



Responding to COVID-19 in the Infrastructure Sector

The health and safety of employees is the overriding priority for companies in the infrastructure sector and member companies of the Future of Infrastructure Group. We are working hard to protect our employees and subcontractors by ensuring that sites meet the most stringent requirements on social distancing and hygiene wherever sites are located. We also recognize the important role infrastructure will play in the economic recovery.

The Future of Infrastructure Group brings together leading infrastructure companies in Canada to provide a positive, collaborative, and coherent voice for the sector across Canada. Our goal is to work together with governments identify and help solve common challenges and raise overall standards. Below we have provided some recommendations on steps that could be taken in the near term to limit the damage of this pandemic and help the sector recover quickly.

Recommendations:

1. Quickly Resolving COVID-19 Related Delays and Costs
2. Advancing Project Pipelines to be Shovel-Ready
3. Focus on Delivering Designs
4. Advancing Government Approvals
5. Maintaining Cash Flow through the Infrastructure Supply Chain
6. Retaining and Supporting Skilled Workers

1. **Quickly Resolving COVID-19 Pandemic Related Delays and Costs:** Projects of all sizes, types and stages may be delayed, and payments will be impacted as a result of this pandemic. Failure to pro-actively address this at a level above each individual contract's language may have catastrophic effects on the domestic infrastructure industry and down the construction and operations supply chain. This is a major concern hanging over the industry and causing uncertainty for the sector that will hold back growth and recovery if not addressed quickly and decisively.

Pandemics of this scale and nature are, by and large not explicitly contemplated in procurement documents used by agencies and governments to deliver, operate, and maintain projects. Relying on current contract language and asserting that this is not an owner risk on a project-by-

project basis is not a workable solution, penalizes individual companies and industry as a whole. There needs to be strong leadership to provide clarity and certainty that increased costs related to this pandemic will be covered and treated as compensation events within the context of the contracts.

Part of the stimulus/relief funds should be targeted to address this very real concern. Ensuring that projects that are live today are financially viable is a very quick and effective way to ensure that companies and workers can re-mobilize rapidly when this is over.

2. **Advancing Project Pipeline to Selection:** All planning, procurement, and design work should continue as much as feasibly possible along existing timelines. Any steps that can be taken to simplify federal funding processes to ensure the efficient flow of funding to other levels of government should be taken. Any procurement bodies should also look at any redundancies in their documents and work to simplify their processes as much as possible while still delivering high quality infrastructure.

Live and planned procurements should maintain existing timelines as far as possible to ensure projects are ready to go once this situation has passed. This will give companies an opportunity to scale up, hire staff and provide necessary training to prepare for upcoming shovel-ready work. Any delays will hit cash flow for companies along the supply chain and cause further unnecessary damage.

Projects About to Come to Market (Request for Qualification Imminent):

- RFQs should continue to be issued, but allowing for a pause for 1-2 weeks (from the week of March 23) until the rate of change slows and government has a better handle on the growth and impact of the pandemic and the current workplace reality.
- Typical RFQ response deadlines should be extended by 2-4 weeks to help ensure participant contractors can provide the most accurate and comprehensive submissions.
- Over-communicate on procurement timing, starting with providing even more advance notice (1-2 weeks) for when an RFQ will be made available.
 - a. If the timeline regarding the RFQ changes, it will be crucial that those adjustments are communicated early and often.
 - b. Surprises or last-minute changes are never ideal, but during this current environment, they are extremely detrimental and challenging.

Projects in Request for Proposal (RFP) Phase:

- Continue with the RFP process and avoid delays, however this will require some adjustments given the uncertainty relating to the future impact of COVID-19:
 - There needs to be a sensible approach that provides clear and direct guidance to proponents on how to bid in order to manage the COVID-19 risk from a bid perspective. Contractors cannot “price” the COVID-19 risk currently due to the future course of the pandemic.
 - Have contractors bid as though COVID-19 has completely resolved itself and have clear adjustment mechanism for COVID-19 related changes to costs and schedule, or have contract language that clearly carves it out as

compensation event. Anything short of this will prevent contractors from bidding fixed price work.

