

February 24, 2006

Province seeks private partners for northeast Calgary ring road

Calgary... The Alberta government is taking the first steps to building the northeast leg of Calgary's ring road using a unique, made-in-Alberta public-private partnership (P3) process.

"This process is being used with great success in the construction of Edmonton's southeast ring road and I'm confident the process will work for this project," said Dr. Lyle Oberg, Minister of Infrastructure and Transportation. "A P3 allows a project to be built more quickly than through conventional delivery and government is guaranteed a fixed price and delivery date."

Government will issue a request for qualifications (RFQ) to evaluate the potential private partners' qualifications for the project. The top three candidates will be asked to submit proposals to determine which of them, if any, will be chosen to undertake the project. The successful proponent would be responsible for the project's design, construction, financing, and operation for 30 years. The proponent would recoup these costs through equal payments from government over 30 years once the road is open to traffic. Government also receives a 30-year warranty on the work.

"Government will carefully examine the RFQ results and proposals before making a final decision whether to proceed with this project as a P3," added Oberg. "Public-private partnerships are used only when there are clear benefits to government and taxpayers."

The project will extend Stoney Trail from Deerfoot Trail to 17 Avenue SE and involves 21 kilometres of four and six-lane roadway, six interchanges, and 22 bridge structures. The roadway will be completely free-flow and have no traffic lights. If built through the P3 process, the road would be finished two years earlier than through conventional delivery. To ensure a fair, competitive bidding process, government will not release cost estimates until proposals are received.

Calgary Mayor Dave Bronconnier offered strong support for the Alberta government's move to build the next portion of the ring road.

"There are over 160,000 vehicle trips on Deerfoot Trail every day - it's the busiest piece of road in the province," said Bronconnier. "Moving forward with building the east portion of the ring road is definitely good news for Calgarians."

The RFQ will be issued immediately and the three successful candidates will be chosen by Fall 2006. Final contract award is expected by early 2007 and construction could begin as early as Spring 2007 and completed by Fall 2009.

- 30 -

Attachments: Project map and information on P3s

Media enquiries may be directed to:

Bart Johnson
Communications Director
Alberta Infrastructure and Transportation
(780) 415-1841

To call toll-free within Alberta dial 310-0000.

Backgrounder

February 24, 2006

Stoney Trail NE project map

☒ **Media enquiries may be directed to:**

Bart Johnson
Communications Director
Alberta Infrastructure and Transportation
(780) 415-1841

To call toll-free within Alberta dial 310-0000.

Backgrounder

February 24, 2006

Alberta's public-private partnership for highways

Design, Build, Finance, Operate (P3) Process

- Under this process, a private-sector partner is responsible for the design, construction, financing, and operation of a roadway for 30 years. Once the road is open to traffic, government makes equal payments to the partner over 30 years.
- Government is guaranteed a fixed price and delivery date for the road. Risks such as inflation and weather-related delays are assumed by the private contractor. The contractor can be penalized for late delivery.
- Government also receives a 30-year warranty on the work. Under traditional delivery, warranties are usually only one to two years.
- This "made-in-Alberta" approach to highway construction was developed using best practices from other successful public-private partnerships throughout the world.
- Part of the process includes a comprehensive evaluation of a project's suitability for a P3. P3s are used only when there are clear benefits to government and taxpayers.
- The southeast leg of Edmonton's ring road currently is being built using the P3 process. The contractor is on schedule to complete construction by October 2007.

Request for Qualifications (RFQ)

- The RFQ is used to determine potential partners' qualifications and to short-list potential partners to three proponents. RFQs usually take up to three months to prepare, submit, and review.
- Potential partners may be headquartered or operate in any part of the world.
- Potential partners are usually consortiums of engineering, construction, financing, and road maintenance companies. Access Roads Edmonton Ltd., the successful partner for the southeast Edmonton ring road, is such a consortium.

Request for Proposals (RFP)

- The three potential partners identified by the RFQ are invited to submit proposals for the project.
- Preparation, submission, and review of proposals usually take approximately six months.
- Proposals are evaluated against a public sector comparator to determine if they represent good value for government and taxpayers.

Final Contract Award

- The successful proponent enters into an agreement with government.

Questions and Answers

Why is a P3 being considered for this project?

A business case that compared conventional delivery to a P3 concluded that this project is a strong candidate for the P3 process. The project's scope and lack of environmental and geotechnical issues are other factors that favour the P3 process. The Alberta Advisory Committee on Alternative Financing also recommended a P3 be considered for this project.

What are the advantages of using a P3?

There are many. One is the project could be built and in service two years earlier than conventional delivery. Secondly, the roadway would be completely free-flow and have no traffic lights. Thirdly, government is guaranteed a fixed price and delivery date for the project, which means risks such as inflation and weather-related delays are borne by the contractor. Thirdly, the work comes with a 30-year warranty, while most projects delivered conventionally only have one or two-year warranties.

When does construction start?

Should the P3 process be successful, construction could start in Spring 2007 and be completed in Fall 2009.

What will the project cost?

Government will not release cost estimates until proposals are submitted to ensure a fair, competitive bidding process.

How can you ensure the P3 won't be more expensive?

The three proposals will be evaluated against a public sector comparator to ensure they represent good value for government and taxpayers. If clear benefits cannot be demonstrated, the project will not proceed as a P3.

Isn't a P3 just another term for debt?

No. The government is simply paying for the project over a 30-year period rather than all at once. The Alberta government would not start making annual payments until after construction is completed. These would be budgeted as operating expenses over the 30 year period.

Why are only three firms asked to submit proposals?

Three is the optimum number of final bids for most projects. That number gives the competitors a reasonable chance of being successful and still maintains a competitive process should one of the bidders withdraw.

- 30 -

Media enquiries may be directed to:

Bart Johnson
Communications Director
Alberta Infrastructure and Transportation
(780) 415-1841

To call toll-free within Alberta dial 310-0000.

Alberta Government Home | Ministries Listing | Infrastructure and Transportation Home Page | News Releases | [Top of Page](#)

Send us your comments or questions

Copyright(c); 2006 Government of Alberta

Return to Government Home Page

Return to Government Home Page

Return to [Government Home Page](#)