The Forecast Issue

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THE OUTLOOK IS **Good!**

I read recently that Ontario’s GDP is expected to grow by 1.8 percent in 2019, 1.7 percent in 2020, and 1.5 percent in 2021. That puts our economy just slightly behind B.C. as the leaders in provincial growth.

Locally, confidence by private construction developers is positive, and infrastructure growth in our region continues at a rapid pace. We live and work in such a vibrant region of the province that I can’t help but see even more positivity on the horizon. We are supported by strong educational institutions, a well-developed high-tech industry, and organizations such as the Waterloo Regional Economic Development Corporation and Communitech that are constantly planting seeds to attract and grow new businesses.

If you attended our annual industry outlook event in November, you will have heard many of these accounts firsthand. If not, read our summary article for our main buyers’ planned spending programs. Spoiler alert: it’s good news.

That said, not everything is rosy. Our main challenges will be navigating through labour agreements and wrestling with low unemployment rates. Many contractors are also struggling with issues relating to the legalization of cannabis, and its impact on the workplace. Moreover, we are handcuffed when it comes to dealing with issues like fluctuating commodity prices, government investments, and new trade agreements.

While I see great opportunities ahead for us—construction 4.0, which is the digitization of our industry, promises significant advancement—none of us can sit back and wait for things to happen. As business owners, we need to look at the world of change and stay relevant. We need to build businesses for tomorrow’s marketplaces, not yesterday’s realities.

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**Back to where we started**

The College of Trades has come and gone. During its time in action—and even prior to its creation—it was a polarizing entity, to say the least.

Those who supported the idea believed it would be a good vehicle for promoting the skilled trades to workers across the province, and even throughout the world. Those who opposed it saw the college as, at best, more red tape and at worst, a thinly veiled attempt at unionizing more of the province’s trades.

Now that the college is destined for the scrap heap, I wonder what’s next. My sense is that the Ministry of Training, Colleges and Universities will take back administration over the trades. In other words, we’ll be right back to where we started five or six years ago.

And while some will argue that’s a good thing, and others will complain it’s bad, the story that’s not being told to nearly the same degree is the time and money wasted on this experiment. What cost for the development of the college, its work, and now its dismantling? Surely that’s money that would have been far better invested in meaningful programs that could have actually benefitted our Ontario workers and apprentices.
Grand Valley Construction Association congratulates its Safety Group members on the successful completion of the 2017 WSIB Safety Group Program.

**Special congratulations** to S. G. Cunningham and Zero Environmental, the Gold and Silver winners of the Small Business Health and Safety Leadership Award!

GVCA’s Safety Group members scored 4.86% out of a possible 5%, earning a shared group rebate of $247,841.

Safety Group membership is like hiring an extra staff person or private consultant, for a fraction of the cost! With complete health and safety support.

Registration is now open for 2019 Safety Groups Program. For more information or to register, please contact Sarah at staff@gvca.org or call 519-622-4822 x 124.
The recent amendments to the *Construction Act* introduced adjudication, a flexible and efficient dispute resolution process for payment disputes arising during construction projects. With the entire process designed to take no longer than 46 days, adjudication's tight deadlines are meant to resolve disputes quickly, allowing projects to continue with minimal disruptions. Those in the construction industry should be prepared to adhere to this tight timeline should they find themselves faced with an adjudication, which will apply to contracts entered into on or after October 1, 2019.

While Ontario is the first Canadian jurisdiction to introduce an adjudication process, it is based on the UK model, which has been successfully resolving payment delays and prolonged litigation for over 20 years.

Under the act, parties will be entitled to refer disputes to adjudication in relation to issues that are set out in section 13.5. These include:

- the valuation of services or materials provided under the construction contract;
- payment under the construction contract, including with respect to change orders;
- those disputes that are the subject of a notice of non-payment under Part I.1;
- amounts retained under section 12 (set-off by trustee) or under subsection 17(3) (lien set-off); and
- payments, or lack thereof, in relation to a holdback.

Parties may also refer any other matter to adjudication upon agreement between them.
A party can commence an adjudication against a party only with whom it has a contract and before the date that contract is completed. The process is started by the party who wishes to refer the dispute to adjudication delivering a written notice of adjudication to the other party, which, pursuant to section 13.7 of the act, must include: the names and addresses of the parties; the nature and a brief description of the dispute; the nature of the redress sought; and the name of a proposed adjudicator.

An adjudicator will be selected within 11 days of the delivery of the notice of adjudication, whether by agreement of the parties or appointment by the authorized nominating authority, the body selected by the Ontario government to administer the adjudication process. Once chosen, pursuant to section 13.11 of the act, the party who commenced the adjudication has five days to provide the adjudicator with the documents upon which it intends to rely. The adjudicator then has broad discretion to conduct the adjudication in the manner he or she believes is appropriate, provided a decision, in writing, is made within 30 days, unless extended on consent by the parties. A party required to pay has 10 days to do so.

