Economic Forecast for 2016

Infrastructure investments like Kitchener-Waterloo’s LRT lead 2016’s construction program.  
Plus, local buyers share details about their planned construction spends for the year ahead.
MESSAGE FROM THE PRESIDENT

If you’re not keeping up with the speed of change, if you’re not meeting expectations, moving quickly and performing efficiently, then you’re falling behind and you risk becoming redundant.

I’m cognizant of that as manager of this association. As a group, we’ve never been under such pressure to change, to deliver better, faster, more complete, more in-depth information to our members. We’re not just service providers any more. We have to also be problem solvers. Just like every other business out there, we have to invest in and embrace new methods – or we’ll struggle in the future.

My goal for 2016 is to continue to shape and adapt the GVCA into a leading local construction association – one that companies like yours cannot help but need to join. In part, that will mean eliminating the redundancies in our offerings. We’ve already abandoned the products and services model that used to govern our business. Today, we’re much more focused on offering solutions to problems and resources for the industry.

Change is afoot. Stay tuned!

MESSAGE FROM THE CHAIR

Elephants in the Room

Isn’t it amazing what people can accomplish when they simply take the time to sit down together and talk through an issue? If there’s one take-away that I’ve gained from being a part of the GVCA’s last two Elephants in the Room sessions, it’s exactly that: there’s nothing we as an industry can’t solve when we work together.

As we turn the page into 2016, I’m filled with optimism. Our local forecast looks bright. We’re growing and there seems to be enough work to go around.

But that’s not to say every-thing’s perfect. Far from it. There is still plenty each of us can do to make our systems and processes run more smoothly and to improve relations with our neighbours.

So let me give you a resolu-tion for 2016: when you’re faced with a problem in the office, on site or where have you, don’t draw a hard line in the sand. Instead, talk about the issue. Work through it gradually and systematically. I’m sure you’ll find the person on the other side of the table is just as willing to solve the problem as you are, and just as reasonable.

On behalf of Martha and all the members of our board of directors, I wish you happy holidays and prosperity for the new year.

Change or die

I’ve been hearing the word “redundancy” a lot from people across our industry lately. More and more people and businesses are being slapped with that label because they’re unable or unwilling to change the way they work or the way they handle their affairs.

That’s a harsh reality, but it’s true.

If you’re not keeping up with the speed of change, if you’re not meeting expectations, moving quickly and performing efficiently, then you’re falling behind and you risk becoming redundant. I’m cognizant of that as manager of this association. As a group, we’ve never been under such pressure to change, to deliver better, faster, more complete, more in-depth information to our members. We’re not just service providers any more. We have to also be problem solvers. Just like every other business out there, we have to invest in and embrace new methods – or we’ll struggle in the future.

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CHRISTMAS BALL REPORT

CRYSTAL BALL

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**Unmatched Construction Intelligence**

GVCA's Crystal Ball Report is a unique and insightful member service. Updated daily by GVCA staff, the report tracks planned projects during the pre-bidding phases, following them from concept to design to prequalification, construction and completion.

**NKL Properties**

151 King Street North,
Waterloo, ON

**Project Details**

The applicant is proposing to construct a 26-storey apartment building with ground-floor commercial space. The site is 0.354 hectares in size and has a roughly rectangular shape providing frontage on King Street North. Due to the site's location along King Street, and its prominent location between Uptown Waterloo and Wilfrid Laurier University, this development project must have a strong architectural design. The building podium will contain the original front façade of the historic building currently on the site. By enclosing the façade in a double-height glass wall, there is a clear, museum-like view of the original 1881 building. The original building has been listed on the city's Heritage Registry as a property of interest, but is not formally designated under the Heritage Act as a property of cultural heritage value. The podium design creates an active, open and transparent base at street level, improving the level of security by increasing the number of 'eyes on the street' and providing an attractive frontage through high quality architecture and landscaping. Furthermore, the commercial unit contains outdoor patio space, helping increase the activity of this section of King Street North. The proposed building design consists of a single residential tower with a four-storey podium, with the building rising to a maximum height of 83 metres. Floor 5 will house 10 units, and floors 6 to 26 will each include 12 units.

**Next update** January 2016

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Happy Holidays and a Safe and Prosperous New Year from the Staff and Management at Ball Construction.

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It is anticipated that the decision in Royal Bank v Atlas will be challenged on two fronts.

Firstly the Court in Atlas concluded that co-mingling of trust monies with non-trust monies automatically destroys the trust because trust monies are no longer traceable. This conclusion is not correct either in logic or law. It is often possible to identify and trace trust monies co-mingled with non-trust funds.

Second, after determining that co-mingling of trust funds with other funds destroys the trusts, the Court in Royal Bank v Atlas concluded that there is no obligation on a party receiving payment on more than one construction project to segregate monies collected in order to preserve deemed trusts. This logic was extended to Receivers of insolvent companies.

In fact, a party receiving monies impressed with a trust has an obligation as a trustee to preserve those funds and allocate them as prescribed by the CLA. A trustee does not have carte blanche to treat trust monies as it pleases.

