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MUNICIPAL REPORT

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Sustainable economic growth expected for Calgary and Edmonton in 2018

OTTAWA

Economic growth is set to be moderate in 2018 for Calgary and Edmonton, a recent Conference Board of Canada report finds. Below is some insight from the Conference Board's recent economic outlook.

CALGARY

Economic growth in Calgary this year will see an anticipated expansion of 2.5 per cent, according to The Conference Board of Canada's Metropolitan Outlook: Winter 2018.

Higher oil prices fueled a big rebound in Calgary's economy last year, as real GDP growth surged 6.9 per cent, although the city did not fully recoup the losses experienced after the oil price collapse in 2014. That recovery should be accomplished this year however, as Calgary's economy is expected to expand by a further 2.5 per cent, stated the Conference Board.

Recovery in the energy sector helped output in Calgary's primary and utilities industry expand to a record 13.5 per cent last year — the sector's first double-digit gain.

This year, output is forecast to expand by a more sustainable 2.6 per cent. The energy sector turnaround has also breathed new life into Calgary's domestic economy. For example, the construction sector is forecast to expand by close to 2 per cent in both 2018 and 2019. Although sky-high vacancy rates will keep the downtown office market subdued, major projects such as the $3-billion StoneGate Landing business park and government infrastructure spending should provide a boost to the industry.

> 'Residential construction starts continues to be challenged by high inventories,'
>
> Conference Board of Canada
> Calgary metropolitan outlook

Meanwhile, residential construction continues to be challenged by high inventories of unsold new homes, rising interest rates, and an expanded federal mortgage stress test. Thus, housing starts are expected to rise only modestly this year.

Retail spending bounced back strongly last year too, as local consumers regained their confidence, but more modest gains are in the cards this year. We expect retail output growth to decelerate sharply from 8.9 per cent in 2017 to 2.4 per cent in 2018. Wholesale trade will experience a similar slowdown.

Rising employment helped cut the unemployment rate from a 22-year high of 9.4 per cent in 2016 to 8.7 per cent last year. With employment forecast to rise 2.0 per cent this year, the unemployment rate should edge down further to 8.2 per cent — still high by Calgary's standards.

EDMONTON

Economic growth in Edmonton for 2018 is set to expand by 2.2 per cent, according to The Conference Board.

Edmonton's economy benefitted in 2018 from higher oil prices and stronger investment and drilling plans in the oil patch, but real GDP growth is poised to moderate this year.

Following a vigorous advance of 5.2 per cent in 2017, real GDP growth is forecast to cool to 2.2 per cent this year.

Oil prices are expected to continue their gradual rise, helping output growth reach 2.5 per cent in the primary and utilities industry this year, down sharply from a 12.2 per cent gain in 2017.

> 'This year, construction output is forecast to climb by 1.8 per cent,'
>
> Conference Board of Canada
> Edmonton metropolitan outlook

Edmonton's manufacturing sector, which is closely tied to the energy sector, also rebounded last year with 7.9 per cent output growth and is expected to experience further growth of 2.8 per cent this year.

The bounce back in energy investment also helped local construction output growth reach 6.0 per cent last year. This year, construction output is forecast to climb by a modest 1.8 per cent.

While the downtown core remains busy with many major construction projects, a significant increase in office inventory has caused office vacancy rates to surge, dissuading developers from breaking ground on new projects.

On the residential front, builders are expected to remain cautious and housing starts are expected to drop for the second time in three years in 2018.

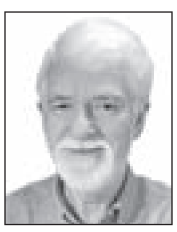
Unfortunately, last year's big economic turnaround failed to provide a jolt to Edmonton's job market. After a flat reading in 2016, employment edged up by less than half a per cent in 2017.

However, hiring should finally start picking up this year, with job growth forecast to reach 1.0 per cent.

JOC NEWS SERVICE

Economic Snapshot

Despite pipeline problems, Alberta's prospects are positive into 2019



John Clinkard

Fuelled in large part by a (50%) rebound in oil prices and a concomitant increase in energy exploration (rig counts are up by 80%), the Alberta economy expanded by +4% in 2017 after back-to-back declines of -3.9% in 2015 and -3.7% in 2016. Moreover, this strong growth, the highest among the ten provinces, occurred despite the fact that the province's energy exports were and still are being severely restricted by the previous U.S. administration's failure to approve the Keystone Pipeline; by the Liberal government's failure to actively support the Energy East Pipeline; and by the B.C. government's opposition to the expansion of the Trans Mountain Pipeline.

Alberta's labour market provides the most compelling evidence of its improved economic health. Over the past twelve months, employment in the province has increased by 45,900 jobs after contracting by 4,800 during the previous 12 months.

Since January of last year, 88,000 Albertans have found full-time employment. This gain more than offset a 43,000 drop in part-time hiring and it suggests that employers, most of whom are in the private sector, are more confident about taking on full-time staff. Although there is still plenty of slack in the labour market, the provincial unemployment rate has dropped from a recent high of 9% to 7% in just 13 months and Alberta's job vacancy rate reached 2% in Q3/2017, its best reading since Q4/2014.

The improvement in labour demand within Alberta appears to have stemmed the outflow of migrants to other provinces. Total net migration to Alberta hit a three-year high in Q3/2017 due to the combination of positive net interprovincial migration and sustained net international migration.

Given the combination of low interest rates, solid job gains and rising consumer confidence, it is not surprising that retail sales staged a significant rebound, +15% y/y in the second half of 2017 after contracting by -4% y/y in second half of 2016.

Alberta's housing market is also showing signs of renewed strength. Existing home sales in the province are up by 9.4% so far this year following declines of -21.3% in 2015 and -5.8% in 2016.

