
Managing growth pressures

July 24, 2007

North Edmonton Ring Road moves ahead as a P3 project

Government announces start of North Anthony Henday Drive

Edmonton... The Alberta government is moving ahead with the construction of the North Edmonton Ring Road from Yellowhead Trail on the west side of Edmonton to the Manning Drive Freeway using a made-in-Alberta public-private partnership (P3) model. The 21-kilometre north leg of the ring road will be free-flow with no signal lights and includes eight interchanges and five flyovers, for a total of 27 bridge structures.

"This latest addition to the Edmonton ring road will complete almost 90 per cent of Anthony Henday Drive, significantly improving transportation in and around Edmonton," said Premier Ed Stelmach. "When completed, Edmonton's ring road will provide a hub for Alberta's transportation network."

Based on the success of the Edmonton southeast and Calgary northeast P3 projects, government will follow the same process for the next leg of Anthony Henday Drive. Using the P3 process, the road will be constructed at a fixed price, finished two years earlier than through conventional delivery, and include a 30-year warranty.

"The success of the Edmonton southeast and Calgary northeast projects have proven that public-private partnerships work - ring roads can be built quickly, safely and at a cost savings for Albertans," said Luke Ouellette, Minister of Infrastructure and Transportation. "I have tremendous confidence in our P3 process as the best approach for delivering this project."

Government is also moving ahead with final planning on the remaining nine-kilometre section linking Manning Drive to Yellowhead Trail on the east side of Edmonton. This phase of the project will include a new bridge over the North Saskatchewan River.

"Finishing the North Edmonton Ring Road is critical for Edmonton's transportation system and I'm pleased the province is moving forward on this next section," said Edmonton Mayor Stephen Mandel.

The final contract is expected to be awarded by mid 2008, with construction beginning as early as fall 2008 and completed by fall 2011. To ensure a fair, competitive bidding process, government will not release cost estimates until after the contract is awarded. The government estimate will be sealed and provided to Alberta Justice. It will be opened at the same time as the P3 bids. To date, government has committed more than \$800 million toward the southeast and southwest sections of Anthony Henday Drive.

New highway construction is one of the actions under Premier Stelmach's plan to manage growth pressures. Other priorities for the government are to govern with integrity and transparency, improve Albertans' quality of life, build a stronger Alberta, and provide safe and secure communities.

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Attachments: Project maps and information on P3s

Media enquiries may be directed to:

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

Backgrounder

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Amended: This map was amended October 3, 2007.

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Made-in-Alberta public-private partnership (P3) process

Highway 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 (opening on time and on budget later this fall) and the northwest leg of Calgary's ring road are currently being built using the P3 process.

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, and Stony Trail General Partnership, the successful partner for the northeast Calgary ring road, are such consortiums.

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 up to eight 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.

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Questions and Answers

What will the project cost?

To ensure a fair, competitive bidding process, government will not release cost estimates until after the contract is awarded. The government estimate will be sealed and provided to Alberta Justice. It will be opened at the same time as the P3 bids. To date, government has committed more than \$800 million toward the southeast and southwest sections of Anthony Henday Drive.

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.

Why did the P3 project not include the northeast section across the North Saskatchewan River?

Government reviewed which segment of the North Edmonton Ring Road, the northwest or northeast, should proceed first and recommended that the northwest segment from west Yellowhead Trail to Manning Drive Freeway proceed first. There are a number of issues that still need to be resolved for the remaining northeast segment from Manning Drive Freeway to east Yellowhead Trail prior to it becoming a suitable candidate for a P3. These issues include land acquisitions, geotechnical evaluation for the river crossing, and concluding discussions with environmental and other regulatory agencies. While the northwest segment moves forward, government continues to move ahead with final planning on the northeast section.

When will the alignment at Anthony Henday and St. Albert Trail be finalized?

Negotiations are proceeding with the Edmonton Catholic Archdiocese to purchase the Newman Theological College and St. Joseph Seminary land. The purchase of the lands will allow the alignment of the north Edmonton Ring Road to move roughly 100 meters south, where it crosses St. Albert Trail. Although details of the negotiations are not available at this time, government is hopeful an agreement can be reached within the coming weeks.

When will the final public open house be held for the north Edmonton functional planning study?

Government plans to host a final public open house for the functional planning study in August or September by 2007. The dates and venues have not yet been finalized. Government will also host additional open houses to present the P3 project and these dates and times will be determined after the functional planning study has been completed.

When will the Anthony Henday and Stony Plain Road interchange be constructed?

The province has hired a consultant to complete a functional planning study of the Anthony Henday Drive and Stony Plain Road interchange. The planning study is expected to be complete by June 2008. The design and construction of the interchange will be considered for 2008 subject to budget availability.

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, 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.

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.

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.

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