It is hoped that the next time these issues are before an Ontario court, proper recognition will be given to the fact that the deemed trust provisions of the CLA apply to money that is "owing" and not just to monies received and segregated. This distinction means that the recipients of trust monies are obliged to preserve those monies for their intended purpose, Court-appointed Receivers owe duties of fairness to all creditors and should not be allowed to treat trust monies in a way that destroys the trust.
FINANCIAL FOCUS

TAX STRATEGIES FOR 2016

With a new federal government in place, 2016 should be an interesting year.

The new government has put in place a number of changes to the personal tax regime – with mixed implications. For example, a new, lower personal tax rate of 20.5 percent on income between $44,702 and $89,401 could save the average Canadian $671. However, a new top-end tax rate of 33 percent will apply to income above $200,000. The government also plans to introduce a new Canada Child Benefit, and to rollback the current annual TFSA contribution limit to $5,500.

Other changes that will apply to business are the changes to the employee stock option benefit deduction and small business tax rate decrease.

Currently, when someone exercises employee stock options, they are taxed on the difference between the exercise price and the fair market value of the stock as employment income at the time the options are exercised. Under current tax rules some employees enjoy capital gains tax rates on part of their compensation. The new government will change this benefit. If there is more than $100,000 in stock option benefit, you may be subject to tax on 100 percent of the employee stock options.

The Liberals have also pledged to reduce the small business tax rate from 11 percent to 9 percent and have stated that they may implement measures that will prevent high-income individuals from using Canadian-controlled private corporations as an income-splitting tool.

In light of the above changes, here are some of the strategies to consider to help save tax in 2016:

• establish an individual pension plan or retirement compensation agreement
• increase your non-taxable benefits in exchange for salary or bonuses
• check with your tax advisor to ensure you are withdrawing cash from your corporation tax effectively
• create a family trust
• pay dividends to adult family members
• pay your family a salary
• maximize TFSA contributions for you and your family
• tax increase – reduce your RRSP carryforward

It will be interesting to see what the Liberals will change with their upcoming budget and their priorities for the year. In the meantime, ensure your tax planning is ongoing so you don’t overlook your opportunities to minimize tax. The beginning of the year is always a good time to speak to your advisors and ensure you are making the most of your planning strategies.

This article was written by Erica Tennenbaum, vice-president and associate portfolio manager with RBC Dominion Securities Inc. Member CIPF. She can be reached at (519) 621-1307 or erica.tennenbaum@rbc.com.

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Predicting the future is a rotten game. No matter how much hard work and analysis you put into your work, you’re still bound to the whims of the world. Even the most intelligent-sounding prediction can look silly under the cold, hard light of reality.

That said, there are a few trends to watch when it comes to construction safety in 2016 – ones that I can say with confidence will emerge over the course of the year. (Although I won’t guess to what degree!)

Without further ado, here are three.

**Off-site construction**

We love the idea of off-site (or modular) construction for a host of reasons. It gets work done quicker than conventional methods. It tends to yield better quality products. It also tends to be more efficient.

It’s also safer. Assembling building components under controlled conditions in a warehouse means that variables such as weather and coordination with other trades are eliminated entirely. And when components are delivered to the site, they only need to be installed in place (rather than built in place). Less time on the tools on site means less risk of things like falls, machine accidents or exposure to weather hazards.

Make a point of adding off-site construction to your procedures for 2016. You’ll find it’s worthwhile.

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**CoR**

It’s hardly a risk to say that the Certificate of Recognition (CoR) program will attract even more attention from owners and contractors again next year. Look how it’s catching on. Major buyers like Infrastructure Ontario, the Toronto Transit Corporation and the Greater Toronto Airports Authority are listing (or will soon list) the qualification among their conditions of contract. More purchasers—big and small—are looking to follow suit.

What does that mean for you? Get certified. Already, a few of the larger GVCA members hold CoR certification. More need to follow suit. And if you’re concerned (rightly) about the work it’s going to require to get trained up for the audit, GVCA can help. Beginning in January, the association will offer a program called Navigating Your Health and Safety Audits. The program aims to help members through the process of working through construction-related audits, such as CoR, ISO certification and Work well. Check it out.
You’ll know BIM for the potential it offers to improve designs and coordinate construction efforts among the various team members. Of course it’s all those things. But it’s also a tool for promoting site safety. For one, a virtual BIM model allows companies to quickly scan for potential problem areas, such as floors and roofs, and plan accordingly. A BIM model also helps to better understand and manage site logistics, and gives safety professionals an eye on the entire job site so that they know which areas to focus on.
The British Columbia Provincial Court recently found an employer could not terminate an employee for cause simply because she refused to sign an updated list of employment duties. It turned out that the employee was never given a clear job description even after she asked for clarification. The job description was so unclear that it could not be justifiable to terminate the employee when she refused to take on the new tasks or sign off on new duties that she never expected were part of the job.

**Facts of the case**

The employee, a clubhouse attendant, began working with the employer for her sixth year. In her position as clubhouse attendant, the employee typically worked inside.

