



# A Year of Connection

Annual Report | 2016 - 2017

## Our mission, vision and values

### Mission

To promote a sustainable business environment for members.

### Vision

To be the authoritative voice for consulting engineering companies.

### Values

Integrity, Trust, Collaboration, Diversity, Respect

## Our strategic goals

**Advocacy:** To shape public policy, legislation and regulation of interest to members.

**Business Practices:** To achieve favourable procurement and commercial business practices among members' clients.

**Member Engagement:** To achieve member investment of time, effort and resources in exchange for value from CEO.



## Our organization

### CEO Board of Directors

#### Executive Committee

Peter Mallory, Chair, CH2M

Rex Meadley, Chair-elect, C.C. Tatham and Associates

Bruce Potter, Past Chair, B.M. Ross and Associates

Jeremy Carkner, Treasurer, Morrison Hershfield

Christine Hill, Secretary, Cole Engineering

### Directors

Bill Allison, Dillon Consulting

Steve Dyck, SNC-Lavalin

John Krug, Stantec

John McGill, Parsons

Brian Ruck, GHD

Joe Sframeli, MMM Group

Tom Richardson, R.V. Anderson Associates

### CEO Staff

Barry Steinberg, Chief Executive Officer

Cindy Gonsalves, Director, Finance and Operations

David Zurawel, Director, Government and Stakeholder Relations

Diane Lee, Communications Specialist

Lauryn Weinberger, Member Services & Events Planner

Chaslene Pilgrim, Procurement and Contract Specialist

Laura Lambie, Membership and Volunteer Engagement Specialist

### CEO welcomed new member firms

Civil ArSa Engineering Inc.

S. Llewellyn & Associated Limited

Wainbee Limited

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# Message from the outgoing chair

Peter Mallory, P. Eng.

## A sustainable business environment for today and the next generation

As I write this message my daughter has just finished her last exam, received her iron ring and is graduating as a Civil Engineer. She will start working with a consulting engineering firm, in fact one of our member firms shortly. When I look back at my 30-year career in the consulting engineering business, I wonder what it would be like for her if she decides to pursue her career in the same field. That I believe heavily depends on the important role Consulting Engineers of Ontario plays in promoting a sustainable business environment for our members.

In this past year as CEO's 42<sup>nd</sup> Chair, I thank the team at CEO - staff, board of directors and our volunteers who worked hard to affect positive change to the business environment we work in, today and in the future.

Our **Advocacy - Government Relations** activities included a very successful Queen's Park Day that facilitated our input into a number of government activities, policies and legislation including significant input into the ongoing Construction Lien Act review.

In the important area of **Business Practices**, we continued to make advances in improving contract language, promoting Qualifications Based Selection and influencing our client's procurement practices. This is an ongoing battle as we make a progress with one client, another issues arise with the other client. Last year, the board approved of the Strategic Plan that identifies a need to improve CEO's responsiveness to members' issues as they arise. From this, the Business Risk Committee rolled out a new Rapid Response Subcommittee.

CEO has also refocused its efforts and established new processes to address problematic terms and conditions our members are facing in public sector project agreements. Engaging with our Chapters, we have successfully negotiated changes to indemnification issues with the City of Cambridge and liquidated damages language with the Town of the Blue Mountains. We're also actively negotiating updates to the standard agreements with Durham, Peel and York Regions.

The foundation of CEO is our volunteers and we are constantly looking to increase our **Member Engagement**. This year we built a new Volunteer



Oversight Committee to work with CEO's committees, subcommittees and taskforces to execute a volunteer oversight process – initiation, program development, approval and implementation.

We also implemented the CEO Direct Program where the board directors contacted the member firms to find out their thoughts on the current advocacy and membership programs. I was pleased to see that 84% of our member firms are satisfied or very satisfied with the work we are doing. We also learned that the priorities of our member firms aligned very well with the objectives of the 2016-2020 Strategic Plan – not surprising when you consider the fact that our board is made up of highly engaged volunteers from the member firms.

As I pass the gavel to a new incoming chair, I would like to sincerely thank our fantastic board of directors and dedicated staff for all the positive work we accomplished together this past year. With the great people I have been fortunate to work with at CEO, I feel good about my daughter's future in the consulting engineering field.



**Peter Mallory, P.Eng.**  
Chair, Board of Directors  
CH2M



## Value Proposition for CEO Member Firms

*We promise individual CEO member firms...*

...the opportunities to collaborate on improving the industry by advancing their collective interests in government policy, fair and equitable procurement practices, and acceptable contracts through a common industry voice.

## Value Proposition for Individuals Employed by CEO Member Firms

*We promise employees of CEO member firms...*

...the opportunities to connect in a supportive environment, develop professionally, and enhance their value to their employer as they raise their profile within the Consulting Engineering Community.

# Message from the CEO

Barry Steinberg, M.A.Sc., C.E.T., P.Eng.

## Putting members first

It has always been a priority for Consulting Engineers of Ontario to listen to the voice of our members. Members are instrumental in defining what value is and instrumental in delivering value through our Strategic Plan.

2016 started a new Strategic Plan cycle. In 2016, we sharpened our focus on providing value by implementing the CEO Direct Program. Through this initiative, CEO directors connected with the heads of CEO member firms to find out if our activities are satisfying the real needs and interests of the members. Every member firm was contacted.

Unfair procurement and contract language were the two areas where our members articulated the need for CEO support. This result corresponded to one of the objectives stated in the 2016-2020 Strategic Plan – that is – “reactively deal with contract and procurement issues as they arise in both the public and private sectors.” In response, CEO’s Business Risk Committee launched a process that would address members’ issues in a more systematic and timely manner; the Rapid Response Subcommittee.

A Rapid Response Subcommittee consists of knowledgeable volunteers with backgrounds and experience in contract and RFP language, procurement issues and insurance. The role of the subcommittee is to analyze and advise on member’s procurement issues brought to CEO. It ensures that your contractual matters are addressed through a process that is timely and transparent.

The ultimate goal is to respond to members’ issues within five business days by contacting the client, directly, through correspondence. CEO’s Procurement and Contracts Specialist is responsible for overseeing the execution of the Rapid Response Subcommittee with the goal of getting solutions in real time.

This is in response to a resounding need for CEO to become your trusted solution provider.

## Promoting a better business environment for members

Following the complete revision of the MEA-CEO Standard Agreement of Engineering Services, the MEA Liaison Committee has successfully copyrighted the agreement. With this action, the integrity of the Standard Agreement is maintained, representing a continuation of a fair, equitable



contractual relationship between the clients and member firms. The use of this agreement, and any supplementary conditions from clients, will help to remove impediments and improve work-flow, resulting in higher quality and easier delivery of projects.

With respect to the Construction Lien Act review, I'm happy to inform you that member issues that CEO submitted to the expert panel will be included in the reform legislation. CEO is continuing to work with the Attorney General and his staff on developing the finer details of the prompt payment system. Also important is the ongoing discussion of freedom of contract, given that freedom of contract is something consultants do not currently enjoy. We're preparing for a busy year dealing with this issue as extensive public consultations are expected on the bill.

## Member-driven CEO

The success of CEO in representing our sector rests on the engagement, commitment and full co-operation of all member firms. In order to fulfill our mission statement – to promote a sustainable business environment for members – we need to act as one community, one voice acknowledging that it's important for the association and the members to work together as one team on a meaningful level.

The upcoming year will bring further implementation of the Strategic Plan's focus on our volunteer supported activities. The success of our Strategic Plan hinges on volunteer involvement in newly formed chapters, committees and task forces. As you can imagine, this requires a great deal of coordination. CEO's recently hired Membership and Volunteer Engagement Specialist is building the process for recruiting and managing volunteers for our committees and chapter activities. We need results-driven individuals with a positive attitude. Such volunteers are a tremendous resource for CEO in executing our Strategic Plan. With that said, I strongly encourage all members to explore CEO's volunteer opportunities and get involved. And I want to thank all committee, task force and chapter volunteers for your hard work and commitment.

Thank you to a very strong and positive board of directors for your governance of our association. I would like to personally thank Peter Mallory for serving as the chair of board of directors over the past year. Peter, your energy and commitment have turned CEO into a stronger organization.

To the staff of CEO, all I can say is thank you for all you do. It has been a very good year because of your dedication, passion and hard work.

