



Investing in healthy communities, ones that pedestrians can safely move around in, encourages investment in the local economy.

FROM THE GROUND UP

How infrastructure development can help build Ontario's future. *By Andrew Macklin*

The case for significant investment in infrastructure is strong. Infrastructure dollars enter a community and, for the most part, stay there, bolstering the local economy. There is a litany of businesses that benefit from the presence of construction projects, including restaurants and bars, fuelling stations, retail outlets, and more. And the lasting, long-term impact of the asset within the community, used by thousands or even millions of citizens over its lifespan, cannot be understated.

In Ontario, the Ford Government has made a clear commitment to infrastructure development as part of its economic recovery plan but how significant that investment will be, and how it will be targeted, is still being evaluated. ReNew Canada, in partnership with the Construction and Design Alliance of Ontario, partnered to hold a discussion to evaluate the opportunity that the province has in front of it—the chance to make a significant, timely investment that will provide a strong return on investment and create a lasting, positive impact on communities.

A challenging economic climate

Before analyzing how the stimulus package

can best impact communities, it's important to appreciate the current and forthcoming economic climate.

According to **John O'Grady**, co-founder of Prism Economics and Analysis, the recovery ahead will not be quick. Instead, the economic downturn caused by the COVID-19 pandemic will be like nothing we have ever seen.

And while some of that manufacturing capacity has since been established within our own borders, there is still the potential threat of projects being interrupted due to a lack of availability of certain building supplies.

The result is the need for a real stimulus plan, one that reboots the economy with investment from within our own borders,

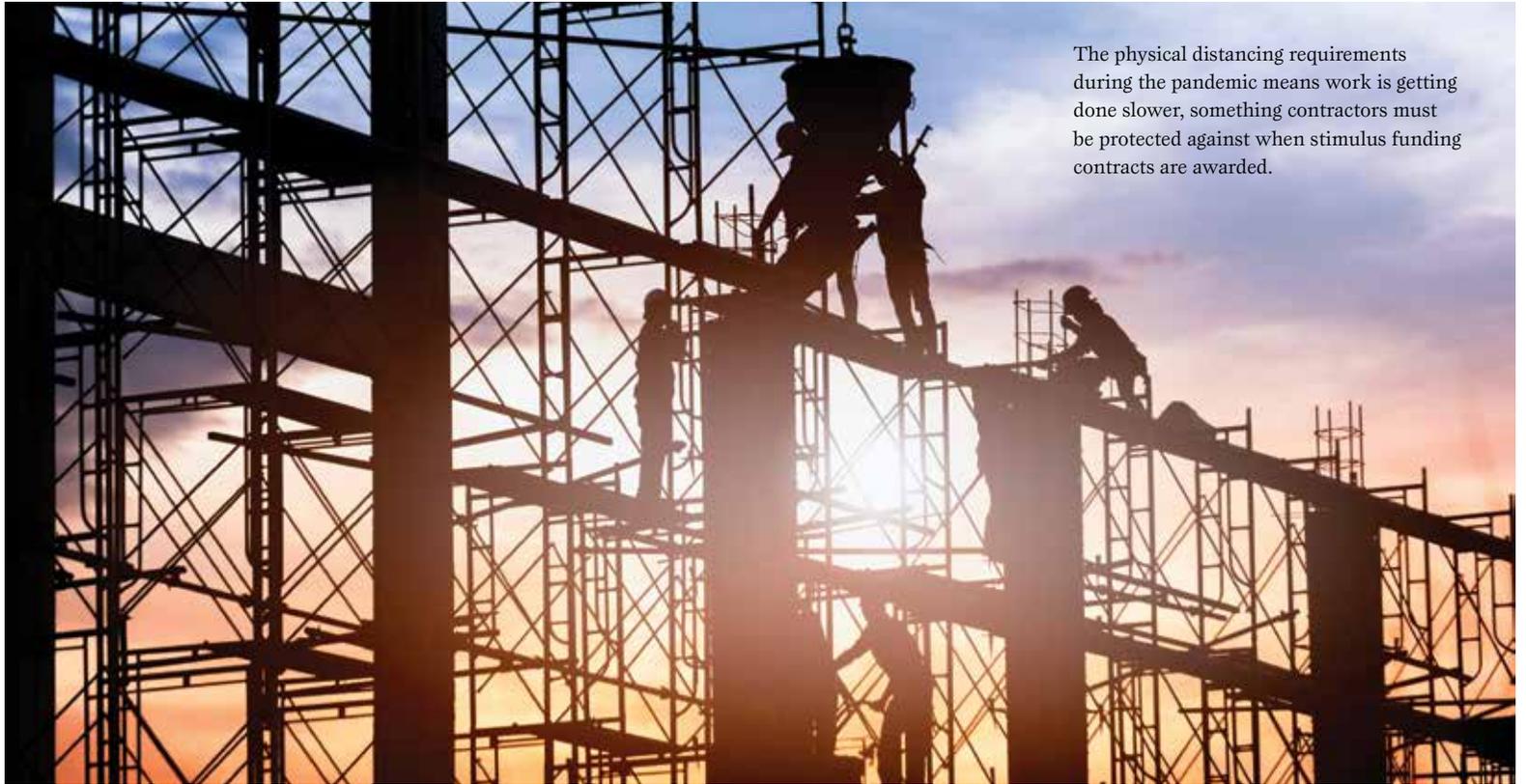
“We have to have a lot more flexibility and recognition that we are in very uncertain times, and that we can't do business as usual.” — **Andy Manahan**

