

## **34. Organize Marbella Pacific Construction with Rempel Bros**

Expo'86 was a government of British Columbia supported project to promote the province internationally. Success was the bottom line and the \$380 Million budgeted, was an enormous risk with political opposition criticizing every move that was taken. Jim Pattison was selected to be President of Expo '86 and he agreed to provide his entrepreneurial expertise to bring this project to success "on time and on budget" for a fee of \$1.00 per annum.

Jim Pattison came to ICBA for advice as to how this project could be achieved within the difficult union construction industry. I had just stepped down as Past President of the ICBA and was asked to spend time with a committee of ICBA volunteers to ensure that approval would take place.

The BC - Yukon Trades Council had already 'drawn a line in the sand' and advised the BC Government that Expo '86 was going to be constructed by union labour and so it was clear that there was going to be no negotiation. So, it was necessary to establish whether the 'Open Shop' construction sector had the capacity to undertake construction if the project became the subject of work stoppage. Of course, with an international event like this, that could not be tolerated by the BC Government, nor any budget overruns for that matter.

So, the ICBA Committee made calls to 'open shop' contractors to establish whether a bonding capacity of about \$400 million was available. It was found that they did not have to pass Calgary and this strength in the 'Open Shop' sector could be easily established.

So, we advised Jim Pattison and I went back to the Kootenays.

Several days later I received a call from my friend Ed Rempel who invited me to come to Vancouver for a meeting. "What for?" I asked.

"We need to form an Open Shop Construction firm to ensure that tendering of projects at Expo '86 will take place", he responded matter-of-factly.

"So, what has that got to do with me?" I was obviously not communicating too well with my friend.

"Rempel's and Verigin's will do it!" he continued. "Can you get on the next plane and Ewald, and I will meet you at the Vancouver Airport."

Since I had already experienced serious discussions with Ewald and Ed in the formation of ICBA and had witnessed their commitment to action along with little discussion, I immediately agreed to come. Obviously, I was not sure how all this would come about as VIL did not have a sufficient surplus of current assets over liability to qualify for the type of bonding that would be necessary to tender at Expo '86. All these thoughts whirled through my mind as I flew to Vancouver.

Ed picked me up at the Terminal and we drove to the River Inn for this meeting. I had no idea who would be there nor any warning as to an agenda.

We walked into a room that was already booked and there sat Ewald, Ed Rempel's older brother. Ewald was a man of about 5'-8" and had an unfortunate accident when he was a child so that one leg grew about 4" shorter than the other which required a special shoe so that he could walk with a minimal limp.

"Well, are we going to do it?" Ewald asked even before we had completed greetings.

"So, I understand that the intent is to form an 'Open Shop' Construction Company that could tender projects at Expo '86, if that is the intent, am I correct?" I knew these people well and I also understood they were serious businessmen.

"Correct!" was the terse response. "So how do we go about doing it?"

"So, is this intended to Rempel's and Verigin's?" I wanted to make sure we were on the same plane.

"Yes", was the usual long-winded, Ewald Rempel, response.

"Verigin's do not have the assets to support a Bid and Performance Bond that will be required to qualify to tender," I explained.

"You are not being asked to do that," Ewald answered, "but you are being asked if you will operate the company?"

"I would be honored to do so," I became more serious in tone.

"What would be the share structure and the operating Executive?" I thought we might as well not 'beat around the bush'.

"You tell us what you think is fair," was the united response.

I had at least ten (10) minutes to consider a multi-million dollar company organization and so I let it all out with "50 – 50 ownership, is that fair?"

"That is just great! So do you agree to arrangement?" Ewald continued.

"Who will be President, Secretary and Treasurer? This is necessary if we will incorporate a company." I responded.

"Well, you need to be President as you will be making the decisions, Ed will be Secretary to assist you and I, Ewald, will be the Treasurer, do we agree?" as Ed nodded and both looked at me.

"So, it is done, then!" as Ewald started to get up.

“Hold on there, we need to incorporate a company and we need to establish a bonding capacity as well as what are we going to tender?” I hurried with my hastily completed verbal list.