During the sixth year, the employee was asked to work outside as she was not very busy inside. In fact, she was told she should be prepared to work outside on a more permanent basis. The employee refused. This led the employer to create a new list of duties to be performed by clubhouse attendants that included many outdoor activities. The employer required the employee to sign this new list of duties, and the employee refused. In response to the refusal, the employer terminated the employee for cause.

The court confirmed that the employee’s job duties were not clear, so the employer was not justified in terminating the employee for refusing to work outside or for refusing to sign the list of new job duties. Consequently, the employee was found to be wrongfully dismissed and was entitled to a 10-week notice period.
What can employers take from this case?

It is important to examine what is really going on when an employee refuses to sign a document, and it is especially important not to act in haste in response to an employee's refusal to sign something. It is crucial that employers try to understand an employee's reasons for refusal.

Employers are strongly recommended to craft clear job descriptions listing job responsibilities from the outset, and to include things that could be expected to be performed on a daily basis versus occasionally.

Employees should know what they are supposed to do before they agree to the employment arrangement, and they should not be surprised when asked to perform a job task. If a particular job task is something that the employee never expected to do and never would have agreed to, the employer cannot force the employee to do it or punish the employee because the employee refuses to do it. There are always provisions that can be added to a job description, including “willing to perform related tasks as required,” but the expectation is that these related tasks are reasonable given the job description.

This article was written by Christina Catenacci, editor at HRinfodesk.
Examples of technologies offering these benefits are already popular in our day to day lives, for example being able to remotely program a Nest thermostat (www.nest.com) from a mobile phone, or not even having to physically pay for an Uber taxi after each ride because the charge occurs automatically. In 2016, we will see many frictionless technologies at play in the construction industry.

Whether it’s a new warehouse facility or a luxury office space, construction projects always bring together a multitude of stakeholders who are all on the go and either spread out across a single project, or around the city. The use of mobile apps and cloud-based construction software allows for these groups to communicate quickly regardless of physical location, offering features such as project communication (messaging or chat), live document markup and more.

Moving forward, communication practices that allow people to get all of the project information and updates they need – on the go and in real-time – will be a non-negotiable in construction.
The use of cloud-enabled mobile apps becomes even more interesting when we start to include features that leverage geolocation.

For example, San Francisco based Rhumix (www.rhumix.com) is getting a lot of industry attention for their software which allows labourers to track hours worked based on when they arrive at, and leave the project site. This same type of technology can also be used for things like tracking who is on site in the instance of a safety emergency, or by foreman to keep tabs on their teams.

Geolocation is typically identified based on the user’s phone, tablet or computer’s IP address. This technology allows for a physical location to prompt an action from the app being used.

With more technology comes more information. In general, this is beneficial, however more information also means more for everyone to remember – a growing challenge on fast-paced construction projects. Because of this, technologies that allow for the automation of daily repetitive tasks are gaining popularity in construction and saving teams both time and piece of mind.

For example, Bridgit’s Closeout application (www.gobridgit.com) allows general contractors to send automated emails to subcontractors on a daily basis. This eliminates the time required to compile daily reports and draft individual emails. Plus, one less thing to remember!

Lauren Hasegawa is the co-founder of Bridgit, a construction software company focused on developing mobile-first construction solutions. She can be reached at lauren@gobridgit.com.
Every 6 months GVCA will draw from names entered into the Member Company Profile Lottery giving each entrant 3 draw chances to be profiled in one of the upcoming issues of the GVCA Journal.

Cost to enter: $50.00

Next lottery deadline is January 31st

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Master Electrician Wayne Arthur began his career in the industrial sector of the electrical maintenance industry and opened his own business in 1989. This year, Arthur Electric is celebrating 25 years of excellence in electrical construction, design build and maintenance services in Southern Ontario.

With 20 to 25 electricians in the field and an office staff of five, this is a mid-size electrical contracting company that provides comprehensive, quality services for clients in the new commercial and industrial sectors. “Really,” as Arthur puts it, “we have grown from getting excited about landing projects worth up to $20,000 to where we’re excited about jobs worth between $2 million and $3 million.”

Arthur is adamant about his electrical staff doing ongoing training in the field. He also asks that his management team continually update their knowledge with respect to LEED and any other changes in the industry from estimating to project management to health and safety legislation. He adds that the company is always looking for courses that are offered by suppliers, manufacturers and industry associations.

“I find that while our industry promotes courses in leadership and things like that, there seems to be a lack of technological training. We have to rely on the manufacturers for that kind of instruction. I would like to see much more technology training in the industry.”

Everyone’s attitude at Arthur Electric is to do a good job, and to fix any mistakes without question, even if it means delays and extra costs. The entire team believes in being straight up with its customers. That’s how you build trust and good relationships.

“We are always choosing manufacturers that make a good product and that stand behind their products,” says Arthur. “Our roots are service based and if there is a problem we will look after it. I want to make sure we are putting in a great product that we will be able to service and maintain for our customers well into the future.”