New residential construction has also exhibited a solid recovery with housing starts over the past twelve months up by 20% y/y. Looking ahead, while the fundamental drivers of housing demand remain positive, we expect the pace of new construction to moderate in order to absorb a record number of completed and unoccupied dwellings, the vast majority of which are located in Edmonton and Calgary. For the year, we expect starts to total in the range of 26,000 to 28,000 units compared to 29,000 in 2017.

Based on Statistics Canada's just released *Survey of Non-residential Capital and Repair Expenditures*, capital spending in Alberta will contract in 2018 for the fourth consecutive year. A major contributor to the 5.3% decline in projected capital spending is the completion of the Fort Hills Oil Sands Project in 2017, the last major energy project in the province, with an estimated value of $17 billion.

While the impact of the completion of this project will be partly offset by Inter Pipeline's Heartland Petrochemical Complex (with an estimated cost of $3.5 billion), Canadian Natural Resource's restarting of the Kirby North Phase I project and by Imperial Oil's Kearl debottleneck project, spending on oil and gas extraction is projected to shrink by 12.2% this year following a 6.7% drop in 2017.

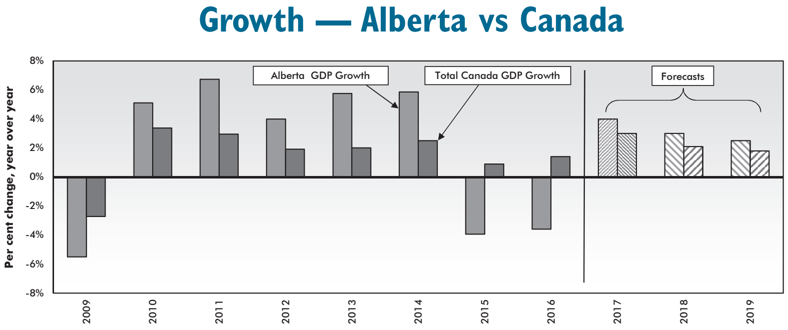
While the prospects for energy projects in Alberta are very dim, they appear brighter for small- and medium-sized businesses. A recent survey by the Business Development Bank found that the investment intentions of such firms were up by 12% in 2018, the second highest increase in the country.

As has been the case for the past seventy years, since Leduc #1, Alberta's near-term economic prospects remain inextricably linked to the price of oil and more recently natural gas. Based on this linkage and given the generally positive outlook for the global economy indicated in Economic Snapshot #4, *Stock market hiccup does not signal cyclical global economic downturn,* we expect gradual upward pressure on energy prices to cause Alberta to continue to grow at a healthy pace in the range of 2.5% to 3.5% this year and by 2.0% to 3% in 2019.

While the near term outlook for Alberta is relatively upbeat, the province's longer term investment prospects are severely overshadowed by the B.C. government's recent threat to further delay the construction of the Kinder Morgan pipeline as well as by the uncertainty created by the Liberal government's announced Bill C-69. According to the federal government, this legislation will shorten the approval process for major energy projects. However, this claim is disputed by a number of analysts, most of whom are located in energy-producing provinces.

John Clinkard has over 35 years' experience as an economist in international, national and regional research and analysis with leading financial institutions and media outlets in Canada.

Real* Gross Domestic Product (GDP) Growth — Alberta vs Canada



* "Real" is after adjustment for inflation.

Data Sources: Actuals — Statistics Canada; Forecasts — CanaData.
Chart: ConstructConnect — CanaData.

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Vol. 16, Issue 5

Vancouver set to build Canada's first Passive House fire hall

JEAN SORENSEN
CORRESPONDENT

The City of Vancouver is building Canada's first fire hall built to a Passive House standard.

But, the new $20 million fire hall No. 17, which is also expected to meet both LEED Gold and net zero energy standards, and the city's continued build-out of Fire hall No. 5, a mixed use complex, is more than just a modern-day revamp of the city's aging utility buildings. The two structures are reflections of where the construction industry can expect to see city building policy headed in the future.

> "The days of stand-alone facilities for the city are pretty well over,"
> Natalka Lubiw
> City of Vancouver

"We are trying to be leading edge," said Natalka Lubiw, the city's associate director of facilities development.

"We are moving towards net zero emissions (under the city's building plan by 2030) and showing it can be done in different building without sacrificing function," she said.

Fire hall No. 17 is destined to be an example by using Passive House construction to push forward Vancouver's vision for all city and non-city buildings to reach its 2030 zero emissions target by using less energy to heat structures.

"It is a LEED Gold building and you can get LEED Gold but not make a dent in green house gases. Passive house design helps us to close that gap," she said.

"It is super challenging and we are looking forward to seeing it completed," said project manager Alicja Gorska overseeing the rebuild of Canada's first fire hall built to a standard that is expected to reduce energy needs (75 to 90 per cent) compared to traditional building.

The new fire hall has been designed with roof top solar panels. Gorska said the city is also targeting that the fire hall generate on site as much energy as it receives from the power grid. The roof top solar panels are also expected to offset greenhouse gas emissions from the structure.

While Fire hall No. 17 (at 55th Ave. and Knight Street) is modelled for energy efficiency, Fire hall No. 5 (Champlain Heights) was started several years earlier with construction slated for completion by end of 2018.

Fire hall No. 5 does not share the same strict energy conservation; it demonstrates another reality of city-planned buildings. Fire hall No. 5 will have two levels dedicated to the fire hall staff and equipment but its top four floors will be low-income housing for mother-lead families.

"The days of stand-alone facilities for the city are pretty well over," said Lubiw. "Land is just too expensive and there is a demand for social housing."

Fire hall No. 17 is an exception as it serves as a training facility for other city fire hall staff at its current site. Other examples where the city has designed multi-functions include Fire hall No. 4 (10th and Granville) which is combined with a library and the city's new $28.5 million Hastings Street branch library, opened in 2017, which features community housing for low-income mothers on the upper floors.