Referred to as the “pay now and argue later” philosophy, an adjudicator’s decision is binding on the parties until a court or arbitrator rules on the matter, if necessary. In practice, however, the adjudicator’s decision will most often be the end of the matter. Adjudication in other jurisdictions has proven successful in resolving the majority of disputes on a final basis.

A potential concern with the adjudication process is that the tight deadlines could lead to a form of rough justice, where adjudicators must make quick decisions on matters of significant legal or factual complexity, which could lead to injustice.

Another concern is that the party responding to the adjudication could be ambushed by the referring party, who may have prepared for the process before commencing it. It is hard to know how exactly these concerns will play out, although some comfort can be taken in the success of the UK experience. Nevertheless, companies should turn their minds to ensuring they have the proper resources in place, including maintaining a complete and organized documentary record, that will allow them to quickly and effectively respond to adjudication in a manner that will lead to the best outcomes for them.

This article was written by Sandra Watson, an associate in Sorbara Law’s litigation group. She can be reached at swatson@sorbaralaw.com and 519-741-8010 ext. 348.
Forecasting is an important part of any successful business plan. A lot of work and thought goes into creating a forecast. But that’s just the tip of the iceberg. What do you do with it once it’s created?

**Types of forecasts**

The most common types of forecasts are business-level forecasts. These help define the vision for the future, establish budgets and create benchmarks for performance measurement. Common examples of items forecasted are revenue, gross profit, operating expenses, net profit, and cash flow. These are often longer-term forecasts focusing on a year or more.

Another common and important type of forecast is the project forecast. These are typically more short-term in focus and ensure projects are monitored carefully for success. Common categories of a project forecast are revenue, expenses, profit for the project, as well as expenses remaining to complete and resource allocation. The resource allocation component is important as overruns in labour hours on one project can have a negative effect on upcoming projects, which can be hard to recover from.

Properly forecasting resource requirements and ensuring enough flexibility is vital for successful project management.

External force forecasts are important to consider as well. These involve analyzing external factors such as economic conditions, political and social influences, as well as technological and environmental factors. Political agendas and spending platforms can have a significant impact on the construction sector. Therefore, it is important for companies to stay up to date on political issues. Environmental factors can drive government regulations. These regulations can generate new business sectors but can also put pressure on existing sectors. Social influences such as the changing values of different generations can affect demand in the construction sector. In home building, due to the rising costs of home ownership and changing values of the younger generations we will continue to see alternatives to the traditional detached housing that have served homebuilders well for decades. Technological changes such as innovations and improvements in online technologies and resource sharing are important considerations to keep businesses on the leading edge.

**Timing and measuring forecasts**

Frequently the majority of analysis is done at the end of a year or end of a project. The actual results are summarized and compared to the forecast for that year or job. This analysis is useful and helps to build expectations and identify improvements for future projects.

The problem with this approach is that it’s typically based on historical data. It helps only to identify the issue that resulted in lower profitability or an extended deadline. By the time this back-end analysis is finished, you may have completed multiple other projects—all with similar shortcomings.

The key issue is timeliness, so you can identify the issues in as close to real time as possible and implement solutions immediately. Since you have gone through the work of quoting the job you have already estimated the materials and labour requirements. You have essentially already forecasted the job upon agreeing on the final timing. If you maintain up-to-date accounting records and allocate costs by project you will be able to constantly monitor progress against your initial quote. If you identify labour hours are higher than expected, you can start working on alternatives for resource allocation right away to avoid a missed deadline. If you notice costs are higher than expected and you are early in the project, you may be able to identify areas of savings in the remainder of the job to meet budget. Some labour or cost overruns may be related to items out of scope which could result in additional billing opportunities. All of these are much easier if identified early and then you are able to develop a plan quickly to rectify the issue.

**Periods**

As noted, project forecasts are very common and focus on the short-term as they run the length of the proj-
This article was written by Wayne Root, CPA, CGA, Partner at RLB LLP. Contact him at (519) 822-9933, or visit rlb.ca

Forecasting in Business

Business forecasts are typically longer-term forecasts and the most common period is annual. This often coincides with the business taxation year-end as annual financial statements are prepared for tax purposes. These are typically prepared by external accountants and provide a great base of knowledge and information to use when forecasting for the upcoming year. However, it’s important to consider whether this is the optimal period for your business. From a resource perspective, ideally you would prepare your forecasting during slower periods as opposed to your busiest time of year. Although these forecasts typically focus on a longer period they should be broken down into smaller more measurable periods. Typically, they would be presented monthly so you can compare actual costs to budgeted costs throughout the year to ensure you are on track. If a business only looks at annual forecasts they may think they are on track but may in fact be behind if the timing of work is not consistent throughout the year. Many businesses will also use 12 to 18 month rolling forecasts that get updated consistently. This provides more up to date results and allows for better quoting and resource management.