For me, it is a privilege to serve Consulting Engineers of Ontario.



**Barry Steinberg, M.A.Sc., C.E.T., P.Eng.**  
Chief Executive Officer

“Sometime clients get unbalanced in their requests and CEO comes to rescue in terms of bringing balance back to a contractual relationship. It’s hard to measure in dollars and cents but it’s very valuable.”

Mike Tulloch. P.Eng.  
**TULLOCH Engineering**



## CEO Membership Benefits

From discounted home and auto insurance coverage to volunteer opportunities that allow you to work closely with industry leaders and public sector clients, CEO offers you plenty of membership benefits that help you save on things that matter to your business and gain professional experience. All employees of the CEO member firms are entitled to the benefits provided by CEO. Here are the benefits of the CEO membership:

- Subscription to the latest industry and government policy and legislation updates
- Access to MTO's engineering project list for CEO member firms
- Opportunities to review and provide constructive feedback on various ministries' regulation and consultations
- Opportunities to participate in business risk negotiation with clients
- Proven impact on public policy in municipal and provincial governments
- Volunteer opportunities in elected leadership roles, committees and chapters
- Discounted registration fees to industry professional development courses and seminars
- Full access to the online Membership Directory
- Opportunities to attend in CEO hosted networking events
- Automatic membership in the Association of Consulting Engineering Companies-Canada
- Eligibility to participate in the Ontario Consulting Engineering Awards
- Access to money saving partners in employee health benefits, auto and home insurance and HR advice



(Group Home & Auto Division of StoneRidge Insurance Brokers)  StoneRidge  
INSURANCE BROKERS

AEROridge Insurance Brokers provides an amazing offer to all engineers and staff at all CEO member firms. AEROridge offers 30% discount on auto insurance and 20% discount on property insurance. Find out how much you could save on car and home insurance and you could win a new SUV or a \$5,000 travel certificate. There will also be a bonus draw for three \$10,000 travel certificates. Contact Conrad Dion, AEROridge's president for personal service and advice at [conrad@aeroridgeinsurance.com](mailto:conrad@aeroridgeinsurance.com) or call 1-888-685-2376. Visit [www.aeroridgeinsurance.com](http://www.aeroridgeinsurance.com).

“I first investigated the CEO insurance partnership with AEROridge in the fall of 2013. I had always had excellent service from my local insurance broker and felt that I had been well treated by my insurance company following the considerable damage to our home and vehicles in the 2011 Goderich tornado. My quote from AEROridge on our home, two vehicles and the family cottage resulted in considerable savings and increased coverage. The group insurance is with a related company to that of my previous insurer which, following my recent claims history, provided me with considerable comfort. The service with the brokerage has been great. I would recommend that all employees of CEO member firms consider AEROridge as an opportunity to take part in an excellent group insurance program.”

**Bruce Potter**, President, B.M. Ross and Associates



## Benefit Partners

BENEFIT AND PENSION MANAGEMENT SERVICES

Benefit Partners offers the BIG COMPANY advantage™ to all CEO member firms. Why not save a significant amount of money on your benefits plan by getting insurance companies to treat you like a BIG COMPANY?

Membership in CEO entitles your company to a no obligation financial assessment of your current program. This preliminary assessment will show you the financial difference with the CEO Big Company Advantage™ program and your existing benefits program. The biggest issue today in the benefits world is sustainability of benefits. Costs are expected to escalate dramatically due to the introduction of hundreds of new specialty drugs to the market place. We have leading edge solutions for the members who need assistance in preparing for this storm.



TwoGreySuits provides free access to its HR resources on [www.twogreysuits.com](http://www.twogreysuits.com) to all CEO members. The HR Power Centre on the website contains about 1,500 downloadable documents to enable members to build or maintain a robust HR function in their company.

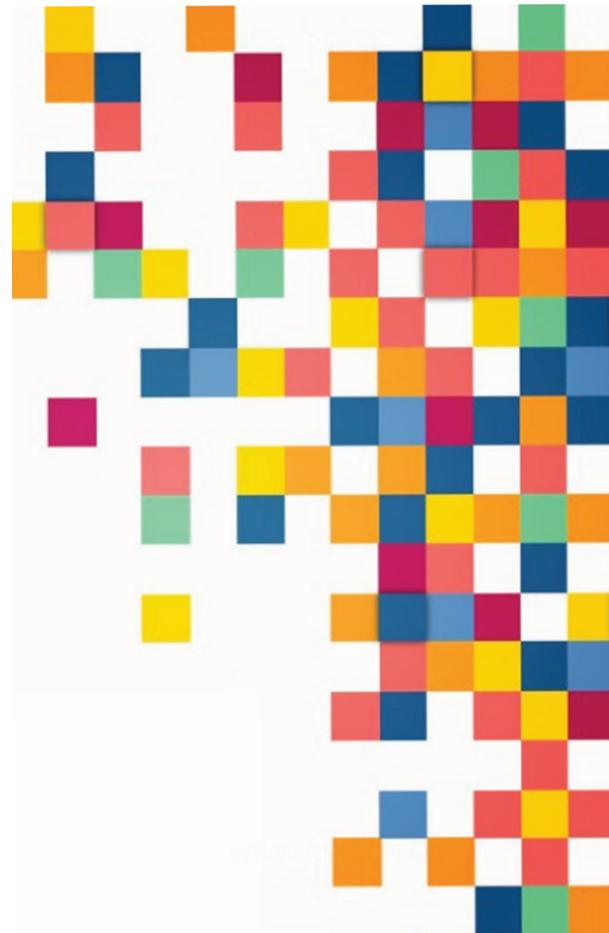
The most recent TwoGreySuits product update includes state-of-the-art online employee engagement certification training for managers. The 24/7 HR hotline is also available. Make sure to check out the blogs on the website where you can find information on hiring, managing poor performers, 1:1 feedback meetings with employees and more. Visit <https://twogreysuits.com>.

We have been CEO's trusted advisor for over 20 years.

For more information, please watch the Big Company Advantage™ video on the website and Benefit Partners for consultation. Contact Dan Miller at [dan.millar@benefitpartners.com](mailto:dan.millar@benefitpartners.com) or call 1-877-417-6735 ext. 1. Visit [www.bigcompanyadvantage.com](http://www.bigcompanyadvantage.com).

"Dan Millar and his team at Benefit Partners have been working with our company of approximately 200 employees since March 2000. As a result of Benefit Partners' ongoing evaluation and consultation of our group benefit plans, our company is able to provide employees with quality benefit coverage and service when needed. Benefit Partners is consistently there for us when we need assistance with administrative requests, claim inquiries and other types of related employee benefit issues. Over the years we have formed a great working relationship with Benefit Partners and trust that they will always represent MTE Consultants with our best interests in mind."

**Stephanie Dell**, Director, Human Resources, MTE Consultants Inc.



## Finance and Audit Committee

The Finance and Audit Committee (FAC) is responsible for the preparation and recommendation of the annual budget to the board of directors and for reviewing the interim and audited financial statements. The Committee oversees pertinent financial communications, disclosures and related audit controls on behalf of the association.

As in the previous fiscal year, the ongoing priorities of the 2016-2020 Strategic Plan were reflected in the budget for 2017/2018. During the budgeting process, the FAC reviewed past years' financial performance and critically assessed funds necessary to run the organization's day-to-day operations and advance the Strategic Plan. This entailed maintaining a strong balance between operational expenses and sources of revenue, including the significant proportion garnered through membership dues and education courses.

The FAC was diligent in their focus on risk mitigation, ensuring future forecasting needs were achieved while maintaining prudent reserve fund levels. To this end, a three year budget horizon beyond 2018 year-end was developed to address the long range financial impacts of the Strategic Plan.

In addition to budget forecasting, the FAC met in advance of most board meetings to:

- review quarterly statements and report the financial status to the CEO board;
- evaluate annual membership fees and make recommendations to the board related to the annual budget;
- recommend the appointment of an external auditor; and
- recommend specific actions to fulfill CEO's Strategic Plan, Mission and Vision.

Overall membership renewals in 2016/2017 were reduced versus previous years. The related financial impact was counteracted by the MTO Advanced Claims courses and left the organization in a reasonably positive state at the end of the Fiscal Year.