The new Passive House fire hall's design has been completed by the architectural firm of HCMA Architecture + Design. While the majority of the building adheres to a Passive House design, the only exception is the main level where the fire hall's trucks are stationed and the entry and exit of equipment and men are not conducive to the design. That area will have a different envelope. The new fire hall will also consist of a basement and two full levels above ground plus a three-storey tower.

HCMA ARCHITECTURE + DESIGN, COURTESY CITY OF VANCOUVER

Canada's first fire hall built to Passive House standards, located in Vancouver is expected to show that Passive House building concepts can be integrated into city and non-city structures as Vancouver moves towards greater energy efficiency standards.

Lubiw said there are three contracts involved in the construction of No. 17 fire hall; the construction of temporary facilities on the large site for fire crews and equipment; the demolition of the existing building and any hazardous material abatement; and the construction of the new fire hall and housing project.

Gorska said that work is expected to be completed by November 2019.

"We are working on the site," she said, as Jacob Brothers Construction, which won the first $1.289 million contract, is settings up the temporary shelters for the fire trucks and the equipment. The insulated shelter, needed to keep equipment at a specific temperature, has been supplied by Sprung Structures. In addition, there is a two-storey temporary office and housing facility for the fire fighters on site with the facility supplied by Metric Modular, which took over the construction arm of Britco.

The contract for the demolition of the current fire hall on site closes April 5, with potential bidders having had a chance to walk through the fire hall in March to determine the extent of the task before bidding, Lubiw said.

The successful contractor will have to remove the old structure and foundation as well as underground storage tanks and carry out abatement on any contaminated soil. The city, said Lubiw, is also expecting to see a high rate of recycling of materials from the largely concrete structure.

"Our base is 85 per cent as a target when we do measurement," said Lubiw.

The No. 5 fire hall achieved a recycling rate of demolished material into the low 90 per cent range as the concrete is recycled for a base used in road construction.

No general contractor has been chosen yet for Fire hall No. 17's new structure by the city. The request for qualification is not expected to happen until later in 2018, with the preferred contractors short-listed before the final decision is made. HCMA Architecture is providing the final design details for Fire hall No. 17 to ensure that all contractors are bidding on the same structure, Lubiw said. The structural engineering for design was provided by RJC Engineers with electrical consulting by the Integral Group in Vancouver.

The new fire hall will be more than double the size of the old building but will still have four bays for fire trucks (same as the old fire hall) but the bays will be larger. The fire hall, which has its own generators, will be built to a post-disaster standard and serve as a post-disaster citywide emergency hub. The building will be fitted with IT, radio, supervisory control and data acquisition and traffic control equipment.

The project, on completion, is expected to serve as a model for other communities looking to retrofit or rebuild their fire halls to a higher energy efficient standard, the city said in a press release on the project.

Feds say high-tech "superclusters" throughout Canada will grow regional economies

PETER CAULFIELD
CORRESPONDENT

In its February 2018 budget, the federal government announced it will spend $950 million on five innovation "superclusters" spaced evenly across the country.

The money will set up hubs of collaboration between researchers and industry that will, the government said, help Canada compete in the 21st-century global economy.

Innovation, Science and Economic Development Minister Navdeep Bains said the hubs will pump $50 billion into the Canadian economy over the next 10 years and create "more than 50,000 middle-class jobs."

The budget announcement came at the end of a national supercluster competition that was launched in May 2017.

The winning superclusters include a group based in British Columbia that will create a digital technology supercluster to connect big data with health care, forestry, manufacturing and other sectors.

The Prairies will be home to a protein industries supercluster that will develop plant proteins.

A group in Ontario will focus on advanced manufacturing and one in Quebec will work on artificial intelligence and robotics.

An ocean supercluster in Atlantic Canada will "improve competitiveness" in fisheries, oil and gas and clean energy.

The five groups represent consortia of more than 450 businesses, 60 post-secondary institutions and 180 other participants, such as research institutions and non-government organizations, according to a government release prior to the announcement.

> "The physical clusters, called nodes of development, will be close to where the crops that can be processed into other products are located,"
> Ron Styles
> Protein Industries Canada

According to Hans Parmar, a spokesman for Innovation, Science and Economic Development Canada, each supercluster will get approximately $125-250 million from the federal government.

"Contributions take a variety of factors into account, including the value of the economic opportunity and level of industry investment committed," said Parmar. "Program contributions will be matched at least dollar for dollar by industry contributions."

Most of the details of the initiative remain to be worked out.

"Funding amounts will be finalized through the negotiation of contribution agreements," said Parmar.

Some construction may be eligible for supercluster funding.

"Depending on the contribution agreement, recipients may be permitted to make payments towards infrastructure costs, including construction, repair and maintenance, that are directly related to eligible activities and program objectives," said Parmar.

All of the superclusters are still in the early stages of development. The one that is probably furthest along is the prairies-based Protein Industries Canada (PIC).

According to acting president Ron Styles, PIC is a federal non-profit with about 120 "contributors and supporters," many of whom will become members once a membership program is developed in mid-2018.

Although Styles is located in Regina, PIC's contributors and supporters are situated across the three prairie provinces.

"The physical clusters, called nodes of development, will be close to where the crops that can be processed into other products are located," said Styles.

See SUPERCLUSTERS, Pg. 7

$13 billion in rapid transit contracts loom in B.C. and Alberta

JEAN SORENSEN
CORRESPONDENT

The Alberta government's 2018 budget pledge of $1.53 billion for light rapid transit (LRT) systems in Edmonton added another multi-billion transit project into Western Canada, increasing the value of looming LRT contracts to a hefty $13 billion.

Edmonton, Calgary, and Vancouver all have LRT projects slated that will collectively roll out construction between 2019 and 2020 bringing thousands of man-hour jobs into the construction industry. The spin-off effect is also expected to create millions of dollars in new building construction.

Edmonton is racing its rails forward. The $1.53 billion earmarked for Edmonton triggers the first step of the procurement processes, which will begin in mid-2018, for the city's largest LRT project, the Valley West Line with construction expected to start in 2019.