To summarize, forecasts are a valuable part of any financial plan. The key is focusing your effort into the areas that would have the most positive impact on your business. For example, if missed deadlines are consistently an issue, then focus your time on project management and forecasting rather than annual business forecasts. This will vary from year to year and period to period as the external factors affecting your business change. Once forecasts are set, measurement is crucial to ensure you have real time data to analyze and make appropriate changes that will lead to current and future success.

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Children’s Christmas Party

Colleges Ontario, 2018 Premier’s Awards Recipient, Don Gosen

Conestoga College Alumni of Distinction Awards

WSIB Safety Group Rebate Ceremony

Baywood Interiors Hosts Plant Tour for Cameron Heights Students

Open Forum Discussion with the Waterloo Region District School Board

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Tony La Mantia, president and CEO of the Waterloo Region Economic Development Corporation (WREDC), welcomed attendees to GVCA’s fourth annual Economic Forecast event, and focused on some of the region’s recent wins.

“We had notable success with the win in 2016 with Bosch and their research and development centre in Waterloo and then the expansion by Toyota, which has spent $1.4 billion in the region,” he said. “We closed a deal in 2018 with a company called Leoni which is a German company based in Nuremberg. This is a specialty manufacturer of high-end cables for several industries including the healthcare and automotive industries.”

WREDC and their partners visited Leoni’s head office in 2017. There, they got a good sense of the project, and laid out their vision in support of the company’s growth in Waterloo 2018.

“Considering 90 percent of their products get shipped to the U.S., the deal got a little stuck in 2018 due to concern about NAFTA,” said La Mantia.

“Through education and advocacy, we helped Leoni’s executive management think beyond the Trump presidency and have confidence in our region.”

Big action has continued in the region largely due to successful collaboration with local, provincial and federal governments. Companies are searching for ‘big barn’ space which is warehousing for online shopping. There will be continued intensification in the region over the next five years.

According to a CBRE report, the local vacancy rate is the third lowest in Canada next to Vancouver and Toronto. The fundamentals are set for growth, a fact that makes good relations with Toronto and connections with the rapid rail corridor that much more important.

Courtney Jones, a research analyst for Cushman Wakefield, Waterloo Region, stated that the technology boom continues to have an effect on the Waterloo Region with most of its influence on the industrial sector.

Local companies continue to look for mixed use spaces with a combination of a technology and office space along with distribution facilitation such as online warehousing.

Cushman Wakefield is excited to be a part of this boom with the new IP Park Project being officially launched this fall. The project will include 5 million square feet of industrial complexes over 400 acres of land.

The project has been slated for over $1 billion in investment as well as funding from the federal and provincial governments. It will create 450 new
jobs as well as more than 1,000 co-op placements for the region.

Jones stated we are also seeing signs of office tenants looking for larger square footages to expand their original technology start-ups. Vacancy across the region has steadily been declining throughout 2018, which is causing lease rates to increase. Most of the availability is in older buildings with fewer amenities.

Construction in the office and industrial sectors is expected to see a steady increase beginning in 2019 after a small plateau over the last two years. Older buildings are being modernized. For example, the north end of Waterloo has projects like Maple Tree Landing which will retrofit previously outdated spaces and repurpose them into multiuse sites.

Real estate investments for Canadian commercial transactions reached a high of $16.5 billion in the second quarter of 2018—an increase of 38 percent over the previous record in 2017. Although interest rates are slowly rising, real estate transactions appear to be unaffected.
Purchaser spend: City of Cambridge
James Gooderam, director of economic development and corporate strategy with the City of Cambridge, stated that over the past year the city has commissioned more than 65,000 square feet of new construction and additions, along with 300,000 square feet of renovations. As a result, the city has created 600 new jobs. There continues to be a transformation of the downtown centre. HIP Developments’ Gaslight project has been a fantastic catalyst for new interest in the downtown core.

“We have opened a new pedestrian bridge this year and commissioned a digital light show at the new digital library which has drawn thousands to the downtown core on the weekends,” said Gooderam. “Early next year you will see a tender go out for the reconstruction of Main Street.”

HIP Development is currently working on the old American Standard building to create 45 condominiums. A number of properties are vacant and will need reconstruction and development.

Purchaser spend: University of Waterloo
Rob Hunsperger, director, design and construction services, stated that the completion of Engineering 7 has happened. Along with the capital renewal, the university will focus on the science department—particularly the aquatic division.

“With very big projects behind us we are now being told that we need to brace ourselves for a period of austerity,” he cautioned. “The government funds we have come to rely on are not as secure as we would have hoped.”

The university is now on its third cycle of building renewal. Since a number of buildings date back to the 1960s, many need partial renewal and other infrastructure upgrades.

The university’s next big project will be the Science Teaching Complex and a physics renewal estimated at $60 million. Neither is likely to be tendered in 2019.

