Canadian Construction Association
Best Practices Services

Building forward: **Industry informed procurement strategies for successful federal project delivery**

Published June 2026

Table of contents

1. Introduction

Canada's infrastructure delivery landscape is undergoing a fundamental shift. Ambitious investment programs, combined with constrained market capacity, rising costs, and greater complexity in project scope and delivery, are exposing the limits of traditional procurement approaches.

This report by the Canadian Construction Association (CCA) provides industry-informed insights and recommendations to Public Services and Procurement Canada (PSPC) on how procurement authorities across Canada – both public and private – have recently found success with project deliveries in today's market. Rather than revisit the basics of procurement models, this report focuses on how recent shifts in the use of various procurement approaches are evolving. Drawing on recent experience across jurisdictions and sectors, it highlights practical lessons learned and identifies critical gaps that must be addressed to ensure successful PSPC procurement and execution on federal projects.

With the federal government making unprecedented investments to address evolving trade logistics, housing shortages, and nation-building infrastructure improvements, the stakes have never been higher. Practical, focused procurement strategies are essential to achieving the market's risk-and-capacity sweet spot. Each procurement must be tailored to the unique objectives of its project and the market's national, regional, and local ability to deliver.

It is imperative that cancelled procurements or market withdrawal from federal opportunities be avoided. Unfortunately, in recent years, both situations are occurring more frequently than ever before. The success of current government policy now depends on the rapid and effective deployment of capital spending initiatives – at a scale and pace rarely seen in the past half century. Our industry is experiencing levels of national and regional labour capacity shortages plus the growth of construction cost escalation that together are impacting construction procurements from coast to coast to coast.

Over the past several years, PSPC has provided Canada's construction industry with information about PSPC's approach to construction procurement. This has included a detailed overview of PSPC's alternative project delivery methods presented at the Real Property Institute of Canada (RPIC) National Workshop in November 2021, as well as more recent engagement through the PSPC Industry Engagement Initiative (IEI) workshops held in late 2024 and early 2025. These workshops sought industry perspectives to identity themes and potential areas for improvement to PSPC's Innovative Delivery Mechanisms (fall 2024) and Project Risks (winter 2025).

While industry participants in these IEI workshops had hoped for a more forward-looking discussion that more fully integrated emerging industry best practices into PSPC approaches to project delivery, the sessions were primarily focused on reviewing existing practices and identifying incremental improvements to PSPC performance and efficiency. As a result, opportunities to take a more comprehensive look at procurement and governance frameworks that would better serve Canada's evolving infrastructure needs were limited.

Against this backdrop, experience from across Canada demonstrates that many procurement authorities have been agile in adjusting to the evolving market conditions to ensure maximum viability of their construction projects. It is the lessons learned from these public and private procurement authorities, as experienced through the lens of CCA members, that we believe can bring value to PSPC in delivering future construction procurements.

Two of the key lessons learned across Canada over recent years that have enhanced procurement and project success are:

Enhancing collaboration on construction projects – regardless of the delivery method

A project does not have to be delivered via an Integrated Project Delivery (IPD) or Alliance method in order to use collaborative tools and to promote collaborative behaviours that enhance project success.

For example, the industry has seen significant success in achieving cost and schedule targets in publicly procured projects delivered through Construction Management at Risk (CMAR), following balanced risk allocation industry standards (CCDC 5B). In these cases, owners or procurement authorities have created project charters that promote collaboration between the owner, design consultant, builder, and main subcontractors. For projects of a certain size or complexity, similar collaborative approaches can also be achieved through "progressive" models that help de-risk projects but enable parties to arrive at fixed design-build (e.g. Modified DB) commitment, or Progressive Design Build Finance and Maintain that captures the integration and funding of long-term operations and maintenance of the asset.

Proper planning, phasing, and risk transfer – supported through early market engagement – may also enable more traditional procurements to meet cost certainty objectives, provided the project is the right asset class, scale, and complexity.

Reducing the overall time taken to procure projects

With the increased construction cost escalation experienced across Canada since the COVID-19 pandemic, many procurement authorities have focused their efforts on reducing the overall time required to move from issuance of the initial RFQ/RFP to entering into a contract with the builder indicated.

For example, the 2021 PSPC Alternative Project Delivery Methods presentation indicates that the procurement timeline for a Progressive Design-Build (PDB) project ranges from 14 to 18 months from the initial RFQ/RFP to awarding a contract with the selected design-builder. However, other provincial and federal procurement authorities have reduced the PDB procurement period by a full year.

Industry has observed PDB procurement processes that take three to six months from initial RFQ/RFP issuance to contract signing. This results in two key "wins" for both the project and industry. First, it reduces exposure to project cost escalation by one year, which has reached as high as 13 per cent in recent years. Secondly, it avoids tying up significant resources in extended procurement pursuits, allowing critical personnel to focus on project delivery rather than prolonged competition.

In the report that follows, CCA presents practical recommendations to help PSPC enhance its procurements beyond the few examples mentioned above. These recommendations focus on reducing the risk of canceled procurements, structuring approaches that encourage industry participation, better balancing risk allocation with market capacity, and enabling industry to respond effectively to the speed and scale of capital spending initiatives now being deployed across Canada. Collectively, these recommendations are intended to help PSPC deliver procurements that are credible, competitive, and positioned for successful execution.