"We have fallen behind in our development of rapid transit and we are still behind," said Andrew Knack, Edmonton councillor.

Knack heads this transit initiative for the Alberta capital. Edmonton was one of the first cities in Western Canada to develop transit 40 years ago but then LRT planning faltered. In 2008, efforts rekindled and building began. The city's routing for rapid transit has been like a hub and spoke pattern connecting communities to downtown and also connecting the spokes to one another. Plans also include providing better downtown alignments.

CITY OF CALGARY

Calgary's Green Line will be the longest LRT constructed in Calgary's history at 46 kilometres in length. The project was approved by city council in 2017. The first phase of the Green Line is 20 kilometres long with 14 stations.

> "The number one criterion has become the redevelopment of mature communities,"
>
> Andrew Knack
> City of Edmonton councillor

Edmonton has two LRT projects ready to begin: the Valley West Line and the Metro Northwest Line running from the Northern Alberta Institute of Technology (NAIT) to Blanchard.

Knack said the provincial funding — along with other federal government — will provide the needed dollars to begin immediately with the Valley West Line and also begin bringing the Metro West Line closer to construction as well. He said there is also enough funding available to start planning the expansion of other LRT legs.

The original intent of the LRT, Knack said, was as a people mover. But, that intent has now been diversified as council has realized new community opportunities.

"The number one criterion has become the redevelopment of mature communities," he said as LRT will bring more people to outlier city areas. Greater population in these areas will lead to enhanced facilities, housing, and service construction and a revitalization of these older areas.

The Valley Line LRT consists of 27 kilometres of low-floor (street level) line with urban-styled vehicles running on streets and able to adhere to traffic stops. It will operate from Mill Woods in the southeast Edmonton to Lewis Farms in west Edmonton. It is being built in two phases — southeast and west.

The 13-kilometre long Valley Line Southeast has 11 stations and is being delivered by a public-private partnership (P3). In 2016, TransEd Partners was selected to complete design, build, operate and maintain the $1.8 billion line with a completion date of 2020 year-end. The TransEd Partners is composed of Bechtel, EllisDon, Bombardier, and Fengate Capital Management Ltd., plus expertise from Arup Canada and IBI Group.

The west portion (102 Street downtown and Lewis Farms Transit Centre) that Knack wants out to tender by summer was originally estimated at a cost of $1.8 billion. However, a report to council estimated that the cost could raise to $2.4 billion depending upon the number of stations and their grade separations from street level. Council is still fine-tuning the stations locations.

"I think we will come in at around $2 billion," Knack estimates.

Knack said the council will also have to decide whether to pursue a P3 route or another delivery methods such as design-build. But, he wants the city to move on it.

"We would like to go to tender this summer," he said, with council able to chose a successful proponent for construction starting in 2019.

He said there are other details to be considered before posting the project's tender as there is nothing to preclude TransEd Partners from bidding on the other leg of the line. But, at the same time, council will have to ensure that there is no unfair advantage and all bidders are operating with the same cost information regarding the new expansion.

At Lewis Farms a new community centre is also being planned a short shuttle bus ride from the new station. "It is going to be a major construction project and it is long overdue for the community," he said. Council is hoping to wrap up the final designs of the new centre later this year and approve them. The tender for the new community centre is expected to go out in mid-2019.

Edmonton's Metro Line consists of two segments: Metro Line North which runs from Churchill to the NAIT and was completed in 2015 and the yet to be built Metro Line Northwest. The first phase of the Metro Line Northwest begins with a new station at NAIT but initially will only go as far as Blatchford.

Blatchford contains the old City Centre Airport lands which the city is redeveloping into a 535-acres mini-city with high-density housing to accommodate 30,000 new residents. There will be no single detached housing in the community, which will also have an 80-acre park and other community and commercial facilities. The city has been working placing infrastructure and roads onto the site. Knack said the council is discussing how the Metro Line Northwest can work in to the city's Blatchford project as there is the money to build that extension. The city estimates the cost at $324 million based upon the 2013-2014 Concept Planning Report. Metro Line Northwest is in the concept phase which includes public engagement that's fully integrated into the planning process for concept validation and preliminary engineering.

Knack said the 2018 rapid transit grant by the provincial government matches what was given Calgary in 2017 for its Green Line LRT.

Calgary's Green Line is 46 kilometres in length and was approved by Calgary council in 2017. The first phase of the Green Line is 20 kilometres (with 14 stations) and budgeted at $4.65 billion and runs from 16 Ave. North to 126 Avenue S.E.

> "Building the core of the Green Line LRT is essential to supporting Calgary's growth,"
>
> Mac Logan
> City of Calgary transportation general manager

While the Alberta government has pledged $1.53 billion, the city is also raising $1.53 billion and another $1.53 billion has come from the federal government. It is considered the largest capital expenditure project in Alberta. Construction is expected to begin in 2020, however, Calgary has secured $250 million to do pre-construction work along the route. There are approximately 20 projects along the route that have either been started or will begin in 2018. Project information is available on the city's website).

"Building the core of the Green Line LRT is essential to supporting Calgary's growth," said Mac Logan, Calgary's general manager of transportation.

"In building this complex piece of the project first, we will be well positioned to expand the line in affordable, incremental pieces as more funding becomes available."

In the 10 years leading up to opening day, the first 20-kilomtres is estimated to create more than 12,000 direct construction jobs, the city estimates. A Request for Qualifications is expected to be released in third quarter 2018 after a delivery model has been decided. A Request for Proposals is expected by first quarter 2019.

Not to be out-done, Metro Vancouver's Mayors Council recently put together and obtained B.C. government approval for a funding formula yielding $2.5 billion (a combination of development charges, property taxes, fare increases and added parking revenue) for the second phase of its transit plan expected to cost $7 billion. The yield will fulfill the region's obligation to private 20 per cent of funding for the second phase plan with both the provincial and federal government pledging 40 per cent last year.