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Purchaser spend: City of Waterloo
Mary Catherine Lorentz, project coordinator, facilities, stated that due to continued growth, the city is experiencing accelerated use of its existing facilities. It now has a comprehensive asset management plan to deal with this challenge.

Its main planned projects are the demolition of the Waterloo Golf Academy, construction of a new recreational facility at $18 million, a new pavilion to be constructed at RIM Park, and four new outdoor activity parks—three of which are skateboard parks. In addition to these projects, the city has allocated $1 million for roofing projects.

Purchaser spend: Conestoga College
Jacinda Reitsma, vice-president finance and corporate affairs, was very upbeat about the recently completed John W. Tibbits Building. She added that the college will not give up on the Milton Campus project.

“We are not expecting a lot of extra funding to come to the educational institutions this year,” she said. “We will probably need a new student centre at the Doon Campus and we are always looking at new ways to innovate and use space in different ways.”

Purchaser spend: Waterloo Region District School Board
GVCA, reporting on behalf of the board, stated that there will be a total spending plan of $26.8 million at 46 schools ranging in project size from $57,000 to $2.5 million. There will be $6.3 million budgeted for additions to three schools, $6.1 million for HVAC repairs and $14.4 million for other necessary renovations.
Purchaser spend: Wilfrid Laurier University

Mark Detweiler, director of planning, design and construction, also spoke about getting a grip on the new austerity. The $10 million in funding promised by the provincial government for the new Milton and Conestoga College campuses has been removed.

The university is continuing to work on its energy efficiency throughout the campus, and there will be many other smaller projects on the go.

“We are looking to build a second science building on the Waterloo campus estimated at about $12.5 million and an addition to the music building,” he said.

Purchaser spend: City of Kitchener

Justin Readman, general manager of development services, stated the light rail project will open soon. The city has 20 projects on the go in the downtown core with a budget around $1.2 billion.

The city has a cycling trail master plan that calls for new and protected cycling infrastructure in the next few years. The rotary servicing project will begin in 2020, and the city plans to build a new community centre in the south end in 2019.

“We have an aggressive plan for reducing our carbon imprint by 2050,” said Readman. “I suggest everyone get up to speed on green energy alternatives such as solar energy before bidding on projects.”

Purchaser spend: Region of Waterloo

Phil Bauer, director of design and construction, stated that the region is on track with its 10-year capital budget plan. The picture for 2019 will be very similar to 2018.

In 2018, the region had 40 large construction projects in the works, one of which was the completion of the first phase of uptown Waterloo with the Fountain Street bridge. Planning is well under way for the River Road construction valued at $68 million. There is continued work at all our waste water plants and there will be construction of a new Grand River bus maintenance and storage facility.
SAFETY

Working in the Cold

The toes, fingers, ears, and nose are at greatest risk because they do not have major muscles to produce heat. Mental alertness is also reduced.

- **Chilblain** – redness, swelling, tingling and pain
- **Frostnip** – caused when top layers of skin freeze, turning white, numb and hard, but deeper tissue feels normal
- **Frostbite** – occurs when tissue temperature falls below the freezing point or when blood flow is obstructed; symptoms include inflammation of the skin in patches and slight pain

In severe cases, there could be tissue damage without pain, or burning or prickling sensations that result in blisters.

- **Immersion foot/Trenchfoot** – caused by prolonged wet or cold feet; symptoms include tingling, numbness, itching, pain, swelling, and blisters

What the law says

Some jurisdictions provide a range of acceptable temperatures (http://bit.ly/cold_legislation) for specific circumstances. Other guidelines for cold stress published by the American Conference of Governmental Industrial Hygienists (ACGIH) as occupational exposure limits.

Where there are no maximum exposure limits for cold working environments, there are guidelines that can be used to conduct risk assessments, create safe work plans, and monitor conditions.
Employers should:

- Choose equipment with thermal insulating materials and tools that can be operated with gloves.
- Survey and monitor the temperature.
- Train managers, supervisors and workers on symptoms, safe work practices, re-warming procedures, proper clothing practices, and what to do in case of cold injury.
- Clearly outline emergency procedures, with at least one trained person available at all times.
- Use a buddy system to watch for symptoms in others.
- Adjust the pace or rate of work (not too low that a person becomes cold, nor too high and cause heavy sweating or wet clothing).
- Allow time for new workers to become accustomed to the conditions.
- Provide or make sure that protective clothing is worn at or below 4°C, including layers of warm clothing, with an outer layer that is wind-resistant, a hat, mittens or insulated gloves, a scarf, neck tube or face mask, and insulated, waterproof footwear.

Workers need to maintain a core body temperature of +37°C (+98.6°F) for normal body functioning as well as to provide energy for activity.

