

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**

October 14, 2021

IO October 2021 Market Update

I am pleased to present IO's third Market Update for 2021. This quarter's listing of 38 projects in pre-procurement and procurement (totalling an estimated \$60 billion in contract value) 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 13 government-announced projects in early stages of planning, for which scope, timing and delivery model are still being determined.

Evolving and Adapting Procurement

IO is recognized around the world for its success in delivering projects through its made-in-Ontario P3 program. It has earned that reputation by adapting and expanding on its approaches to suit the realities of a changing marketplace and the expanding and evolving infrastructure needs of government.

Four core objectives have always been at the heart of our P3 approach:

1. Creating competition and enabling innovation;
2. Allocating project risks to the right party and appropriately incentivizing/ensuring performance;
3. Taking a total lifecycle approach to assets – by integrating responsibility for the design, construction, and maintenance where possible;
4. Providing as much cost certainty as possible for taxpayers.

We continue to solve for these objectives even as we continue to refine and evolve our approaches in close conversation with our partners. Recent enhancements to our current set of P3 models include:

- We have maintained/increased proposal fees to help offset the cost of pursuit;
- We have capped exposure to certain risks (e.g. geotechnical) on relevant projects;
- We have amended our dispute resolution process to enable more mid-project arbitration and resolution of disputes;
- We continue to explore ways to reward innovation design in our procurements.

These enhancements will ensure that most of our non-transit project pipeline will continue to be DBF/DBFM models using the conventional approach to P3 procurement.

In today's Market Update, you will note that IO is confirming the use of a new, Progressive P3 procurement strategy for three of our hospital projects in pre-procurement. The introduction of the progressive approach is directly related to the characteristics of those three projects in relation to size or complexity, or their physically remote location. Similarly responding to the unique needs of particular projects, IO will continue to make use of different delivery models and contract forms when asked by government to solve for speed; for example, our recent rapid procurement and delivery approaches for Long-Term Care homes and Solicitor General capital projects.

IO was excited to introduce our new, collaborative approach to industry partners during a well-attended market information webcast two weeks ago. We thank many of those who attended for their thoughtful comments and questions. Your interest and insights will help us to refine our approach leading into its use – most immediately on the Weeneebayko Area Health Authority (WAHA) Health Campus project this winter.

A key facet of the progressive procurement strategy is the selection of a development partner, based on various attributes and criteria. IO and the partner will work in unison to define project requirements, design, pricing and risk, before entering into a final project agreement.

This progressive approach provides many benefits for government and taxpayers. It enables price certainty and strong risk allocation by continuing to leverage third-party, private capital in proportion to the risks being assumed by the private sector at the end of the development phase. True to IO's core objectives for delivering projects, the progressive strategy also continues to drive innovation and collaboration.

Health and Long-Term Care

Renewing and modernizing Ontario's fleet of aging hospitals was central to the mission of Infrastructure Ontario as it began to deliver P3 projects. More than 50 completed healthcare projects later, we continue to support the province's health care commitments. In addition to the three Progressive P3 hospital projects mentioned earlier, 12 other health care projects are confirmed on this Update's pre-procurement section. Last week we issued the RFQ (BF) for the Trillium Health Partners Broader redevelopment – Queensway Health Centre. The New South Niagara Hospital RFP (DBFM) will be issued shortly, and the Kingston General Hospital Redevelopment project (DBF) is targeting a Spring 2022 RFP. The Hamilton Health Sciences West Lincoln Memorial Hospital (DBF) is on track for contract execution in Spring 2022.

Transit

Building on the experience of the collaborative Alliance model in use for the Union Station Enhancement Project, IO's partnership with Metrolinx to expand the GTHA's network of public transit continues to advance and evolve. Last month, Metrolinx and IO launched the RFQ for the Scarborough Subway Extension – Stations, Rail, and Systems project, introducing a Progressive Design-Build approach. Like the Progressive P3 procurement strategy being introduced on hospital projects, the subway extension procurement includes the benefits of working with a partner on design work, addressing and avoiding considerable contract risk prior to signing a final contract to deliver the project. Following considerable discussion and consultation with industry, this complex, multi-billion-dollar project will be contracted as a targeted price versus the fixed price of our P3 models.