Under the second phase plan, Metro Vancouver will build the Surrey-Newton-Guildford and the Millennium Line Broadway extension and upgrade the existing Expo-Millennium line to increase capacity. According to TransLink's website construction is expected to start in 2019.

Vancouver and Abbotsford-Mission will lead in economic growth in 2018: Conference Board

OTTAWA

Vancouver and Abbotsford-Mission are forecast to be the fastest growing census metropolitan areas (CMAs) in Canada this year, and Victoria is also expected to rank in the top 10, according to The Conference Board of Canada's Metropolitan Outlook: Winter 2018.

"The pace of growth in Vancouver and Victoria's economies are expected to moderate this year, with the slowdown led by housing and consumer spending, but strength in other areas will keep the pace of expansion above two per cent in each metro area," said Alan Arcand, Associate Director, Centre for Municipal Studies, The Conference Board of Canada. "In contrast, Abbotsford-Mission is projected to see real GDP growth accelerate this year, bouncing back from a subpar 2017 when it notched its weakest performance since 2009."

Below are the highlights from the outlook for the three main B.C. CMAs:

VANCOUVER

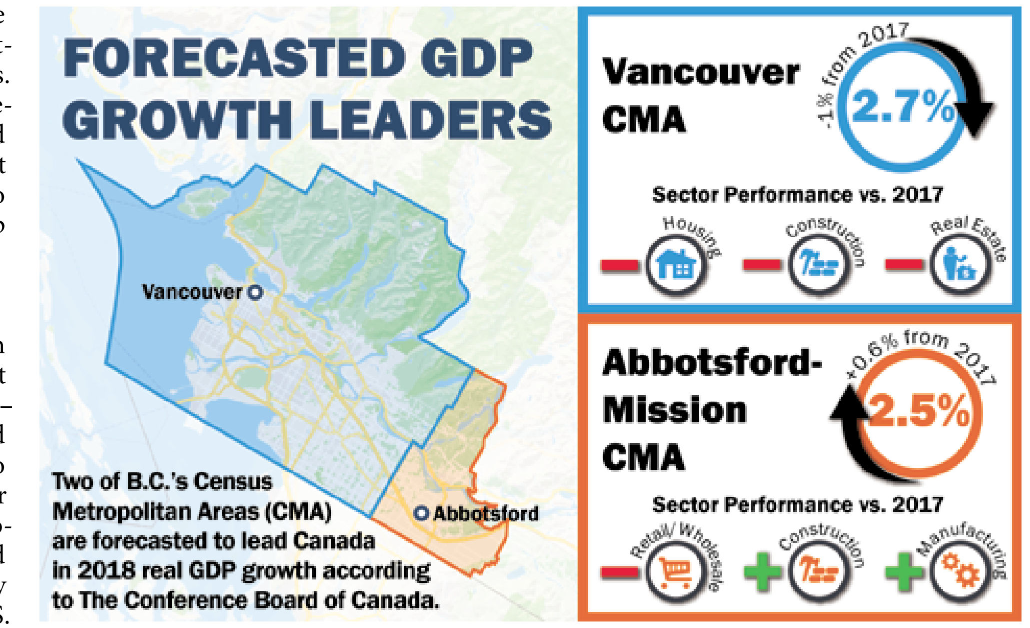
Following an increase of 3.7 per cent in 2017, Vancouver's real GDP growth is expected to moderate to a nation-leading 2.7 per cent this year. A cooling housing market, due to rising interest rates and the expansion of a mortgage stress test, is central to our expectation of the slowdown. This will shave growth in construction and in finance, insurance, and real estate. These were two of the region's top-performing sectors, but will throttle back along with Vancouver's housing market. Housing starts are anticipated to decline over the next two years, but will remain comfortably above the average of the last 10 years. Growth is also poised to slow in wholesale and retail trade, as highly indebted consumers feel the pinch of rising interest rates. Employment growth is expected to slow to 0.9 per cent this year too, in step with the more moderate GDP gains.

ABBOTSFORD-MISSION

Abbotsford-Mission's real GDP growth is forecast to improve from 1.9 per cent last year to 2.5 per cent this year. Abbotsford–Mission's goods-producing sector will lead the way over the next two years, thanks to growing business opportunities, a lower Canadian dollar, and a solid U.S. economy. Manufacturing activity is expected to remain healthy, especially in the key wood products industry. Although the U.S. has levied duties on exports of Canadian softwood lumber, value-added softwood lumber products, such as those produced locally, are not subject to these new duties. The outlook for the construction sector is also bright, with housing starts and non-residential investment both poised to be strong. However, slower services sector output growth is on tap, particularly in wholesale and retail trade, as shoppers tighten their purse strings in the face of rising interest rates.

VICTORIA

Victoria's real GDP is forecast to rise a solid 2.2 per cent this year, although this pace will be its slowest in four years. Sustained gains in most industries will underpin this ongoing growth. Robust housing starts drive solid construction output growth over the next two years, while federal shipbuilding contracts issued to Seaspan's Victoria Shipyards will keep the manufacturing sector expanding. On the services side, slow but steady gains are anticipated in the all-important public administration sector, in line with a healthy provincial government fiscal outlook. At the same time, Victoria's burgeoning high-tech sector will help drive solid output gains in the professional, scientific and technical services industry.



The local job market has been booming, with employment growth exceeding three per cent for two consecutive years. The board concluded that "a pullback is inevitable, so our call is for a 0.5 per cent decline this year". The unemployment rate is projected to increase this year too, but only to 4.3 per cent.

This forecast was completed prior to the recent B.C. budget that included additional housing market cooling measures and their impacts are not included in the forecast.

JOC NEWS SERVICE

New Westminster ready for significant investment in new pool and centre facilities

JEAN SORENSEN
CORRESPONDENT

A major design contract for the $83.5 million replacement of New Westminster's Canada Games Pool and nearby Centennial Community Centre could go to open tender as early as late 2018 with a construction contract coming in 2019 for the build-out starting in 2020.