Hypothermia is the most severe cold injury. The excessive loss of body heat can be fatal. Warning signs can include nausea, fatigue, dizziness, irritability or euphoria, pain in the extremities (hands, feet, ears) and severe shivering. Move workers to a heated shelter and seek medical advice when appropriate.

Editor's note: this infographic was created by the Canadian Centre for Occupational Health and Safety. For more information, visit www.ccohs.ca.

Working in the cold can not only be hazardous to your health, but also potentially life-threatening. Cold injuries range from chilblain, trench foot and frostbite to hypothermia, which is a medical emergency. In order to work safely, the numerous risks posed by frigid temperatures, wind chill and wetness needs to be counterbalanced by various measures, including controlled exposure, education and training, and proper insulation.
Want some insight into the biggest projects coming up in our region in 2019? We looked into our Crystal Ball (Report) to find the top projects planned for the new year. Sharpen your pencils!

**Baker District Redevelopment**
The 113,000-square foot development is located on Baker Street in Guelph and will include two 10-storey residential buildings. It will include 25,000 square feet of retail and office space, a municipal library, a public plaza and a public parking garage. It will provide about 275 residential units to support the city’s intensification goals. The overall cost is approximately $60 million.

**Sportsplex Port Elgin**
The project will consist of seven ball diamonds, multiple soccer pitches, a walking track and some parkland. The site is irregular in shape with over 1,000 metres of frontage on concession 6. East of Walmart, the site is level with Concession 6, dropping down at the west side of the property near the west access point. The Saugeen Rail Trail runs along the west and north sides of the property, with an Environmental Protection area along the east side and Concession 6 along the south edge.

**Waterloo Twin Towers**
Ground could be broken on this project in late 2019 or early 2020. Downtown merchants are beaming after Waterloo council approved controversial condo towers soaring to 24 storeys above King and Regina streets, at Bridgeport Road. Merchants hope the unique design of the towers, including an undulating glass ribbon around the lower floors, will return thunder to Waterloo by rivalling the new entrance to downtown Kitchener at King and Victoria streets.

Redevelopment costs are anticipated at more than $100 million.

**Trinity United Church Redevelopment**
The existing 42,000-square foot building, which has no significant architectural or heritage value, would be torn down. The church is working on plans to preserve essential elements of the congregation’s heritage, such as stained-glass windows and church archives.

Plans are still in the early stages, but the church hopes to build at least one, possibly two, buildings of up to 20 storeys, with units suitable for one or two people and limited parking. In keeping with the church’s social mission, Trinity would like the units to be modest and relatively affordable. As well, the developer plans to build up to 18,000 square feet of space that the church can use for its worship and offices, and which community groups may use for meetings and activities.
Student Residence at University of Toronto Scarborough

The University will use a design-build bridging project delivery model for this project. The proposed new residence is envisioned as approximately 10 storeys above grade, with the potential for one storey below grade. It will be a 750-bed dormitory style residence, and the construction budget is in the range of $80 million.

St. Lawrence Market North Building

A new 228,000-square foot, five-storey, multipurpose building will house the established Saturday Farmers’ Market and Sunday Antique Market on the ground floor, as well as Toronto Court Services’ courtrooms and administrative offices on the four upper floors, and a 250-space underground parking garage, extending four levels below grade. The estimated value of the proposed construction work is $75 million.

New Guelph Lake Nature Centre

The new Nature Centre at Guelph Lake Conservation Area is getting closer to reality. The Grand River Conservation Authority recently agreed to contribute $100,000 to the project, bringing the total money raised for the project to $1.82 million. The new centre is projected to cost between $2 million and $2.5 million.
The existing nature centre, located in a former house on Conservation Road, will remain open and offer programming until the new facility is built. That facility has been used since 1980. The Grand River Conservation Authority approved moving ahead with construction drawings, detailed design and specifications.

**Niagara Falls Public Health Building**

The new facility will be approximately 21,500 square feet in total area with the exterior shell and foundations. The project site is located at 7835 McLeod Road. The site infrastructure will consist of new civil infrastructure to accommodate water (domestic and fire), sanitary and storm services. The site will also include a paved parking lot with sidewalks and landscaping.

**Kitchener Frame Site**

‘Bud Park’ Homer Watson Medical & Professional Centre

The first phase will likely be a medical/professional/commercial complex that would sit on about 3.8 acres of land. That could take shape as a single building of about 60,000 square feet or two smaller buildings at about 30,000 square feet each.

The developers are in the process of attracting industrial tenants for two buildings on the site that were not demolished; one is about 50,000 square feet and the other is about 80,000 square feet.

A 50-acre parcel of the site is expected to remain industrial, with 25 acres destined for retail. Work over the past couple of years has included environmental cleanup, the installation and connection of site services, and the construction and preparation of new site entrances.

