenance without interruption," he explained.

Pointing out that a private contract keeps a municipality "at arm's length," Kelly said bringing the service back in-house could provide significant savings for the town. By giving the municipality the opportunity to monitor these operations more closely, he said it would allow them to find efficiencies and reduce costs. Describing the contract with Carillion Canada as "a huge blow" to Bancroft's annual operating budget, Kelly said this would be beneficial for both ratepayers and the environment.

Recognizing that municipal staff is currently busy with their regular winter maintenance, Kelly said if they bring the service in-house, they would need to hire additional staff to look after the connecting link. Kelly mentioned that the MTO had previously managed winter maintenance of provincial highways such as the connecting link, before these operations were downloaded to municipalities in 2004.

While some municipalities, such as Hastings Highlands, decided to handle the contract in-house, he said Bancroft was not in the position to do the same at that time. Kelly said he is hopeful that if the municipality decides to maintain the connecting links in-house, it will find the same success it has by re-establishing waste removal and recycling as a public service.

On Jan. 19 Carillion Canada announced with MTO that "an arrangement is in place to ensure [highway maintenance] services continue uninterrupted for the remainder of this winter. This agreement protects over 1,100 jobs in Ontario." It said "it [would] continue working closely with the MTO in the coming weeks and months."

On Jan. 25, the company was granted an Initial Order or creditors protection by the Ontario Superior Court of Justice.

In a **press release** it said "the Canadian Carillion Applicants' decision to obtain creditor protection under the CCAA was precipitated by the liquidation commenced in the U.K. on Jan. 15... by the Canadian Carillion Applicants' ultimate parent company Carillion PwC and certain of its affiliates, which gave rise to unexpected liquidity challenges for the Canadian operations. The CCAA filing is not a bankruptcy or liquidation filing..."

It said, "The Canadian Carillion Applicants do not anticipate any disruption to the various services they provide and do not expect that this protective filing will impact the public in any way. Public safety remains [its] top priority, be it in the maintenance and cleaning of hospitals, the clearing of roads or any of our other activities."