

Head Office

One Dundas Street West
Suite 2000, Toronto, ON
M5G 1Z3

Siège de direction

1, rue Dundas Ouest
bureau 2000, Toronto, ON
M5G 1Z3



**Infrastructure
Ontario**

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IO May 2022 Market Update

I am pleased to present IO's Market Update for May 2022. This is our second Market Update of 2022.

This quarter's listing of **38 projects in pre-procurement** and procurement (totalling more than **\$50 billion in estimated total capital cost**) builds upon Ontario's historic commitment in modernizing the province's public assets, including highways, public transit, hospitals, children's treatment centres, courthouses and correctional facilities. The list also includes **17 government-announced projects in early stages of planning**, for which scope, timing and delivery model are still being determined.

Collaborating to Address Ongoing Challenges

The past two years have been unprecedented in the challenges faced across Ontario and around the world in response to the global pandemic. Our work with industry partners has required a resilience and level of collaboration that is equally unprecedented. Infrastructure Ontario thanks its partners for helping to advance the largest, most complex public projects amidst so much adversity.

As we look forward, we now face escalating costs not seen in a generation. We have had to work closely with government to ensure that project cost estimates are appropriately updated. We continue to work with industry partners to deal with escalations during active procurements. We take very seriously our role in ensuring that government has a clear expectation of cost for a given project, and a confidence that they are achieving value for money. We also take very seriously our commitment to the market to maintain a dependable pipeline which is appropriately staged to maximize opportunity and competition. This year continues to demonstrate our unwavering focus on progress and delivering on our commitments.

Developing Commercial Solutions, Executing Transactions and Managing Assets

We are continuously adapting our P3 program to address the changing market dynamics and the increasingly complex projects included within the Government's infrastructure program.

We have already launched the procurement for the first two of three health care projects using our new progressive procurement strategy. In this approach, we will work with an identified development partner in a more collaborative, up-front process. We believe this approach will pay significant dividends for the Province and taxpayers by encouraging wider competition and addressing various project risks, such as rising costs, before advancing to a fixed-price construction project.

Earlier this year I was proud to join Lakeridge Health to announce the completion and opening of its new long-term care home. Lakeridge Gardens was the first of four new long-term care facilities to be constructed in months rather than years using a new rapid-procurement and modular construction approach we are already expanding to use for other projects for which urgency is a priority.

As we continue our close collaboration with our industry partners, we will bring projects forward at a pace which will ensure the widest possible competition, recognizing that the construction industry is operating at near capacity. Just last month we have completed the contract executions for projects including Grandview Children's Treatment Centre, Thunder Bay Correctional Complex, West Lincoln Memorial Hospital and the GO

Transit OnCorr Expansion. We continue to bring several other projects to market through 2022, as seen by the issuance of the RFQ for the CHEO 1door4care redevelopment project in March.

IO's mission, its work and contribution to the province's infrastructure commitments goes well beyond its original P3 program that began almost 20 years ago.

We want to reflect more of that work to better provide the market and public at large a transparent view of our project planning overall. This includes literally hundreds of smaller projects such as building repair work that IO is delivering through our project management service providers along with other projects that IO is delivering directly on behalf of our various ministries. We have summarized much of that activity into regions given that much of that work is delivered by contractors based within those regions.

In March, we also issued a request for proposals to three best-in-class private sector companies who pre-qualified to compete for the Next Generation Real Property Services contract. The successful company will work in partnership with IO to support one of the largest real estate portfolios in Canada, comprising more than 4,400 buildings and 194,000 acres of land, effectively delivering services in over 350 communities across Ontario.

We are also preparing for the re-procurement of the Project Management Service Provider program. This program involves managing a variety of enhancement, expansion and new construction projects focused on the government's General Real Estate Portfolio and other ministry-driven projects across the province. IO will look to the Project Management Service Provider to deliver projects from inception through to final completion including design, construction and commissioning, utilizing a predominantly Design-Bid-Build contract model for designers and contractors. We will be in market early 2023 with contract signing in the fall and a planned contract commencement the following spring of 2024.

Creating a Connected, Competitive and Modern Ontario

IO is proud to play a key role in the Government's commitment to help connect all Ontario communities to access to high-speed by the end of 2025. The Accelerated High-Speed Internet Program is the first of its kind in Canada and leverages a new, innovative, fair and transparent procurement process.

In late 2021, IO qualified dozens of Internet Service Providers (ISPs) to compete in a unique bidding process to deliver high-speed internet access to unserved and underserved communities across Ontario. I am pleased to say there was significant competition from local, small and medium providers. This process is coming to a close and is expected to have an incredible impact on more homes and businesses across Ontario.

Thank You,

Michael Lindsay
President and CEO
Infrastructure Ontario