

# ***PUBLIC POLICIES***

*Revised June 2009*

## **1. FREEDOM OF ENTERPRISE**

The Association believes that an economic and political system based on individual freedom and individual enterprise is to the greatest advantage and is in the best interest of our country. Individual freedom to compete in the marketplace must be protected at all times, and encouraged wherever possible by Government. Governments and government agencies at all levels should refrain from competing against the private sector. When expending public funds, Government should ensure public tendering for its capital projects whenever practical. However, when a government involves specialized expertise and invitational bidding is the method to be used, then every effort should be made to solicit bids from a wide selection of qualified competitors.

## **2. CONSTRUCTION BY CONTRACT**

The Association advocates the use of responsible prime contractors to quote on, administer, supervise and coordinate all phases of construction projects. The Association therefore urges all levels of government and private owners to use to the fullest extent the capacity, skill, experiences and resources of the construction industry and avoid the practice of performing work with their own forces and equipment.

## **3. CONSTRUCTION SPECIFICATIONS**

The Association believes that fair and competitive bidding and efficient operation of the contract system depend on proper preparation of the specifications, and enforcement of their provisions throughout a contract. Short, concise, yet complete specifications eliminate waste of time in preparation of bids. Contract documents and drawings should fully describe the intent and detail of the work, except where the bid call is for design-build work, in which case design criteria should be detailed and complete. Alternate and separate prices should be discouraged as their use may create bidding confusion and error. Technical references should only be to generally recognized standards.

The Association discourages the use of penalty conditions and disclaimer clauses in the construction specifications.

Further, the Association believes that a sustained effort to ensure the maximum use of Canadian materials and installed equipment in construction projects and operations in Canada is essential for the proper development of the Canadian economy. Specifying authorities should give full and serious consideration to this policy when preparing specifications for their projects.

## **4. STANDARD DOCUMENTS**

The Association urges, as a means of promoting greater uniformity and economy in the use by all concerned, of the standard forms endorsed by ACA. The standards referred to are:

*Alberta Construction Association Standard Documents:*

Form A	Alberta Standard Construction Subcontract
Form C	Standard Take-Over Procedure
Form C	Certificate of Substantial Performance of Prime Contract - Supp.#1
Form C	Certificate of Substantial Performance of Sub Contract - Supp.# 2
Form D	Standard Change Order Procedures

Form E Standard Guide for Shop Drawing and Submittal Procedures  
Form F Alberta Guide to Construction Procedures  
Plain Language Guide to the Alberta Builders' Lien Act, Version 1.0, Second Edition  
Plain Language Guide to Construction Insurance, Version 1.0  
Plain Language Guide to Bonding, Version 1.0  
Plain Language Guide to Fleet Safety & Compliance, Version 1.0

*Canadian Construction Association:*

CCA 1 - 2008 Stipulated price subcontract  
CCA 5 - 1988 Construction management contract form  
CCA 16 - 1992 Guidelines for determining the costs associated with performing changes in the work  
CCA 17 - 1996 Stipulated price contract for trade contractors on construction management projects  
CCA 25 - 2001 A guide to project management services  
CCA 26 - 2000 A guide to construction management contracts  
CCA 27 - 1997 A guide on construction environmental management planning  
CCA 28 - 1996 A guide to improving cash flow in the construction industry  
CCA 50 - 2003 A prime contractor's guide to project financing & payment security  
CCA 51 - 2008 Guide to Calling Bids and Awarding Subcontracts  
CCA 52 - 2008 Joint Venture Guide  
CCA 61 - 2008 Risks of Pre-purchasing Equipment & Materials for Construction Projects  
CCA 81 - 2001 A best practices guide to solid waste reduction  
CCA 82 - 2004 Mould Guidelines for the Canadian Construction Industry  
CCA 83 - 2004 Environmental Best Practices Guide for Hot Mix Asphalt Plants  
CCA 90 - 2007 Guidelines for Electronic Procurement  
GUIDE - 2003 Doing Business in the United States  
GUIDE - 1993 Guidelines for provision of geotechnical information in construction contracts  
GUIDE - 2000 A trade contractor's guide and checklist to construction contracts  
CCDC 2 - 2008 Stipulated Price Contract  
CCDC 3 - 1998 Cost Plus Contract  
CCDC 4 - 1982 Unit Price Contract  
CCDC 9A - 2001 Statutory Declaration  
CCDC 9B - 2001 Statutory Declaration  
CCDC 11 - 1996 Contractor's Qualification Statement  
CCDC 12 - 1994 Project Financial Information  
DOC 14 - 2000 Design-Build Stipulated Price Contract  
DOC 15 - 2000 Design-Builder/Consultant Contract  
CCDC 18 - 2001 Civil Works Contract  
CCDC 20 - 2008 A Guide to the Use of CCDC 2 - 2008 Stipulated Price Contract  
CCDC 21 - 2000 A Guide to Construction Insurance  
CCDC 22 - 2002 A Guide to Construction Surety Bonds  
CCDC 23 - 2005 A Guide to Calling Bids and Awarding Contracts  
CCDC 24 - 1996 A Guide to Model Forms and Support Documents  
CCDC 40 - 2005 Rules for Mediation and Arbitration of Construction Disputes  
CCDC 43 - 1998 A Guide to the Use of CCDC 3 - 1998 Cost Plus Contract  
CCDC 48 - 2002 A Guide to the Use of CCDC 18 - 2001  
CCDC 220 - 2002 Bid Bond  
CCDC 221 - 2002 Performance Bond  
CCDC 222 - 2002 Labour and Material Payment Bond