New Westminster Mayor Jonathan X. Coté said the city is committed to an open-tender process in order to get the best possible price for replacement of the two aging facilities. "This is a very large project," he said, adding the city wants to provide information to the construction industry to "get as many qualified designers and builders to put their bid on the project."

The replacement cost estimate (established in June 2017) divides the cost into $60.1 million for the aquatics, fitness and welcome centre and $23.4 million for the community centre and estimates a five per cent premium would be added to costs if they were built separately. The figures are subject to an escalation rate allowance of three per cent per annum. Underground parking would further add to the cost.

Coté said that council has made the decision to build the two facilities at one time rather than incur the additional premium cost if a phased approach is taken.

New Westminster has been placing funds into a reserve for the replacement of the facilities for the past 10 years and has almost half the needed funding on hand. The remainder will be debt funded. Coté said: "We hope to take advantage of some infrastructure programs and if we are successful the minimum debt will be below half of it. If not, the debt will be more than half of the proposed cost."

The two facilities — especially the pool which is a mainstay of the recreational community — has been the focus of a number of studies starting as early as 2010 examining how to replace the structure which runs out of a projected life in 2020.

"There is no doubt that if we wanted to make a significant investment, we could continue to extend the life of the pool, but generally it is felt by council that this is throwing good money after bad," said Coté.

The city hired HCMA Architecture + Design to carry out the Aquatic and Community Centre Feasibility Study, which builds upon the work of previous studies, the 2016 public engagement process and work undertaken by the Mayor's Task Force struck for the project.

The report was published in late 2017. The new facility (encompassing the pool and centre) will have an area of 10,618 square metres or 114,295 square feet. The new recreational facilities will house a leisure aquatics tank, aquatics program tank (eight 50-metre lanes), change and support spaces, enhanced fitness centre, welcome centre, multi-purpose rooms, childcare facilities, and a gymnasium (including space to accommodate gymnastics and trampoline programs).

As a result of the feasibility study, three options emerged on how the facilities would be arranged on the existing site. The site itself is bounded by McBride Boulevard to the west, Cumberland Street to the east, and East 6th Avenue to the south with current facilities at the south eastern corner. The current facilities are also located behind the existing Royal City Curling Club. The Justice Institute of British Columbia is sited along the length of northern edge of the property line.

Coté said the city is now taking those three options of how the facilities should be site, along with some council decisions, to the public.

The city has decided not to pursue underground parking, as the area has ample grade level parking and would add to the cost. The city is opting to share parking with the neighbouring Justice Institute on the north side.

"We only have one shot at getting it right," Coté said.

As well, the city desire wants to have them more accessible to foot and cycle paths along green spaces to the buildings. The buildings are situated in the southeastern corner as a Metro Vancouver sewer line that runs along the north side in a filled-in ravine. Once that public consultation process has been completed, the city will have all the information required to move forward with the design contract later this year.

One of the challenges of the construction contract will be meeting the city's desire to keep the pool and community facilities operative until the new facility is built.

"We could not see closing them for two years while the new facilities are built," said Coté.

The city has a policy of building its new facilities to a LEED Gold standard. However, Coté said, the city has not made a final decision on the sustainability features relating to the project but sustainability will be a strong component of the final design. The feasibility also warns that sustainability features beyond LEED Gold could add to the cost. But, Coté said the city is looking at ways to reduce long-term operating costs.

"The Canada Games Pool is the biggest energy user of any facility in New Westminster," he said, adding the city views the final design as connecting with the city's goals of energy sustainability.

"There is discussion about whether we have the right certification or other aspects of sustainability and what things we should be looking at over the next several months and how we can apply that standard to the design."

The complete 114-page report is available on the city's website and also contains electric and mechanical information supplied, respectively, by AES Engineering and AME Consulting Group.

Municipalities of two minds regarding 2018 federal budget

PETER CAULFIELD
CORRESPONDENT

Canadian municipalities had a mixed reaction to the 2018 federal budget.

On the one hand, the Federation of Canadian Municipalities (FCM) said, in a post-budget announcement, that the budget "respond[s] to municipalities' calls to urgently fund opioid treatment and to take steps toward ensuring they have financial tools to safely implement cannabis legalization in their communities."

To help address the opioid crisis, the federal government proposes to spend $231.4 million over five years, starting in 2018–19.

> "This budget missed a key opportunity to generate frontline outcomes by expediting repairs to Canada's social housing supply,"
>
> Brock Carlton
> Federation of Canadian Municipalities

The government's multi-pronged attack calls for one-time "emergency funding" of $150 million to provinces and territories to improve access to evidence-based treatment services; a public education campaign "to address stigma that creates barriers for those seeking treatment"; improve access to public health data and analysis; provide detection and identification tools to border agents to intercept fentanyl and other substances at ports of entry; and expand the Substance Use and Addictions Program "to develop innovative approaches to treatment and prevention."

According to public health officials, approximately 4,000 people died from opioid-related overdoses in Canada in 2017.

Federal excise duties on cannabis, when the substance becomes legalized in 2018, will be shared on a 75/25 basis, with 75 per cent of duties going to provincial and territorial governments and the remaining 25 per cent to the federal government.

The federal government says it expects that "a substantial portion" of the tax revenues to provinces and territories will be transferred to municipalities and local communities, "who are on the front lines of legalization."

Brock Carlton, FCM chief executive officer, says the opioids treatment program will succeed or fail depending on how it rolls out.

"Municipalities are on the front lines," said Carlton.

"They provide many services, such as police, ambulance and law enforcement, that become more in demand because of drug-related problems."

But on the other hand, said the FCM, which represents 2,000 Canadian municipalities, "this budget missed a key opportunity to generate frontline outcomes by expediting repairs to Canada's social housing supply to kick-start the National Housing Strategy."