The FAC continues to monitor membership enrollment numbers in order to predict member-related Revenue trends over the next five years, while maintaining a focus on achieving our Strategic Plan.



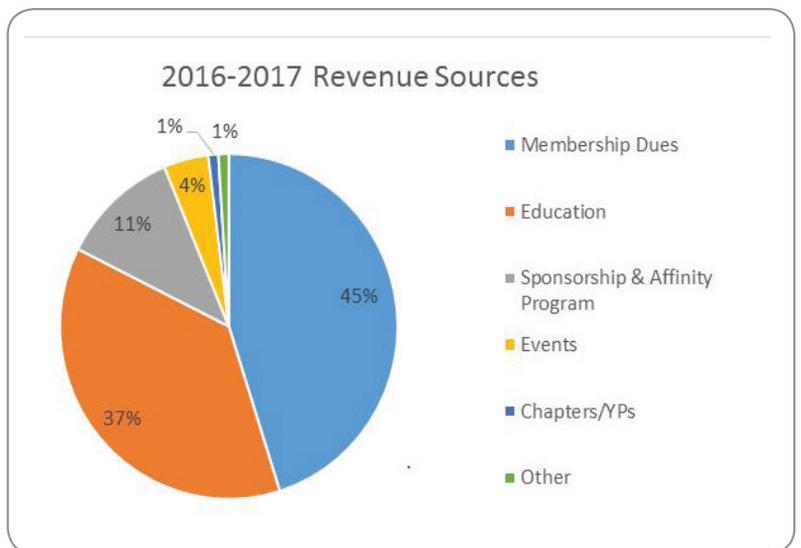
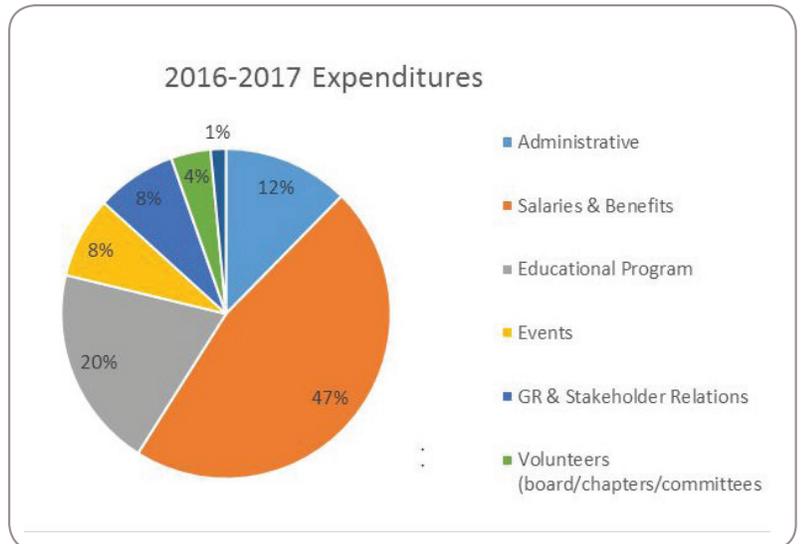
The FAC was fully engaged and thorough, producing solid results and effective financial governance within a collaborative environment.

I would like to thank both the member volunteers and CEO staff for their dedication, knowledge and expertise.

**Jeremy Carkner, Chair**  
Morrison Hershfield

**Committee Members**

Mark Eichhorn, Hatch  
John Krug, Stantec  
Steve Titus, Aercoustics Engineering  
Mike Tulloch, TULLOCH Engineering





"We need to be the authoritative organization in the eyes of our own members - the way our organization works, our endeavors must be supported by our members through their own actions."

Peter Mallory. P.Eng.

Chair of **CEO Board of Directors**

## Business Risk Committee

The prime mandate of the Business Risk Committee (BRC) is to improve business practices for our members in Ontario's design and construction market. Focusing on procurement processes and client contracts and agreements, the committee is tasked with identifying and addressing often commercially onerous, unfair and uninsurable terms.

Having created a priority list of the most problematic contract clauses to resolve, along with a longer list of secondary suggestions for contract language improvements in previous years, the BRC has developed a rolling list of three priority clients to engage and seek changes and clarifications from their processes and agreements. CEO will undertake discussions with the three municipalities and/or regions and as progress is made, another municipality will be added to the list. In addition, on an "as identified basis" and working with CEO staff, the committee completed reviews of numerous procurement documents and services agreements and contracts for various municipalities and regions.

The committee is continuing to support the CEO and Municipal Engineers Association (MEA) Liaison Committee. The revised MEA-CEO Standard Agreement has been completed and endorsed by both CEO and MEA and copyrighted, thus creating joint ownership of the agreement and preserving the original intent of its content. In addition, the committee continued its work with Infrastructure Ontario in developing a standard agreement for engineering services for its real estate division, a first for the agency.

As one of the objectives of the new 2016-2020 Strategic Plan, the BRC developed a Rapid Response Subcommittee with comprehensive procedures to ensure that procurement and contractual issues are dealt expeditiously.

The committee will continue to communicate and engage with the CEO Chapters and liaison committees. With CEO staff, the BRC will continue to distribute bulletins dealing with broad risk-management issues, distribute advisories for specific issues and clients, and communicate with individual clients about specific procurement and contract issues.

This past year the committee has continued to address a substantial range of work on issues important to CEO's members and the broader engineering profession. I would like to thank the committee members for making the time and commitment to share their experience and expertise to work to develop solutions that maintain the strength and integrity of the consulting engineering market in Ontario. I would also like to thank CEO staff for their support.

### **Bill Allison, Chair**

Dillon Consulting

### **Committee Members**

Dave Bannister, R.J. Burnside and Associates

Carolyn Francis, CH2M

Rex Meadley, C.C. Tatham & Associates

Steve Panciuk, Marsh Canada

André Proulx, Parsons

Geoffrey Pound, Morrison Hershfield

Robert (Bob) Wilson, HUB International

## Government Relations Committee

CEO's Government Relations Committee provides governance and guidance to CEO's government relations goal of shaping "public policy, legislation and regulations of interest to members".

CEO's government relations plan, integrating both provincial and municipal objectives, includes:

- working for the development and implementation of policies for fair procurement and business practices;
- working to shape government policies, funding and procurement initiatives and delivery of public infrastructure in a manner that is consistent with a sustainable business environment for our industry;
- advancing policies and plans to support sustainable communities; and,
- building relationships with government and public officials and other industry stakeholders that support the advancement of CEO objectives.

The committee has supported ongoing government relations work on a number of important files. The province's infrastructure legislation, commonly referred to as Bill 6, has prompted a review of the current municipal asset management planning regulation. CEO has worked very closely with government officials to create a new draft regulation that would require municipalities to develop standardized, evidence-based plans to design and prioritize infrastructure projects. The revised regulation is expected to come into effect later this year.

CEO's efforts to revise Ontario's Construction Lien Act through the government's year-long independent review netted success. The report and recommendations submitted to the Attorney General included 100 suggestions to reform the Act. Included in those recommendations were CEO's proposals for: automatic (mandatory) release of holdback; continuation of lien rights; the use of eligible financial instruments for holdback; and, prompt payment.

CEO was pleased that the report favourably addressed the majority of these issues, making recommendations that could remedy member concerns. Namely: amending the permissive language that currently applies to release of basic holdback from "may" to "shall"; extending the lien rights periods to both preserve and perfect a lien; permitting the partial release of holdback through a phased or annual arrangement with a specific designation recognizing a project design phase; and, permitting the use of letters of credit as acceptable financial instruments with which to hold holdback funds. A new mechanism for prompt payment for completed, certified work is also being developed.

This year CEO hosted its second annual Queen's Park Day at the Provincial Legislature, drawing attention to the need for contract language reform. Building on the success of our previous year's inaugural event, CEO member delegates and staff held in-depth discussions with the Ministers of Infrastructure and Transportation and senior staff to the Attorney General and Minister of Economic Development and Growth. Meetings were also held with the Opposition Critics for Infrastructure, Transportation, Economic Development and Growth and Finance, plus the Opposition Leaders' senior policy staff. Queen's Park Day has proven itself to be a useful and effective tool for CEO to project and

maintain its presence with provincial officials. The event is a valuable tool for the association to maintain important working relationships based on progressive partnerships that seek to achieve positive change in our industry through mutually beneficial solutions to infrastructure-related challenges.