Like our contract packaging strategy for both Scarborough Subway Extension and Eglinton Crosstown West Extension, we expect to take a multi-package staged approach of delivering the Yonge North Subway Extension. That work would begin with an advance tunnels package that we expect to be procured using a classic DBF contract. Pending government approval, our hope is to have the RFQ for that procurement in market early next year.

We take pride in incorporating market trends and the requirements of our partners and project owners in order to find the right approach to each project. We and Metrolinx hope to provide further updates for other transit projects in the pre-procurement stage by our next Update.

Transportation

The government recently opened Highway 427's new extension and expansion. As we complete such projects, new ones begin. In June, we launched the procurement for the DBF expansion of Highway 3.

Managing, Enhancing and Developing Ontario's Real Estate Assets

One of IO's core services is to manage the Ontario government's general real estate portfolio of buildings and lands on behalf of the Ministry of Government and Consumer Services. More than 60,000 Ontario public service employees work in facilities within the portfolio. This portfolio includes more than 4,400 buildings, more than 85% of which are special purpose buildings such as courthouses, detachments and laboratories. IO also directly manages 194,000 acres of land, including building properties, hydro corridors and land banks.

IO currently outsources the delivery of services for that portfolio including small works, facilities management, building condition assessments, landlord management, lease administration, transaction services and smart buildings. The current Property and Land Management Services (PLMS) contract for that work is nearing expiry. IO is now initiating 2 competitive procurements to select service providers for the next generation of Real Property Services as well as Transaction Services.

High-Speed Internet

We are also proud to play a key role in the Government's commitment to connect all Ontario communities to high-speed internet services by 2025. Last month, IO issued an RFQ inviting Internet Service Providers (ISPs) to compete in a unique bidding process. In the RFQ phase, IO will qualify ISPs based on their relevant capacity and deployment experience to deliver high-speed internet in Ontario. ISPs that qualify will be invited to in a staged bidding process to provide high-speed internet to underserved regions across the province. That RFP process is expected to commence later this Fall.

Like so much of our work, the competitive bidding process we designed for high-speed internet leverages lessons learned over more than a decade of delivering P3s. Like so much of our work, it solves for many of the same four objectives that are at the heart of our work.

Our partnerships, our innovation and our entry into more direct engagement with local communities lie at the heart of our vision to create a connected, modern and competitive Ontario.

Thank You,

Michael Lindsay
President and CEO
Infrastructure Ontario

Projects in Pre-Procurement

Project	Model	PDC/TA Procurement	Issue RFQ	Issue RFP	Contract Execution	Location	Estimated Total Capital Costs
---------	-------	--------------------	-----------	-----------	--------------------	----------	-------------------------------

TRANSIT

**Yonge North Subway Extension	TBD	Awarded	Winter 2022	Summer 2022	Summer 2023	Toronto/York Region	> \$5B
*Ontario Line – Northern Civil, Stations and Tunnel	DBF	Awarded	Spring 2022	Fall 2022	Spring 2024	Toronto	> \$3B
***Eglinton Crosstown West Extension	TBD	Awarded	TBD	TBD	TBD	Toronto	\$2B - \$4B

*Please also refer to the "Projects in Active Procurement" table below for an overview of the contract packages for the Ontario Line that are currently in-market.

**YNSE: Contract packaging options (including delivery models and timelines) continue to be explored, with a view to considering how a) Tunnels and b) Stations, Rail and Systems might be optimally delivered.

***ECWE: Contract packaging options (including delivery models and timelines) continue to be explored, with a view to considering how a) Tunnels and/or Elevated Guideway and b) Stations, Rail and Systems might be optimally delivered.

