

Head Office

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June 27, 2024

Colleagues,

I am pleased to present Infrastructure Ontario's (IO) Market Update for June 2024.

This update includes 25 projects in pre-procurement and active procurement (totalling more than \$30 billion in estimated design and construction costs). These projects support the provincial government's ambitious capital plan to build and expand public infrastructure, including highways, hospitals and other critical assets.

An additional 17 government-announced projects in the initial stages of planning have been included in this update. The scope, timing and delivery model for these projects are still being determined. Since our last update in December, three projects in our pipeline have advanced to construction and another three have been removed, as we have now signed agreements with development partners in the first step in our more collaborative Progressive P3 approach. Finally, four projects were removed as the Ministry of Transportation awarded a contract for one project and will be managing three other projects.

One new project has been added to the pipeline, the Volkswagen Battery Cell Plant- OPP Detachment, which will support the significant boost in economic and social activity being created in the area around St. Thomas' incoming VW electric vehicle battery manufacturing plant. All the activity demonstrated in this update demonstrates our relentless progress in advancing IO's roster of critical public infrastructure projects.

The past four years have been challenging, but I'm pleased to share that since 2020, IO has brought 37 projects to market, begun construction on 27 projects and achieved substantial completion of 32 projects. In that time, we have completed twelve hospitals, seven justice facilities, four public works and nine transit and transportation projects. The total value of contracts currently in construction is approximately \$46 billion. This total does not include the seven Progressive P3 projects for which we have now identified the development partners.

Different Models/Approaches:

To maintain the level of progress we are achieving, we also recognized a need to adapt our approach to the realities of the market and environment. We need to be thoughtful about capacity. We need to ensure that decisions we make about procurement approaches and models reflect discussions that we actively hold with industry.

Last December, we noted that there is a greater volatility associated with model selection than we've observed historically, and some of the most notable changes in today's Market Update include reviewing projects to ensure we are using the most appropriate procurement approach and

delivery model, as well as diversifying the range of models in our toolkit, in particular as it applies to large and complex health projects.

Model selection takes into consideration project size, complexity, market fluctuation, competitiveness, risk allocation, a lifecycle approach to model selection, current infrastructure needs, and other qualitative risks and benefits associated with each option, leaning into the reality of the moment and making sure each social and transit project is using the right model for the right project.

In this update, we've indicated that IO is expanding on our toolkit with further use of a collaborative contracting delivery model for our healthcare and social infrastructure program, a Progressive Design Build model with target price regime for construction. In May 2024, IO and William Osler Health System issued a request for qualifications for the Peel Memorial Hospital Phase 2 Redevelopment project using the Progressive Design-Build (Target Price) model.

This model will build on our success in delivering Progressive Design Build, Alliance and Progressive P3 projects for the transit, transportation and healthcare sectors and will support our core objective of delivering projects that demonstrate value.

Advancing Healthcare

Continuing to support the tremendous growth of the healthcare system in Ontario remains at the forefront of IO's work. Some key accomplishments over the past four years include:

- Achieving substantial completion on West Park Health Centre's six-storey addition to its patient care in November 2023.
- Achieving financial close on Trillium Health Partner's Queensway redevelopment project, which broke ground in early April.
- Achieving financial close on the fourth and final part of CAMH's broader redevelopment program in February 2024.
- Achieving substantial completion on Mount Sinai Hospital's Phase 3A Redevelopment Project in June 2024.
- Completing construction on several other healthcare projects, including Hawkesbury & District General Hospital, Orleans Health Hub, London Laboratory Hub and Cortellucci Vaughan Hospital (formerly Mackenzie Vaughan Hospital).

Looking ahead, as we deliver increasingly complex healthcare projects, we will consider the use of collaborative contracting approaches that emphasizes alignment of goals and commercial objectives and prioritizes cooperation, transparency and flexibility. At its core, these models emphasize open communication and joint problem-solving throughout the contract lifecycle. By fostering a spirit of partnership, these models create an environment conducive to innovation, risk-sharing and continuous improvement.

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Opportunities through partnerships & supporting government

Through a \$5 million investment by the Ontario government, IO is excited to be embarking on a new initiative in the field of digital modelling technology by exploring the application and benefits of digital twins.

These virtual models of existing and planned assets, when applied to construction, can help deliver infrastructure projects more efficiently. Identifying risks and processes in a virtual environment before work commences on the ground can help reduce the risk of delays and cost overruns and optimize for improved outcomes.

IO has partnered with key stakeholders and looks forward to exploring what is possible in the digital twin space.

IO continues to make progress toward the government commitment of making high-speed internet accessible in every community by the end of 2025. An Internet Service Provider that was formed to participate in the Accelerated High-Speed Internet Program has now provided access for the first 250 of those underserved homes and businesses in White River. We expect to see construction associated with delivering high-speed internet access to another 140,000 homes and businesses to begin this calendar year.

We have achieved important milestones on the first two transit-oriented community sites on the Ontario Line for which we are holding a competitive process. We are also working directly with existing landowners on other transit sites along the subway lines and elsewhere on the GO Transit network to deliver more housing and jobs around these critical transportation hubs. Working with our partners at Metrolinx, we have now contracted every component element of the Ontario Line.

This past April, IO welcomed two new service providers who will support maintaining and modernizing the Ontario government's General Real Estate Portfolio, the largest provincial real estate portfolio in the country. Following an open and competitive process, IO awarded new Master Service Agreements for Real Property Services to BGIS Canada and Project Management Services Provider to Colliers Project Leaders.

Conclusion

IO employees are incredibly proud to support the government's initiatives to modernize and maximize the value of public infrastructure and real estate. In co-operation with our clients and stakeholders, we continue to uphold the government's commitment to renew public services.

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**Infrastructure
Ontario**

I look forward to continuing to build on opportunities with all our partners and ensure a legacy of success in 2024 and onward as we contribute toward a connected, competitive, and modern Ontario.

Thank you.

Michael Lindsay
President and CEO
Infrastructure Ontario