

'Sole-sourcing' may have cost taxpayers \$1.1M on Heart Institute job, contractor says

GAL Power system also named in Ottawa Hospital lawsuit

By Amanda Pfeffer, [CBC News](#)

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The bidding process to award the \$135-million project to expand the University of Ottawa Heart Institute began in September 2013 and was awarded to PCL Constructors Canada Inc in November 2014. (CBC)

Sole-sourcing a supplier of generators for the contract to expand Ottawa's Heart Institute may have cost taxpayers \$1.1 million extra, according to one of the bidders on the project.

Bidders on the \$135-million contract were instructed to use GAL Power Systems Ottawa Ltd. as the supplier of generators, but one of those bidders claims his company offered a discount of \$1.1 million if it could use a cheaper supplier. Another bidder is also questioning the use of GAL Power as a sole-source.

A sole-source listed in a contract means that bidders on the contract must use a certain supplier, rather than explore the best price for the specified job.

There are strict rules governing when a sole-source can be used, but a source in the Ontario government tells CBC this part of the contract "should not have been sole-sourced."

GAL Power named as defendant in suit

The same supplier, GAL Power is one of the defendants in a lawsuit launched by The Ottawa Hospital earlier this month. The suit includes accusations of kickbacks and contract rigging relating to contracts worth less than \$250,000.

GAL Power Systems Ottawa is also named as a defendant in a lawsuit launched by the Ottawa Hospital in early January. (CBC)

The statement of claim in that suit accuses the hospital's former director of capital planning of ensuring "GAL Power was used as the sole-source for the Hospital's generators and their maintenance while knowingly allowing GAL Power to charge inflated prices for its goods and services."

The claims in the suit have not been proven in court.

Five companies bid on the contract, including EllisDon Construction.

The company's Ottawa-area vice president Steve Smith questioned the use of sole-sourcing on the contract.

"It bothers us," Smith said. "It's troublesome because if you're sole-sourcing an element of work, you're basically telling that supplier they have carte blanche at setting price, because there's no competition there."

EllisDon offered \$1.1M savings for cheaper generator supplier

Smith said in its bid form document EllisDon offered to lower its offer after finding a generator supplier that met the specifications for \$1.1 million less than GAL Power.

The president of another company bidding on the Heart Institute contract also has questions about the use of sole-sourcing in the contract. "Sole-sourcing is not good for taxpayers," said John Aquino, president of Bondfield Construction.

Smith doesn't question the transparency of the formal bidding process organized by Infrastructure Ontario which began in September 2013, but he said he now wonders what may have happened before that.

"If you speculate, well if there was a relationship there with GAL Power, was there preference given? That's the part that burns a little bit in your stomach, because you don't know."

The University of Ottawa Heart Institute is in charge of the project now underway, while The Ottawa Hospital, which owns the building, is only responsible for parts of the project that directly affected the hospital.

Vincent Lamontagne, a spokesperson for the Heart Institute, said The Ottawa Hospital had decided to sole-source the generators as the hospital "already had a fleet of GAL Generators."

In a letter provided to the CBC by the company's lawyers, GAL Power said the company was a "baseline design," not a sole-source.

The letter pointed out that the request for proposals for the Heart Institute's expansion called for the "owner acceptable gen-set designer to be GAL Power" only, but that later, the request did also allow for other manufacturers, subject to approval by the hospital.

GAL Power disputed that there was any financial harm, and wrote that the public would "receive generators from a company with an outstanding track record."

PCL Constructors Canada won the Heart Institute contract in November 2014.

PCL previously confirmed to CBC The Ottawa Hospital's former director of capital projects, Frank Medwenitsch, was their "guest" on a luxury fishing trip in the summer of 2013 before the Infrastructure Ontario request for qualifications went out.