2. Overview of Government of Canada alternative models

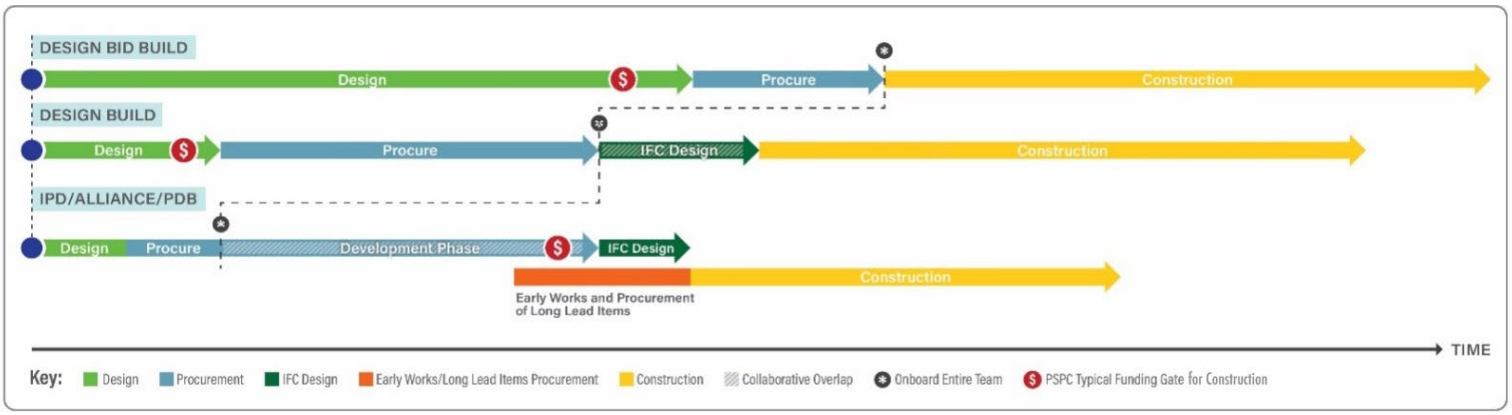
2.1. Summary table

The following table provides a high-level overview of common construction delivery models used in Canada, with a specific focus on how their contractual structures, risk allocation, pricing mechanisms, and owner involvement influence opportunities for collaboration.

	Design-Bid-Build (DBB)	Design-Build (DB)	Construction Management (CM/ CMAR)	Progressive Design-Build (PDB)	DBF / DBFM / Progressive DBFM (P3)	Alliance and Integrated Project Delivery (IPD)	Lease-Leaseback (LLB)
CCDC categories	CCDC 2	CCDC 14	CCDC 5A / 5B	CCDC 32	CCDC 15 (adapted)	CCDC 30 (adapted)	Custom
Primary collaboration framework	Traditional	Traditional	Collaborative	Collaborative	DBF/DBFM=Traditional Progressive DPFM Collaborative	Collaborative	Traditional or Collaborative
Federal legal feasibility	All models are legally feasible within the federal framework						
Contract structure	Separate contracts for design and construction	Single contract	Separate contracts for design and construction; CM may hold trade contracts	Two-phase single contract	DBF/DBFM = Single integrated contract; Progressive DBFM =Two-phase single contract	Multiple phase single multi-party	Ground lease and sublease
Payment	Progress payments for priced unit rates during construction	Progress payments	Progress payments	Development phase: cost reimbursable Implementation: fixed price	Substantial completion + Annual Service Payments	Cost reimbursable with profit paid to reward outcomes + gainshare/ painshare	Rent during lease term
Approach to achieving cost certainty	Obtain quotes for construction price for complete plans (100%)	Obtain quotes for design and construction based on a reference concept design (often 30%)	Collaborative transparent pricing during design. GMP developed when design advanced.	Milestone estimates reviewed as design progresses during development phase.	Obtain quotes for design and construction based on a reference concept design (often 30%)	Iterative estimate progression until the target cost meets the owner's criteria (Affordability Limit)	Approach can vary from fixed, set design specs to a more progressive, collaborative approach to lock in a fixed rental rate
Typical risk sharing and distribution	Owner holds design risk; contractor holds construction risk	Contractor holds design and construction risk	Transparent discussion about what risks are covered by the estimate or owner on a best value basis	Transparent discussion about what risks are covered by the estimate or owner on a best value basis	Private partner assumes design, construction, financing, maintenance/operations risk	Transparent discussion about what risks are covered by the estimate or owner on a best value basis	Private partner assumes design, construction, financing risk
Owner involvement (design and construction)	High in design; moderate in construction	Low after requirements set	High throughout	High in development phase	Low after requirements set. High in Progressive DBFM development phase	Very high throughout	Low
Approach quality	Owner-defined	Owner-defined	Collaboratively-defined between owner, contractor and designer	Collaboratively-defined between owner, contractor and designer	Owner-defined and/ or performance based	Collaboratively-defined between owner, contractor and designer	Owner-defined and/or performance based
Opportunity for innovation	Low	Moderate	Moderate	High	Moderate. High, if performance based.	High	Low

Delivery phasing of different contract models

The following graphic shows a comparitive timeline between different contract models, along with markers that designate when the constructors are onboarded (entire team onboarded) and when PSPC's Typical Funding Gates for Construcition would occur.



Seeking approval of funds for implementation typically occurs once a Class B (Substantive) estimate is received. The approval process will generally require a few months to allow for the documents to go through various approval gates (three to 12 months, depending on the project priority and complexity).

3. Delivery models: Current trends and observations

This section provides a high-level summary of observations and trends in adoption, market acceptance, challenges, and successes of infrastructure procurement and execution in Canada. These observations have been categorized regionally, by sector, and through various elements of due diligence. This section concludes with specific feedback related to federal procurements, predominantly led by PSPC, in recent years.

