On Time, On Budget

Open shop contractors deliver both quality and savings to Louisiana Pulp and Paper project.

When it was completed in 1991, the Louisiana Pacific Pulp and Paper Mill in Chetwynd, B.C. cost $185 million. It's worth noting the project is one of the largest in western Canada completed by open shop contractors.

Two companies, Ledcor and T.N.L., joint-ventured the entire construction. Ledcor Construction has been a name long recognized in western Canada: it started out in Leduc, Alberta in 1947, when it was then known as Leduc Construction. "The company has grown to become one of the largest open shop general contractors in the West," states Tom MacDonald, Vice-President, Business Development. Ledcor now has operational headquarters in Vancouver and Edmonton, with branches in Calgary, Toronto, Seattle, Reno and Honolulu. During peak periods, Ledcor employs approximately 1,500 people. Ledcor took the lead role in the project. "We were introduced to Louisiana Pacific in 1988," Mr. MacDonald recalls, "and we were able to convince them that the undertaking should be open shop."

Judging from the comments of Mel Mountain, Louisiana Pacific's Operations Manager, it didn't take much convincing. He's willing to sing the praises of open shop construction. "We've found it convenient and productive to deal with open shop firms," he states. "All the open shop projects we've undertaken have come in on time and on budget. If there's a problem, people are able to work it out in a co-operative relationship they're willing to bend to get the job done."

Then Ledcor looked for firms to supply the disciplines that they were lacking; mechanical engineering and project management.

T.N.L. was a relatively new player in the field at the time. "We started small in 1988, providing engineering, procurement and management to the pulp processing and mining industries," says Jim Greatbanks, T.N.L.'s president. Not only was it a good fit in terms of skills, the companies shared the same open shop philosophy.

Ground was broken in August of 1989, and the project was complete in May of 1991 - 23 months in all. "The original project was budgeted at $140 to $150 million," says Mr. Greatbanks, "and scheduled to last eighteen months, based on the original scope of work. But as the project progressed, Louisiana Paper added a Zero Effluent System that increased the construction time by three months, and added another $30 million to the budget."

It took nearly a million man hours to get the job done: to move a million cubic meters of earth, pour 20,000 cubic meters of concrete, erect 3,300 tons of structural steel, and install $80 million worth of equipment. Despite these staggering statistics, Tom MacDonald estimates that Louisiana Pacific saved at least 30% on its labour costs by going the open shop route.

Jim Greatbanks concurs. "Initial planning was staged for 350 workers, but employment actually peaked at 500, thanks to delays caused by equipment delivery. Nonetheless, we were able to effect a significant cost-savings in the neighbourhood

of $16 million thanks to the maximum utilization of manpower."

Says Mr. Greatbanks, "Because we didn't have to worry about jurisdictional disputes, we were able to use tradesmen where they were absolutely necessary, and helpers and apprentices where they were required. We're able to hire people who are versatile, and employ them where they're most effective." Savings were not made at the expense of workers' hourly rates, he clarifies, but in some of the benefits. "We offer a good benefit package, including medical and dental care, that in some cases exceeds the union package but we're able to offer it at a lower cost."

About 30% of the workforce was supplied by the two companies, but recruiting skilled tradespeople, note both executives, was not difficult. "We tried to hire local people wherever possible," says Mr. MacDonald, "and there's an excellent trade force in the Peace River block." Qualified subcontractors, who came from the surrounding communities of Dawson Creek, Hinton and Grande Prairie, were also easy to locate.

This project is worth noting for another reason: there was no labour camp. "I'm a firm believer in avoiding camps wherever possible," says Mr. Greatbanks. Workers had no trouble finding accommodation in nearby communities including Dawson Creek. "It's amazing how many basements and spare rooms are fixed up and rented out when there's a major project in the area," Mr. Greatbanks notes dryly. It's an expense that the company is spared, while the local economy benefits from the cash injection paid by rents.

Safety on the job site is always a major concern, and in this area, the Louisiana Pulp and Paper project's record was exemplary. Tom MacDonald can recall few lost-time accidents. "It's been our experience that open shop projects are operated in a manner that is more safety-conscious."

The success of projects like this provides ammunition in the fight to convince owners to afford opportunities to open shop contractors, notes Mr. MacDonald. Since the completion of the Louisiana Pacific mill, Ledcor has completed a project for West Coast Energy, doubling the capacity of the McMahon Gas Plant in Taylor, B.C., and is now working on the turnkey construction of the PCP incineration facility for Chemsecurity at the Swan Hills Waste Disposal Plant.

T.N.L. has recently completed a $100 million project at Williams Lake.

And as far as Louisiana Pulp and Paper is concerned, open shop is the only way to go. They've just awarded an $84 million contract for a new recovery boiler and set of evaporators at the Chetwynd plant to T.N.L.