

Hello GCAO Members,

The first quarter of 2021 has been quite busy for the Association, with many high profile issues very quickly making their way into our regular discussions and affecting our General Contracting businesses, in some cases, quite significantly.

Below I will provide and update / summarize all issues as best I can and would like to thank all Members who have been active and participating in the roundtable discussions. The sharing of everyone's perspectives is helping us see different aspects of these issues and helping us develop solutions.

1. Pricing Escalations (Doom and Gloom?)

- a. The big hot button issue the last few months has been the dramatic and unpredictable increases in construction costs. The OCA hosted a roundtable last week with member firms / associations across the entire industry to talk about what is happening and determine if any action items can be taken to address the concerns. I am **attaching the OCA Bulletin** sent to members and buyers of construction, and I am summarizing the take-aways below but I am told that the session was recorded and will hopefully be available for interested parties. A big thank you to all Member firms who attended and shared their concerns including: EllisDon, Sullivan & Sons, RECL, PCL, Graebeck.
- b. **Volatility to continue across all divisions and may get worse:**
 - i. Stimulus Packages in Asia and America will compete for limited supply.
 - ii. Manufacturing output has been impacted by COVID-19 (physical distancing, labour shortages, outbreaks). Some factories at 50% or less capacity.
 - iii. Weather issues in Texas caused major Petrol plants to shutdown. Main components in many resins used across a bunch of divisions.
 - iv. Many wholesalers / retailers on allotments to limit orders, force majeure being exercised from big suppliers.
 - v. Many suppliers cannot honour pricing. Re-pricing on day of delivery.
 - vi. Insurance Costs and requirements also taking off.
 - vii. Greed also playing into it.
- c. **Consultants are very busy, this is going to get worse before it gets better**
 - i. Post-War like infrastructure spending scenario
 - ii. Consultants turning down work because there is too much work and not enough staff.
- d. **Action Items:**
 - i. **Bid Validity Periods** – We encourage all members to suggest to project owners / consultants that 30 days is the maximum period for bid validities and to notify sooner where possible to allow GCs and subs to secure pricing. If owners are unresponsive let the Association know we will talk to them and **if necessary bidders should consider qualifying their bids to indicate a 30 day validity period.**
 - ii. **Contingencies** – We encourage all members to consider building in contingencies for price escalations in the short term until things settle down.
 - iii. **Escalation Clauses / Indexes** – Where possible ask to have Escalation clauses added for increases in excess of 15%. We will be looking into perhaps developing Wood / Steel indexes to assist with this.
 - iv. **Education** – The GCAO will be liaising with major buyers to discuss challenges in pricing to temper owner expectations of cost.

2. New CCDC-2 - 2020

- a. The CCDC committee has released a new version of the CCDC-2 (with new versions of the other contracts coming). The intent behind the changes were to update for some of the more common issues / trends over the last 12 or so years and also to reference changing legislation (think prompt payment). I'm **attaching two powerpoint presentations** on this in the email. Members should review upcoming tenders to be aware of which version of the CCDC they are bidding on and also perhaps be on the lookout for NEW SGCs they may emerge as a result of project owners taking the opportunity to internally review their procurement language.
- b. Main Changes:
 - i. **"Ready for Takeover"**

New milestone that occurs AFTER substantial performance. Affects the Schedule (Contract Time), Occupancy, Warranty, Insurance, indemnity obligations. Members are highly encouraged to review these changes and attend the various seminar's in depth to understand how the differences from the 2008 CCDC contract may impact your project deliveries.
 - ii. **Early Owner Occupancy:**

Provisions to specifically deal with Early Owner Occupancy and the effect on Ready-For-Takeover / warranty / liability.
 - iii. **Relocate provisions to Division 1**

Several definitions and GC provisions included elsewhere in the CCDC-2 document were relocated to CCDC Division 1.
 - iv. **Reference to Mandatory Payment and Adjudication Legislation (Prompt Payment)**

Definition of "Payment Legislation" and required compliance thereof. Applications for Payment to be submitted to both Owner AND Consultant. Requirement to have compliance documents (WSIB and Stat Dec) as part of payment process. Adjudication recognized as an interim dispute resolution process.
 - v. **Insurance Requirements**

General Liability limits increased to \$10M from \$5M.
Pollution Liability limit of \$5M added.
Trigger dates for insurance changed to Ready-For Takeover and not Substantial Performance
 - vi. **Other Changes**

See the Powerpoint presentations for additional changes.

3. COVID-19 Updates

- a. **Essential Construction still open (for now)**
 - i. I am **re-attaching my email from Sunday** indicating the definition of "Essential Construction" which is still allowed to operate under the Provincial "Stay-at-home" order.
 - ii. Members are cautioned that based on heightened case loads in the Province, they may still redefine the definition or shut down all sites in the upcoming weeks. Please keep a lookout for more bulletins which will be released if this happens.
- b. **Feedback from Subs:**

- i. Most of the feedback I get from the Industry is that GCs are doing a great job managing the COVID-19 situation in their health and safety policies and procedures. Keep up the great work!
- ii. For COVID-19 Resources, the OCA has put together a pretty good webpage to aggregate the industry's collective efforts
<https://www.o.ca/resources/covid19.php>

c. Vaccines (target is mid-June for Essential Workers):

- i. The OCA together with the sister Associations and Ottawa Public Health (OPH) are trying to put together Construction Targeted Vaccination Sites for our essential field staff.
- ii. Essential construction workers are included in Phase 2 of the Provinces Vaccine Delivery plan (targeted for mid-June) – the GCAO fully supports the initiative and we will pass along any information or resources / marketing materials as they become available.

