

Transit a big focus of Ontario infrastructure update

by Don Wall Feb 27, 2017

The recently released government of Ontario BuildON 2017 Infrastructure Update confirms the government's new focus on major transit and transportation projects, says Ehren Cory, the divisional president of project delivery with Infrastructure Ontario (IO).

The annual update, released in January, is valued by the construction sector because it offers firms a heads-up on project volumes and timing, enabling them to plan resources and bids.

The 2017 report reveals that IO is currently managing 90 Alternative Financing and Procurement (AFP) projects for the government valued at more than \$40 billion in capital construction costs. Ontario has completed \$18.3 billion worth of AFP projects to date, is managing \$14 billion in AFP builds currently in the works, as of the beginning of the third quarter of 2016, and has identified upcoming AFP projects with a total capital value of \$11.8 billion.

In his introductory letter, Minister of Infrastructure Bob Chiarelli also promised "Ontario's next long-term infrastructure plan" will be released later this year.

It's a busy program, commented Cory, but he said Ontario's construction sector is well equipped to handle it, given that the consortiums that have been assembled to date to bid on larger projects have had significant delivery capacity and that IO intends to continue to carefully stage project rollout to ensure there are no bottlenecks.

Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario, pointed out that projects such as the Regional Express Rail (RER), which will involve electrification and expansion of the GO train system, would require extensive utility work such as constructing a network of catenaries.

Cory was asked: Can IO and Ontario's construction sector pull it all off?

"Overall, we feel really good about the capacity in the market to handle what we're putting out," said Cory. "We are focused on the issue, to manage it over time. We feel really good about where it is but we are not naïve to it.

"Over the last seven years, we have developed something very unique in Ontario. We have local, domestic companies in our backyard, we have world-class companies in infrastructure, construction and design and management. And those firms have partnered effectively with global leaders who bring unique capabilities, both technically and in managing projects of this size and scope. So at this point what we've got is a pretty mature market that has the best of both worlds."

Identifying the major highlight of the update, Cory said, "We have been signalling a pretty big shift from the social or building projects towards transit and civil projects, roads, light rail, heavy rail, for several years now, and that shift has been starting to happen." "This year's market update really crystallizes that," he said.

With ongoing transit megaprojects such as the Eglinton Crosstown and the Waterloo Light Rail Transit (LRT) and upcoming builds such as the Hamilton and Hurontario LRT jobs and the RER program, Cory identified over a dozen rail projects that will go a long way towards helping the province meet its carbon reduction goals.

Other green initiatives identified in the update include the use of "low carbon procurement" and the build-out of fast-charging EV (electric vehicle) stations.

Cory was asked if IO is satisfied with the number of bidders on AFP projects. Manahan had suggested that with so much work and a relative paucity of large firms in Ontario, and also the extensive effort it takes to put together AFP bids, firms might not want to go to the effort and cost to bid on every job that comes along.

"We are getting great competition in the transit projects right now," said Cory.

"There's a mix of local and global and great partnerships and lots of them. It is not a concern. In fact it is something we are quite excited about, the diversity of what we're seeing.

"I think though that we constantly have to manage for how that evolves over time, to make sure we maintain an open market and a great competitive playing field."

The project pipeline also includes continued investment in the health care sector and other social infrastructure such as courthouses.

And, Cory pointed out, IO also manages approximately 5,000 projects a year using traditional procurement methods including builds associated with the government's extensive real estate portfolio. IO will tender an estimated \$100 million in new real estate capital repair projects this year.

"We think of the projects as a spectrum and we think of the right way to deliver them as a spectrum," said Cory.

"A hammer for every nail. Our goal is to choose the best delivery model for every project. AFP over the last decade has proven uniquely able to handle large complex projects."