Committee efforts to support these issues and others such as the reform of the Municipal Class Environmental Assessment system, the growing use of litigation exclusions by municipalities in their project RFP's and the development of fair contract language in provincial and municipal contracts will continue.

**Rex Meadley, Chair**  
C.C. Tatham and Associates

**Committee Members**  
Steve Dyck, SNC-Lavalin  
Rob Kivi, WSP | MMM Group

CEO's advocacy efforts are helping to change the language in contracts to eliminate unreasonable risk

## 2016 Queen's Park Day





## Looking Back: 2016 Queen's Park Day

Consulting Engineers of Ontario's 2nd Annual Queen's Park Day was held on October 17, 2016 at the Ontario Legislature.

The day began with the session with Opposition Caucus Members and staff including MPP Vic Fedeli, MPP Ernie Hardeman, MPP Michael Harris and MPP Monte McNaughton. The CEO delegation brought their experience and knowledge to the table to discuss CEO's core issues including, infrastructure investment, procurement practices, contract language, qualifications-based selection (QBS), Construction Lien Act and municipal asset management planning.

Minister of Infrastructure Bob Chiarelli met with the CEO representatives during the working lunch meeting and acknowledged a strong relationship with the association. "The ministry worked closely with CEO to produce Ontario's long term infrastructure plan Building Together," he told the CEO delegation "Especially now when Ontario is committed to the largest infrastructure investment, the ministry will continue to work with CEO to tackle industry issues and develop sound public policy," added Chiarelli.

During the course of the day, CEO's 20 representatives and staff met with decision makers from all three parties representing the attorney general, infrastructure, finance, transportation, economic development and growth, environment and government and consumer services portfolios.





Ontario Attorney General Yasir Naqvi giving a speech at the Queen's Park Day Reception

“We will continue to build awareness around the issues impacting the consulting engineering industry and resolve those issues by being a partner to the government as a legislator, regulator and client”

Barry Steinberg, CEO,  
Consulting Engineers of Ontario

The meetings included in depth discussions around the challenges of contract language, risk transfer and the impacts they have on consulting engineers undertaking public infrastructure projects.

Liberal MPP for Etobicoke-Centre Yvan Baker sponsored the evening reception, which was a great success drawing approximately 100 attendees.

During the reception, Ontario Attorney General Yasir Naqvi, MPP Baker, PC MPP Ernie Hardeman and NDP MPP Wayne Gates gave special remarks, acknowledging CEO as a valuable industry voice.

Many thanks to everyone who participated and helped make this event a great success.



## Volunteer Oversight Committee

The Volunteer Oversight Committee (VOC) was launched in 2016 to support CEO's Strategic Goal of member engagement and to achieve member investment of time, effort and resources in exchange for value from CEO.

The first of several significant achievements of this committee was the development of a Committee Terms of Reference with clearly defined committee goals, scope, deliverables and governance. The VOC members worked with CEO staff to develop activities and deliverables which are clearly defined and aligned with CEO's Strategic Plan. A template Terms of Reference will be provided to all committees as a resource.

The VOC's mandate is to develop a volunteer oversight process, work with committee chairs and other volunteers to establish an understanding of the process and implement the process. This past year, the VOC focused on developing the process. An initial needs assessment was completed which included a review of the CEO bylaws and current committee mandates and terms of reference. This information was combined with the results of the survey completed by current committees to assess existing and future committee needs and skills. Each committee provided information on governance, mandates, terms of reference, memberships, and future needs. In addition to planning for current committees, the VOC also recognized that CEO's Strategic Plan identified seven new committees, sub-committees or task forces, in addition to the VOC, which will require support and new volunteers.

A detailed work breakdown structure was prepared to plan the volunteer oversight process. The process has four phases – initiation, program development, approval and implementation. In 2016, the initiation phase was executed with the completion of the needs assessment and program planning. In 2017, we will be moving into the Phase 2 – Program Development which will include a recruitment plan, volunteer assessment practices, onboarding processes, oversight and supervision, evaluation processes, recognition and risk mitigation.

It has been a great pleasure working with the committee members and CEO staff. I would like to express my sincerest thanks to all those who have contributed their time and effort to this committee.

### **Christine Hill, Chair**

Cole Engineering

### **Committee Members**

Marilyn Crawford, XCG Consulting Limited

Brian Ruck, GHD

# Ministry of Transportation of Ontario Liaison Committee

The Ministry of Transportation of Ontario (MTO) Liaison Committee regularly meets with senior management of the ministry to identify issues of mutual interest and improve business practices to assist MTO with delivering a smooth capital program.

In 2016-2017, the committee, which includes the executive committee and the engineering and contract administration subcommittees, made a substantial progress in improving several key business processes which will assist in getting the work done more quickly and effectively without sacrificing quality. Discussions continue to be open, frank, professional, and ultimately beneficial to both MTO and CEO.

Key issues that were addressed included:

- working with the ministry on the implementation of recommendations from the Engineering Delivery Enhancement Initiative and Operations Delivery Enhancement Initiative;
- assisting MTO in responding to the Auditor General's report;
- monitoring the increased use of large value retainer assignments and providing suggestions on how to improve their implementation and use;
- making progress on changing the consultant selection process to reduce the historically high use of a firm's Corporate Performance Rating (CPR) placing greater emphasis on technical proposals;
- continuing discussions concerning succession planning, particularly related to consultant Project Managers
- ongoing discussions on MTO and CEO training programs;
- working with MTO to resolve inconsistencies between regional ministry offices; and,
- working with MTO to develop a new protocol for material sample delivery.

I would like to thank the committee members for their ongoing contributions, in particular Duane Girard, Chair of the Contract Administration Subcommittee, and Gord Firth, Chair of the Engineering Subcommittee.

**Brian Ruck, Executive Committee Chair**

GHD

**CEO-MTO Contract Administration Sub-Committee**

**Duane Girard, Subcommittee Chair, AECOM**

Matt Gleben, HCI

Bob Gunn, WSP

Ron Louttit, Stantec

Carlos Nascimento, Peto MacCallum

Tom Pepper, TULLOCH Engineering

John Riggs, Parsons

Otto Steenkamp, LEA Consulting

John Taylor, McIntosh Perry Consulting Engineers

**CEO-MTO Engineering Sub-Committee**  
**Gord Firth, Subcommittee Chair , WSP | MMM Group**  
Joseph Arcaro, HDR  
Andrew Balasundaram, Golder Associates  
Darcy Cowan, Parsons  
Tanya Cross, Dillon Consulting  
Keith Dustin, Morrison Hershfield  
Khaled El-Dalati, HDR  
Dave Emery, Stantec Consulting  
Brian Malone, CIMA+  
Carlos Nascimento, Peto MacCallum  
Steve Pilgrim, McIntosh Perry Consulting Engineers

## To our volunteers we **THANK YOU**

CEO greatly relies on a group of nearly 100 volunteers serving on the Board of Directors, committees and chapters. Without our highly engaged volunteers, it would not have been possible to achieve what CEO has accomplished this year.

Thank you to all of our volunteers for your time, dedication and contribution. Your help and support are truly appreciated and so necessary for CEO to be the authoritative voice of Ontario's consulting engineering industry.

## Looking Back: 2016 CEO Annual General Meeting

Attended by about 65 members and guests from other engineering associations, CEO's 2016 Annual General Meeting was hosted on June 8, 2016 at the Royal Canadian Military Institute in Toronto, Ontario.

The AGM not only served as a forum to reflect on the key activities CEO has achieved over the past year, but also to discuss the association's new vision and objectives as another Strategic Plan kicked off.

Chief Executive Officer Barry Steinberg gave a report recounting the achievements CEO accomplished in different pillars of the Strategic Plan. He briefed the members on the efforts CEO made to create a better business environment for the consulting engineering industry, such as publishing *Conflict of Interest Guidelines for Consulting Engineering Services in Ontario* and representing the interests of CEO member firms in Bill 6, the Infrastructure for Jobs and Prosperity Act.