- Develop an approach to split commercial and financial close. Providing fixed and committed financing under the current conditions will either not be possible or will be very expensive but should not be a reason to delay a project's early activities.

Accelerated Procurements: It is worth considering which projects may be good options for accelerated procurement to allow both design, and ultimately construction to progress faster. Two broad options exist for this:

- Alternative procurement models:
 - a. **Progressive Design Build:** enables the design-build team to become involved at an earlier stage of project development. Government and the designer/contractor collaborate with government to refine the design and once the design is between 50-75 percent complete the builder issues a Guaranteed Maximum Price.
 - b. **Public Private Partnerships:** bring together integrated private sector teams to work with government to deliver infrastructure. These teams can draw in design, construction, financing, operations, and maintenance and have a good track record of delivering projects on time and on budget, and keeping them well maintained.
 - c. **Integrated Project Delivery or Alliance Contracting:** these forms of collaborative contracting promote openness, flexibility, and build trust, and encourage the government and private sector to cooperate to find solutions.
 - Pre-qualifying bidders that work can be assigned to: this reduces time required around procurement and gives certainty to construction companies that they will have a portion of work to complete. The City of Vancouver uses this approach, as does the New York transit agency (MTA).
3. **Focus on Delivering Designs:** The lowest risk and most effective means to continue to deliver critical infrastructure during the pandemic is design production. Regardless of project size, we should leverage existing project agreements to continue, and selectively accelerate, the collaboration of owners, end-users, clients, original equipment manufacturers (OEM), contractors and design teams to have shovel-ready solutions in hand for a return to work. We emphasise the ease by which to continue to develop design unabated through collaborative and cloud-based technology, even where on-site construction activities are delayed or deferred.
 4. **Advancing Government Permitting and Approvals:** Decisions made by different levels of government to close services, including building inspections, will in many cases halt construction. In the short-term municipal staff responsible for permitting should be given the resources and processes adjusted to enable them to work remotely. Where permitting staff are not working provincial/federal agencies can work with municipal authorities to allow

construction to proceed, with permits granted retroactively. Temporary ability for self-certification could also be considered with provincial agencies temporarily taking over responsibility for this approach.

- In the longer term this presents an opportunity to modernize the permitting, licensing and approvals process to make it digital. [Finland](#) has built a system where 95% of all construction licences are issued online. In 2018 [Windsor](#), Ontario became the first city in Canada to go digital with its building permitting system. Canada should emulate this approach, making changes to processes in the short term that can enable this transition.
5. **Maintaining Cash Flow:** As a largely project-based industry, the infrastructure sector relies more than any other on cash flow to survive, with a number of small and medium-sized businesses particularly vulnerable to disruptions. Federal and provincial governments have already taken action including providing access to credit, deferrals of tax payments, and wage subsidies. Access to credit will be critical, as will prompt payment. Other steps could include ensuring the public sector continue to pay suppliers in line with already agreed payment schedules, and ensuring that dispute resolution processes are resolved in a timely manner and not deferred until the end of projects.
6. **Retaining and Supporting Skilled Workers:** The industry already has a skills shortage and stimulus will be less effective if labour and skills are not retained to do the work. In these unprecedented times there should be a national approach to labour, either through emergency measures regarding temporary lay-offs, or providing wage support.
- Relief in carrying employees' salary in the short term would provide confidence to retain staff during this difficult time and make it easier to ramp up and drive the economic recovery. The [UK Government](#) has taken decisive action in covering 80% of the wages of employees covering salary of up to £2,500 (C\$4250) per month for at least three months.
 - If it is not possible to provide emergency support for salaries, temporary lay offs should be adjusted to provide a consistent approach to allow temporary lay offs to cover the period of the disruption as an emergency measure, but enabling staff to retain benefits.
 - During this time there could be an opportunity to provide online training to produce a skills dividend during any downtime and helping these skilled workers to advance their careers during any periods where they are unable to work.