Commenting on trends in the industry, Arthur says that collaboration is the name of the game. The hard-tender approach seems to be falling by the wayside, and it’s being replaced by more cooperative approaches, such as design-build.

“We are used to being part of a design build team,” he says. “I very much enjoy that team atmosphere where you know the electrical, the mechanical and the other trades are all working together with the design management team from start to finish. We are able to resolve all issues that we see from all of our collective experience and focus on getting the job done successfully on time and on budget for the clients. We want the industry to know that Arthur Electric works well with others in the design build sandbox.”
Labourers’ International Union of North America
Ontario Provincial District Council
Executive Board and Delegates

Holiday greetings to all Signatory Employers and
members of the GVCA.

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Business Manager

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Local construction companies may welcome 2016, judging from information out of The Conference Board of Canada. A researcher at the Ottawa-based policy and economic think tank says next year is likely to be a good one for builders in Kitchener, Cambridge and Waterloo.

Light rail construction will be the main construction booster in 2016, says Robin Wiebe, senior economist, Centre for Municipal Studies at The Conference Board. That project is expected to help increase construction output by about nine percent.

Employment set to rebound
Overall employment in the construction industry has fallen since 2014. Wiebe says the number of workers will have decreased by some three percent by the time 2015 is done, according to his latest forecast numbers. But the employee count is expected to rise by more than 20 percent in 2016, thanks again to light rail.

Housing starts are expected to be just over 3,200 for 2015 and in the low-2,200s for 2016. Wiebe points out that developers have numerous multi-family units under construction and, busy with those projects, builders won’t start as many houses in the coming years as they did in the past.

In its summertime report on the area’s economic outlook, The Conference Board noted a few positive developments for 2016 not directly related to light rail. Cambridge plans to build a $53-million sports complex at Conestoga College’s Fountain Street campus. (Design concepts were reportedly unveiled in September.) Meanwhile, Costco will build a location in Waterloo, following construction of two roundabouts on Erb Street.

Manufacturing down—but not out
The area’s once-strong manufacturing sector has experienced a number of plant closures (the Budd car-frame facility in 2009, the Schneiders processed meat factory in 2015 and Lear Canada’s vehicle-parts-making plant, scheduled to shut early next year). Yet Wiebe says manufacturing continues to grow. He predicts that the industry’s contribution to the local GDP will increase by about 1.5 percent for 2015 and two percent for 2016.

“Everybody expected the lower Canadian dollar would give manufacturers a jolt in Ontario,” Wiebe says. “So far, it’s been mixed. There are some areas that seem to be doing better.” Note that Toyota recently announced that it would produce its RAV4 vehicle at the Cambridge plant—good news since the carmaker had recently stopped using the facility to make the Corolla, moving that work to a plant in inexpensive Mexico.

Population, income and retail expected to grow
Wiebe predicts that the population will rise by just over one percent in 2015 and in 2016. Personal income per capita is expected to increase by about one percent in 2015 and two percent in 2016. And retail sales will increase by more than 3.5 percent in 2015 and more than 4.5 percent in 2016.

Non-residential construction sector faces tough 2016
The overall picture for the non-residential construction industry is far from rosy, according to The Conference Board of Canada.

In an October report on this sector, the Ottawa-based policy and economic research firm says revenues will increase by some 2.4 percent in 2016, reaching $60.49 billion. But as revenues increase, so do costs—especially now that the Canadian dollar is trading well below the value of the U.S. dollar and many of the materials and equipment that construction companies use come from south of the border. Costs are expected to rise by 2.6 percent to reach $58.2 billion in 2016.

Which brings us to profits, expected to be about $2.26 billion, down by 2.7 percent. Yet profit margins will be relatively steady at 3.7 percent for 2016,
down slightly from 3.9 percent. That good outcome is due to the fact that construction companies have been trimming jobs and wages as a way to offset overall weak prices and volume.

**Industry slips on oil**

The non-residential construction sector faces the same challenges that many other industries in Canada do these days: a substantial portion of business investment activity used to focus on developing infrastructure in Alberta, specifically to service the oil and gas industry. But now that oil prices have dipped, business investment is down as well. Investment in non-residential structures specifically is expected to drop by more than 10 percent by the time 2015 is done and to remain weak throughout 2016.

A bit of good news: business among wood suppliers, machinery manufacturers and other exporters is improving now that the U.S. economy is performing better than it was a few years ago, and now that Canadian goods and services are relatively inexpensive, thanks to the low Canadian dollar. As production from exporters increases, “some investment in new capacity could be just around the corner for the construction industry,” The Conference Board says. Note “some”—not a flood of new projects. The report says it will take time for industrial producers to make full use of their current infrastructure. They’ll build new facilities only when they reach capacity. Still, that seems likely, the report says—and rising exports could very well translate into increased revenue and a growing list of jobs for companies in the construction industry in the coming years.

Prospects in the office and retail areas are less positive. The office market is saturated, so property developers won’t be investing in many new undertakings over the next year or two. And with numerous retailers shutting down, it will be a while before excess retail space is used up, putting a lid on demand for new retail development.