“I vacationed on the Mediterranean Coast of Spain near a place called Marbella and I had our Lawyer incorporate a company with that name and so we can just get a name change to Marbella Pacific Construction Ltd, if that is okay with you?” offered Ewald and it looked like he was anxious to leave.

“Yes, that is satisfactory. We do not need no flashy company name as we will only get the job if we are low tender,” I responded. “We have another issue and that is bonding capacity as we will not be able to present a tender unless it is accompanied by a Bid Bond.”

“Well, what do we need to do?” Ewald looked at me.

“We need to submit our financial statements to a Bonding Agent, and he will need to submit an application to a Surety Company.” I informed my brothers, Lawrence and Russel.

“Do you have a Surety Company in mind?” Ed asked this time.

“Yes. Since time is a factor, let us call the man right away,” as I took the phone and dialed the number.

I cannot remember the company nor the agent’s name now but after explaining the situation to him, he quickly reacted: “This is a ‘dream company’, Verigin with construction knowledge and Rempel with financial backing. This is 2:00 P.M. and the Surety offices will be closed in Toronto. Can you get me the financial statements, especially Rempel’s, as I am familiar with yours, this afternoon and I should have an answer for you in the morning. How much should I apply for?” he asked.

“I suspect that a \$10 million bonding limit will be sufficient initially.” I advised.

“Get me the financial statements, and I will go to work immediately”. As he hung up the phone.

“I will call our Courier to slip by our Abbotsford offices for the statements, what address does he deliver them to?” was Ed’s quick reaction.

“Well, it is all arranged then”, Ewald shook my hand and I extended mine to Ed. “Ed will stay with you to get all the arrangements together to tender the 29 International Pavilions where tenders close in ten (10) days.” As he started on his way out the door. “So, our Abbotsford Offices will conduct all the accounting that you will send to us via our Courier.

The total time front initiation of the Construction Company idea to implementation took two (2) hours.

It was necessary to finalize everything with Ed and I had to stay in Vancouver where I rented a room at the Blue Horizon in downtown Vancouver and used it as my offices to prepare the tenders, arrange for

Subtrade pricing and all the other work necessary to be able to submit the tender for 29 International Pavilions within the 10-day period.

As one can imagine this was a large project and I had never tendered out of the Kootenays and so it was unnerving, to say the least, and I needed a great deal of courage.

We also needed to submit a Competency Certificate, and this is where Brian McMahon of the TIDSA (see chapter 32) came in handy as he was able to speak to my capability from a BC Government perspective.

Our Tender was submitted privately and so we never heard any news for about 30 days when Kerkhoff Construction called me to compare tenders which was legitimate since Tenders had closed. Kerkhoff tender was lower while we had submitted above \$5 million. After discussion, Kerkhoff's decided that their tender was doable but far too low and decided to withdraw. I am still not sure how they did that but, in the end, we were successful as all the other tenders were union based and higher.

I was personally called by Jim Pattison a few weeks later with one question "Can you do it?" and you know what my answer was. We received notice that our Tender was accepted by Expo '86.

**a. Expo '86 in Vancouver, B.C.**

**i. 29 International Pavilions (Examples below)**



China Pavilion



USSR Pavilion



Japan Pavilion



France Pavilion

ii. 10 Restaurants



iii. Demolition

1. Highway 86



2. Egyptian Pavilion



The People Counter at the Whatshan Baunya was salvaged from the entrance to the Egyptian Pavilion and used as a reminder of Expo '86.





- As the barge was being towed around UBC Point, a number of boats formed what we nicknamed a “Floating Picket line” which is all that the BC –Yukon Trades Council could do.
- Just as the Tug / Barge approached the ‘Floating Pickets’ the captain blew his foghorn loud and clear, and the pickets knew he was not going to stop.
- So, this action was successfully thwarted.

