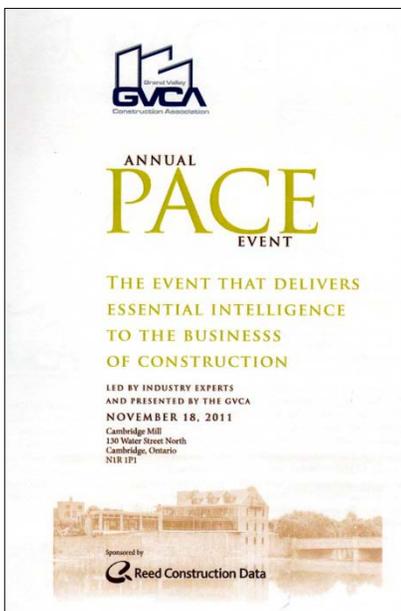


Congratulations to Martha George and the Grand Valley Construction Association on another successful PACE event. Since she launched the program three years ago, Brian has been working with Martha discussing how owners, buyers and service providers can keep "PACE" with the huge changes in the design and construction sector. Again this year, Brian facilitated the event and delivered one of the presentations.

This year's central theme was "teaming" ... a more collaborative approach to project procurement and delivery.



Alex Carrick, Chief Economist for Reed Construction Data and the Daily Commercial News opened the event with an overview of the economic context in which the industry finds itself.

So, Canada ... not bad. Manufacturing is suffering, which affects Ontario in particular. Alex suggested that manufacturing will need to refocus on the needs of the resource sector.

But Europe ... a mess.

America? A mess.

And, no surprise, the challenges in those areas are bound to affect us.

Inevitable.

Should come as no big surprise to company leaders who read the business section.

But, he brought *good news for Grand Valley*. Kitchener/Waterloo/Cambridge/Brantford/Guelph. *"I really like your prospects"*. He talked about solid population growth, a diversified economic base with financials, hi-tech, academe, auto and tourism. And, topping it all off, located on the edge of Toronto.

Concluding, he urged leaders to "get outside of their comfort zone" and be looking for new things to do, and new ways to do them.

Brian was up next, talking about some of the trends he's tracking that are transforming the design and construction sector, and emphasizing the critical need for every business to develop comprehensive strategies to capitalize on new opportunities and manage the risks that come with these kinds of changes. Changes that are already happening, in addition to those just over the horizon.

First up, some good news. Ontario's 10 year infrastructure strategy, *Building Together*, promises continued investment in the kind of infrastructure that fuels the design and construction sector. Transportation, transit,

education facilities, research and commercialization hubs, hospitals and other health care infrastructure, as well as social infrastructure like affordable housing, culture, tourism, justice.

Better yet, the government is committed to investing \$35B over the next three years.

He talked about sustainable design and Ontario's green energy strategy, noting the recent Angus Reid polling that showed the majority of Canadians believe protecting the environment is more important than dealing with economic challenges.

Went on to cite his current read, *The Great Reset* by Richard Florida, which talks about a huge shift coming to the way we live and work, transitioning from a manufacturing to a knowledge-based, creative economy. The growth of "mega-regions" (think Toronto-Ottawa-Montreal) and densification in the suburbs (Markham Downtown, for example).

He mentioned potential in adaptive reuse of old buildings (Maple Leaf Gardens) and re-purposing industrial buildings as our manufacturing base evolves.

Demographics will affect demand and supply in this sector of the economy. The need for more buildings and civil infrastructure. Different types of infrastructure to service our aging population. In new locations as the population continues to migrate to mega-regions, and the cities and suburbs within them.

Technology will affect what we do in design and construction and how we do it. BIM is an obvious example.

Brian outlined numerous examples of different models for delivering infrastructure projects. Public Private Partnerships. Project Alliance and Performance Contracting. Integrated Project Delivery where the key members of the team come together at the very beginning of a project so they all participate in making those critical decisions that will define project success.

He moved to the theme of this event, "teaming", developing new ways of working together in a multi-disciplinary collaborative. Owners, users, builders, designers, facility managers all sharing risk and reward with the joint objective of creating the best possible project outcome.

He built on all of this by introducing the notion of adapting and applying LEAN principles to the design and construction of infrastructure. Maximizing value for owners and users while reducing waste in the process of delivering the infrastructure. Lean originated with Toyota in the manufacturing world, think of ideas like "just in time" delivery. The Lean Construction Institute in the U.S. is promoting Lean Project Delivery.

Brian wrapped up by picking on Alex Carrick's advice to "get out of that comfort zone" and develop the comprehensive strategies needed to succeed in a changed and changing marketplace.

Anton Pojasok, VP of Professional Services at Infrastructure Ontario (IO) talked about the key role that provincial agency plays in delivering and managing Ontario's public infrastructure. Anton described the four business streams of IO - land, loans, projects and buildings, and described the scale of each.

He noted that IO delivers projects via Alternative Finance and Procurement (AFP) and, since the merger with Ontario Realty Corporation, also uses 'traditional' delivery models. He noted that there are actually 3 different AFP models in use - Design Build Finance and Maintain, Design Build Finance, and Build Finance adding that careful consideration is given to determine which model is best for each specific project that will be delivered via AFP.

Anton touched on the expanded role for IO that is anticipated in the 10 year infrastructure strategy and went on to note that as a provincial agency, IO is required to comply with authorizing legislation, trade agreements and procurement policies set by the Government of Ontario.

He added that IO is renewing efforts on real property asset management, alignment of contracts and procurement policies, and will continue to deliver AFP projects on time and on budget.

The final presenter at PACE 2011 was Geza Banfai, a senior partner in the Toronto office of Heenan Blaikie who practices in their Infrastructure - Construction practice, and who is certified by the Law Society of Upper Canada as a Specialist in Construction Law. In *"Some Legal Issues of Team-Based Construction Models"*, Geza described the paradigm shift from stipulated sum construction contracting (CCDC 2) to design-build and then the major leap from there to Integrated Project Delivery. The former are all about "me", protecting the individual interests of the contractor, the owner, the consultant. By contrast, he said *"Team-based agreements are much less about "me", and much more about "us" and "the project"*.

Those contracts contain provisions that encourage teaming behaviours. He listed provisions typically seen in IPD agreements such as liability waivers and "no sue" clauses; open book fiscal transparency; shared risk and reward; mandatory collective decision-making requiring consensus, often unanimity; and, co-location of team members.

Geza closed with his personal assessment that "IPD is not a question of if, it's a question of when.", citing the impact of technology like BIM in making the shift to a successful team collaboration "inevitable".

During the discussion period one participant asked how one can convince owners, and their lawyers, to shift to IPD. There were a number of suggestions on how the merits could be argued, and a suggestion from Brian that the shift can also be supported by industry advocacy through organizations like the Grand Valley Construction Association.

Participants left PACE 2011 with copies of Supplementary Conditions for CCDC 2 developed by the Ontario General Contractors Association (OGCA) with the Ontario Association of Architects (OAA) , as well as Joint Best Practice Statements issued by the OGCA and OAA on "Shop Drawing Schedule" and "Questions During the Bid Period and Requests for Information During Construction". *Those documents are available on the websites of those associations.*