There are a few factors contributing to this. First, he cited the uptick in protectionism measures put in place in multiple key global markets as a reason why this will not be an export-led recovery, which could have sped up the pace for an economic rebound in Canada. He also noted the significant fragility in the supply chain, something witnessed during the crisis' early days in regards to personal protective equipment and materials for an increase in handwashing.

rather than relying on an export-driven solution or significant investment from the private sector.

Lessons from 2009

Thankfully, an infrastructure-based stimulus has been executed before, and the valuable lessons learned from funding initiatives in 2009 have provided a guideline for what should, and shouldn't, be done this time around.



The physical distancing requirements during the pandemic means work is getting done slower, something contractors must be protected against when stimulus funding contracts are awarded.

INFRASTRUCTURE STIMULUS CONSIDERATIONS

What has had the biggest negative impact on your business during the pandemic?

- **Supply chain delays 48.0%**
- **Loss of contracts 36.0%**
- **Increased health and safety costs 8.0%**
- **Shortage of workers 8.0%**

What type of innovation deserves the greatest consideration for stimulus investment?

- **Connectivity 56.5%**
- **Disaster resilience 26.1%**
- **Energy efficiency 8.7%**
- **Data collection and analysis 8.7%**

Andy Manahan, executive director of the Residential and Civil Construction Association of Ontario and vice-chair of CDAO, discussed one particular roadblock that stunted funding in 2009, and must be removed to get money flowing effectively in 2020.

“Municipalities could not put forward projects already on the books. It had to be a new project. This, of course, created a dilemma in that municipalities would not apply for funding for knowing that the Municipal Class EA process might take a year or two, or even longer,” said Manahan. “Originally, the feds set a limit on the program of March 31, 2011 which aligned with the government year-end. Following lobbying by municipalities and other construction stakeholders, an extension was granted to Oct. 31, 2011 to allow for construction over the prime summer

stimulus funding are not just shovel-ready, but also shovel-worthy.

An opportunity for innovation

For the stimulus funding to have a real impact, one that looks to the long-term benefits of what is being built, the panellists agreed that the investment has to go beyond the traditional thinking. Instead, it has to look towards the demands for the asset at the end of its lifecycle, not just its beginning.

“The economic recovery needs to be transformative,” said Manahan, suggesting that the need for reduced human contact during the pandemic further makes the case for some industry processes to move to a digital format, such as e-permitting.