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**CONSTRUCTION IS THE SECOND-MOST DOMINANT EMPLOYER**

Did you know there were 20,200 construction workers in the region in 2014? That made construction the second-most dominant employer behind retail (29,800 workers) and ahead of food and beverage services (16,500), according to a report from The Conference Board of Canada. Compare that with the rest of the country: Statistics Canada indicates that construction is the fifth most dominant employment sector nationally, after manufacturing, agriculture, the multi-sub-sector area of forestry, fishing, mining, quarrying, oil and gas, and then utilities.

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The 2016 Construction Forecast

Mark Caseletto, vice-president and general manager of CMD Group, recently issued his construction forecast for 2016. Here are some of the highlights.

**Short-term: uncertainty means lots of planning, little to bid on**

In the short term, the construction industry will be highly volatile and less predictable. Politically we have a new federal government in place with a new ideology and new approach creating many unknowns and a lot of speculation.

We won’t have a clear view on the Liberal government’s capacity to deliver on its promises well into next year. Many variables may force them to change their approach. Also the US election process has been long and will extend well into next year. There will be a lot of speculation and chatter causing confusion and, in some cases, pessimism which will affect markets and investors.

Economically, volatile commodity prices and global economies, particularly in emerging nations, will create uncertainty. This will make investment levels less predictable and have a direct impact on the Canadian economy and on construction in particular with respect to the price of oil, resources etc.

There are other geopolitical unknowns such as the Russia/US tension, the Middle East, ISIS and terrorism. Each makes the world a volatile place and complicates forecasting. It’s hard to know what effects, if any, each of these will have on Canada’s economy.

For the construction industry this means uncertainty. There will be pockets of the country and sectors that will remain weak—such as in commercial areas where there is pent up demand. Metrics there point to private investment, yet uncertainty and volatility are holding owners back.

The private sector is sitting on more than $1 trillion in cash in Canada. There is no question that investors and owners are holding back and waiting to see when they can put their money back into the market. This is having a direct impact on construction.

There is an overall frustration with delayed projects and inconsistent commitments on the part of the private sector. There has been a great deal of planning, but little to bid on.
Mid-term: commodity, oil prices to rebound

Oil prices are expected to come back over this period and that resource base metals will stabilize and also start to move upwards.

The federal Liberal government has made unprecedented commitments to infrastructure spending and is willing to run deficits to execute on this promise. That said, most governments are avoiding debt. This strategy seems to go against the grain. Time will tell if it is good.

We think that the US economy will pull the world forward and that China’s growth will rebound to expected levels with the US emergence.

Long-term: looks bright!

The prospects for the industry look bright. The world sees that Canada is a growth market being driven by a commitment to eliminating the infrastructure deficit, and by the long-term prospects of building out of the resources sector.

There is an overall frustration with delayed projects and inconsistent commitments on the part of the private sector. There has been a great deal of planning, but little to bid on.

The heavy civil sector will be construction’s key growth sector. This is where infrastructure investment will happen with the building of roads, public transportation and energy, especially clean energy.

Entertainment is another growth area. Hotels and tourism are growing areas as we are seeing a significant uptick here with the US travelers steadily coming back. There is definitely a pent up demand in this area.

Commercial building more in the long term is yet another area. There is currently a tight supply of office space coupled with a cash rich private sector ready to invest. A mixed-use office trend has been noticed.

Check out the full text of Caseletto’s report at www.cmdbr.com/construction_overview/2015-presentation.html.
Who’s buying what in 2016?

A number of local buyers shared some insight about their planned spends for the year ahead at the GVCA’s Construction Forecast session on November 17.

Region of Waterloo

Phil Bauer, director of design and construction, indicated that the region has a 10-year approved capital budget of $3.7 billion for the period of 2015 to 2024. Of that total, more than $2.6 billion has been allocated for construction. Overall there is a lot of growth and action in our region.

The region’s partial list of forthcoming tenders in four different areas will be:

- $1.1 billion in waste & wastewater over 10 years; $133 million in waste management over 10 years; $917 million in transportation over 10 years and $398 million in other region facilities over 10 years.

In 2015, the region awarded its largest-ever project: the Kitchener Wastewater Treatment Plant. Other large projects include: Hespeler Road Grade Separation, Fairway Road Bridge (first main bridge over Grand River in 50 years) and the Queen & Hespeler Roundabout.

City of Kitchener

Chief administrative officer Jeff Willmer stated that the Conference Board of Canada is predicting growth of 3.4 percent for our region, which is among the strongest in the country.

This growth will be fueled by infrastructure, ION light rail transit and the advanced manufacturing sector which has remained strong, particularly when compared with the rest of Canada. We have had 12 straight years of strong building activity with a modest correction in 2012 and then a return to normal permit levels for 2014 and 2015.

Willmer said the city must accelerate its infrastructure replacement plan. It should be at 50 years and right now it is at about 130 years.

“Even our city hall is now 20 years old with our civic square already starting to show its age,” he said. “We have put in place a master plan to refurbish the civic square and expand the City Hall outdoor spaces.”

