

Message to the industry from Ottawa Construction Association

Following a recent industry roundtable of 40 industry contractors and suppliers on the ongoing challenges in material supply and price escalation, the OCA wishes to communicate in an open message to all in the construction building process but especially to the BUYERS and DESIGN consultants some key messages:

- **Ensure your project budget and expectations are in alignment with current reality before tendering.** The cancellation last week of the \$100 million Ottawa Police Services South Facility is a case in point. The market is so turbulent presently that unfortunately OPS may have missed an opportunity to lock in pricing. The challenge now is to complete a significant redesign to capture potential savings while at the same time material prices are escalating. ***BUYERS and design consultants now more than ever need to work up-front with builders on budgets to reflect current market prices.***
- **Do not seek a 60 to 90 bid validity period to approve a project.** The shorter the bid approval time line the better as anything more than a 30 days is unworkable given that suppliers and subcontractors are in many cases offering 7 or 14 day terms on their pricing.
- **Consider a material payment adjustment clause in your project tender to deal with price fluctuations of certain materials.** There are precedents out there to deal with certain product price volatility in the past. For instance the City of Ottawa as well as the Ministry of Transportation have clauses for fuel or asphalt cement volatility. Contractors are given a credit should the price index rise by more than 15% from the month when the contract was signed. BUYERS will similarly receive a credit should the price index go down by more than 15%.
- **Plan your project with all parties in the subcontractor and supply chain as early as possible** - order in advance - pay for materials when it arrives.
- **Communicate early and regularly.**
- **Stay calm and let's work together - there is a light at the end of the tunnel.**

I trust you've received our main note on Budget 2021. Below are some specifics for Labour and Skills Development. Look forward to discussing them with you further on our call.

- \$721 million over 2 years via ESDC to help youth and students build job skills and be connected with employers
 - \$239.8 million for a Student Work Placement Program (increase the wage subsidy to 75% up to \$7,500 per student)
 - \$10.9.3 million for a Youth Employment and Skills Strategy
 - \$371.8 million for the Canada Summer Jobs Program

- \$960 million over 3 years via ESDC for a new Sectoral Workforce Solutions Program
 - Working with sector associations and employers, funding will help deliver training
- \$470 million over 3 years via ESDC to establish a new Apprenticeship Service
 - Employers would receive up to \$5,000 for all first year apprentices
 - Doubled to \$10,000 for employers who hire underrepresented people in the trades
- \$298 million over 3 years via ESDC to support a new Skills for Success Program
 - Fund organization to design and deliver training to enhance foundational skills
- \$55 million over 3 years via ESDC for a Community Workforce Development Program
 - To develop and deliver training and work placements to upskill and reskill jobseekers to fill jobs in demand
- \$250 million over 3 years via ESDC to help workers transition to new jobs
 - An initiative to scale-up proven industry-led, third-party delivered approaches to upskill and redeploy workers to meet the needs of growing industries.