3.1. Regional trends

3.1.1. Ontario

- Many large-scale projects are being released that are posing challenges in terms of rationalizing risk and cost estimating/control.[1]
- After a string of poor outcomes on some prominent civil DBF and DBFM projects, there has also been an absence of bidders who are willing to provide fixed pricing on large and complex infrastructure projects.
- Procurement authorities are now releasing procurements that attempt to use collaborative procurement models such as Alliance, Progressive DB (Target Price) and CM, but are also trying to maintain certain levels of pricing and execution risk to the contractor.[2]
- Clients are taking in feedback and adapting their selection process to these new models. There have been some early successes (e.g., Waaban Crossing IPD project in Kingston, Union Station Enhancement Alliance Project in Toronto, and Royal Canadian Dragoons in Petawawa), and also some projects that have failed to achieve validation within the client's affordability limit and therefore did not proceed into the construction phase.
- It is too early to see how the market embraces the proposed framework and terms for these collaborative contracts, and if the procurement authorities can adequately staff these projects with individuals who can properly adapt and be decisive through a collaborative process.
- Infrastructure Ontario is also using more DBB contracts to attract a broader range of smaller contractors to healthcare and justice projects, even though there still is market appetite for smaller and less complex DBFM projects that have proven to be very successful over the last 15 years.
- Defence Construction Canada is mostly using a Modified DB delivery model, CM and IPD for larger projects while similarly to Infrastructure Ontario, is using DBB contracts for smaller contracts.

1 Auditor General of Ontario. (2024). *Procurement and delivery of selected infrastructure projects* (Performance Audit). In *2024 Annual Report* (pp. 1–81). Office of the Auditor General of Ontario. https://www.auditor.on.ca/en/content/annualreports/arreports/en24/pa_infrastructureON_en24.pdf

2 Infrastructure Ontario. (n.d.). *Building success together: Exploring the power of collaborative contracting models for the delivery of health care projects.* https://www.infrastructureontario.ca/en/news-and-media/io-stories/building-success-together/

3.1.2. British Columbia

- With the continued mandate of the NDP provincial government, the province has turned away from the use of DBFM or other P3 models.
- Infrastructure BC ("IBC") has focused more on using DB and DBB models for small to medium-sized projects and then using Alliance contracts when necessary to attract enough bidders for large and more complex projects. Having said that, there have not been many projects under the Alliance model that have reached substantial completion yet.[3]
- While these new types of models are intended to encourage collaboration, they have not been without challenges. In the Dawson Creek and District Hospital Replacement Project (procured as a Progressive DB), IBC was required to issue a second RFP request in January 2023 after achieving "approximately 60 per cent design completion," due to being "unable to arrive at an agreement for the execution of the work with the initially selected proponent."[4]
- There has been a trend towards increased transparency with more detailed audits of overhead (company overheads are typically proportionate to the amount of work that the respective companies outsource versus carry out in-house).
- Some provincial agencies (that are not using IBC for procurement) have been using CM models on occasion as well.
- Defence Construction Canada is mostly using a Modified DB delivery model and CM for larger projects while using DBB contracts for smaller contracts.

3 Infrastructure BC. (2025). *2025 Spring major projects brochure.* https://www.infrastructurebc.com/wp-content/uploads/2025/06/2025-Spring-BC-Major-Projects-Brochure.pdf

4 Alberta Law Review. (2024). *Collaborative construction contracts.* Alberta Law Review. https://albertalawreview.com/index.php/ALR/article/view/2767/2716

3.1.3. Alberta

- Alberta continues to focus more on fixed-price contracts such as DBB or DB and are deploying more DBFM models in asset classes, such as bundled schools and healthcare, for what appears to be an expanding P3 pipeline.[5]
- Alberta has also experienced some project cancellations as a result of budget estimate and affordability gaps. It is still too early to assess if re-tendering the projects at a later date or using other procurement models will result in more affordable pricing, given the current climate of price escalation and uncertainty surrounding tariffs.
- The province is not currently utilizing the Alliance model, and fixed-price procurements appear to be preferred.
- Defence Construction Canada is mostly using a Modified DB delivery model and CM for larger projects while using DBB contracts for smaller contracts.

5 BLG. (2024, May 27). *Alberta infrastructure: A positive outlook for P3s in Alberta*. https://www.blg.com/en/insights/2024/05/alberta-infrastructure-a-positive-outlook-for-p3s-in-alberta

3.1.4. Saskatchewan and Manitoba

- Saskatchewan and Manitoba have both shown a preference for traditional models – favouring conventional procurement approaches such as: Construction Management (CM), Construction Management Guaranteed Maximum Price (CMGMP), Design-Bid-Build (DBB), and Design-Build (DB).
- These models are seen as more familiar and manageable for local markets and reflect a responsiveness to various market dynamics.[6] Some of these market dynamics include contractor capacity and interest, risk allocation preferences, and budgetary/affordability considerations limiting the project pipeline.
- In addition, these provinces have also demonstrated a shift away from DBFM models, despite early success with this type of procurement method. Saskatchewan, in particular, only had two projects set to be procured as a DBFM in their most recent *Capital Action Plan*.[7]
- Some plausible reasons for this shift include the change to an NDP government in Manitoba, a limited pipeline, as well as the desire to encourage broader bid participation from local and regional contractors who may find DBFM less accessible.
- Defence Construction Canada is mostly using a Modified DB delivery model and CM for larger projects while using DBB contracts for smaller contracts.