The outgoing Chair, Bruce Potter, emphasized the need for more active member engagement for CEO's future. He said, "CEO will be initiating a more aggressive communications plan with our members to ensure that the key decision makers in the CEO member firms recognize the importance of their firms' contributions. We are an organization based upon the dedication of our volunteers. We are always looking for more".

Past Chair Dave Bannister and Secretary Mike Tulloch were recognized as their tenure on the board has come to an end. Mike Tulloch will continue his involvement in CEO as a committee member of the Finance and Audit Committee.

Following the lunch, Bruce Reynolds and Sharon Vogel from Borden Ladner Gervais LLP shared their insights on bidder exclusions and their process on the Construction Lien Act.



## Metrolinx Joint Transit Engineering Council

April 2017 marks the four-year anniversary of the signing of the Memorandum of Understanding between Consulting Engineers Ontario and Metrolinx, leading to the establishment of the CEO and Metrolinx Joint Engineering Transit Council (JTEC).

Over the past four years, Metrolinx has undergone significant organizational restructuring, along with changes to its policies and procedures relating to planning, procurement and overall business processes. At the same time, Metrolinx is in the throes of a massive transformation of the Greater Toronto and Hamilton (GTAH) Region's transportation network. Metrolinx is managing the planning, design and implementation of over 30 billion dollars of transportation information including several new Light Rail Transit (LRT) corridors, new Bus Rapid Transit (BRT) corridors, the significant expansion and electrification of the GO commuter rail network – the backbone of regional rapid transit in the GTHA, and several new subway lines/extensions in the City of Toronto. Acknowledging that it needs the support and involvement of the CEO members to successfully achieve its ambitious mandate, Metrolinx continues to engage proactively with the consulting industry, through the JTEC.

Over the past year, the JTEC has agreed on the need to establish a number of subcommittees to focus discussions on key issues and to develop strategies to address and mitigate these issues. JTEC subcommittee leads (from CEO member firms) and subcommittee members (from both Metrolinx Senior management and CEO member firms) have been identified for all four subcommittees. Initial meetings have taken place with CEO subcommittee members in order to identify key issues and possible mitigation strategies to discuss with Metrolinx. The subcommittees and key issues are summarized below.

- **Business Risk Subcommittee** will look at issues including liquidated damages, limits of liability, Construction Lien Act holdback, standard of care, upset limits associated with payment of services, etc.





- **Conflict of Interest (COI) Subcommittee** will look at issues including CEO COI Guidelines, contract mechanisms, timeline and process to obtain Metrolinx's ruling on COI, and opportunities for companies to mitigate perceived COI.
- **Industry Capacity Subcommittee** will discuss ways to leverage untapped capacity, measures to address/mitigate insufficient capacity for certain types of resources, ways to develop talent etc.
- **Scoping Subcommittee** will look at issues including how to address unclear or varying scope items, right-sizing key resource requirements in RFP, overlap with other contracts, etc.

We look forward to working with Metrolinx over the upcoming months to discuss and address the issues, and to develop solutions that mutually benefit this important client and CEO members alike.

While Metrolinx continues its unprecedented transformation of the regional transportation network, we are pleased that they are continuing to engage with the industry through JTEC in order to benefit from industry-wide expertise, services, best practices and lessons learned.

**Karen Freund, Committee Chair**  
CH2M

#### **Committee Members**

Dave Bannister, R.J. Burnside and Associates

Ralph Ehlers, Parsons

Kevin George, SNC Lavalin

Bob Maksymec, Planmac

Sean Meadows, Arup

Fouad Mustafa, IBI Group

Tony Wing, WSP | MMM Group

Picture provided by Arup: Development of a Strategic Accessibility Toolkit for Metrolinx



## Municipal Engineers Association Liaison Committee

The Ontario Municipal Engineers Association (MEA) represents the interests of public sector engineers who work for the province's municipalities. This long standing liaison committee addresses issues of common interest. One of the most important accomplishments, the MEA-CEO Standard Agreement for Engineering Services, was established to address the professional engineering procurement needs of municipalities, and is used extensively by municipalities throughout Ontario.

Last year, the liaison committee task force, supported by CEO's Business Risk Committee, finalized its revision of the MEA-CEO Standard Agreement for Engineering Services for municipalities, culminating in its endorsement by both organizations. The MEA Liaison Committee has now successfully established a joint copyright of the agreement with the MEA. Work on the agreements marketing plan is ongoing.

One of the tasks the liaison committee will undertake this year is the drafting of a user guide to the MEA-CEO Standard Agreement for Engineering Services. This guide will recognize the copyright status of the agreement and provide advice on using the agreement.

The liaison committee is also reviewing its mandate and terms of reference and will be updating these as part of a plan to refresh the committee. New members will also be sought to serve on the liaison committee's working groups.

I would like to express my thanks to CEO's volunteers for their commitment and CEO staff for their support over the past year.

### **Geoff Pound, Chair**

Morrison Hershfield

### **Committee Members**

Geoff Burn, Associated Engineering

Leigh McDermott, Stantec

Paul McLennan, Gamsby and Mannerow

Laurel Murphy, CH2M

Mark Swan, Parsons

Sabina Taylor, Hugh Wood Canada



## York Region Liaison Committee



The York Region Liaison Committee continued to provide a forum for candid and constructive dialogue between Consulting Engineers of Ontario and the Regional Municipality of York. The committee's mandate is to identify and promote project management and business policies and practices that achieve a fair and reasonable balance between the commercial and business interests of consulting engineers and York Region. It also promotes a professional business climate that will encourage industry capacity to help deliver the Region's infrastructure program.

Ongoing activities of the liaison committee have involved open discussions through regular meetings on the following issues:

- consultant performance evaluation: York Region is implementing a collaborative process to evaluate consultant performance and CEO has provided and will continue to provide input on the need to ensure consistency and timeliness in the evaluations, when evaluations are carried out, and how the evaluations will be used by the Region;
- e-procurement: York Region is planning to start to implement E-procurement for professional services contracts in 2017;
- scope change management procedures and process: CEO will continue to provide input to the Region as it implements their new change order management procedure;
- frivolous disqualification of consultants during procurement due to failure of consultants to confirm receipt of addenda: CEO has suggested a solution to the Region; and
- York Region Consultants Requirements Training Manual: CEO has assisted in disseminating news on information sessions being provided by York Region for consultants and will provide feedback on the manual.

In near future, the committee plans to review the Draft Professional Services Agreement being developed by York Region and the regions' procurement procedures for professional services and Qualifications Based Selection. It will also address the prohibition of consultants in litigation with the Region from bidding on work.

Through the active engagement of the committee members, we look forward to continue to positively enhance the business relationship between CEO members and York Region. My appreciation to the members of the committee.

**Tyrone Gan, Chair**

HDR

### **Committee Members**

Khaled El-Dalati, HDR

Michael Gundry, Stantec

Christopher Sandink, Exp

Joe Sframeli , WSP | MMM Group

## Ottawa Chapter

The Ottawa Chapter had another active year with member meetings scheduled every two months, and separate subcommittee meetings being well attended. We represent 26 member firms with over 1,600 employees in the Ottawa area.

The chapter members met every two months with the City of Ottawa staff to represent member firms interests. Issues addressed or underway in the past year include:

- advocacy to have the City reduce the emphasis on cost when selecting engineering services;
- negotiating changes to the City to the General Terms and Conditions to improve member firm agreements with the City;
- providing input on the City vendor Performance Management system to ensure a fair evaluation of our members performance;
- assisting the City in the development of a standard information guideline for filing a Ministry of the Environment and Climate Change EASR for water taking; and
- negotiating a reasonable approach for situations where a City inspector is working on a Consultants managed project.

The Building Engineering Subcommittee is encouraging participation by asking member firms specializing in building science disciplines (electrical, mechanical and structural) to address common issues related to working relations with private building owners and architects. The committee has been proactively addressing member issues on procurement practices with Public Works and Government Services Canada: raising concerns with the Infrastructure Ontario Vendor of Record clause, negotiating fair terms of agreement with Brookfield Global Integrated Systems, promoting the establishment of a new fee schedule by CEO, and representing member interests and the use of REVIT.

