RESIDENTIAL AND CIVIL CONSTRUCTION ALLIANCE OF ONTARIO

RCCAO

Constructing Ontario's Future

15 YEARS OF INFRASTRUCTURE ADVOCACY 2005-2020

CORONAVIRUS CONTRACTOR SURVEY

SPOTLIGHT ON CIVIL / ENGINEERING SECTOR

OCTOBER 20, 2020

OCS

Ontario Construction Secretariat

Survey Highlights & Methodology

Top Contractor Concerns

- A second wave of COVID-19 is the top concern of civil/engineering contractors
- Other top concerns include: ensuring health and safety of workers and staff, ability to get skilled labour, supply chain disruptions and infrastructure stimulus funding.

Status of Construction Activity

- Civil/engineering contractors report that on average, 18% of their work is stopped because of the coronavirus, and 25% is delayed
- 64% of contractors say most or all of their work has now resumed, while 7% report that most or all of their work is stopped

Financial Impact

- 54% of civil/engineering contractors said before the pandemic their business was growing, now only 14% report that their business is growing
- Only 2% said their business was in decline before the pandemic. Since the pandemic, 26% say their business is declining
- 46% expect less revenue in Sept-Dec 2020 compared to the same period last year

Bidding Trends

- 54% of civil/engineering contractors report that there have been fewer projects available to bid on in the period since July 1st
- 56% said that there were fewer municipal projects available for bid
- 37% indicated that there has been more competition for municipal work, while only 4% said there has been less competition
- 51% said there have been fewer small projects to bid on, and 55% observed that larger firms are now bidding on smaller projects

Other Disruptions

- 39% of civil/engineering contractors had more difficulty getting skilled labour this summer (since July 1) than last
- Utility locates delays have been experienced by 32% of civil/engineering contractors
- 60% said that the coronavirus was having a high or medium impact on their supply chains
- 51% report that building permit processing was slower than usual this summer (since July 1)

Forecasting Remainder of 2020

- 47% of civil/engineering contractors expect to do less work in the Sept-Dec period compared to last year, 19% expect more work
- Only 3% expect to do more municipal work in the Sept-Dec period compared to last year, while 46% expect to do less
- 37% expect it will be more difficult to get skilled labour compared to Sept-Dec last year, while 10% expect it to be less difficult

Methodology

This survey was conducted via telephone with a sample of 300 ICI and civil/engineering contractors from across Ontario between September 8-18, 2020. This is the fourth in a series of surveys by the Ontario Construction Secretariat examining the impact of the coronavirus pandemic on the construction industry. Among these contractors, 100 do work in the Civil/Engineering sector. Forty-six percent (46%) of the civil/engineering contractors in the survey were trade contractors and 47% were general contractors. The margin of error for a sample of 100 is +/-9.7 percentage points, 19 times out of 20. This report is based on the responses of the 100 civil/engineering contractors.

NOTE: RCCAO financially contributed to Contractor Survey 4.

Top Contractor Concerns

Top 4 contractor concerns

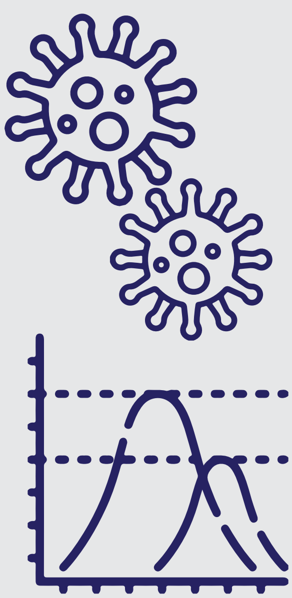
A second wave of COVID-19 / Ensuring health and safety of workers & staff

Ability to get skilled labour

The impact of supply chain disruptions

Ability of government to quickly roll out infrastructure stimulus spending

Intensity of concern (Mean score on 7-point scale)



5.4	A second wave of Covid-19
5.1	Ensuring health and safety of workers and staff
5.1	Ability to get skilled labour
4.9	The impact of supply chain disruptions
4.7	Ability of government to quickly roll out infrastructure stimulus spending
4.5	Maintaining productivity while meeting physical distancing requirements
4.5	Maintaining adequate cash flow between now and the end of 2020
4.4	Ability of government to issue building permits or planning permission
4.3	The availability of projects to bid on between now and the end of 2020
4.2	Project cost over-runs due to sanitation, safety and social distancing protocols
3.8	Your work picture between now and the end of 2020

Q "How much of a concern are the following on a 7-point scale where 7 means a major concern, and 1 means not a concern at all?"