6 Government of Saskatchewan. (2024, March). *2024–25 capital action plan*. https://www.saskatchewan.ca/-/media/news-release-backgrounders/2024/mar/capital-action-plan-2024-25.pdf

7 Government of Saskatchewan. (2025, March). *SaskBuilds 2025–26 action plan*. https://www.saskatchewan.ca/-/media/news-release-backgrounders/2025/mar/25-4383-saskbuilds-action-plan.pdf

3.1.5. Nova Scotia

- Nova Scotia is using less CM, DBB, and DB models and turning heavily towards progressive DB and collaborative DB models.
- This trend is primarily aimed at shifting design management risk to the contractor, but is also creating intense pricing pressure on consulting and design management fees.
- The province has faced challenges with the procurement and contract structure for the QE2 hospital, primarily due to the sheer size of the project and initial risk profile (the project was subsequently split into smaller pieces).[8]
- P3s continue to be contemplated on larger road and healthcare projects.
- Defence Construction Canada is mostly using a Modified DB delivery model for larger projects while using DBB contracts for smaller contracts.

3.1.6. New Brunswick and Prince Edward Island

- DBB and DB continue to be most popular. Some universities are using CM.
- Defence Construction Canada is mostly using a Modified DB delivery model in New Brunswick for larger projects while using DBB contracts for smaller contracts.

8 CBC News. (2022, December 1). *Halifax Infirmary expansion plan sent back to the drawing board.* https://www.cbc.ca/news/canada/nova-scotia/halifax-infirmary-health-care-construction-hospital-1.6680076

3.1.7. Newfoundland and Labrador

- Newfoundland and Labrador continues to consider a combination of traditional CM, DBB, DB and DBFM models over the past few years.
- The province is currently facing challenges in getting enough bidders due to supply chain and contractor constraints, as well as general capacity challenges given the general volume of work in the Atlantic region.[9]
- Current efforts are to bring project scale and phasing down to a more workable size to attract more bidders and reduce supply chain stresses that can impact execution and pricing.
- Defence Construction Canada is mostly using a Modified DB delivery model for larger projects while using DBB contracts for smaller contracts.

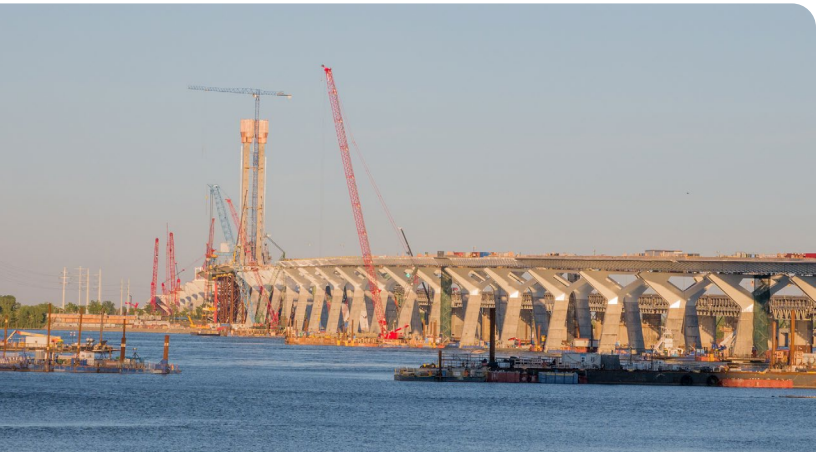
9 Newfoundland and Labrador Construction Association. (2025, June). *Newfoundland and Labrador Construction Association update*. In Canadian Construction Association, Provincial report – June 2025. https://www.cca-acc.com/wp-content/uploads/2025/06/PROV-Report-June-2025.pdf

3.1.8. Quebec

- Quebec has a significant pipeline of large-scale infrastructure projects that are being released into the market. These complex projects require proper diligence from clients and the market, as disruption to their delivery can have considerable cost and schedule impacts given the nature of the work.
- Having said that, procurement authorities are now beginning to release procurements that use more collaborative structures such as Progressive DB (Target Price) but also try to maintain certain levels of pricing and execution risk to the contractor.[10]
- In October 2024, the Québec National Assembly passed Bill 62, which introduced "partnership contracts" as a new procurement option.[11]
- It is still too early to determine how the market will respond to the proposed framework and terms of these collaborative contracts.
- Both Hydro Quebec and the Caisse de dépôt et placement du Québec (CDPQ) are agencies with significant project portfolios. Both are actively exploring the Progressive DB model for near-term procurements.
- Defence Construction Canada is mostly using a Modified DB delivery model and CM for larger projects while using DBB contracts for smaller contracts.

10 Société québécoise des infrastructures. (2024). *Rapport annuel de gestion 2023–2024.* https://www.sqi.gouv.qc.ca/fileadmin/a_propos/publications/rapports_annuels/sqi_rapport-annuel-2023-2024_acc.pdf

11 McMillan. (2024, October). *Unpacking partnership contracts in Quebec's new Bill 62 public infrastructure legislation.* McMillan LLP. https://mcmillan.ca/insights/publications/unpacking-partnership-contracts-in-quebecs-new-bill-62-public-infrastructure-legislation



3.1.9. Yukon, Northwest Territories, and Nunavut

- With the release of the 2025 federal budget, spending on infrastructure in Canada's territories is set for a significant increase.[12]
- Federal agencies like Defence Construction Canada have successfully utilized a Modified DB delivery model on projects in these regions.[13]
- While initial use has been in the vertical and buildings sector, civil infrastructure work has recently been presented under this model as well. With further spending earmarked for Canada's North, we can anticipate this model will see more utilization in the region.

12 CBC News. (2025, November 8). *Federal budget commits $1 B to Arctic Infrastructure Fund.* In CBC News – Canada North. Retrieved from https://www.cbc.ca/news/canada/north/federal-budget-arctic-infrastructure-fund-9.6966998

13 Defence Construction Canada. (2019, February). *Another first: DCC and DND bring IPD to Government of Canada*. In DCC at Work. Retrieved from https://www.dcc-cdc.gc.ca/news/dcc-at-work/another-first-dcc-and-dnd-bring-ipd-to-government-of-canada

3.2. Sectoral observations and trends

Different sectors and asset classes can lead to very different outcomes and challenges, largely shaped by the procurement and contract models used. The impacts of permitting, stakeholder interface, subsurface condition, environmental footprint, and design/technological complexity vary significantly between civil and social infrastructure projects, creating different observations and trends for each of these sectors.

