

April 13, 2020

Infrastructure Minister Prasad Panda

Transmitted via email: infrastructure.minister@gov.ab.ca

Dear Minister Panda

RE: Ensuring Construction and Design are the engine for Alberta's Economic Recovery

The signatories to this letter represent Alberta's construction and design industry. We appreciate all the support your Government has provided to employers and their employees in this most challenging time of the COVID-19 pandemic. We are strongly supportive of your Government's vision of construction as a major engine of economic recovery. While we continue to engage with individual Ministries, a consistent Government-wide resolution to the significant challenges COVID poses to our industry has yet to emerge and is essential for construction to lead the recovery.

Health authorities have indicated that Alberta, along with the rest of the globe, may experience successive waves of the pandemic for as much as the next two years. Under these circumstances, we understand that employees may be repeatedly isolated due to illness or social-distance requirements, and that supply chains for materials and equipment may be repeatedly interrupted, delayed, or even terminated.

Such occurrences have the following project cost and schedule impacts for design and construction:

- Delays in the delivery of design services during remote work-from-home and other current protocols
- Delays in obtaining and reviewing design information, instructions and approvals from clients
- Delays in inspections, approvals and permits from municipal agencies and other approved jurisdictions
- Productivity loss due to enhanced hygiene and safety requirements
- Labour shortages, due to key personnel isolated due to COVID-19, absenteeism, and challenges in recruitment and training in the current environment
- Delays in production and delivery of manufactured goods and supply of materials, products and equipment
- Delays in the construction process, construction field review and project completion
- The context of standard duty of care obligations to provide services in this specific time and place

Alberta Construction Association has also recently written the Government to urge support to improve liquidity for the industry, specifically around holdback and financing equipment that cannot yet be invoiced (letters attached).

It is not possible at this time to fully quantify the duration of the COVID-19 disruption or the resulting delay and cost impact for existing construction projects and will be unquantifiable for future procurements. The Canadian Construction Association has written the Prime Minister with a number of requests that the undersigned ask the Alberta Government to adopt provisional relief to be granted to the industry.

For projects already underway, we ask the Government of Alberta, urgently to:

1. Confirm that under Provincial contracts, notwithstanding the provisions on a contract, the Government of Alberta agree to give reasonable schedule extensions and relief from schedule and milestone delays caused by the COVID-19 pandemic;
2. Create an ***Emergency COVID-19 Construction Cost Reimbursement Program*** under which, on each Provincial contract and notwithstanding the provisions of a contract, the Government of Alberta reimburse additional costs incurred by design firms and contractors caused by the COVID-19 pandemic, where these costs are incurred after March 15, 2020. Eligible costs would not be limited to but would, as examples, include the following categories:
 - a. Additional health & safety costs;
 - b. Site security and maintenance costs for projects suspended;
 - c. General conditions including extra insurance and bonding costs;
 - d. Demobilization and remobilization costs for the prime contractor, including costs paid subcontractors, suppliers and manufacturers;
 - e. Costs incurred to maintain reasonable delivery dates for project materials and equipment, including cost premium for alternatively sourced material due to supply chain interruptions;
 - f. Additional cost to make up lost and reduced productivity related to time devoted to cleaning and protective activities, compliance activities, physical distancing and other related requirements;
 - g. Additional cost to obtain and review client and user design information, instructions and approvals and delays in inspections, approvals and permits from municipal agencies and other approved jurisdictions;
 - h. Additional cost of design firms to perform field review and construction administration activities; and
 - i. other reasonable related COVID-19 costs.

This would clearly require reasonable record keeping, documentation and a degree of good faith on the part of both industry and the Government of Alberta. There would also be an expectation that each contractor should provide the Government of Alberta with reasonably prompt notice that they are incurring COVID-19 related delay and additional costs and that they are asking for relief under this program. Also, it would need to be clear that reimbursement under this Emergency Program would be in addition to, and not diminish normal entitlements under the terms of any contract.