The chapter has continued to raise the profile of the profession and offer education to our members by attending industry events such as the AGM of the National Capital Heavy Construction Association (NCHCA), and working with the City of Ottawa and NCHCA to provide seminars to our members such as, *Heavy Construction Outlook*, *Moving People During Construction*, *Building Better Infrastructure and Bridging the Gap between Owners*, and *Consultants and Contractors*. Our Young Professionals Subcommittee has been active in engaging young professionals from our member firms to join in various activities. The group recently held an event, *Proposal Writing and Client Relationships*.

In conclusion, I want to thank the chapter members and executive and CEO staff for their commitment in raising the prominence of CEO in Ottawa and working with government agencies to develop more sustainable procurement and business practices for the industry.

**Derek Potvin, Chair**  
Robinson Consultants

### Chapter Executive

Ryan Matthews, Vice-Chair, CH2M  
Phil Whelan, Past-Chair, McIntosh Perry Consulting  
John Krug, Secretary and Treasurer, Stantec

Edson Donnelly, Director, Novatech Engineering Consultants  
Andrew Lawton, Director, McKee Engineering

“CEO is a great community of other like minded firms that can help advance our profession and our business in the market place of Ontario. CEO gives us a mechanism to go to industry collectively to address issues and concerns. CEO is just a better and smarter way to work.”

Jeremy Carkner, P.Eng.  
Morrison Hershfield





## Grand River Chapter

The Grand River Chapter continues to actively pursue its mandate over the past year through regular meetings, liaison with the clients, circulation of newsletters to member firms and special events in support of our Young Professionals Group (YPG), all with the aim of creating a sustainable ongoing business environment for consulting engineering services throughout the Grand River region.

Meetings were held in 2016 with the Region of Waterloo, City of Waterloo, City of Kitchener and Conestoga Heavy Construction Association and are being scheduled again for 2017. We also reached out to other municipalities including the City of Cambridge and City of Guelph for the purpose of discussing mutual concerns in a quickly changing business landscape and finding solutions that benefit all parties.

Discussion focused on consistency in contractual and legal language in agreements, as well as in RFPs and EOIs to eliminate uncertainty in the bidding process. Meetings were productive and established common ground and willingness to continue this process. As a local CEO chapter, we have the opportunity to collaborate on improving the industry by advancing our members collective interests in local government policy, fair and equitable procurement practices, and acceptable contracts through a common industry voice.

To promote communication amongst member firms in the Grand River region, newsletters were circulated in February 2016, October 2016 and March 2017, with a focus on upcoming chapter events such as AGM, YPG, Award of Merit, updates on business and procurement practices within the region and summaries of liaison meetings held with local municipalities. Future newsletters will continue to focus on upcoming events, as well as any changes made to local procurement practices and contractual language.

We have also launched our second year of the CEO Grand River Chapter Engineering Award of Merit program to promote local projects undertaken by CEO firms in the region. The top 2016 recipients are:

- Stantec & City of Kitchener – Filsinger Park Stream Naturalization (Diamond award)
- MTE & Chicopee Tube Park – Chicopee Tube Park Holding Pond (Platinum award )
- WalterFedy Partnership & Renison College – Renison University College Expansion (Gold award)

### **Grand River YPG**

Keeping an eye on the future of our industry, we held nine YPG events over the past year with 88 new YPs being introduced to CEO from 26 local member firms. The following sponsored events were held in support of our YPG

Seminar/Workshop	Location	Date
Presenting to Win	Kitchener	April 2016
Key Insurance Claims Factors and Claims Trends	Kitchener	June 2016
How Consultants Make Money	Kitchener	November 2016
Risk Drivers	Cambridge	April 2017
Contracts Basics	Cambridge	April 2017
Networking Events	Various	June 2016, September 2016, February 2017

The purpose of YPG events is to foster professional development and encourage networking in a supportive environment. When planning events, the executive considers a range of activities and a cross-section of educational topics that will add value to the skill repertoire of each participant and enhance the reputation of each respective employer. Feedback from member firms in the Grand River region has been encouraging and the executive will continue to apply the existing model in the coming year.

The CEO Grand River Chapter, including its formation, initiatives and successes, is the direct result of many hours of member effort. As Chair, I would like to recognize these efforts and extend my sincere appreciation to all.

**Tom Montgomery, Chair**

CIMA+

**Chapter Executive**

- Kelly Cobbe, Past Chair, IBI Group
- David Chamberlain, Secretary-Treasurer, Eramosa
- Tim Barichello, Awards Program, Stantec
- Jim Flanigan, Business Practices, AECOM
- Shelley Forwell, Awards Program, WalterFedy
- Dave Hallman, Industry Liaison, MTE Consultants
- Angela Kroetsch, Communications, GM BluePlan
- Denis Viens, Business Practices, Dillon Consulting
- Montana Wilson, YPG, MTE Consultants



## Niagara Chapter

The Niagara Chapter currently consists of 14 member firms and met regularly during the year to pursue our main objectives:

- provide feedback to Regional procurement and contract procedures;
- promote the use of qualifications-based selection (QBS) of consulting engineers;
- increase our profile in the community;
- encourage positive working relationships with Niagara Region; and
- strengthen our Chapter through engagement of Young Professionals.

We continued to meet semi-annually with the Public Works Officials (PWO) to provide feedback and suggestions regarding procurement and contracting practices. Several suggestions were shared with Niagara Region regarding implementation of the anticipated 2017-2018 Consultant Roster. CEO has in the past, and continues to encourage a roster system based on the qualifications of firms and their personal however, low thresholds for entry 30% price-weighting are areas for continued improvement.

The Niagara Chapter continued to promote QBS. The City of Niagara Falls enjoys reduced project turn-around and lower administrative costs as they have higher thresholds on direct awards to qualified consultants (although not through QBS). Nonetheless, smaller municipalities in the Region affirmed their preference for low-price bids. Niagara Region likewise encourages stronger price competition, although they also report fewer than half of 2015-2016 Roster contracts were awarded to the lowest-price bidder. Increasing tumult at Niagara Region has hindered formal discussions on QBS and other important matters prompting our chapter to invite the Public Works Commissioner to a less formal forum through which open dialogue can occur. The Commissioner has indicated a willingness to proceed.

The chapter made the following efforts to promote consulting engineering:

- the 4th CEO/PWO Niagara Chapter Engineering Awards of Merit recognized ELLIS Engineering Ltd. and R.V. Anderson and Associates Ltd. A press release was distributed to news outlets;
- a chapter member presented a talk on geotechnical risk at the technical session preceding the Niagara Engineering Week Luncheon; and
- the chapter donated \$1,000 to the Niagara Regional Science and Engineering Fair. The chapter chair attended the science fair select the winners.

Ongoing change within our chapter reminds us of the importance of succession planning if the chapter is to remain strong and relevant in Niagara. Leadership positions on our executive are not filled for the entirety of the 2017, yet our regular meeting attendance has increased over the past year and we increasingly notice many young faces at our executive meetings as well as our annual social events. In response, our chapter executive has agreed to increase our efforts to engage our Young Professionals to become more engaged with the chapter.

### **Andrew Van Dyk, Chair**

Golder Associates

### **Chapter Executive**

Jeff Jaeger, Vice Chair

Kerry T. Howe Engineering

Gord Shields, Treasurer

WSP | MMM Group

Andrew McGregor, Secretary

Parsons

## London Chapter

The London Chapter's 16 member firms represent a diverse cross section of engineering expertise, providing service to the public and private sector clients. The member firms collectively employ over 600 people in the City of London.

The London Chapter had another active year, meeting quarterly in 2016/2017 to discuss the pertinent issues that affect our industry. Meetings are held to discuss items of common interest:

- City of London's quality based consultant selection process;
- increasing YP involvement within the chapter;
- delays in the processing of Environmental Compliance Approvals;
- the Ministry of the Environment and Climate Change Transfer of Review Program;
- Standard Engineering Agreements with the City of London;
- the Development Approval Process, updates to the City's Design Specification Manual; and
- the annual review of the City's Standard Contract Document for Municipal Construction Projects.

The chapter executive met in October 2016, with newly appointed City of London Managing Director of Environmental & Engineering Services and City Engineer, Kelly Scherr, to discuss a number of current matters, including the City's procurement process of professional consulting engineering services. The London Chapter also sponsored a \$1,000 scholarship to a Western University Student graduating in the Civil Engineering Program.