**Grand Market District**

The first phase of Waterloo Region’s new light rail transit system has a terminus at the Fairview Park property on Fairway Road in Kitchener. Two new office buildings will be designed with brick and beam aesthetics, with exposed 11-foot ceilings and floor-to-ceiling windows. The east building is expected to be five storeys and include 200,655 square feet of space. The smaller, four-storey west building is planned with almost 66,000 square feet of space.

Grand Market District’s traditional brick and cobblestone streets and lanes are an historic reference to Southern Ontario’s rich examples of Victorian-era industrial architecture. The project touts new and existing entertainment and dining options, from cafes and dine-in restaurants to specialty boutique grocers.

The project outline states the site will boast more than 3,800 parking spots, both in surface and underground lots in the new structure.

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What’s new—or more importantly, likely to be new—for GVCA members in 2019? We’ve identified a “lucky 13” set of trends, ranging from the impact of new provincial government legislation, to new approaches to training, to safety concerns for women on the jobsite.

Open tendering

In what could be a game-changer for construction companies—in sharply contrasting ways—the Ontario government is moving ahead with Bill 66, an amendment to the province’s Labour Relations Act of 1995. The new law would open up public construction projects to non-union contractors and sub-contractors.

The PC government says this will “cut red tape.” Some contractors say it will level the playing field. The Ontario Federation of Labour says it will put lives at risk. The Carpenters’ Union in Ontario says it will sue.

What the legislation will do is increase the number of bidders for public infrastructure work in municipalities including Waterloo Region, Hamilton and Toronto. It will also most probably produce a fair amount of debate and rancour at any construction industry gathering.

Labour shortages

Skilled trade workers, including electricians, welders and mechanics, have been in short supply for a decade. According to the Canadian Federation of Independent Business, this category of worker has consistently seen the most job vacancies in the country. One in four employers report that filling skilled trades worker positions is getting harder by the year. Over 40 percent of Canadian employers say finding skilled trades workers is their biggest hiring challenge. But answers may be on the horizon.

A new look at training

The bad news is, almost a quarter of people applying for positions where workers are in short supply don’t have the skills to do the job. The good news is, educational institutions, especially community colleges, are creating flexible and innovative programs to help to meet that need.

Conestoga College president John Tibbits has identified that a current challenge for employees and prospective employees is keeping up to speed in terms of their skill sets. He says that Conestoga and other colleges are going to be offering more and more short-term training, leading not to a degree, but to a higher level of competence.
Diversity and inclusion
Emphasizing diversity and inclusion in your business is not only the right thing to do, it is increasingly the smart thing to do. Being inclusive opens the door to a much larger talent pool, part of the solution to the labour shortage noted above. And there are plenty of partnerships—with government and educational institutions—available to assist with necessary training, including of immigrants who need an upgrade or certification of their skill sets.

Data analytics
According to experts, the Canadian construction industry is asleep at the wheel when it comes to using data analytics to improve projects. Speaking at a Building Show workshop, Tamer El-Diraby, associate professor in the Department of Civil and Mineral Engineering at the University of Toronto and the director of the Centre for Civil Informatics, contended that “a fundamental change in thinking” is required. Canadian constructors need to use data analytics right across the scope of their projects; results will range from improved transportation options, to anticipating consumer reaction to green projects, to understanding the impact on changing weather patterns on your project.

Educational institutions growing
In response to demographic realities, university enrolment may decline in the near future, but the demand for new, cutting-edge facilities seems to mean that campuses will be construction sites for years to come. And community colleges are seeing significant increases in student numbers—especially Conestoga College, lying at the heart of the area covered by the GVCA. Conestoga will launch a significant expansion at its Kitchener campus this spring, and is still focusing on proposed new facilities in Milton and Brantford.

Cyber-security
The phrase “cyber-security” conjures up images of identity theft or stolen corporate records, but in an industry that is heavily machine-dependent, there is another crucial consideration—Cyber Security OT (Operational Technology). The Industrial Internet of Things has created the potential for hackers to gain access to industrial systems—a concern for companies building new industrial facilities, and for contractors whose own operations are increasingly “cyber”.

Greener by the day
It’s not a brand-new trend, but the need to be green continues to ramp up. That’s not inappropriate. Statistics show that across the globe, buildings are responsible for more than 40 percent of energy usage, and create about one-third of all greenhouse gas. Look for “green” to mean not only building environmentally sustainable projects, but carrying out the project in a sustainable manner, running your business as a sustainable business, and then ramping that up to be uber-sustainable. Your opportunity is to become a company that actually improves the environment, giving back more than your operation takes, by creating excess electricity to give back to the grid, or adopting tree-planting programs.

Prompt payment
Our industry will always face the challenge of “balance of payments.” We have bills that we must pay (employees, suppliers, taxes, and on and on) and bills we need to collect (which may linger well past ‘best before’ date). A Government of Canada report suggests a few creative options when payment is less than prompt, including invoicing larger bills in portions, and offering a reward for immediate payment (the report suggests 2 percent reduction, which is probably undoable on major projects). But a key that lies entirely within your power is to “invoice immediately.”
Modest economic growth

The Canadian economy will continue to grow, according to the experts at TD, which should mean stability for the construction industry. TD has predicted 2 percent growth “in the coming quarters.”