"Social housing in Canada is in need of repair, and the work can't wait," said Carlton. "There are 600,000 units of social housing in Canada that need work. The social housing stock in Toronto alone needs $1.6 billion over the next 10 years just to keep it liveable."

Carlton says much of the social housing stock in Canada was built in the 1960s and 1970s and needs refurbishing now.

"Over the next 10 years, $615 million per year needs to be spent to get the stock of social housing up to where it should be," he said. "Some social housing has been taken off the market because it's fallen into such disrepair.

Drugs and social housing aren't the only things on the minds of Canadian municipalities, especially in rural western Canada.

In Saskatchewan, about one-third of the population is rural, compared to an average 20 per cent for Canada as a whole, says Ray Orb, president of the Saskatchewan Association of Rural Municipalities (SARM).

"Our big concern is infrastructure," said Orb.

"We need good, basic high-speed Internet. Without it, our farmers are hurt, and it inhibits new business from moving in."

Rural Saskatchewan also needs repairs to more traditional infrastructure — roads and bridges.

"Agricultural production is way up, which puts more heavy trucks on roads and bridges, which means they need more maintenance," said Orb.

Next door in Alberta, rural municipalities are facing similar challenges.

"Rural Alberta municipalities need more and better broadband and Internet connection," said Al Kemmere, president of the board of directors of the Rural Municipalities of Alberta.

> "The municipalities do the work first and then they apply for the money. Sometimes it can take a year or even two years to complete a project, which puts a lot of pressure on their finances,"
>
> Al Kemmere
> Rural Municipalities of Alberta

It's also a challenge for many rural municipalities to keep their roads and bridges in good repair.

"The municipalities do the work first and then they apply for the money," said Kemmere.

"Sometimes it can take a year or even two years to complete a project, which puts a lot of pressure on their finances."

The Canadian system of government can make it difficult for our municipalities to access sources of funding from senior levels of government — the federal and provincial governments — which like to keep a tight grip on the purse strings.

"If you compare Canada and the United States, Canada doesn't have common political affiliations running from the federal down to the municipal level," said Steeve Mongrain, professor of economics at Simon Fraser University.

"Unlike Canada, municipal elected officials in the U.S. are usually Democrats, Republicans or Independents, like federal and state elected officials. So it can be easier for them to influence upper-level policies."

Is there a housing crisis solution in Vancouver and other B.C. municipalities?

PETER CAULFIELD
CORRESPONDENT

Any BC tenant or renter or anyone who wants to buy a home knows that many municipalities in the province have a severe housing crisis.

According to the Real Estate Board of Greater Vancouver, the average price of a detached home is $1.6 million, and the average price of an apartment $665,400.

> "The price of entry level units and rents have increased,"
>
> Josh Gordon
> Simon Fraser University

Vacancy rates for renters are one percent or lower in most cities in B.C.; not just Vancouver, but also Victoria and Kelowna.

"The price of entry level units and rents have increased sharply," said Josh Gordon, assistant professor of public policy at Simon Fraser University.

"Many people are being put into precarious situations, either financially or in terms of insecure tenure."

The average house price to income ratio, which is a typical measure of affordability, sits at around 12 to 1 in Metro Vancouver, Gordon says.

"That is by far the highest ratio Canada has ever seen, and it puts Vancouver among the most unaffordable markets in the developed world," he said.

All groups are affected by the crisis, but those most hurt are young people, the elderly and renters with limited incomes who face possible eviction.

"On the other hand, some people have done fantastically well, especially those in the real estate industry," Gordon said.

"The problem is that the gains have gone to people who are generally already well off, and the costs have fallen on those who have limited means. That's a recipe for an angry and unhappy city."

Gordon says foreign investors have played a major role in the crisis.

"Vancouver would be an expensive city in the absence of all of the foreign ownership, but foreign money has greatly exacerbated the problem," he said.

VANCOUVER AFFORDABLE HOUSING AGENCY

220 Terminal is a modular housing facility for low income residents in Vancouver. The pilot project is unique to the city and takes advantage of unused land in the heart of the city. The project can be taken apart and reassembled elsewhere once its current site is permanently developed. Rental vacancy rates are at 1 per cent or lower in most B.C. cities and the price of entry level units and rents have increased sharply, say experts.

Although media attention has been intense recently, the problem goes back at least 40 years, says Vancouver architect, planner and developer Michael Geller.

"Vancouver has had a housing affordability problem since the 1970s," said Geller.

"The problem worsened until the early 1980s, when there was a softening of the market because of high interest rates."

Then there was Expo 1986.

"We invited the world and it came," he said. "And in 1997, Britain gave Hong Kong to China, which resulted in many people moving to Vancouver."

The interest in Vancouver real estate has not only continued, but intensified.

The high prices have spread from the west side of Vancouver to the east side and to increasingly distant suburbs, such as Surrey and Langley, Geller says.

"They could spread even further, to Abbotsford, Chilliwack, Squamish and Hope, as people adjust to the high prices by moving further and further out," he said.

"In the future, some people will commute weekly from such places and will live in adult dorms in Vancouver or share a small apartment during the week."

The crisis has not gone unnoticed by municipal governments.

In January 2018, the Union of BC Municipalities (UBCM) published A Home for Everyone: A Housing Strategy for British Colulmbians.

According to the report, major policy shifts are needed to address homelessness, create new rental housing stock and stabilize the ownership market.

"All levels of government, including First Nations, need to work together to solve the problem," said Greg Moore, chairman of the UBCM Housing Committee.

Moore says the housing crisis is not a single problem.

"The solution is different in different regions of the province," he said.

"There's been a lot of loose talk about how to solve the housing problem. Many silver bullets have been proposed, but the problem is complex and there's no single solution."

> "There's no end in sight to the B.C. housing crisis,"
>
> David Ley
> University of British Columbia

The provincial government has also taken note.

In the 2018 budget speech in February, Finance Minister Carole James announced a 30-point plan for making buying and renting more affordable.