Status of Construction Activity

How individual construction firms report being impacted by the coronavirus

Q "As of today, which of the following best describes the current impact of the coronavirus on your firm's construction activities?"

2%	5%	29%	44%	20%
TOTAL IMPACT All of their firm's work has stopped, All of their construction sites are closed	**MAJOR IMPACT** Most of their firm's work has stopped	**MODERATE IMPACT** About half of their firm's work has stopped, about half continuing	**MINIMAL IMPACT** Most of their firm's work is continuing	**NO IMPACT** All of their firm's work is continuing, All of their construction sites are open

On average, how much of individual firms' work has been impacted by the coronavirus?

18% Average percentage of their firms' activity stopped as of survey period

Q "As of today, what percentage of your firm's construction activity is stopped because of the coronavirus?"

25% Average percentage of firms' scheduled work delayed as of survey period

Q "Thinking of work that you were scheduled to start between now and the end of the year, what percentage of this work has now been delayed because of the coronavirus?"

Impact of coronavirus on supply chains

High	15%	
Medium	45%	
Low	36%	
No Impact	4%	

Q "How much of an impact is the coronavirus economic disruption currently having on your firm's supply chains?"

Impact of coronavirus on skilled labour availability

39% It is more difficult getting skilled labour this summer compared to last summer

(7% said less difficult, 52% same)

Q "Thinking of the period starting July 1st until today, has it been more or less difficult to get the skilled labour you need compared to the same period in 2019?"

Building Permit Processing

Building permit delays

Experience getting building permits since July 1

- 23% Permit processing is significantly slower than pre-pandemic
- 28% Permit processing is slower than pre-pandemic, but it is improving
- 30% No difference
- 19% Don't Know

Q "Since July 1, which of the following three options best characterizes your firm's experience in getting building permits processed?"

Bidding Trends

Bidding activity since July 1

11%	37%	49%	0%	3%
More Bidding	Same Amount of Bidding	Less Bidding	Firm doesn't bid on projects	Don't Know

Q "Thinking of your firm's bidding activity since July 1st, has your firm been bidding on more or less work than you usually would over this period, or have you been doing the same amount of bidding as usual?"

Availability of projects to bid on

8%	38%	54%
More projects available	Same amount available	Fewer projects available

Q "Since July 1st, have you been finding that there are more or fewer projects available to bid on than usual, or the same number of projects as usual?" (excludes respondents that don't bid on projects)

Availability of Municipal projects to bid on since July 1

1%	42%	56%
More projects available	Same amount available	Fewer projects available

Q "Since July 1st, have you been finding that there are more or fewer municipal projects available to bid on than usual, or the same number of municipal projects as usual?" (only asked to respondents who indicated they bid on municipal work (N=71))

Bidding Trends (Continued)

Competition for Municipal work compared to normal conditions

37% More competition /bidders

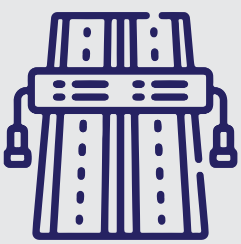
54% Same as usual

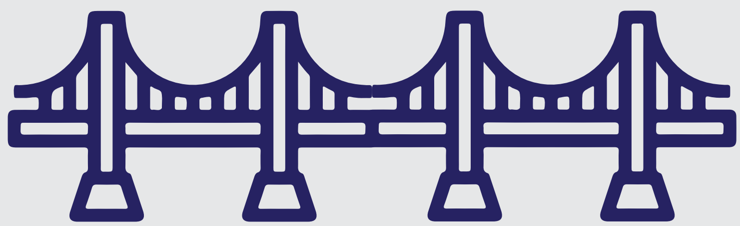
4% Less competition /bidders

6% Don't Know

Q "When it comes to firms competing for municipal work, have you been finding that there is more, less, or same number of bidders as usual for municipal projects?" (only asked to respondents who indicated they bid on municipal work (N=71))

Percentage of contractors who observed each of the following bidding trends





85% New health and safety requirements from owners

55% Larger firms bidding on smaller projects they normally wouldn`t bid on

51% Fewer smaller projects to bid on

47% Project owners placing more risk on contractors

45% Redistribution of how project risk is shared

40% Higher bids by contractors

Q "Since July 1st, have you observed any of the following in projects that you are bidding on or seeking subcontractor bids?"