He added that the city has capital funding of approximately $4 million in place for 2016 for the first phase of South Kitchener District Park—a project with a total budget of $9 million.

LRT construction and accelerated infrastructure replacement has produced a big demand for heavy civil construction resources in the region.

City of Waterloo

Tracie Bell, manager of purchasing, pointed out that Waterloo is currently going through a three-year budget plan, which will be delivered to council in February. The following projects are underway and at different stages:

- Northdale Streetscape Master Plan with a construction budget of $4.1 million will be in the detailed design stage in 2016 and to tender and construction in 2017.
- Columbia Street West Upgrade, with a budget of $10 million, is currently in design stage and will go to tender early 2016.
- Woolwich Street Reconstruction will go to RFT early 2016 (estimated at $5.7 million).
- Mary Allen Park Expansion will go to RFT early 2016 (estimated at $1.4 million).
- Beaver Creek Road & Conservation Drive Upgrades will go to RFT early 2016 (estimated $12.5 million).
- Energy and Water Saving Upgrades at City owned facilities – estimated at greater than $3.6 million.

THE LOCAL
Construction Spend

THE CITY OF
Waterloo
City of Cambridge

Director of economic development James Goodram was pleased to announce that the economy of Cambridge has experienced strong growth over the past decade in both output and employment. The city’s proposed 2016 capital budget will be $40 million. Of that total, $18 million to $20 million is earmarked for road construction, sewer and water projects. A further $13 million will be in building renovations, park and trail developments.

The biggest project being tendered for 2016 will be the Cambridge Fire Station 6. Other projects will include the first phase of a Recreational Multiplex construction on land at Conestoga College and further development of the Boxwood Business Campus.

Canada’s first Digital Library will be at the Post Office site in downtown Galt. It has been awarded to CSL and will begin construction in 2016.

In our ‘Back to the River’ plan, the Main Street Bridge Lighting construction is proposed for 2017, the construction of a Pedestrian Bridge (estimated at $1 million) will be combined with the Eastern Walkway project valued at $400,000 and the Preston Streetscape project, which is budgeted at $3.5 million and scheduled to begin somewhere between 2018 and 2020.

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All eligible projects must have posted substantial completion between January 1, 2014 and December 2015.
City of Guelph

Peter Cartwright, general manager of business development enterprise, spoke about urban planning of different development nodes throughout the city. Hanlon Creek Business Park has a lot of local investors and is now about 60 percent sold.

“We are also involved in economic development and renewal of the downtown area,” he said. “We are repurposing our downtown through policy and infrastructure investment to attract new investors. One of the proposals in the works is for Conestoga College to position its presence in the downtown area.”

Cartwright said the city has lots of infrastructure projects that are in place for tender particularly in the area of parking. Guelph has not built a new parking structure in 30 years. Cartwright’s office has been tasked with developing a parking master plan.

“We will build a 350-stall parkade on Wilson Street which will go out to tender in 2016, refurbishing 861 stalls at the existing East and West Parkades, and considering a future 500 stall parkade on Baker Street,” he said.

The City of Guelph will issue several RFPs over the next five years related to capital upgrades and infrastructure refurbishment.

Wilfred Laurier University

Brent Miller, project manager in the planning, design and construction division, stated that the largest project now in the works at the university is the Peters Building Refurbishment with a budget of $14 million. It is in the final design phase and will go through the prequalification process for GCs and major trades in early 2016.

Already in the construction phase is alterations to three research laboratories at the Science Building valued at $2 million. Selected interior alterations to the Schlegel Centre, Bricker Academic Building and the 202 Regina Administration Building with a total budget of $3.5 million is scheduled to commence in late 2016 with the individual buildings being tendered separately.

University of Guelph

John Vanos, manager of project management in physical services, outlined the main capital cost projects in the works for 2015 to 2017. The Grass Turf Institute with a budget of $25 million is a primary new build now in the schematic design phase and will go through prequalification process in early 2016.

Several parking services projects budgeted at $10 million will go out for tender in the second quarter of 2016. The OVC Animal Hospital Interior Renovation project will be done in two stages. Stage 1 has been budgeted at $10 million will go through the pre-qualification with construction start in third quarter of 2016. Stage 2 is budgeted at $5 million will go through pre-qualification process in early 2017 with construction beginning in the fourth quarter of 2017.

Another large project will be the addition to and renovation of the existing Alumni Stadium Pavilion with a budget of $10 million. Construction is already underway.

Various projects will commence in the Students Housing Services area (budget $10 million), with tendering and construction over 2016, 2017 and 2018.
"The GVCA will work with you, we depend on you and we would like to help you in any way to bring the bidders to the buyers – that is certainly our role."

Martha George GSC, GVCA President

Conestoga College

Rusty McLay said the college is very pleased to have completed its new recreational centre and new resource centre at the Doon Campus. Later this year, it will open Innisfree House, a 10-bed hospice located on Watson Blvd.