## **5. TENDERING PROCEDURES**

The Association strongly recommends compliance with the provisions of the "Alberta Construction Association Code of Practice" and "A Guide to Calling Tenders and Awarding Contracts," the latter of which is endorsed by:

The Royal Architectural Institute of Canada;  
The Association of Consulting Engineers of Canada;  
The Canadian Construction Association; and  
The Engineering Institute of Canada.

These documents cover a wide range of tendering procedures of which the following merit specific mention:

- a) The invitation to bid should specify the type of contract (or subcontract) which the bidder will be expected to sign;
- b) The use of Alberta Construction Tendering System should be specified.
- c) Bids which are publicly called should be opened at a fixed time and in the presence of the bidders or their representatives. In the federal and provincial area, this long-established practice among some government departments and agencies should be extended to include all other crown corporations, departments and agencies that presently do not follow this practice. Public bid openings afford bidders immediate information concerning their standing and assurance that bids will be considered equitably. This in turn reflects well on the owner and attracts more competition for the projects.
- d) Owners, architects and consulting engineers should permit adequate time and provide, at no cost, a sufficient number of plans and specifications for the preparation of bids. The Association recommends the use of actual scale drawings for the ease of takeoff, which lends to more accurate figures. The appropriate construction association should be consulted concerning the scheduling of bid closing dates in order to avoid conflicts with other bid calls. These factors play an important part in influencing the number of bids that are submitted by trade contractors and general contractors. Care in these respects will serve to assist bidders and thereby increase interest in the project in question.
- e) Bid documents should be made available to the local construction association members of the Alberta Construction Association for display in their Plan Rooms. In addition, it is recommended that documents be made available, under terms of refundable deposits, to all general contractors and all major trade contractors wishing to bid a project. Deposits, so specified for such documents, should be returned to every firm which has submitted a bid for the project and returned the documents within 30 days after bid closing, provided that such documents are in useable condition. Further, contractors who have not bid, but who have returned the documents in useable condition, within 7 days after having drawn them, should also have their deposits refunded.
- f) Addenda should be issued at least 3 days prior to the first trade closing. This allows sufficient time for circulation of the addenda plans and specifications.
- g) Where the call is for lump sum tender and the specifying authority requires breakout pricing information or alternate or separate prices, contractors should be given 48 hours after tender closing to complete the detailed information and provide costs relative to the alternate and separate price requirements. In these cases the base bids should be retained in a sealed condition to be opened in conjunction with the closing for the alternate or separate prices.
- h) The following contract award procedures should be followed:
  - i. The contract should be awarded only in consideration of the base price, and only to a qualified contractor submitting the lowest evaluated compliant bid. However, when alternate or separate prices have been specified to be a part of the bid then award of the contract should be made on the basis of the lowest evaluated compliant bid.