Financial Impact of Coronavirus

Revenue estimates for the year so far

62% of firms currently have less revenue than last year

Q "Thinking of the revenue generated by your business from January 1st up to today's date, is your firm's revenue higher, lower, or the same compared to the same time period in 2019?" (Lower: 62%, Same: 23%, Higher: 12%, Don't Know: 3%)

-15% Average change in revenue

Q "Approximately how much higher/ lower as a percentage?"

Revenue expectations for the 2020 calendar year

61% of firms expecting less revenue in 2020

Q "Thinking of the year 2020 as a whole, do you expect your firm's revenue to be higher, lower, or the same compared to 2019?" (Lower: 61%, Same: 21%, Higher: 18%, Don't Know: 3%)

-8% revenue expected to fall 8% on average in 2020

Q "Approximately how much higher/ lower as a percentage?"

Revenue expectations for September-December period

46% of firms expecting less revenue in Sept-Dec period

Q "Thinking of the period between September 1st and the end of 2020, do you expect your firm's revenue for this period will be higher, lower, or the same compared to the September to December period in 2019?" (Lower: 46%, Same: 34%, Higher: 17%, Don't Know: 3%)

-11% revenue expected to fall 11% on average in Sept-Dec period

Q "Approximately how much higher/ lower as a percentage?"

Financial Impact of Coronavirus

Trajectory of business before and after start of pandemic and economic shutdowns

Trajectory of business before pandemic start
Trajectory of business since pandemic start

	Before pandemic start	Since pandemic start
GROWING	54%	14%
STAYING THE SAME	44%	60%
DECLINING	2%	26%

Q "Before the pandemic and economic shutdowns started, was your organization growing, declining, or staying the same size?"

Q "Since the pandemic and economic shutdowns started, is your organization growing, declining, or staying the same size?"

Percentage of firms that will need government support to stay in business

25% of firms will need government support to stay in business

Q "Do you expect your firm will need government support to stay in business?"

Impact of Coronavirus on Project Costs

17%

PPE and physical distancing have led to 17% increase in project costs on average

Q "As a percentage, by how much to you estimate your overall project costs have increased as a result of implementing PPE and physical distancing requirements on construction sites?"

Impacts of new safety protocols such as PPE, physical distancing or contact tracing

	Profitability of your projects	Productivity	Project cost
High	22%	14%	15%
Medium	29%	43%	44%
Low	38%	36%	35%
No impact at all	10%	7%	6%
Don't Know	1%	0%	0%

Q "How much of an impact have new safety protocols such as PPE, physical distancing or contact tracing had on each of the following?"

Site Sanitation Practices

Future of site sanitation

57% Enhanced sanitation practices should continue permanently

43% Industry should return to previous sanitation practices when the pandemic is over

Q "Which of the following is closest to your opinion regarding the future of site sanitation?"

100% believe they are meeting enhanced sanitation standards

Q "Do you believe your firm is meeting the enhanced sanitation standards required due to the coronavirus?"

69% expect worksite sanitation practices to permanently change

Q "Do you expect sanitization practices on work sites to change permanently because of the coronavirus?"

Owner Flexibility

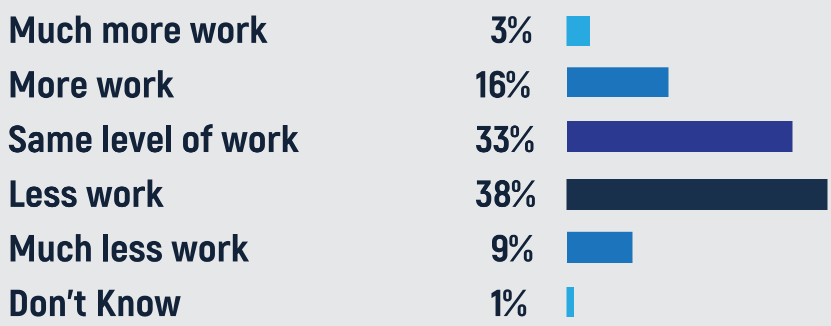
40% of contractors said project owners have NOT been flexible with delivery deadlines in recognition of worker safety issues

(59% said owners have been flexible)

Q "In your experience, have project owners shown flexibility in project delivery timelines because there is recognition that the construction workforce must be kept safe?"