4. City of Ottawa Updates

a. COR Deadline Update

- i. The GCAO has been lobbying to have the COR implementation periods pushed back as a result of COVID-19 and the shutdowns which have resulted in limited access to training / audits, and caused GCs to pause their efforts to prioritize business continuity.

Unfortunately the City has taken the position that they do not wish to push the dates back and feel that there is still plenty of time to begin and complete and COR implementation.

We will continue to push back on this closer to the implementation dates as our feelings are that not many contractors will be qualified at this level for the dates they have prescribed.

For reference, the dates and eligible systems are listed below.

As early as January 1, 2023 contractors wishing to bid work to the City of Ottawa will need to be safety certified under 1 of 3 safety management standards all requiring an independent audit. Click [HERE](#) to read the Technical Bulletin issued by the City of Ottawa in 2020.

The 3 acceptable H & S management standards to the City of Ottawa are:

- ISO 45001:2018 - Here is [LINK](#) to ISO website
- CSA Z45001:19 - Here is [LINK](#) to CSA website
- COR 2020 (Certificate of Recognition) - Here is [LINK](#) to IHSA website

The City of Ottawa is phasing implementation based upon construction contract value. Timelines for certification are as follows:

- January 1, 2023 – construction contracts valued over \$10 million
- January 1, 2025 – construction contracts valued over \$1 million
- January 1, 2026 – construction contracts and subcontracts valued over \$100 thousand

b. Forecast Tender Listing and VPM Report Q1-2021

- i. See **attached** the City of Ottawa's forecast tender listing and VPM report.

c. Social Procurement

- i. The City indicated at their last meeting that they wished to explore adding a "Social Procurement" element to their construction projects. When asked about what kind of goals they wanted to pursue relating to this, they suggested that they wanted Projects to include an element of including at-risk, under-

represented or marginalized labour groups. The GCAO immediately pushed back suggesting that it was hard enough to find skilled labour these days let alone limiting our labour force to under-represented groups to achieve arbitrary and meaningless targets. The City was going to host an introductory meeting on this, but it has not yet been announced.

5. Franco-Achats Update (Not backing down)

- a. Early this year, it was noted in a tender with the French Public School Board (CEPEO) that several changes to their supplementary conditions were modified in punitive and unfair ways (to the Contractor). It was noted that most French School Boards subscribe to a 3rd party contract administrator called “Franco-Achats” who administers these contracts and conditions. The Franco-Achats team appeared to be interested in holding a meeting to discuss this and we are continuing to push them to agree on a meeting date. We expect to have this meeting in the upcoming weeks.

There were several items noted:

- i. Unfairly low markups (10% own forces, 3% on subtrade work, and these markups include supervision, coordination, bonding, insurance, taxes, hoisting, clean-up, office admin)
- ii. Amended Order of Priority in Contract Documents VS the CCDC national standard (special conditions and supplemental conditions override an agreement between owner and contractor?)
- iii. Deficient work - 200% of the value of work to be held back on deficient work
- iv. Claims against Contractor for unnecessary RFI's: This is one we have been seeing a lot of lately across many construction buyers. Owners don't like to pay consultants extra for spending time answering RFIs (because they don't pay them properly to begin with and also rush the drawing packages) so they are trying to pass the cost on to the Contractor. This is a clause we intend on fighting wherever it exists because it is improper on many levels. The GCAO has already prepared a position piece on why this is not ok and will publish it to our website in the coming weeks.

6. Ottawa U (ISN) Update (Another Win!)

- a. Summer of last year, it came to our attention that the University of Ottawa subscribed to the use of the ISN World platform without consultation of the industry (who opposes this platform as it just creates more cost and frustration in delivering projects with very little added value).

The OCA was able to connect with the new Procurement team at Ottawa U and we are proud to announce that they decided not to renew the contract with ISN (**letter to vendors is attached**).

7. GCAO 50th Anniversary Update

- a. **New Emblem**

To mark the occasion of our 50th Anniversary we decided to have a branded emblem made up. We hope you like it! We will try and include this in our upcoming marketing materials for the year.



b. New Certificates

As a result of COVID and many director changeovers, many new members over the last few years have yet to receive a GCAO Membership Certificate.

To coincide with our 50th Anniversary we decided to re-issue membership certificates to ALL members and provide annual stickers (similar to the OCA) so the you can proudly showcase your years of dedication to the Association.

There have been some delays in delivering these as a result of COVID but rest assured they should be delivered to your offices in the upcoming month or so.

c. New Mugs

In celebration of our 50th Anniversary, and due to not being able to celebrate together properly (although fingers are crossed for later this year), the Board agreed to have some Anniversary Mugs ordered to be sent to members **free of charge**.

Each member firm will receive 4 mugs, we hope you enjoy and use them proudly!



Wow, that was lot more than I thought when I started writing this.

I will try to get out more communications sooner rather than let things build up over time.

Thank you again for supporting your Association, and lastly, please remember to submit any tendering practice issues to Matt Swann (mswann@gcaottawa.com) on the Board (or myself) so we can bring these issues directly with Project Owners / Consultants.

We are stronger together!

Sandro

Resources

- [ISN - U of O Letter to vendors](#)
- [Forecast Tender Listing Final - April 01, 2020](#)
- [Construction Industry Report Q1 2021](#)
- [CCDC 2 Changes - Gowling WLG](#)
- [OCA NEW CCDC2 Seminar PowerPoint FEB 3rd 2021](#)