3.2.1. Social infrastructure (healthcare/justice/corrections/post-secondary/civic)

The general trend is that DB and DBB are primarily used on small to medium-sized social infrastructure projects on greenfield sites.

CM and progressive target price models are increasingly being deployed on brownfield, large renovation, or other more complex projects, where many unknown conditions or integration requirements exist.

Progressive DB, Progressive DBFM, Alliance, and Target Price contracts are being used on very large social infrastructure projects, such as “mega hospitals,” to attract bidders. We are seeing challenges with budgeting, pricing benchmarks, and lack of competition on these large social projects (all the way down the supply chain), as many competitors are forced into joint ventures in order to handle these larger tender packages.

We are seeing procurement authorities getting trapped into selecting procurement models that drive less competition or innovation potential because the project scale and programming has already been locked-in, before they fully understand how market constraints affect the feasibility of certain models that could deliver better value.

3.2.2. Civil projects (roads/bridges/transit)

Traditional models like DBB remain popular on lower-complexity projects or projects with well-defined and repeatable design and construction solutions. Generally, these projects fall within the small to medium-sized categories.

On larger or highly complex projects, more collaborative delivery models like Progressive DB, Alliance or IPD are being used more extensively. This shift has emerged in response to persistent delivery challenges the market has faced in resolving complex and large-scale transit projects under DBFM or other fixed price contracts.

Early indications suggest that these collaborative models are working to improve cost transparency prior to executing the construction-phase agreement and establishing a project cost (target or fixed). However, there have also been instances where target pricing under the collaborative (or alliance) framework could not be agreed upon and the contracts were terminated while in progress (e.g., Metrolinx On corridor upgrade project, SmartTrack, Ontario IPD Water Treatment).

The fact that these projects did not achieve validation does not mean the model failed to deliver. Reasons for not validating could range from the delivery team's inability to innovate or reduce risks around the major cost drivers, to a client's unrealistic budget. It is possible these projects may have been unaffordable had they been constructed, and the model succeeded in identifying this before a "point of no return."

While there are several examples of various forms of collaborative contracts being awarded for civil projects, relatively few have been brought to completion at the time of writing. It is still too early to establish a clear trend toward these models and the current procurement practices in how they perform for cost control expectations can be met, or if agreement can be reached on target price thresholds.

3.2.3. Due diligence and execution observations

Effective due diligence and execution capability are fundamental to successful project outcomes across all geographic regions or sectors of the infrastructure market. Challenges have been encountered when there has not been sufficient attention made to preparation, selection of model and partner, resourcing and empowerment of staff, and governance.

3.2.4. Aligning projects with delivery models

Delivery model selection may be influenced by a range of factors on any given project, including approval processes, stakeholder input, client resourcing, market conditions, and more. Failure to adequately consider these factors when selecting a delivery model has resulted in significant challenges in project management and delivery performance, often undermining overall project success. These challenges, and the resulting lost opportunity to generate stakeholder value, have led to the following general observations regarding optimal and unsuitable scenarios for the use of certain delivery models:

DBB	
Optimal scenario	Repeatable solution, following set criteria without a desire for alternatives. Product forms part of a network where efficiency is gained through standardized product. E.g., MTO bridges, asphalt, etc. Minimal risk of uncovering unknowns.
Unsuitable scenario	Projects with aggressive timelines or where early consideration for constructability and productivity is beneficial. Projects requiring high integration between design and construction. Projects susceptible to design changes during the construction phase.

CMGC/CMAR	
Optimal scenario	Projects with set criteria without a desire for alternatives but with unique constructability challenges. Projects where a strong design relationship or experienced team is used repeatedly by the client.
Unsuitable scenario	Unclear or changing scope of work, design has advanced without contractor input or updated schedule/budgeting. If the client does not have a strong and experienced project team to manage the project scope, designer, and contractor.

DB	
Optimal scenario	Lower risk profile projects where output requirements are priority and variability in the means to achieve them are acceptable.
Unsuitable scenario	Projects requiring extensive stakeholder input during design (e.g., civic buildings with public consultation). Highly complex regulatory environments where design must evolve over time. Clients who want full control over design aesthetics or engineering details.

Progressive DB	
Optimal scenario	Where owner requires flexibility to refine scope and design during early phases. Useful for projects with undefined site conditions or possible stakeholder-driven changes. Complex projects with unknown conditions or significant interfaces.
Unsuitable scenario	Projects requiring fixed price or full scope definition upfront. Situations where client resources do not permit significant project involvement.

DBFM/Progressive DBFM

Optimal scenario	Definable performance criteria, and sponsors who need committed long-term optimization of maintenance costs relative to up-front capital expenditures. Desire for schedule and operations budget certainty and sustained levels of maintenance. Desire for cost amortization or revenue monetization. Medium complexity and scale projects (larger or more complex projects can consider using the Progressive DBFM collaborative derivative).
Unsuitable scenario	Larger projects over $2 billion, or projects with significant uncertainty on existing conditions or interface issues (e.g., renovations, brownfield projects, large civil projects). Clients unable to define performance requirements, or have fundamentally changing operational requirements over the life of the asset.

IPD/Alliance

Optimal scenario	Complex, high-risk projects with influential stakeholders, and significant unknown conditions or undefined means to achieve the output.
Unsuitable scenario	Clients unwilling to share decision-making. Teams unfamiliar with collaborative delivery or lacking trust. Low complexity projects that have a lower risk profile and require a fixed-price commitment at an early stage. Projects in which a validation phase is unlikely to return significant benefits.