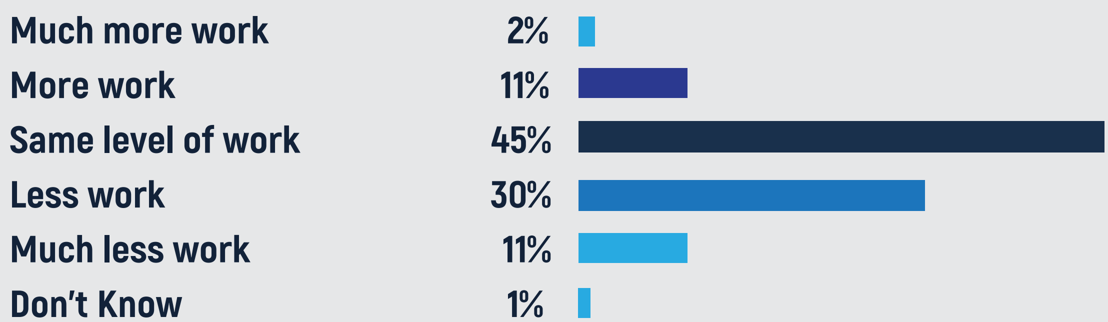
Activity & Labour Forecast for the Remainder of 2020

Expectations for Sept-Dec 2020 compared to Sept-Dec 2019



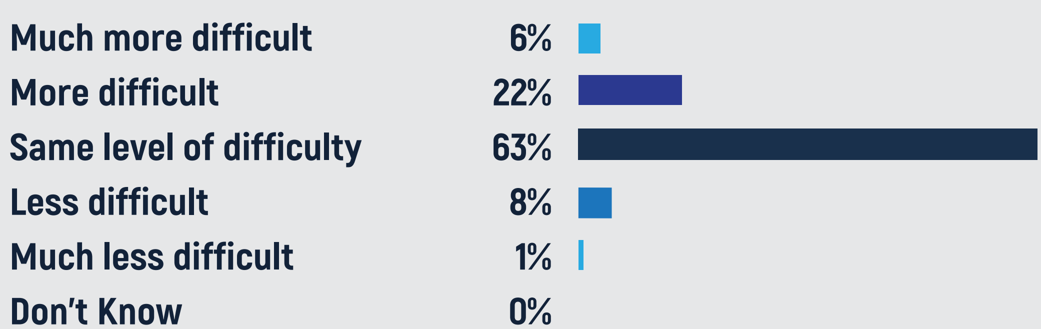
Q "Thinking again of the time between the September 1st and the end of 2020, how much work do you expect to conduct compared to the September to December period last year?"

Expectations for Sept-Dec 2020 compared to expectations before pandemic



Q "Thinking back to before the pandemic, and what your work expectations were at the time for the period from September 1st until the end of 2020, how have your work expectations for this period now changed?"

Expectations for difficulty getting labour in Sept-Dec 2020 compared to Sept-Dec 2019



Q "Thinking of the availability of skilled labour to your firm between the beginning of September until the end of 2020, how difficult do you expect it will be to get the skilled labour you need compared to the September to December period last year?"

Activity & Labour Forecast for the Remainder of 2020

19% do NOT expect there will be enough workers available for their remaining 2020 projects

(79% expect there will be enough)

Q "Do you expect there will be enough workers available for you to undertake the projects you will be doing between now and the end of 2020?"

Municipal activity forecast for remainder of 2020

Expectations for Municipal work in Sept-Dec 2020 compared to Sept-Dec 2019

Much more work	0%
More work	3%
Same level of work	50%
Less work	31%
Much less work	15%
Don't Know	1%

Q "Thinking again of the time between the September 1st and the end of 2020, how much municipal work do you expect compared to the municipal work you conducted in the September to December period last year?"

Expectations for Municipal work in Sept-Dec 2020 compared to expectations before pandemic

Much more work	0%
More work	3%
Same level of work	50%
Less work	35%
Much less work	11%
Don't Know	1%

Q "Thinking back to before the pandemic, and what your municipal work expectations were at the time for the period from September 1st until the end of 2020, how have your municipal work expectations for this period now changed?" (only asked to respondents who indicated they do municipal work (N=74))

Utility locates delays

55% **have not experienced delays in receiving utility locates** (32% have experienced delays)

Q "Have you experienced significant delays in receiving utility locates on your infrastructure projects?" (only asked to respondents who indicated they do municipal work (N=74))

Comments on work picture for remainder of 2020

"I worry about positive cases on my crew, shutting down and worry about a second wave bringing back the non-essential work list."

"We've always had problems finding skilled help. It'll be worse now."