We understand the challenge to the Government of Alberta in providing an open-ended program and, on a provisional basis, we recommend that eligible costs be reimbursed up to 5% (adjusted for project scale and duration of construction schedule delays) of the contract value as a starting point, subject to the program being adjusted as the duration and full impact of COVID-19 become more clear over time.

Again, we acknowledge and appreciate the speed at which the Government of Alberta is trying to implement programs that can ease the impact of COVID-19 on all sectors of the Alberta economy. In providing you with this specific proposal we are hoping to facilitate these efforts.

Beyond the preceding recommendations based on the Canadian Construction Association recommendations to the Federal Government, we also recommend the following for future procurements.

The Government of Alberta work with industry associations to develop clear mutually acceptable contract language to include for the risks associated with reduced productivity, supply chain interruptions, inability to mobilize and commence work, and potentially demobilize and remobilize during the ongoing pandemic and potential successive waves of the pandemic.

We urge the Government of Alberta to take these steps immediately, both to provide relief for designers and contractors on Provincial projects, but also, and just as importantly, to provide leadership to municipal, public institutions and private sector project owners in creating cross-industry relief to the construction industry that will help ensure the construction industry continues to be able to provide capacity to build the infrastructure for Alberta's future and provides the economic stimulus for our province's recovery.

Sincerely,



Frederick Vine, Chair, Alberta Construction Association



Mike Lloyd
President



Terry Milot, Chair, Alberta Trade Contractors Council

**ALBERTA
Trade Contractors Coalition**



Norm Kuntz, Chair, Calgary Construction Association



Dan Hanson, Executive Director, Concrete Alberta



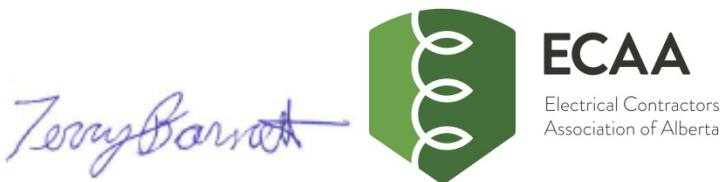
Allan Partridge, Chair, Consulting Architects of Alberta



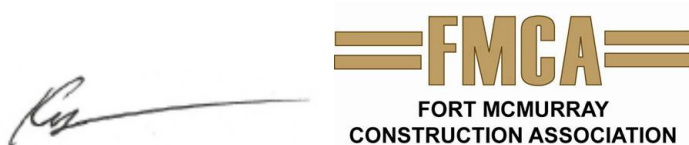
Ken Kozakewich, Chief Executive Officer, Consulting Engineers of Alberta



Trevor Doucette, Chair, Edmonton Construction Association



Terry Barnett, President, Electrical Contractors Association of Alberta



Keith Plowman, President, Fort McMurray Construction Association



Jason Portas, General Contractors Alliance of Canada, Alberta Chapter



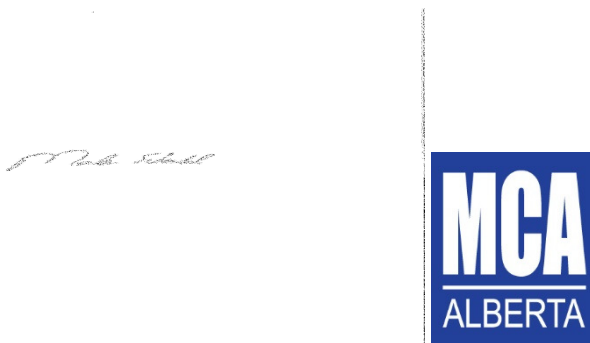
Todd Anderson, President, Grande Prairie Construction Association



Richard Thiessen, President, Lethbridge Construction Association



John Winter, President, Lloydminster Construction Association



Mark Schendel, Chair, Mechanical Contractors Association of Alberta



John Rodermond, Past Chair, Medicine Hat Construction Association



Malcolm Kirkland, President, Merit Contractors Association



Paul de Jong, President, Progressive Contractors Association



Trevor Whyte, President, Provincial Glaziers Association of Alberta



Kelly Vopni, President, Red Deer Construction Association



Wilma Agnew, Executive Director, Sheet Metal Contractors Association of Alberta

Attachments