The college has no new major projects on the books for 2016 and is exploring opportunities with the cities of Guelph and Cambridge.

Waterloo Region District School Board

Ian Gaudet, controller of facility services, stated that in 2016 the board will tender Chickopee Hills, a 650-pupil school with a budget of $12 million to be located at Ottawa and Lackner in Kitchener. It also expects to tender the 650-pupil New Groh Drive school in Kitchener.

The board also has various projects throughout the Waterloo Region that will go out for tender with respect to upgrades, parking, and accessibility improvements.

The board has received funding to replace the St. Bridget temporary school in Ayr. RFT for this project will go out to the construction industry in October 2016. It has also received funding for replacement of St. Vincent de Paul. This facility will replace two existing facilities with the closing of St. Francis. The RFT for this project will go out in late 2016.

“We are currently looking at building a facility in the Huron Brigadoon area which would be a 400-person school facility,” he added. “All three projects will feature daycare facilities.”

Another project now being considered is a joint use facility in Breslau which would be a 250-person school facility and would serve as a new home for the students at the St. Boniface School in Mary Hill.
The quality of construction documents is something that just about everyone in the industry argues over. Architects say they don’t have the time or the money to prepare complete sets of plans. Generals say they can’t quote a job properly based on incomplete or inaccurate drawings. Subs worry that the risk of design is being downloaded to them.

To help resolve this issue, the Canadian Construction Association (CCA) has been leading a series of workshops across the country. It’s inviting people from all sectors of the industry to come together and discuss solutions to what has become one of the biggest problems contractors and designers face today.

**The panelists speak**

John Bockstael, president of Winnipeg’s Bockstael Construction Ltd. and chair of the CCA’s standard practices committee, facilitated the GVCA workshop session on November 23.

A panel of owners, consultants and contractors described how the quality of documents affects their business, how they determine the level of completeness and how they address the issue in practice.

Leading the session was panelist Andrew Bousfield, owner of ABA Architects Inc. He focused on technology’s role in the process. It is changing and increasing at such a rate that you are literally learning and doing something new on every project, he said. With this rate of change comes greater complexity and an abundance of information that must be assimilated and communicated throughout the project.

The drawing packages today are more comprehensive and more complete than they used to be. The problem is that none of us are experts. We do not know what to do with all of this information, not just the architects and engineers but the clients also.

“The real challenge for me is twofold,” he said. “We need to learn how to better communicate this information and we need to know how to put things in place so that our practitioners can keep pace technologically.”

Kurt Ruhland, structural engineering consultant for MTE Consultants Inc., raised the issue of time.

“We all get paid by the hour so when you select a consultant with the lowest fee, you are selecting the consultant who is going to spend the least amount of time on the job,” he said.

Ruhland’s argument: there is a certain amount of time that is needed to properly go through the sequence of permit to tender to construction drawings. The earlier the construction team can pick up problems in the process, the less the impact and cost will be.

“We do an internal design review for every project before it goes out for construction,” he said. “This is even better if...
the entire process needs to be slowed down so that proper reviews can take place at each stage.

It really depends on the project delivery method as to who would be in charge of the quality of the documents being submitted. But early on a collaborative approach should be taken with all stakeholders and team members with everyone being accountable.

Too often, documents are tendered before the co-ordination of all parties is complete. There should be a proper pre-qualification process in place where one person reviews the documents at different stages of the design process and oversees the different stages of the process.

A third-party review of the documents from within your organization or from outside your organization to get a fresh set of eyes on things is a recommendation. A design brief should be submitted to identify the different goals that are trying to be achieved by specific target dates.

Randy Renouf, consultant for Melloul-Blamey Construction Inc., considers selecting the right team from the beginning critical to the success of the project and that more money should be budgeted for the consultant side of the project, to build a better set of documents.

Wes Quickfall, vice-president of operations for Conestogo Mechanical Inc., said that people in his firm are constantly having to go through the bid process with incomplete sets of documents. “I believe there should be more discussion up front about the design intent, a more collaborative direct approach taken in the beginning with the different trades and the consultants,” he said. “I have been surprised on occasion, after a short discussion with a mechanical engineer, to learn the actual intent of their design. Further narrative and pictures with the drawings would definitely assist in a better understanding of the design intent for the project.”

Quickfall also recommended constructability reviews, which provide a lot of value in taking a practical approach to the project prior to construction.

**The audience responds**

There was a consensus in the room that the colleges and universities need to spend less time teaching software and more time teaching building technology with a much more hands on approach.

Experienced technologists are being superseded by the young graduates who are very savvy technologically but sadly lack practical experience in the field. These new graduates need more brick and mortar experience.

One contractor commented that inexperienced designers often make a lot of mistakes in the drawings and do not give contractors much room to move. This can result in adversarial situations that trickle down to the site workers and cause morale issues.

In reviewing comments from teams around the room, there was general consensus that more time needs to be allotted to improve the quality and completeness of documents, and that
Conference Board: 
Advice on Spending Infrastructure Dollars

The construction industry might be one of the big winners following the federal election. During the campaign, Justin Trudeau promised to spend $4.2 billion to replace and improve Canada’s aging infrastructure – everything from sewers and water treatment systems to roads and public transit – over his first four years in office. Now that he’s Prime Minister, that promise is one step closer to reality.