The plan includes increasing the foreign buyers tax from 15 per cent to 20 per cent, and extending it outside of Metro Vancouver to the Fraser Valley, Victoria, Nanaimo and Kelowna; introducing a new tax on real estate speculation; rooting out hidden foreign ownership; and investing $6.6 billion over 10 years in affordable housing.

While governments are sincere in their desire to fix the problem, there is no guarantee that their measures will be successful, says David Ley, UBC emeritus professor of geography.

"There's no end in sight to the B.C. housing crisis," said Ley.

"Governments want to solve the problem, but the hole they have dug for themselves, by letting an unregulated flow of financial capital into the housing markets and letting investors do whatever they want, means it will be a long time before there is an affordable housing market here."

Superclusters can be key drivers to diversify and energize the Canadian economy: economist

Continued from Pg. 3

Examples of such crops and their locations are sugar beets in southern Alberta, canola in Saskatchewan, hemp in Manitoba and pulses in all three prairie provinces.

"Prairie agriculture needs to develop more food processing, and the processing of the by-products of processing, too," Styles said. "They are the missing ingredients of prairie economic development."

Alex Carrick, chief economist of ConstructConnect, Markham, Ont., likes the supercluster idea.

"The Canadian economy needs to be energized," said Carrick. "We can't continue to depend on commodities. Nor can we continue to depend on the U.S. market. We need to diversify and find new markets."

Carrick says Canada must start thinking strategically about economic development, including identifying and nurturing knowledge-based clusters. "Because we haven't been thinking strategically, we got caught flat-footed by Trump's NAFTA demands," he said.

In the US, by comparison, there are already many technology clusters.

"In addition to the most well known ones, such as Silicon Valley near San Francisco, and Route 128 near Boston, there are lots of other clusters, many less than 100 miles apart," Carrick said. "And that's where the young people want to go to live and work."

Carrick is unsure if the supercluster initiative will lead to new construction.

"If there is new construction, it won't be huge resource-processing buildings," he said. "Any new construction will be small-scale and there might not be much of it, either."

Jack Mintz, president's fellow at the University of Calgary, likes innovation clusters, but doesn't think government is effective at creating them.

"Every day or so there is a major innovation of some kind, and it's hard to predict what it will be and when or where it will take place," said Mintz. "Nobody knows in advance who the winners and the losers are going to be or where they'll be located. Who would have guessed that fracking would become so successful? And it was all done by the private sector; no government money was involved."

Two Saskatoon interchanges ready for girder installation

SASKATOON

The interchanges on McOrmond Drive and College Drive and at Boychuk Drive and Highway 16 in Saskatoon, Sask. are ready for a major construction milestone.

Fifty-six girders, concrete structures ranging between 29 and 38 metres in length that support the bridge deck, will first be placed over the westbound and eastbound lanes of College Drive at McOrmond Drive, starting on March 26. Work on the interchange began in April 2017.

"Installation at this site will take approximately three weeks. The girders were manufactured in Alberta. Once on site, a 250-tonne crane will immediately lift them into place," said Bryan Zerebeski, project manager for the Saskatoon Interchange Project, in a statement.

Construction has also been underway on the Boychuk Drive and Highway 16 interchange since April 2017, and girders will be installed once installations at McOrmond and College are complete.

The Saskatoon Interchange Project, a bundling of the two interchanges into a single project, was undertaken because the surrounding neighbourhoods have experienced rapid development resulting in a rise in traffic volume, along with collisions and increased environmental damage, explains a release. Both interchanges will include three-metre-wide multi-use pathways to accommodate pedestrians and cyclists. It was determined by the City of Saskatoon that building the interchanges at the same time as a design-build package would result in cost savings.

PCL Construction Management Inc. was chosen through a procurement process to design and build both interchanges for approximately $56.6 million. The governments of Canada and Saskatchewan each contributed up to $10.9 million to the Boychuk Drive and Highway 16 interchange through the Provincial-Territorial Infrastructure Component — National and Regional Projects, and surrounding developers completely funded the McOrmond Drive and College Drive interchange.

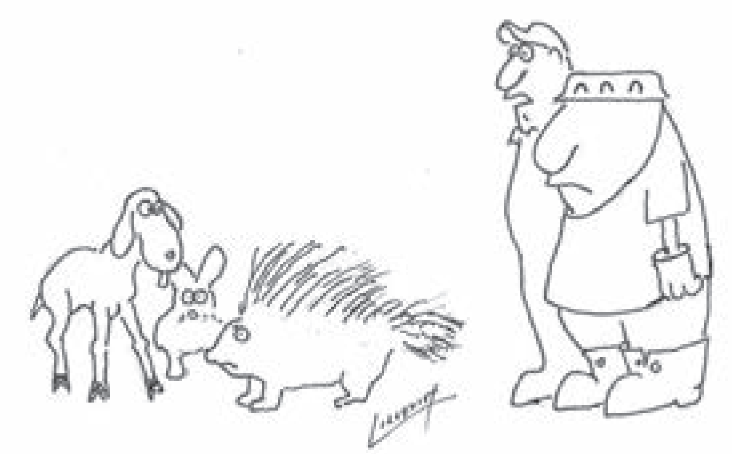
Construction on the McOrmond interchange is estimated for completion by the fall of 2018, with completing of the Boychuk interchange by summer 2019.

JOC NEWS SERVICE

COURTESY OF THE CITY OF SASKATOON

A major construction milestone will be accomplished in the coming weeks as part of the Saskatoon Interchange Project. Fifty-six girders, concrete structures ranging between 29 and 38 metres in length that support the bridge deck, will first be placed over the westbound and eastbound lanes of College Drive at McOrmond Drive. PCL Construction Management Inc. was chosen through a procurement process to design and build both interchanges for approximately $56.6 million.

Sid Returns



The parks board wants to know who had the bright idea of putting a porcupine in the petting zoo.