- ii. The contract should be awarded within 30 days of bid closing. The interests of both the owner and contractor are best served by prompt awarding of the contract.
- iii. In those cases where competitive bids exceed the owner's anticipated cost and his budgetary resources:
  1. The contract should be awarded to the lowest acceptable bidder conforming with the bid requirements through negotiations on changes in the work, provided the contractor can come within a price acceptable to the owner. These negotiations should be conducted by the prime contractor through the affected subbidders named in the original bid and no re-bidding will be necessary.
  2. In the event that the lowest acceptable bidder or subbidder cannot produce a price acceptable to the owner, the latter should invite, to re-bid, not more than the three lowest acceptable prime bidders conforming with the bid requirements, and through them, their three lowest subbidders in the trades affected by the revision. The compilation of a construction bid involves a considerable outlay. This cost is borne on the premise that the lowest acceptable bidder will be awarded the contract. It is unfair to recall bids for essentially the same work after the bid prices have been publicized.
- iv) In the event of default by a contractor or subcontractor who has provided a performance bond, the surety should, when engaging a contractor to complete the contract, normally give preference in negotiations to those contractors who originally submitted a bid on the project. The successful contractor in turn should give priority in his negotiations to those firms having cost commitments or having performed work under their contracts. A surety acting on behalf of a defaulted contractor or subcontractor should follow recommended bid procedures. Sub-trades should, to the greatest degree reasonably possible, hold their original prices submitted to the defaulting contractor.

## **6. TRADE LISTS**

ACA recommends that should the specifying authority require the prime contractor to submit a list of subcontractors to be used in the performance of the base contract, contractors should be given 24 hours after tender closing to provide this list. Secondary lists may be submitted with the bid should the prime contractor wish to name different subcontractors in the event of the owner electing to carry out alternate rather than the base work.

## **7. WARRANTIES**

The recognized warranty provided by a general contractor in the construction industry is 12 months after take-over of the project. Any extended warranties should be handed over to the owner at the expiration of the 12 month period. Warranties for material and labour should not exceed these limits because those providing the warranties have no control over the end use and maintenance of the project by the owner.

## **8. FLOW OF FUNDS**

The Association stresses that the unimpeded flow of funds is vital to all sectors of the construction industry. Any delays in cash flow and departures from

recommended payment procedures result in increased costs to all concerned. Furthermore, the use of lien holdbacks after the completion and approval of the work for any purpose other than the protection of unpaid suppliers and subcontractors violates the intention of the lien legislation. The Association therefore recommends the following means of improving flow of funds:

- a) Use of procedures to effect the prompt payment of progress claims;
- b) Recognize the contractor's or subcontractor's right to issue substantial performance certificates as governed by Provincial statute, and promptly release holdbacks for those portions of the work to which such certificates apply, provided that all conditions as laid down in the lien legislation have been met.
- c) Specify and adhere to the "Alberta Standard Guide for Take-Over Procedures," ACA Document C. Use of this Document along with proper use of Statutory Declarations will effect prompt final payments and closing of project accounts.

## **9. DISPUTE RESOLUTION**

The Association encourages the use of Alternate Dispute Resolution (ADR) services provided by the affiliated Local Construction Associations comprising the Alberta Construction Association. The purpose of the ACA ADR facility is to provide an expeditious and inexpensive method of resolving disputes between parties to a construction contract.

## **10. SAFETY**

The Association endorses the Alberta Construction Safety Association and recommends that all participants in the industry likewise support its programs as a means of safeguarding the health and safety of those who are involved in construction.

The Association further advocates all contractors, workers and suppliers to utilize educational programs and information provided by the Safety Association, other industry groups and government designed to improve safety awareness and accident prevention at project and manufacturing sites.

The Association urges government, private owners, architects and consulting engineers to recognize the Alberta Occupational Health and Safety Act and regulations as the minimum standard in Alberta for construction work.

## **11. TRADE BARRIERS**

Under no circumstances should geographical location, political or social affiliation or membership in an organization be considered as a basis for awarding a contract to a contractor or supplier, nor should any price advantage or preferential treatment be given because of location or affiliation.