We also note that when the procurement scenarios described above are not understood or considered at the planning stages of a project, procurement authorities have sometimes had to default to using sub-optimal models driven by market constraints or client resourcing challenges.

3.2.5. Misalignment of delivery models and evaluation criteria

A concerning trend is the procurement of progressive, collaborative contracts using traditional evaluation structure. For example, PDB procurements have been observed where the evaluation criteria rewards the lowest-cost development phase lump sum price – similar to what would be used on a DB or DBB structure. This works entirely counter to the purpose of the development phase, which should perform as an investment to develop cost reduction options such as risk reduction and value-engineering. Taken to its extreme, such an approach could result in a zero-dollar development phase being evaluated as the highest-scoring submission, despite being incapable of delivering any services, hence providing no value to the project.

Similarly, an evaluation and comparison on overhead and profit is not a substitute for traditional overall bid comparisons that have been used on DBB or DB projects nor does it provide a reliable indication of which team is more likely to find the most affordable solution. A small construction management group that outsources all actual construction work will operate with a lower overhead and profit rate than a self-perform contractor that maintains equipment and operations teams. Comparing these overhead and profit rates without considering the fees that subtrades will apply to components of work is not an apple-to-apple comparison. It also does not provide an evaluation of which team would have the best ability to identify productivity challenges and opportunities (which will have a much more dominant factor in project outcome). The most important criteria to evaluate is the likelihood of the team succeeding in establishing a target price that is within the project affordability limit.

Useful criteria to align project interests and evaluate proponents for non-traditional project delivery are provided in the table below.

Understanding and approaching the project	Assesses understanding of project objectives and plans for on-time, on-budget delivery, including pre-construction services and construction performance.
Team capacity, experience, and structure	Evaluates the capacity, experience and structure of the proposed project team, the integration capabilities of the key participants, and the qualifications and previous successful collaborations of the key people identified. The assessment of the team's capacity is complemented by an organization chart of the team's structure, summaries of the proposed personnel, as well as the team's past project records in relation to the scope of work and mode of contracting anticipated for the project.
Experience with project challenges	Evaluates the proponent team's ability to identify and address specific challenges related to the project. Opportunity to demonstrate experience in managing these challenges.
Development/ Validation phase plan	Evaluates the proponent team's approach to the initial project development phase, including plan to achieve target price within affordability limit.
Potential innovations	Advantages and disadvantages of various construction methods and innovations that could be applied on the project.
Risk management	Evaluates initial risk identification and approach to de-risking the project through the development phase.
Self-performed versus subcontracted execution approach	Reviews the identification and ability to execute self-performing work, as well as the subcontracting plan for various key services, including plans for engaging additional subcontractors, execution plans for construction services, and compliance with equity, diversity, and inclusion goals.
Value-for-money plan	Assesses understanding of project risks and governance, implementation of strategies to maintain value throughout the project, and definition of performance indicators to measure and elevate project value for money. It must specify governance roles, business management processes, and the necessary support from the owner. In addition, it must detail how value for money will be developed, monitored, and reported.
Proposed commercial structure	Proposed commercial arrangement (profit payment structure) to incentivize and achieve client defined value-for-money (proposed goals or KRAs).
Estimate transparency and benchmarking	Demonstration of the level of detail provided in the estimate, including past-cost benchmarks and productivity data.
Explanation of overhead	An outline of the value-add services or components of the proponent's overhead to allow assessment of value-for-money.

On large and complex ICI projects, collaborative model scores are heavily weighted on fees, which often result in future challenges and understaffing on projects.

Collaborative DB projects, where fixed design management fees are susceptible to excessive owner-initiated changes, will likely result in friction within the project team, significant disputes, and less market interest in the long run.

Where the procurement authority has moved away from rigid output specifications toward outcome-focused requirements, the industry has been afforded greater flexibility to propose innovative solutions. We note that, in some instances, this shift required both cultural change and investment in evaluation capacity to fairly assess diverse approaches.

3.2.6. Client team resourcing and capabilities

Government authorities have encountered failed procurements when proponents have responded with unexpected feedback and pricing. This typically occurs when the feedback and pricing falls outside the boundaries of the rigid approval processes that currently exist – which were likely based on market conditions that are outdated and have since changed due to geopolitical impacts, capacity constraints, and other unforeseen events or conditions.

Procurement teams often lack the delegated authority to adjust criteria, design, specifications, and requirements. This can lead to defensive and adversarial project behaviours as teams attempt to stay within unreasonable project constraints and budgets, sometimes resulting in cancelled procurement or projects that proceed under conditions that are set up for failure.

Given that construction costs typically account for 90 per cent of project costs, failure to adequately manage design development with construction considerations can lead to redesign, etc. The impacts of these changes once construction has begun are far more significant than if addressed during design development.

3.3. Federal procurement observations and trends

Within the context of the preceding observations, the following sections provide specific feedback around recent federal procurements (facilitated by PSPC). The prominent themes revolve around risk expectations, culture and capability, governance and decision-making, and market engagement.

3.3.1. Risk, value, and market confidence

- The federal market continues to show significant tension around risk allocation, with varying interpretations of appropriate public-private risk balance.
- Reduced bidder participation and cancelled procurements are indicators of current risk-transfer expectations affecting project viability and competitiveness.
- Misalignment regarding acceptable risk premiums and profit margins is contributing to affordability challenges and protracted negotiations.
- Broader definitions of value-for-money are beginning to emerge, incorporating lifecycle cost, sustainability, and social impact. However, these broader definitions have not been translated into evaluation criteria or incentives that promote innovation around these broader cost and value drivers.
- Early examples of gainsharing and performance-based incentives indicate gradual movement toward more balanced, outcome-oriented procurement models.