### 3. Erection of the Pavilions

- The Designer Bogue-Babicki had conducted a pretender erection procedure where scaffolding was erected and the roof truss beams were placed followed by erecting the posts underneath and the scaffold was subsequently removed with an erected pavilion, resulting.
- Of course, MPCL and Elmer Verigin were too late in the tendering process for this valuable information, and we had no idea that there was a ‘trick’ to all this International Pavilion thing.
- My steel Erectors were Metis from Alberta and very sharp individuals. Oscar and his brother Gene Rivard of Territorial Steel met with our General Manager Bill Fleming and I, in an “Operations Research” manner to look at the many ways in which we could erect these pavilions.
- Of course, they chose the largest pavilion, the Chinese, to erect first. Why not?
- The requirement was to provide an “Erection Procedure” to the Engineer in advance so that he could determine if the system proposed would not unduly stress the joints.
- The system that made sense to my team was to assemble the roof beams on the ground on blocking and provide three (3) cranes that would lift the structure and hold it aloft while “Pedabones’ would move underneath and set the posts.
- The roof structure would then be lowered into place in less than a day total erection time.
- A Saturday was chosen so that the enquiring eyes of the Unions would not distract the work. Of course, they were sure we would fail because we had not been party to the secret ‘erection procedure’.
- It was successful!
- On Monday, the Design Engineer came out complaining that we had not followed the rules and did not submit an “Erection Procedure”.
- Bill Fleming, my General Manager, simply answered, “bring your camera and video the next pavilion that goes up today”.
- No question ,MPCL had a good Project Manager.

### 4. Roof seals for International Pavilions

- I had only one subtrade tender for sealing all the joints in the prefabricated roof panels that were about 10 acres in total roof coverage. His tender was \$500,000.
- I had at least two subsequent bids (after tender close) whose prices were under \$400,000 but I refused them because of my policy that I accept only bids that are delivered to me in advance of tender close and so I stayed with that bid even though he was a unionized firm.

- It was time to mobilize the Roofer and I called him in. The scheduled date was that next week on Monday as the time he had to be on the roof, and this was also a target date that Expo '86 had set as well. We went through everything, and all was set. The next day he came in, white as a ghost, to advise me that the Union would not permit 5 roofers and 5 sheet metal workers he had ordered, to work on his site as MPCL had been declared "hot".
- I brought along my bond in as you will have to call it and I am out of business as you will need to get someone else to do it", he advised me with tears in his eyes.
- "You look terrible," I observed, "go into that room and have a coffee while I think about this."
- I walked back to my distraught Roofer and said:
  - "Can you find non-union certified tradespeople to do the job?"
  - "Can you complete the total job within the time frame allocated?"
  - The answer was "yes", to both questions, "I would love the opportunity!"
- "Okay then you are now my Roofing Project Manager."
- "You will complete the job and I will pay the workers directly so that you are not accused of non-compliance by the union."
- "Your fees will be whatever the end costs are subtracted from your tender price."
- His face had returned to its original natural color "Are you for real?"
- "Get out of here and get to work and ensure you are on the roofs on Monday."
- I went back to Castlegar that weekend and when I returned on Monday, I had a number of messages by my phone that I had to call Expo '86.
- I called a project manager that was an ex-Contractor and he started to laugh.
- "I was instructed by my boss, Louis van Blankenstein, the Construction Manager for Expo '86, to deliver a letter to you this morning that simply stated, "Since you are unable to obtain roofers, your contract is null, and void and we request your Performance Bond immediately."
- "I drove through the Expo site, and I saw someone walking on the roofs, so I stopped and asked, "What are you doing up there?"
- "The Worker responded 'roofing!'
- "So, I turned around and took the letter back to my boss and told him to "shove it up his axx" and I went to advise Jim Pattison of this depredation.
- We can assume that there had been a scheme worked out by the BC-Yukon Trades and the Union Construction Industry, but it is not necessary to confirm this.
- Reliable rumours leaked information from the Expo '86 Directors Meeting that the infamous Louis van Blankenstein, who advised Jim Pattison during the original General Contract award decision that "This House Builder from Trail, will be the embarrassment of Expo '86 and the Government of B.C., as he will fall flat on his face", was let go by Jim Pattison a week later.

c. MPCL netted about \$1 million on the Expo '86 projects.

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