"2021 has us concerned, I don't think people have put out all the jobs they have, because no one knows what the second wave is going to be like."

"Work now depends on government stimulus … everything could be slowing down. If government does not get involved or if they take too long, we will really feel this … municipalities are not giving permits."

"The biggest difficulty we have had for the whole year has been finding workers that want to work. Many of them are happy being home on CERB so it is more of a problem now. Tenders are delayed for work."

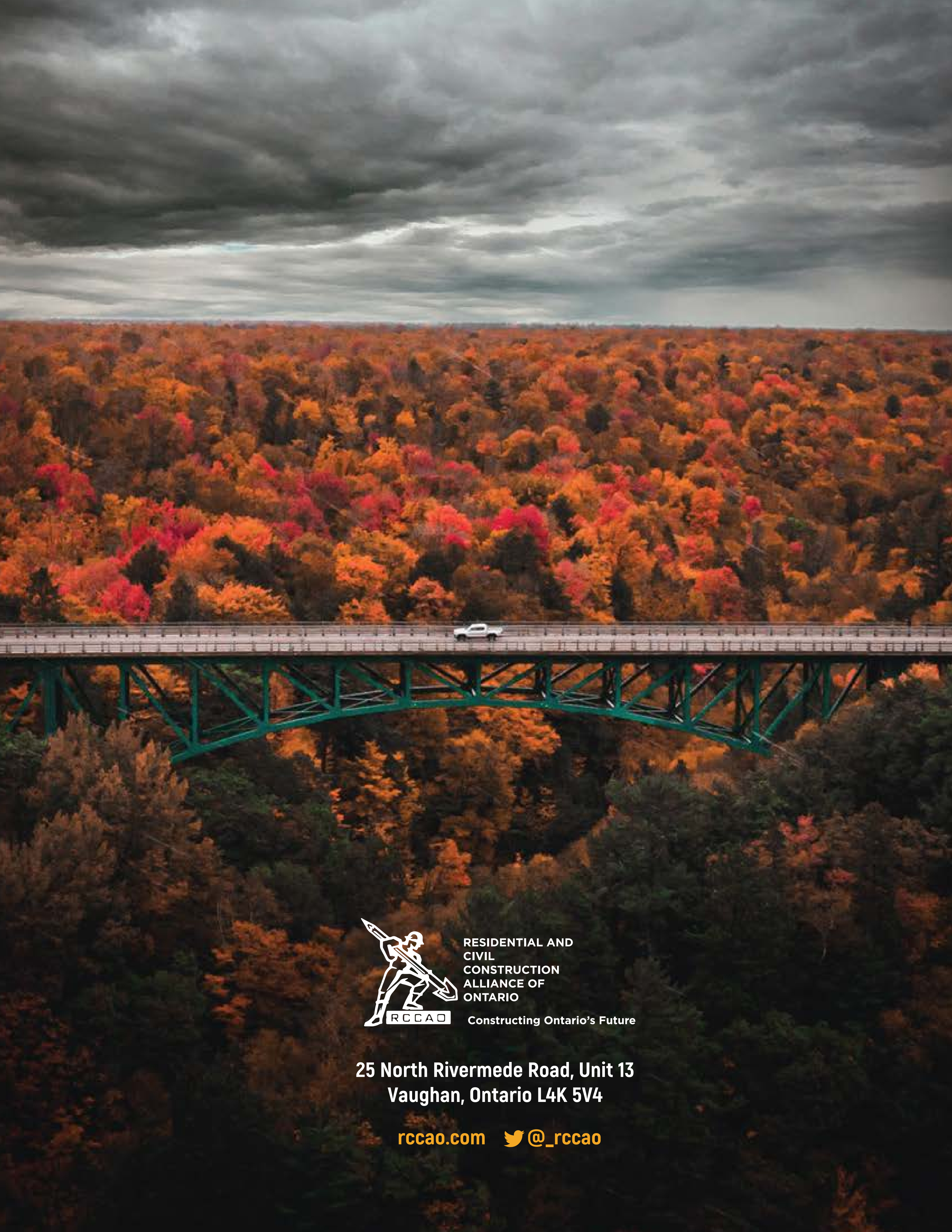
"It can be optimistic if the federal government can provide some stimulus."

"[late locates meant] we had to postpone projects."

"The schedule will have to change and it takes more time to complete the work."

Q "Do you have any comments you'd like to add about your work expectations for the rest of 2020?"

Q "Have you experienced significant delays in receiving utility locates on your municipal infrastructure projects?"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