So what’s the best way for the government to make it happen? The Conference Board of Canada—a market and policy research company in Ottawa—provides some insightful options in a recent report: Economic Advice to a New Federal Government.

The Conference Board largely praises Trudeau and his Liberal party for promising those construction investments. It’s no secret that Canada has under-invested in public infrastructure for years and now the country is playing catch-up. What’s more, every dollar invested in infrastructure generally boosts Canada’s gross domestic product (GDP) by more than a dollar.

But more than that, the document lists a number of recommendations to help the federal government spend its infrastructure dollars wisely. Here are three noteworthy tips from The Conference Board to the Liberals.

1. Focus on long-term infrastructure projects
If the government really wants to improve Canada’s infrastructure, it needs to commit to long-term funding commitments. “Projects should be prioritized within a transparent, ‘evergreen,’ multi-year plan and proceed as funding is made available,” the report says. “Priority projects should be identified based on their economic merit, with a clear return as well as an immediate need.”

2. Invest in productivity
Canada has long lagged the U.S. in terms of productivity. To help close the gap, The Conference Board says the government needs to ensure companies have the equipment, technology and processes in place to work more efficiently. As well, workers should be encouraged to develop their skills and knowledge—and to focus those skills on delivering results for their employers’ clients.

3. Incentivize growth
Small businesses are important to the economy. They account for about 30 percent of the country’s GDP. But “most small businesses stay small,” the report says. “The real engine for creating high-wage jobs is sustained high-growth businesses, firms that happen to have been small at one point.” The government should encourage businesses to grow. Specifically, tax incentives should go to companies that have high growth rates, accelerating employment and a strong commitment to research, development and innovation.

The Conference Board says the government would be wise to target its promised infrastructure investments in Alberta and Newfoundland in particular. Those areas are in the greatest need of economic stimulus since their economies are oil driven and oil prices have sunk. That said, the report’s recommendations would support the construction industry across the country, should the federal government choose to heed the advice.

This article was written by Stefan Dubowski.
How to tackle the trouble with Canada’s shrinking workforce

The country’s population and economic growth has slowed to a crawl—and that has implications for individuals and businesses, according to The Conference Board of Canada. The research company notes in a report directed to the federal government that the nation’s demographics are shifting: baby boomers are heading for retirement and people are having fewer kids. “We are no longer replacing ourselves, which is limiting the number of new labour force entrants born in Canada,” the report says. This fact may be good news for individual workers, who might be able to command premium salaries for their scarce skills. But it’s tough on businesses, which “will need to adapt their operations by investing more in capital to offset the impact of fewer available workers.”

To help, The Conference Board has a few suggestions for the federal government. First, the feds should aim to provide opportunities for all citizens—especially under-represented groups such as recent immigrants and Aboriginal peoples—to fully participate in the workforce. Second, and further to the first point, the government should develop and implement effective approaches to immigration and integration into Canadian society, so everyone who has something to offer by way of skills, knowledge or work ethic apply the full extent of their abilities to take part in the nation’s economy. Third, the feds should create incentives for retirees to stay engaged in the workforce, and for organizations to make use of their knowledge. These experienced employees, who have a wealth of information, will be difficult to replace—so it will be important for businesses to find ways ensure that knowledge base is transmitted to new workers.

Government numbers at a glance

$4.2 billion: The amount that the federal government plans to spend on infrastructure projects over four years starting in 2016

$21.5 billion: The total projected federal budget deficit from 2016 to 2021 according to the Office of the Parliamentary Budget Officer

$25 billion: The deficit that the government plans to run over three years

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**January 16**
Second Annual GVCA Bonspiel Westmount Golf course.
Registration Required

**February 16**
GVCA Annual General Meeting, Hall of Fame inductee, and Heritage Tributes – Registration Required

**February 18**
Ski Day Osler Bluffs – Registration Required

**EDUCATION CALENDAR**

**January 19**
Approved Working at Heights training – Register at www.gvca.org

**January 27**

**February 2 & 3**
Advanced Microsoft Project for Construction
Register at www.gvca.org

**February 3 & 4**
Handling Workplace Violence & Harassment In Construction.
Preventing escalation in construction workplaces
Register at www.gvca.org

**February 10**
Taking Care Of ‘Bad Seeds’ In Your Construction Business. Successful outcomes for construction workplaces experiencing employee issues – Register at www.gvca.org

**February 24 & 25**

**March 2**
So You’re Managing In Construction Now! A Cause For Concern Or Celebration? ‘Need To Know’ Basics When Taking On Supervisory Roles In Construction – Register at www.gvca.org

**March 8**
Impact Of Your Attitude On Employees (Executive Level Course)
How To Improve Your Bottom Line With Your Attitude
Register at www.gvca.org

**March 22**
Creating Successful Employee Engagement (Executive Level Course)
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