TRANSPORTATION

Highway 17 (through Renfrew)	DBF	Fall 2021	Fall 2021	Winter/Spring 2022	Winter 2023	Arnprior to Renfrew	\$200M - \$499M
------------------------------	-----	-----------	-----------	--------------------	-------------	---------------------	-----------------

JUSTICE

Quinte Detention Centre	BF	Fall 2021	Summer 2022	Summer 2023	2024	Napanee	< \$200M
Eastern Ontario Correctional Complex	DBFM	Awarded	Summer 2022	Summer 2023	2024	Kemptville	\$200M - \$499M
Brockville Correctional Complex / St. Lawrence Valley Correctional and Treatment Centre	DBF	Fall 2021	Summer 2022	Spring 2023	2024	Elizabethtown-Kitley	\$200M - \$499M

*HEALTHCARE

Centre for Addiction and Mental Health - Phase 1D Redevelopment	DBF	Awarded	Winter 2022	Summer 2022	2023	Toronto	\$500M - \$1B
Weeneebayko Area Health Authority – Health Campus	Progressive DBF	Awarded	N/A	Winter 2022 (Dev. Partner)	Summer 2022: (Dev. Phase Agreement) 2024: (Project Agreement)	Moosonee/Moose Factory	\$200M - \$499M

Project	Model	PDC/TA Procurement	Issue RFQ	Issue RFP	Contract Execution	Location	Estimated Total Capital Costs
Trillium Health Partners Broader Redevelopment – Mississauga Hospital Site	Progressive DBFM	Awarded	N/A	Winter 2022 (Dev. Partner)	Fall 2022: (Dev. Phase Agreement) 2023: (Project Agreement)	Mississauga	> \$2B
The Ottawa Hospital – New Civic Redevelopment	Progressive DBFM	Fall 2021	N/A	Spring 2022 (Dev. Partner)	Fall 2022: (Dev. Phase Agreement) 2024: (Project Agreement)	Ottawa	> \$2B
Quinte Health Care– Prince Edward County Memorial Hospital Redevelopment	BF	N/A	Spring 2022	Fall 2023	2023	Picton	< \$200M
William Osler Health System - Peel Memorial Centre for Integrated Health and Wellness Phase 2	DBF	Fall 2021	Summer 2022	Winter 2023	2023	Brampton	\$500M - \$1B
Lakeridge Health – Bowmanville Hospital Redevelopment	DBF	Winter 2022	Winter 2023	Summer 2023	2024	Bowmanville	\$500M - \$1B
North York General Hospital – Inpatient Redevelopment	DBF	Winter 2022	Spring 2023	Fall 2023	2024	Toronto	\$500M - \$1B
Collingwood General and Marine – Hospital Redevelopment	BF	N/A	Spring 2023	Fall 2023	2024	Collingwood	\$200M - \$499M
Hamilton Health Sciences – Juravinski Hospital Redevelopment	DBF	2022	Fall 2023	Spring 2024	2025	Hamilton	> \$1B
Windsor Regional Hospital – New Windsor Essex Regional Hospital	DBFM	TBD	> 5 years	> 5 years	> 5 years	Windsor	> \$1B
The Hospital for Sick Children – Project Horizon	DBFM	TBD	> 5 years	> 5 years	> 5 years	Toronto	> \$2B
Lakeridge Health – Broader Redevelopment	TBD	TBD	> 5 years	> 5 years	> 5 years	TBD	TBD
Scarborough Health Network Broader Redevelopment	TBD	TBD	> 5 years	> 5 years	> 5 years	Toronto	TBD
Unity Health Toronto - St. Joseph's Health Centre Redevelopment	DBF	TBD	> 5 years	> 5 years	> 5 years	Toronto	TBD

*The Ministry of Health continues to review timing and cost details of each project in light of the Province's ongoing COVID-19 response and recovery work.