Claire Hicks, program manager for WSP’s Future Ready program, suggested that the key to providing an effective investment

The key to providing an effective investment that will ultimately be transformative is to provide flexibility within the infrastructure that is built.

season. While there were good projects, there were many in the category of lighting in a public park or a gazebo. Not exactly high ROI projects which were intended to provide stimulus.”

Manahan went on to suggest that the development of municipal asset management plans should assist with this process, ensuring that the projects that receive

that will ultimately be transformative is to provide flexibility within the infrastructure that is built. She referred to the concept as ‘conscious cities’, creating communities that are aware of its users. Creating the conscious city including elements such as healthy, walkable streets for all types of pedestrian traffic, investing in digital infrastructure, and transit systems that operate based on

Investments in digital infrastructure has the ability to transform communities, as well as help future proof assets so they can continue to meet public needs for decades to come.



user demand rather than being dictated by a set schedule.

Sandro Perruzza, CDAO chair and CEO of the Ontario Society of Professional Engineers, stressed that the transformation needs to go beyond major cities, looking to investments such as broadband networks in the North. Such an investment would lead to e-learning opportunities, giving people in remote communities the opportunity for skills training in areas of local need such as construction and water/wastewater operation and maintenance to name a few.

He also cited a concern with the implementation of innovation as part of any infrastructure stimulus program: the Canadian talent gap.

“(We’ve been) hearing from procurement agencies (IO, Metrolinx, and the TTC, to name a few) that they have concerns around the ability to build the infrastructure they need that incorporates the technology they want to adopt,” said Perruzza. “We are asking the Canadian Engineering Accreditation Board to modify the accreditation program to an outputs-based model, which will allow the University Engineering Programs the flexibility to quickly adapt their programs to meet the design needs and quickly close the gap.”

The ability to innovative both the execution of construction services and the design of infrastructure to meet future demands will be key to the successful implementation of the stimulus funding program.

A pandemic-proof investment

With this stimulus must also come

measures that will prevent a second wave of coronavirus, or some other type of disruptive event, from penalizing the construction industry.

“We have asked the Province for a legislated provision for accommodation (both with regard to time and compensation) to be inserted into all construction and professional services contracts where the effects of COVID-19 might result in failure to perform or cause delay, including workforce and supply chain considerations. This provision could be applied under the Emergency Management and Civil Protection Act,” said Perruzza.

“Without these fair and reasonable contract accommodation provisions, the broader construction industry faces double jeopardy. Notwithstanding the present and lingering effects of an unprecedented pandemic, we will be required to mobilize or carry on this work, while potentially faced with contractual penalties, liquidated damages and the ostensible need to mitigate where operational mitigation may not be reasonably achievable.

“It will also be extremely difficult to assess the impacts of the enhanced health and safety measures, quarantine restrictions and social distancing protocols over the life of a project. These impacts include labour, insurance, and bonding and supply chain and project sequencing considerations.”

Those contract provisions need to extend to larger projects as well, such as those executed as public-private partnerships (P3s), to ensure that penalties are not incurred for circumstances beyond anyone’s control.

“We need to talk to all governments but, as well for all of the big projects, Metrolinx and Infrastructure Ontario, in terms of contract terms,” said Manahan. “If it does take longer to deliver a project, then P3s are typically looking at a tight timeframe and there are going to be penalties if you don’t finish at a certain stage date. We have to have a lot more flexibility and recognition that we are in very uncertain times, and that we can’t do business as usual.”

The 2020 solution

None of the concerns in regards to the execution of infrastructure stimulus funding is insurmountable. Challenging yes, but not something that can be overcome with thoughtful execution of an effective program.

The Government of Ontario needs to identify its priorities for investment, and determine how this will work with incoming stimulus dollars from the federal government. From there, looking beyond the short-term benefit will be vital. How can these investments, using existing design and technological innovations, be built to ensure that it has a positive, multi-generational impact on the community?

Doing so will ensure that the infrastructure stimulus can have a transformative impact, both on the economies of the communities it serves and the industry itself. 🌱

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