Millennial management

Most managers or owners of a certain age would have to admit to griping, at least occasionally, about the stereotypical “Millennial mindset.” But what 2019 and the coming years will see is Millennial management, as baby boomers retire, and their millennial offspring or successors move into senior management positions. That will undoubtedly mean a significant up-tick in the use and development of technology. It may also mean a change in corporate attitude, with an increased focus on work-life balance, more immediate rewards, and potential for career advancement.

Safety surprises

Health and safety have long been front and centre for the construction industry. But there may be some surprises for those who assume “same old, same old.” The labour shortage has actually increased safety concerns on the worksite, because companies concerned with contract deadlines may be rushing people to the job before they are adequately trained. More than a third of worksite injuries occur among workers with less than a year of experience. As well, an increasing number of women on construction sites has highlighted specific gender challenges—like poor-fitting safety and other equipment designed and fabricated for male workers.

To stay on top of safety trends, take advantage of the GVCA’s Safety Groups program.

Substance abuse

A report from the American National Safety Council states that 15 percent of construction workers have substance abuse disorders, almost twice the national average. That doesn’t cover the current Canadian situation with the legalization of marijuana consumption. A trend in 2019 is undoubtedly going to be the codifying of company requirements, development of tests that meet the need for safety but do not impinge on personal privacy, and substance use restrictions across this entire spectrum.

You already know this is not the whole picture for 2019. We’ll see what unfolds as the year progresses. But these trends will undoubtedly play a role in our industry, so we offer this quick heads-up on 13 of the most likely issues. And we wish you the very best in this exciting business in the year ahead.
The Waterloo Region District School Board hosted a workshop on December 12 where it and its construction partners discussed many ideas that would help them work together more successfully throughout 2019.

Issues that matter was the theme of a workshop co-hosted in December by the Waterloo Region District School Board and the Grand Valley Construction Association.

It was a frank and open discussion with representatives from the board and many in the construction pyramid, including general and prime contractors, subcontractors, consultants, architects, project managers, administrative staff, estimators and more.

Topics included prompt payment, RFPs, subtrade challenges, holdbacks, change orders, profit margins, deficiency lists and scheduling.

The school board’s goal is to improve its processes and work more closely with its construction partners to better serve the residents, and the children, of Waterloo Region.

There are always frustrations when working on major construction projects. The board must follow provincial regulations and requirements that some are not aware of. At the same time, contractors, subtrades, architects and designers have a chain of command that can be confusing and cumbersome.

The event allowed everyone to explain their roles, and to outline their main issues of concern. Working to resolve those issues was the goal of the day.
It was certainly a day of collaboration, partnership and teamwork. The Waterloo Region District School Board is already planning for a similar event in 2019 where it will provide an update on its progress and ask for more input and feedback from the industry.

The GVCA will keep you posted on the scheduling!

Some of the board’s plans for 2019 include:

- implementing an improved procedure for payment through electronic funds transfers by April
- reviewing the change order process and hold backs
- implementing electronic bidding and tendering
- adopting Revit software on school drawings for use by architects and engineers

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GVCA Journal January/February 2019 25
The recent legalization of recreational cannabis has highlighted the fact that there are a number of questions regarding the impairing effects of cannabis and how they may be measured. These questions generally focus on driving under the influence of cannabis and the apparent lack of technology to quickly and accurately measure impairment levels. As a recent arbitration decision from Newfoundland demonstrates, these issues are also arising in the workplace in the context of medically-authorized cannabis use.

**Arbitrator states worker’s use of medical cannabis results in “unacceptable increased safety risk.”**

In *Re International Brotherhood Lower Churchill Transmission Construction Employers’ Assn. Inc. and IBEW, Local 1620*, the grievor alleged that the employer failed to accommodate his disability when it refused to hire him on the basis of his use of medically-authorized cannabis. By way of background, the grievor was a construction worker who suffered from osteoarthritis and Crohn’s disease. His physician prescribed cannabis to manage the pain arising from these conditions. The grievor consumed the medically-prescribed cannabis at night before rest. He claimed that by morning the impairing effects of the cannabis were gone. In late 2016 and early 2017, the grievor applied for two labour positions on a project involving the development of a hydroelectric generating facility. In each case, the employer refused to hire him on the basis of his use of medical cannabis. The grievor grieved, arguing that by not hiring him, the employer failed to accommodate his disability.