## **12. LABOUR RELATIONS**

The Association believes that it is desirable to have effective working relationships between employers and their employees and where appropriate, between representatives of employers and employees. The Association supports the following:

- a) Recognition of the rights of employees and employers to associate for the purpose of collective bargaining and labour management relations;
- b) Improvement of compensation and working conditions that are reflective of industry and community economic considerations and functional needs;

- c) Regular and effective communication among the parties to collective bargaining and collective agreements;
- d) Regular and effective communication among contractors, construction workers, and construction purchasers and their respective organizations and representatives respecting health and the future of the construction industry and its participants;
- e) Protection of the rights of workers to choose to associate or not to associate and to participate or not to participate in the lawful affairs and activities of trade unions;
- f) Protection of the rights of employers to contract and perform work irrespective of the decisions of their employees to be represented or not to be represented by trade unions or particular trade unions; and
- g) Promotion and support of sound legislation and consistent enforcement of such legislation in the areas of labour relations, employment standards, workers' compensation, apprenticeship and industry training, occupational health and safety, and unemployment insurance for employees in the construction industry.

The Association supports the development of effective processes and machinery for the resolution of differences between or among the participants in the construction industry.

The Association stresses the need for all collective bargaining with the Building Trades Unions in the general construction sector of the industry to be conducted and coordinated through Construction Labour Relations - An Alberta Association, and urges all contractors having bargaining relationships with construction Building Trades Unions to support this objective.

The Association supports the role of Merit Contractors Association as the Provincial organization coordinating common interests of open shop contractors in the management of their human resource needs.

### **13. EDUCATION AND TRAINING**

The Association endorses the standards of achievement as exemplified by the Canadian Construction Association "Gold Seal" program.

The Association strongly urges that to maintain an adequate supply of skilled personnel, the industry must become familiar with, and make the fullest possible use of all educational and training facilities for development and improvement of technical, supervisory and management skills.

The Association strongly urges employers to support young people who are currently enrolled in the K-Grade 12 school system to complete their high school prior to considering a career in construction. The Association endorses the Registered Apprenticeship Program (RAP) as an excellent means to encourage young people to begin an apprenticeship while working to complete their high school. With the exception of students that are engaged in RAP or other work experience programs, employers are encouraged to limit student's hours of employment during the school year.

The Association endorses apprenticeship as post secondary education and recognizes that mature students possessing the necessary technical aptitude, work and life experience, and minimum entrance requirements established by the

Apprenticeship and Industry Training Board are a source of valued employees to begin their further education as apprentices.

Employers should encourage enrolment in apprenticeship training programs, and diligently carry out their responsibilities to all apprentices they themselves indenture. The apprentice should be encouraged to complete their training expeditiously, given fair treatment and opportunity to complete their field training hours under the supervision of competent journeypersons. Employers should guard against exploitation of apprentices and restrictions to their training.

The Association recognizes the quality of training provided by the Government of Alberta through the apprenticeship program and believes the construction industry should make the fullest use of this excellent program.

The Association believes that an apprentice should be indentured to an employer only and not an employer association or joint employer-employee councils. Undue restrictions on the indenturing of apprentices should be strongly opposed.

It is essential that the industry provide the opportunities for on-site training for apprentices, student technologists and university undergraduates. The industry should maintain close contact with universities, colleges and technical institutes, the logical sources of management talents essential to the sustained progress of the industry.

Effective permanent liaison should be established between representative regional bodies of the industry, allied professional associations, universities, colleges, and technical institutes in order to develop curricula designed to produce graduates equipped to move swiftly into decision-making positions in the industry.

The Association endorses the Construction Engineering program at the University of Alberta and recommends that contractors avail themselves of the services of the students generated through the program.

#### **14. RESEARCH**

The Association recognizes that research is essential to the continued improvement and development of construction in Canada and therefore advocates continuing support to the Division of Building Research of the National Research Council in its work for the industry, to universities and all other organizations engaged in any branch of construction research. We wish it to be known that ALBERTA has its own RESEARCH COUNCIL and would recommend the industry use its services to the greatest extent. Members are urged to make their own contributions, where practical, to this vitally important activity.

#### **15. ENVIRONMENT**

The Association endorses the concept of sustainable development, recognizing the need to balance the environment and economic considerations in the decision making process. ACA accepts the environmental assessment and review process as a responsible measure to ensure the preservation of Alberta's natural environment, provided the process is fair, equitable and expedient.

In pursuit of sustainable development goals, construction industry input should be sought. To this end, the industry should be represented on environmental assessment panels. (ACA acknowledges direction from the Canadian Construction Association in development of this policy.)