The chapter's annual social event with the City of London management was held in early 2017. The event was very well received with approximately 50 people in attendance, including staff from twelve chapter firms. A presentation was completed by Kelly Scherr – Managing Director & City Engineer for the City of London.

### **Hendrik Schuurmans, Chair**

Archibald, Gray & McKay Engineering

### **Chapter Executive**

Peter McAllister, Vice Chair

AECOM

Rob Kell, Past Chair

Dillon Consulting

David Evans, Secretary

RV Anderson Associates





ASSOCIATION OF CONSULTING  
ENGINEERING COMPANIES | CANADA

## ACEC 2016 Year in Review

### Advocating for our members and for all Canadians

The federal government has committed over \$180 billion to infrastructure investment over the next 12 years in response to ongoing advocacy by ACEC and its stakeholder partners. ACEC issued a comprehensive report on how the budget impacted consulting engineers and their clients within hours of the budget's public release. In a follow-up submission to the Standing Committee on Finance in August 2016, ACEC proposed specific recommendations on how to invest effectively in infrastructure. ACEC recommendations include:

- Prioritize investments that enable economic prosperity
- Commit to timely and realistic schedules and deadlines
- Use procurement best practices (QBS) for quality, innovation and long-term life-cycle savings
- Adopt Asset Management to identify needs and measure effectiveness
- Harmonize federal and provincial approvals to reduce red tape and provide clarity
- Re-invest revenue to ensure continuing sustainable investment
- Reinstate the National Guide to Sustainable Municipal Infrastructure

In September 2016, ACEC President and CEO joined the Honourable Amarjeet Sohi, Minister of Infrastructure and Communities, for a face to face discussion on the Federal Government's infrastructure investment plan, the importance of infrastructure investment, and the role that consulting engineers will play in its implementation. ACEC's Parliament Hill Day on October 25th provided the opportunity for over 30 representatives from ACEC member firms to deliver the same message when meeting face-to-face with Members of Parliament. The same day, a delegation led by newly elected ACEC Chair Rick Tiller had a brief meeting with Prime Minister Justin Trudeau. ACEC members interested in advocacy on behalf of the consulting engineering sector are invited to join ACEC's Parliamentary Partners program and meet their Members of Parliament in their own communities.

In addition to these advocacy efforts on infrastructure, meetings took place with MPs and key government officials on the Temporary Foreign Workers Program, sustainable buildings, supporting Canada's resource sector, and public procurement.

### Advocating for a strong business climate for consulting engineers Procurement and Qualifications-Based Selection

Promoting fair and equitable business practices is a priority for ACEC, which includes advocating for the adoption of Qualifications-Based Selection (QBS) by making presentations to owner groups and

procurement officials, including a keynote address to the Canadian Public Procurement Council. This includes discussions with major federal departments including Public Services and Procurement Canada Minister, The Honourable Judy Foote, who spoke at the ACEC National Leadership conference. This led to a formal presentation from ACEC to the Deputy Minister. ACEC also made a case to Innovation Minister Navdeep Bains that the adoption of QBS was an effective way for the federal government to leverage its infrastructure investments and the development and upkeep of its own assets to encourage innovation.

ACEC endorsed a position paper from ACEC-British Columbia expressing significant concerns with the use of reverse auctions by some clients, and used the opportunity to educate these clients on the advantages of using QBS for the selection of consulting engineering firms.

The Board formally adopted a position that supports the right of each consulting engineering firm practicing in a free market to independently establish billing rates and fees in order to successfully execute the project; to earn a reasonable return on investment; to earn a reasonable return on risk; and to be fairly and reasonably remunerated for the value provided to the client. This was in response to the clients that prescribe maximum billing rates that can be charged by consulting engineering firms. In some cases, clients even attempt to “regulate” the payroll multipliers used by consultants.

### Fair and balance contracts

ACEC is a founding member of an industry liaison committee along with Architecture Canada, the Canadian Construction Association and Interior Designers of Canada to address concerns with federal real property projects administered by Brookfield Global Integrated Solutions (BGIS) on behalf of the federal government. BGIS has stated its intention to adopt ACEC standard forms of agreement for standing offers for federal projects in 2017. ACEC has been promised an opportunity to review any supplementary general conditions proposed by BGIS.

At ACEC's request, the Canadian Construction Documents Committee (CCDC) is currently reviewing ACEC standard forms of agreement and is expected to endorse and adopt them as CCDC documents.

ACEC delivered submissions to the House of Commons Steering Committee on Human Resources and Skills Development with recommendations to improve Temporary Foreign Worker Program (TFWP) that would reduce red tape and delays for members that utilize the TFWP.

## Independent Auditor's Report

To the Directors of Consulting Engineers of Ontario

I have audited the accompanying financial statements of Consulting Engineers of Ontario, which comprise the statement of financial position as at March 31, 2017 and statement of operations and changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Consulting Engineers of Ontario as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Denis Paganelli, CPA, CA  
Licensed Public Accountant

April 21, 2017  
Toronto, Canada

# Consulting Engineers of Ontario

## Statement of Financial Position

March 31, 2017

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 161,706	\$ 203,680
Short-term investments (note 4)	401,609	207,611
Accounts receivable	49,092	78,962
HST receivable	1,193	-
Prepaid expenses	36,048	37,978
	<u>649,648</u>	<u>528,231</u>
Investments (note 4)	307,993	565,299
Capital assets (note 3)	37,799	26,301
	<u>\$ 995,440</u>	<u>\$ 1,119,831</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 55,551	\$ 28,364
Government remittances payable	-	19,534
Deferred revenue	105,128	220,696
	<u>160,679</u>	<u>268,594</u>
<b>Fund balances</b>		
Invested in capital assets	37,799	26,301
Board restricted	144,470	158,000
Unrestricted Operating	652,492	666,936
	<u>834,761</u>	<u>851,237</u>
	<u>\$ 995,440</u>	<u>\$ 1,119,831</u>

See accompanying notes to financial statements.

Approved by the Board:



Director



Director

# Consulting Engineers of Ontario

## Statement of Changes in Net Assets

Year ended March 31, 2017

				2017	2016
	Board Restricted	Invested in Capital Assets	Unrestricted Operating	Total	Total
Fund balance, beginning of year	\$ 158,000	\$ 26,301	\$ 666,936	\$ 851,237	\$ 904,766
Net revenue (expense) for the year	(19,530)	(17,709)	20,763	(16,476)	(53,529)
Investment in capital assets	-	29,207	(29,207)	-	-
Interfund transfers (note 9)	6,000	-	(6,000)	-	-
<b>Fund balance, end of year</b>	<b>\$ 144,470</b>	<b>\$ 37,799</b>	<b>\$ 652,492</b>	<b>\$ 834,761</b>	<b>\$ 851,237</b>

See accompanying notes to financial statements.

# Consulting Engineers of Ontario

## Statement of Operations

Year ended March 31, 2017

	2017	2016
<b>Revenue</b>		
Membership fees	\$ 1,064,733	\$ 1,067,842
Programs (note 6)	290,887	283,996
MTO T131 Advanced claim courses	223,891	-
Sponsorship revenue	116,270	159,000
Events (note 5)	56,171	70,222
Investment income	11,693	8,889
Chapters	8,451	4,095
40 <sup>th</sup> Anniversary	-	7,000
Sundry	-	5,646
	<b>1,772,096</b>	<b>1,606,690</b>
<b>Expenses</b>		
Salaries and benefits	608,254	572,036
Members' dues remittance to The Association of Consulting Engineering Companies - Canada	483,194	497,829
Administrative - Schedule	161,502	137,300
Programs (note 6)	143,206	132,243
MTO T131 Advanced claim courses	115,327	-
Events (note 5)	103,786	139,950
Public relations/government relations (note 7)	102,904	121,934
Volunteer expenses	32,773	37,076
Strategic Initiative Fund expenses	19,530	-
Chapters	18,096	14,493
40 <sup>th</sup> Anniversary	-	7,358
	<b>1,788,572</b>	<b>1,660,219</b>
<b>Net revenue (expense) for the year</b>	<b>\$ (16,476)</b>	<b>\$ (53,529)</b>

See accompanying notes to financial statements.

