

September 10, 2019

Dear Colleagues,

Infrastructure Ontario (IO) is pleased to join the Hon. Laurie Scott, Minister of Infrastructure, to launch Ontario's fall 2019 P3 Market Update.

This year's list confirms a number of new commitments made by the Ontario Government in its spring 2019 budget and during other announcements, including the Ontario Line and Toronto subway expansions. It includes a total of 32 P3 projects with 10 of these currently in procurement, and 22 in the pre-transaction phase.

The total estimated capital costs of the projects on the pipeline, including projects in pre-transaction and the transaction phase, is over \$65 billion. This is the largest project pipeline that IO has ever issued.

The new pipeline confirms Ontario's leadership and commitment toward building and renewing critical infrastructure. These projects generate jobs in the skilled trades as well as engineering, design and finance sectors. As in the past, this market update constitutes a challenge and invitation to the best in the industry – big and small, local and international – to team up, partner with IO and successfully deliver high quality investments that benefit the people of Ontario.

In order to enhance industry awareness and participation in the province's largest infrastructure procurements, IO intends to increase the frequency of its project pipeline updates to twice a year in the spring and fall. These updates will reflect announced and approved government projects. We will also update individual project details such as procurement scheduling on a quarterly basis.

Transit and Highways

The update confirms a schedule for the procurement of the Ontario Line being delivered by Infrastructure Ontario and Metrolinx. Planning work and engagement with the market is already well underway toward issuing an RFQ in Spring 2020 and releasing an RFP later that same year. We anticipate having a contract completed in the spring of 2022, providing the winning consortium more than five years to complete the historic new line by the end of 2027. As you will see from the details in our update, we intend to stage out the procurements of subway expansions in coordination with other significant transit projects in order to ensure each and every project is delivered successfully, competitively and efficiently on behalf of the government and taxpayers.

We are confident that our integrated team approach with Metrolinx and collaborative planning and engagement with industry will result in further successful procurements.

We also anticipate further work with the Ministry of Transportation on highways and bridges. Our work with the Ministry of Transportation on roads and bridges continues to be productive. Most recently, we launched the procurement for the Credit Valley Bridge reconstruction along the Queen Elizabeth Way. IO is now working with the Ministry of Transportation to identify new opportunities for highway projects, starting with the Garden City Skyway.

Health and Justice

Social infrastructure such as hospitals and justice facilities continue to be a major component of IO's P3 work going forward. This year's update includes 16 health projects and further confirmation of previously announced justice facilities, including the Ottawa Correctional Centre.

IO's work with hospitals will continue to strengthen and evolve. A great example of this includes two projects with Trillium Health Partners at their locations in west Toronto and Mississauga. At the Toronto location, there will be a new patient tower in addition to clinic renovations. This new space will increase capacity for post-acute care with a focus on urgent care, day surgery and ambulatory care. The project will also include construction of a new dedicated parking structure and relocated power plant. This market update also includes a new full service acute care hospital at Trillium's Mississauga site, with specialized regional programs in cardiac care and neurosciences.

Enhancements and Innovation

As the former Minister of Infrastructure, the Hon. Monte McNaughton, announced this spring, enhancements to our procurement model this year reinforce Ontario's emphasis on recognizing innovative and effective ideas. We invite bids from teams that include companies both local and international. Our open, fair and transparent competitive selection process for each of our projects seeks only to find the best partners to deliver our projects effectively and at best value for taxpayers' money.

We continuously seek to deliver these important public projects in ways that adopt lessons learned and recognize the changing nature of our projects and industry as a whole. As many of our projects become increasingly complex, we are working closely with our public and private sector partners to appropriately allocate or share the risks of these projects among those best equipped to manage them. Even before we sign a contract with our partners, we are designing some risk away and eliminating some risks from a project entirely.

IO is continuing to take the necessary steps in consultation with the industry to improve upon our project delivery approach. These changes increase competition and innovation on Ontario's major infrastructure projects. As an international leader in public private partnerships, IO believes it is critical to continue the evolution of the model to meet today's realities. These changes are being made to create a more competitive market and ensure that Ontario remains a destination for the global infrastructure community.

Highlights of these improvements include the rebalancing of bid scoring system to better reward innovation, moving toward more outcome-based specifications that will capitalize on private sector innovation and adjusting qualifications assessments to give fair weight to international experience.

Partnerships

It is important to note that the work of IO goes well beyond our international reputation for delivering P3 projects on budget (95%) and on schedule (69%), significantly above industry standards. In short, our vision is to build partnerships to modernize Ontario's public assets. As we continue to build upon our experience in strategically managing publicly-owned assets, executing transactions and delivering commercial solutions, our value to government continues to evolve.

We are identifying new partners and new types of partnerships that sit at the intersection of the public and private sector. For example, the government has tasked IO to work with our partner agency Metrolinx and use Transit Oriented Development (TOD) to maximize the investments the province is making in public transit.

On behalf of the skilled and dedicated team at Infrastructure Ontario, I look forward to working with all of our partners – current and future – to deliver the array of infrastructure and real estate projects that we oversee on behalf of the Government of Ontario.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ehren C", is positioned above the typed name.

Ehren Cory
President and CEO
Infrastructure Ontario