The employer defended its decision on the basis of its statutory obligation to ensure a safe workplace for all workers and the fact that the two positions the grievor applied for were “safety-sensitive.” The employer argued that while it had met its obligation to individually assess the grievor’s disability and possible accommodations, ultimately the safety risks arising from the grievor’s use of medical cannabis brought the employer to the point of undue hardship. At arbitration, there was no dispute that the employer was obligated to ensure a safe workplace, nor that the grievor’s medical condition was a disability requiring accommodation to the point of undue hardship. The issue was whether the grievor could be accommodated such that he could work safely in either of the two positions. If he could not, then those safety risks would result in undue hardship for the employer.

A key question was whether the grievor could potentially be impaired while at work. While the arbitrator accepted that the grievor’s use of cannabis was in the evenings, he noted that the lasting effects of impairment were not known with certainty. The arbitrator relied on the lack of reasonable ability to measure impairment in persons using cannabis. Specifically, the fact that blood and urine tests do not measure current impairment, coupled with the lack of individuals specially trained to observe and measure impairment were found to present a risk of harm that could not be readily mitigated.
The arbitrator thoroughly considered the parties’ evidence submitted and concluded:

1. The regular use of medically-authorized cannabis products can cause impairment of a worker in a workplace environment. The length of cognitive impairment can exceed simply the passage of four hours after ingestion. Impairment can sometimes exist for up to 24 hours after use.

2. Persons consuming medical cannabis in the evening may sincerely believe that they are not impaired in their subsequent daily functioning. They can, however, experience residual impairment beyond the shortest suggested time limits. The lack of awareness or real insight into one’s functional impairment can be a consequence of cannabis use. In that context, a person may not experience ‘euphoria’ (as mentioned in the Health Canada Guidance), yet still not function, respond or react normally while impaired by cannabis use.

3. There currently are no readily available testing resources within the Province of Newfoundland and Labrador to allow an employer to adequately and accurately measure impairment arising from cannabis use on a daily or other regular basis.
It was this final point that may have tipped the scales in favour of the employer. If the employer could be satisfied that the grievor was not impaired while at work, there would be no reason to refuse his employment. But, given the lack of reliable testing measures, there was no ability to confirm this.

The arbitrator stated:

Having found the increased safety risk amounted to undue hardship for the employer, the arbitrator dismissed the grievance.

**In our view**

This case confirms that the increased safety risk arising from impairment in the workplace can amount to undue hardship. This will likely continue to be the case until there are reliable technologies that can accurately and effectively measure impairment. While this decision is certainly positive, employers are reminded that the duty to accommodate requires an individual assessment for each request for accommodation. This continues to apply in the context of medically-authorized cannabis use and safety-sensitive positions.

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This article was written by Larissa Volinets Schieven and Lauren Jamieson of Emond Harnden Law. For further information please contact Larissa at 613-563-7660 ext. 230 or Lauren at 613-563-7660 ext. 236.
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| January 25 | Gold Seal Exam |
| February 7 & 14 | Construction 101 (earn 2 Gold Seal credits) |
| February 12 | Approved Working at Heights |
| February 12 & 19 | Construction Drawings and Specifications (earn 2 Gold Seal credits) |
| February 15 | Approved Working at Heights – refresher |
| February 22 | Navigating Multiple Generations in the Workplace (earn 1 Gold Seal credit) |
| March 6 | Bill 47 – Making Ontario Open for Business Act, 2018 |
| March 19 | Bill 142 – The “new” Construction Act and Its Impact on You |

**Note:**
All education and training courses are held at the GVCA offices at 25 Sheldon Drive (unless noted otherwise). To view a complete list of upcoming education and to register, please visit [www.gvca.org/calendar](http://www.gvca.org/calendar).

**EVENTS CALENDAR**

| January 17 | CTRL V (Virtual Reality) - hosted by the Leaders in Construction (LinC) group. |
| January 18 | GVCA 4th Annual Curling Bonspiel, Westmount Golf & Country Club |
| February 10 | GVCA Day at the Titans |
| February 26 | Annual General Meeting, Business Heritage Awards and Hall of Fame Award. Hacienda Sarria, Kitchener |
| March 23 – 28 | CCA Annual Conference, Bermuda |

**Note:**
To view a complete list of upcoming events and to register, please visit [www.gvca.org/calendar](http://www.gvca.org/calendar).

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<table>
<thead>
<tr>
<th>ACL</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Duncan Litton</td>
</tr>
<tr>
<td>Ball</td>
<td>Gallagher</td>
</tr>
<tr>
<td>Battlefield</td>
<td>JDI</td>
</tr>
<tr>
<td>Baywood</td>
<td>Knells</td>
</tr>
<tr>
<td>Buildsafe</td>
<td>KW Doors</td>
</tr>
<tr>
<td>CLAC</td>
<td>LiUNA</td>
</tr>
<tr>
<td>Conestoga Roofing</td>
<td>Miller Thomson</td>
</tr>
<tr>
<td>Cowan</td>
<td>Rice Insurance</td>
</tr>
<tr>
<td>Cushman</td>
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