

P3 pipeline ‘a lot of the same’ as governments dedicate funding to COVID-19: Cautillo

Angela Gismondi June 24, 2020



While Ontario construction industry stakeholders are pleased to see projects moving ahead in the provincial government’s Spring 2020 Market Update, some were hoping it would provide more stimulus to kickstart the economic recovery.

“I think we have a larger problem here. We don’t know what the provincial budget is for infrastructure yet because they never tabled a budget in March,” said Ontario General Contractors Association (OGCA) president Giovanni Cautillo, adding there were not many new projects added to the pipeline since the last update in January.

“Due to COVID we are in a holding pattern right now. We were looking for some sort of stimulus package to really kickstart the economy and moving in a direction of economic growth, but we have yet to see leadership from the federal government.

“This would have been an opportunity for the federal government to inject money through this pipeline in order for us to obtain projects moving forward. When we look at that this pipeline does not indicate that. It indicates a lot of the same.”

Ontario’s Minister of Infrastructure Laurie Scott and Infrastructure Ontario (IO) CEO Ehren Cory unveiled the update, also known as the P3 pipeline, at an event hosted by the Canadian Council for Public-Private Partnerships June 18.

“Today’s spring 2020 P3 market update, which includes the latest on timing and delivery for the projects announced in last fall’s pipeline, is an important signal to the market,” said Scott. “This is stimulus that will contribute to the economic recovery of our province.”

Scott said she has been in discussions with the federal government about providing stimulus funding as well.

“I can’t say I’m shy about asking the federal government if there is some more stimulus that might be coming our way,” she said.

Ian Cunningham, president of the Council of Ontario Construction Associations, said he saw the update as reassurance of the government’s commitment to investing in public infrastructure and the P3 model.

“The pipeline announced yesterday (June 18) is significant in its scale and will go a long way to underpin the province’s economic recovery,” he said in an email to the Daily Commercial News. “The speed in which the government is moving is impressive. Projects must get started soon if they are going to help reboot our economy.”

The pipeline includes a total of 37 P3 projects, valued at more than \$60 billion. Of these projects, 13 are currently in procurement, 24 projects are in the pre-transaction phase and 13 are too early in the planning process to be confirmed in the pipeline.

One of the biggest changes in the update is subway work is now being fleshed out, Cory explained.

“It was May of last year when the premier announced the four subway projects. To have them go from that to live procurements, it’s gone from concept to reality in a year,” he said.

The update confirms a schedule for the procurement of the Ontario Line, one of four priority transit projects being delivered by Infrastructure Ontario and Metrolinx.

According to a letter issued by Cory on IO’s website, the RFQs for the first two of those projects were issued June 2, including the rolling stock, systems, operations and maintenance contract for the entire 15.5-kilometre line and the first of two separate civil, stations and tunnel contracts in southern segment. The third major contract in the project, the northern segment of civil infrastructure, is scheduled to come to market with its own RFQ in winter 2022.

Also new to the market update are design-build-finance contracts for Highways 3 and 17, which were previously announced by the minister of transportation, with both procurements scheduled to be in market the first half of 2021.

The Ministry of Health also reconfirmed its commitment to the projects as outlined in the January update, but due to COVID-19 some projects will be accelerated and others will be delayed. Additional updates for hospital and health care projects are expected to be included in IO's Fall 2020 Market Update.

"I think it's safe to say that by the fall there will be some adjustments certainly to dates on the health care projects," said Cory. "Some of them will be earlier as we try and accelerate delivery, some might be pushed out."

Both Cautillo and Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario, brought up the recently released report Navigating the COVID-19 Socio-economic Shock: How Infrastructure Investments Will Facilitate Future Growth in Ontario prepared by the Canadian Centre for Economic Analysis.

"If you want to enhance the value of projects and make sure everyone is working collaboratively to deliver the best project with the best outcomes then we just need to keep that communication going," said Manahan. "It could be the difference between a project that has mediocre value versus one that has high value."

Cautillo said while he understands the need to dedicate resources to fight COVID-19 right now, infrastructure stimulus is needed.

"The evidence indicates that if you continue at the rate you are continuing at you are going to have job losses. You're going to lose the tax revenue both on the provincial and the federal side," he said. "Without an injection into infrastructure by the feds, I can't see how they are going to be able to expand the pipeline in the fall."

The full P3 Pipeline can be found at www.infrastructureontario.ca/en/.