3.3.2. Skills, culture, and team capability

- Inconsistent procurement and project delivery knowledge across departments continue to affect clarity, alignment, and project execution.
- Projects get cancelled and/or switch procurements to more collaborative models to try to create more "value," without appreciating the core barriers to success around lack of flexibility in governance or empowerment within the client team, which may only make affordability even more elusive under a collaborative model.
- Frequent staff turnover and limited institutional continuity result in shifting expectations and duplicated effort during procurement processes.
- A risk-averse culture persists within many federal teams, limiting flexibility and innovation.

3.3.3. Governance and decision-making constraining innovation and value

- Centralized and multi-layered approval structures continue to slow decision-making and reduce agility across federal infrastructure programs.
- Gaps in coordinating capital decisions versus operations and maintenance implications result in lost opportunities to drive more value-for-money on projects. Consideration may not be given towards innovations that improve long-term operations and maintenance budgets if those benefits negatively impact different government departments or funding.
- Delegated and "lean" governance models have demonstrated value in enabling faster and more adaptive decision-making.
- Streamlined decision-making processes support better alignment between policy objectives, project realities, and delivery timelines.

3.3.4. Industry and stakeholder engagement

- Engagement with the industry typically occurs too late in project development to meaningfully inform scope, delivery model, or risk allocation. During procurements, the project teams' inability to accept and incorporate proponent feedback in real time has resulted in cancelations.
- Political sensitivity and media scrutiny can discourage open, early-stage dialogue between public-sector owners and market participants.

4 Conclusions and recommendations

Observed trends across regions, sectors, delivery models, and the national landscape reveal a procurement environment under strain. Affordability challenges, shifting market capacity, evolving expectations around risk allocation, and a growing reliance on collaborative delivery approaches without the appropriate framework in place to support it are collectively undermining procurement outcomes. The following recommendations outline targeted solutions to address these pressures and support more resilient, transparent, and efficient procurement.

4.1. Enhancing government engagement and responsiveness

Early and continuous engagement with industry remains essential to addressing the widespread hesitation around risk, pricing, delivery model selection, and capacity constraints.

Recommendation:

Implement structured mechanisms—such as industry days, sector tables, roundtables, and digital platforms— to help public owners better understand market capacity, test affordability assumptions, and reduce the likelihood of late procurement-stage failures. In addition, more meaningful engagement with Indigenous groups and end-users can also improve scope clarity and ensure projects better reflect long-term operational needs. This market engagement should culminate into a published project pipeline, to help industry manage capacity constraints and facilitate further feedback when necessary.

For this engagement to be effective, it needs to directly inform governance processes.

Recommendation:

Establish formal feedback loops within government to help align project planning/scale, delivery model decisions, evaluation criteria, and design requirements with actual project conditions and current market realities.

This approach mitigates the types of misalignments seen across recent projects. More flexible communication pathways between senior officials and central agencies will further support timely adjustments to scope and budget when procurement feedback indicates affordability concerns.

4.2. Driving value by strengthening planning, due diligence, and early works

Across sectors, major projects continue to face affordability and constructability challenges due to unidentified early-stage risks or projects that are fundamentally too large to drive value through the supply chain due to capacity constraints.

4.2.1. Planning considerations

Feedback from market engagement at the planning stage can help right-size projects to provide more model options that drive innovation, cost certainty, and long-term value.

Recommendation:

Apply different procurement models at different phases of a project where appropriate, such as phasing social infrastructure projects into digestible pieces for the market, to capture long-term operational value.

In addition, project value assessments must account for operations and maintenance components, championed by operations representatives within government, to ensure decisions are made in the best interest of the project.

Recommendation:

Funding formulas and models should explicitly outline the breakdown of operations and maintenance funds, including allowances and availability timelines. This clarity will enable capital decisions to be based on whole-life cost considerations, ensuring that long-term operational savings are factored into the overall project strategy.

4.2.2. Early works considerations

Early engagement should be coupled with sufficient early works efforts to de-risk projects and improve cost certainty.

Recommendation:

Emphasize the importance of early works due diligence — such as geotechnical investigations, servicing upgrades, environmental reviews, and permitting. For larger procurements, early works construction packages may also reduce project size, enabling more bidders to participate.

Recommendation:

Under collaborative models, owners should retain flexibility during early works to assess whether further investment provides value-for-money. Structured evaluation methods that weigh the cost of de-risking against schedule and affordability impacts will support informed decision-making and help avoid costly design changes or failed validation phases later in the process.

4.3. Increasing flexibility and innovation in decision-making

Public-sector procurement teams require greater delegated authority to respond to evolving project information. Rigid approval structures continue to drive delays, increase bid risk, and in some cases, derail procurements entirely.

Recommendation:

Empower project teams to adjust scope, budgets, and minor contractual terms at the project level to enable more agile responses to market feedback, reduce administrative bottlenecks, and support more efficient dispute resolution.

Approvals frameworks should be recalibrated to recognize the iterative nature of progressive and collaborative models, with clearer decision thresholds that protect accountability while avoiding unnecessary escalation.

Recommendation:

Have project approvals incorporate a broader framework that enables flexibility in decision-making without requiring constant escalation, which can stall progress or derail procurements.

Delegating authority to project champions—supported by governance members with relevant expertise—and clearly communicating decision gates and timelines can foster more agile and informed decision-making.

4.4. Strengthening resources, skills, and institutional capacity

The shift toward progressive and collaborative delivery models has highlighted the need for expanded technical, commercial, and governance expertise within PSPC and other central agencies. Broader knowledge of model mechanics, risk-sharing principles, and development-phase expectations would improve decision-making and strengthen market confidence. Increased sharing of tools, best practices, and lessons learned across jurisdictions will help build more consistent capability.