CHILDREN'S TREATMENT CENTRES

1Door4Care Integrated Treatment Centre Project	DBF	September 2021	Winter 2022	Fall 2022	2023	Ottawa	\$200M - \$499M
--	-----	----------------	-------------	-----------	------	--------	-----------------

Projects in Active Procurement

Project	Model	Issue RFQ	Issue RFP	Contract Execution	Location	Estimated Total Capital Costs
TRANSIT						
GO Expansion: Lakeshore East – Central Corridor (works west of Beechgrove Road to west of Scarborough Golf Club Road)	BF	August 2017	April 2018	Fall 2021	Toronto	\$100M - \$200M
GO Expansion: Milton GO Station	DBF	November 2017	April 2018	Summer 2021	Milton/Mississauga	< \$100M
GO Expansion: Lakeshore West Corridor	DBF	December 2017	April 2018	Summer/Fall 2021	Halton Region/Toronto	\$200M - \$500M
GO Expansion: OnCorr	DBOM	March 2018	May 2019	2022	Greater Toronto and Hamilton Area	> \$10B
GO Expansion: Union Station Enhancement Project	Alliance	October 2019	February 2020	Fall 2021	Toronto	\$500M - \$1B
Ontario Line – Rolling Stock, Systems, Operations and Maintenance	DBFOM	June 2020	December 2020	Fall 2022	Toronto	> \$2B
Ontario Line – Southern Civil, Stations and Tunnel	DBF	June 2020	December 2020	Fall 2022	Toronto	> \$4B
Scarborough Subway Extension – Stations, Rail, and Systems	*Progressive DB	September 2021	Winter 2022 (Dev. Partner)	Fall 2022: (Dev. Phase Agreement) Winter 2024: (Project Agreement)	Toronto	\$2B - \$4B
*Progressive DB: Target Price contract						
TRANSPORTATION						
Highway 3	DBF	June 2021	December 2021	Fall 2022	Town of Essex to Leamington	< \$200M
JUSTICE						
Thunder Bay Correctional Complex	DBFM	July 2018	March 2021	Spring 2022	Thunder Bay	\$500M - \$1B

Project	Model	Issue RFQ	Issue RFP	Contract Execution	Location	Estimated Total Capital Costs
HEALTH CARE						
Hamilton Health Sciences – West Lincoln Memorial Hospital	DBF	November 2020	June 2021	Spring 2022	Grimsby	\$200M - \$499M
Niagara Health - New South Niagara Hospital Project	DBFM	February 2021	October 2021	Fall 2022	Niagara	> \$1B
Kingston Health Sciences Centre - Kingston General Hospital Redevelopment	DBF	August 2021	Summer 2022	Summer 2023	Kingston	\$500M - \$1B
Trillium Health Partners Broader Redevelopment – Queensway Health Centre	BF	October 2021	Spring 2022	Spring 2023	Toronto	\$500M - \$1B
CHILDREN'S TREATMENT CENTRES						
Grandview Children's Treatment Centre	DBF	September 2020	May 2021	Spring 2022	Ajax	< \$200M

Projects in Planning

The government has also announced several projects that are early in the planning process. Details including delivery model, timing and scope are still being determined.

Transit

Line 4 Extension (Sheppard East) Subway
Hamilton LRT

Transportation

Garden City Skyway

Children's Treatment Centres

Children's Treatment Centre of Chatham-Kent

Health Care

Lake of the Woods District Hospital (Kenora) – Redevelopment Project
Muskoka Algonquin Healthcare (Bracebridge and Huntsville) – Hospital Redevelopment Projects
Stevenson Memorial Hospital (Alliston) – Redevelopment Project
Hotel Dieu Shaver (St. Catharines)
Markham Stouffville Hospital – Uxbridge Site Redevelopment
London Health Sciences Centre – Stem Cell Transplant Expansion
South Bruce Grey Health Centre – Kincardine Site Phase 1 Redevelopment Project

Public Works

Grosvenor Office Tower
MECP/MLTSD Science Complex

Glossary

	Red boxed content represents new projects
	Blue bordered represents updated procurement information and/or information estimated capital costs
	Green boxed content represents projects which have moved into new phases

BF	– Build Finance
DBF	– Design Build Finance
DBFM	– Design Build Finance Maintain
DBFOM	– Design Build Finance Operate Maintain
DBOM	– Design Build Operate Maintain
RFQ	– Request for Qualifications
RFP	– Request for Proposals
PDC	– Planning and Design Consultant
TA	– Technical Advisor
TBD	– To be Determined