# Consulting Engineers of Ontario

## Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
Cash provided by (used in):		
<b>Operating activities</b>		
Net revenue (expense) for the year	\$ (16,476)	\$ (53,529)
Adjustment for item not affecting cash		
Amortization of capital assets	17,709	9,407
Investment income retained in investments	(11,692)	(8,889)
	(5,459)	(53,011)
Net change in non-cash working capital balances related to operations		
Accounts receivable	29,870	12,426
HST receivable	(1,193)	–
Prepaid expenses	1,930	12,283
Accounts payable and accrued liabilities	27,187	(326)
Government remittances payable	(19,534)	7,368
Deferred revenue	(115,568)	56,646
	(87,767)	35,386
<b>Investing activities</b>		
Investments redeemed and transferred to bank	75,000	–
	75,000	–
<b>Financing activities</b>		
Purchase of capital assets	(29,207)	–
	(29,207)	–
Increase (decrease) in cash during the year	(41,974)	35,386
Cash and cash equivalents, beginning of year	203,680	168,294
<b>Cash and cash equivalents, end of year</b>	<b>\$ 161,706</b>	<b>\$ 203,680</b>

See accompanying notes to financial statements.

# Consulting Engineers of Ontario

## Notes to financial statements

March 31, 2017

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### 1. Status and Purpose of the Organization

Consulting Engineers of Ontario ("CEO") is a not-for-profit organization representing the business and professional interests of consulting engineering companies in Ontario. CEO promotes the significant contribution of the consulting engineering sector to social, economic and environmental quality of life in Ontario. CEO is incorporated without share capital under the laws of Ontario and is classified as a not-for-profit organization under the Income Tax Act and, accordingly, is exempt from income tax.

### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

#### (a) Revenue recognition

CEO follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Membership fees are recognized as revenue in the year to which they relate. Membership fees received in advance of the year to which they relate are recorded as deferred revenue.

Investment income is recognized on an accrual basis. Interest on fixed income securities is recognized over the term of the investments based on the market value of the fixed income securities at each year-end.

Program and event revenues are recognized as revenue when the program or event activity occurs.

Sponsorship revenue is recognized as revenue in the year that the sponsorship relates to.

#### (b) Capital assets and amortization

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Leasehold improvements are amortized over the lease term. Other capital assets are amortized using the declining balance method over their estimated useful lives at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%
Database	30%

#### (c) Financial Instruments measurement

CEO initially measures its financial assets and liabilities at fair value. CEO subsequently measures all its financial assets and liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

CEO's financial assets measured at fair value include short-term investments and investments.

# Consulting Engineers of Ontario

## Notes to financial statements

March 31, 2017

### 2. Significant accounting policies (continued)

#### (d) Cash and cash equivalents

CEO's policy is to present bank balances, bank indebtedness and cash held within its investment account under cash and cash equivalents.

### 3. Capital assets

			2017	2016
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 40,778	\$ 23,950	\$ 16,828	\$ 14,085
Database	24,500	24,500	—	8,403
Computer equipment	18,630	16,858	1,772	2,532
Leasehold improvements	27,910	8,711	19,199	1,281
	\$ 111,818	\$ 74,019	\$ 37,799	\$ 26,301

### 4. Investments

	2017	2016
High interest savings account	\$ 134,274	\$ 207,611
Government bond maturing March 2018	164,999	161,867
Corporate bonds maturing Sept 2017 to December 2019	410,329	403,432
	709,602	772,910
Less: maturing in the next fiscal year	(401,609)	(207,611)
	\$ 307,993	\$ 565,299

### 5. Events revenue and expenses

Details of events revenues are as follows:

	2017	2016
Awards gala and Accolades revenue	\$ 21,413	\$ 37,250
Annual general meeting	4,528	2,050
Golf tournament	30,230	30,922
	\$ 56,171	\$ 70,222

Details of event expenses are as follows:

	2017	2016
Awards and Accolades expense	\$ 62,424	\$ 97,705
Annual general meeting	10,331	8,292
Golf tournament including donation	31,031	33,953
	\$ 103,786	\$ 139,950

# Consulting Engineers of Ontario

## Notes to financial statements

March 31, 2017

### 6. Program revenue and expenses

Details of program revenues are as follows:

	2017	2016
Education and professional development	\$247,104	\$ 239,306
Affinity programs	30,110	32,368
Other	13,673	12,322
	<u>\$ 290,887</u>	<u>\$ 283,996</u>

Details of program expenses are as follows:

	2017	2016
Education and professional development	\$132,630	\$ 125,164
Other	10,576	7,079
	<u>\$ 143,206</u>	<u>\$ 132,243</u>

### 7. Public relations/government relations expense

Details of public relations/government relations expense is as follows:

	2017	2016
External sponsorships	\$ 9,350	\$ 13,995
Government relations	44,940	39,965
Public and media relations	36,000	33,212
Research	1,398	34,762
Marketing and communications	11,216	-
	<u>\$ 102,904</u>	<u>\$ 121,934</u>

### 8. Commitments

CEO has entered into a lease for the rental of its office space to April 30, 2022. Minimum annual payments required under the terms of the lease are as follows:

2018	\$47,610
2019	\$48,060
2020	\$48,060
2021	\$48,060
2022	\$48,060
2023	\$4,005

### 9. Interfund transfers and Board restricted funds

CEO has two board restricted funds. The Staff Salary Contingency Fund is to fund staff short-term illness and/or disability and has a balance of \$83,000. The Strategic Initiatives Fund is to deal with the funding requirements needed to have CEO elevate the value of consulting engineers to its members, the general public and the government and has a balance of \$61,470.

A transfer of \$6,000 (2016 - \$25,000) to the Strategic Initiatives Fund and \$nil (2016-\$ nil) was made to the Staff Salary Contingency Fund and from the Unrestricted Operating Fund.

# Consulting Engineers of Ontario

## Notes to financial statements

March 31, 2017

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### 10. Financial instruments

CEO is exposed to various risks through its financial instruments. The following analysis presents CEO's exposures to significant risk at the reporting date, i.e. March 31, 2017.

#### Credit risk

CEO is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. CEO is subject to credit risk on its accounts receivable, short-term investments and investments. The risk has not changed from the prior year.

#### Interest rate risk

CEO is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its fixed interest rate financial instruments. This risk has not changed from the prior year.

# Consulting Engineers of Ontario

## Schedule of Administrative expenses

March 31, 2017

	2017	2016
Occupancy	\$ 45,894	\$ 45,947
Consulting and staff training	18,062	7,177
Amortization of capital assets	17,709	9,407
Telephone	13,439	10,509
Computer support	10,526	10,038
Bank/credit card charges	9,797	8,042
Travel	8,969	8,552
Website/database	6,654	3,130
Office supplies	6,536	5,464
Photocopy	5,912	6,485
Audit and accounting	5,500	5,500
Computer software/hardware	4,346	1,914
Postage	3,400	5,723
Insurance	2,245	2,245
Printing	1,203	5,891
Legal	812	628
Courier	498	686
	<b>\$ 161,502</b>	<b>\$ 137,300</b>

See accompanying notes to financial statements.

## Looking Back: 2016 Ontario Consulting Engineering Awards

2016 Ontario Consulting Engineering Awards Gala took place on April 16, 2016 at the International Centre.

CEO handed out the awards to 14 engineering firms whose projects contributed to improving Ontario's social, economic and environmental well-being.

The premier award of the night, the Willis Chipman Award, went to AECOM, CH2M and Hatch for their work on Union Station.

AECOM was awarded for project management, detail design and construction of the Union Station and Front Street revitalization project while CH2M was recognized for its project management of the Union Pearson Express. Hatch's work of designing and constructing a Northwest PATH Pedestrian Tunnel also won the Willis Chipman Award.

"While each project is the epitome of outstanding engineering endeavours, together they represent a multimodal transportation hub that moves people across the Greater Toronto Area and beyond," said Barry Steinberg, chief executive officer of the association. "The projects of AECOM, CH2M and Hatch have collectively contributed to transforming Union Station into the state-of-art transportation gateway for Ontarians," added Steinberg.

Five Awards of Excellence were handed out to Associated Engineering, IBI Group, JADE Plus, Morrison Hershfield and Robinson Consultants. Six Awards of Merit were given to Amec Foster Wheeler Environment & Infrastructure, Arup, Blackwell Structural Engineers, Dillon Consulting, Hatch and R.V. Anderson Associates.







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