Recommendation:

Project teams should be resourced to match the complexity of the delivery model they are managing. This includes empowering participants to make informed decisions, incorporating specialists with experience in alternative models, and ensuring governance bodies include members capable of interpreting cost, schedule, and risk information.

As collaborative models become more prevalent, additional coaching and facilitation resources will be required to support behavioural alignment and maintain project culture.

Recommendation:

Public owners should hold themselves to resourcing and performance standards comparable to those expected of contractors, ensuring mirrored responsibility across the delivery team.

4.4.1. Maintaining collaborative culture

Success under collaborative delivery approaches depends heavily on the behaviour of project participants. While collaboration is often evaluated at the procurement stage, it can erode over time due to turnover, shifting priorities, or project pressures. Maintaining a strong project culture requires deliberate and ongoing effort. Proactive cultural maintenance will improve team performance and reduce friction throughout the project lifecycle.

Recommendation:

Employ a collaborative coach to facilitate regular assessments, training, and alignment exercises to help sustain behavioural consistency and reinforce the trust and transparency that these models rely on.

4.5. Aligning delivery models to project characteristics

Trends across Canada demonstrate persistent mismatches between project conditions and the procurement models selected.

Recommendation:

Owners should adopt more rigorous and structured assessment methods that prioritize project characteristics, market capacity, stakeholder needs, and long-term operational value. This may include applying different procurement models at different phases or dividing large projects into packages that better reflect risk profiles and bidder capacity.

4.5.1. Redefining value and increasing market confidence

Improved market confidence and response to procurements result when the procurement authority develops a clearer, more consistent definition of value that reflects project-specific requirements, helping align expectations and outcomes across stakeholders.

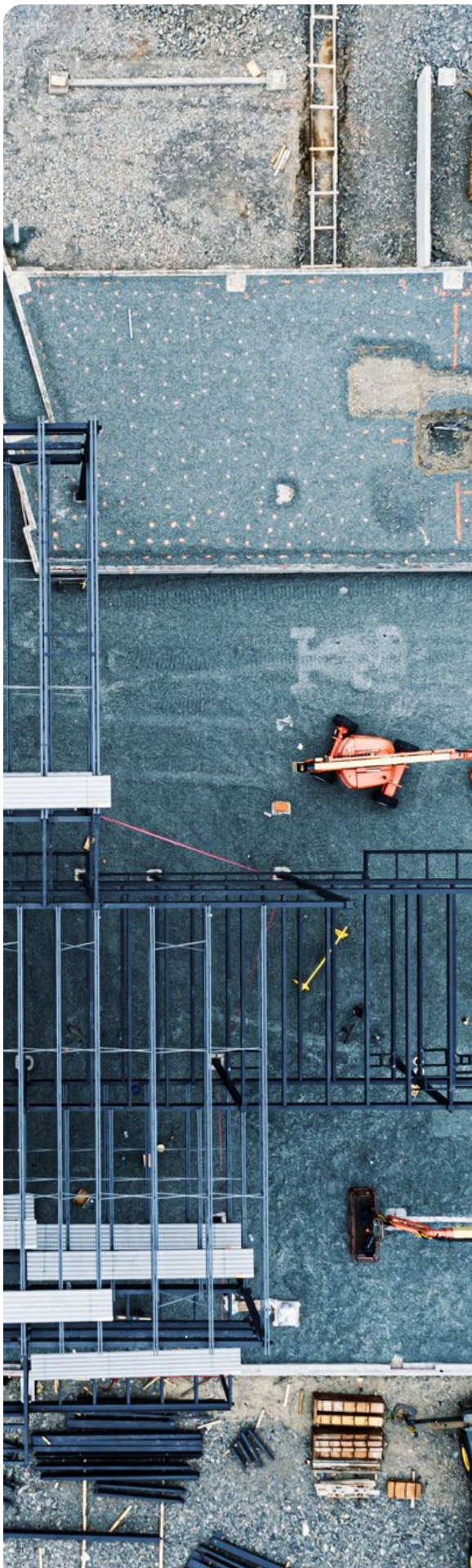
Recommendation:

Extend the concept of value beyond price to include lifecycle costs, design quality, and social and environmental benefits. Tools such as gainsharing mechanisms, benefits realization frameworks, and structured contracts with clear incentives can reinforce this broader approach. Providing industry with earlier, more detailed information, or published pipelines, along with applying lessons learned from other jurisdictions, can strengthen participation and ensure procurement strategies are better aligned with project needs.

Evaluating proponents for collaborative and progressive models requires a shift away from traditional price-weighted criteria.

Recommendation:

Selection frameworks should place greater emphasis on development-phase performance, the ability to generate innovative solutions, quality of engagement, accuracy of cost and schedule development, transparency, and the capacity to validate a solution within the client's affordability limits.



Acknowledgements:

This report reflects the collective insight, experience, and generosity of contributors from across the industry. We extend our sincere thanks to all those who shared their perspectives and lessons learned throughout the development of this work, including:

- Brian Norcliffe, Preconstruction Manager, Peter Kiewit Sons ULC
- David Hudock, National Director, Defence and Federal Government Relations, PCL Construction
- Andrew Southam, Alternative Delivery Manager, Peter Kiewit Sons ULC
- Danny Giacomel, Senior Vice President, EllisDon Capital
- Chastine Taerum, Senior Director, Defence Construction, Ledcor Group of Companies

Their input strengthened the relevance and practicality of the strategies presented and helped ensure the report is grounded in real-world experience.

Canadian Construction Association
Best Practices Services