

Building Tomorrow

March 2, 2009

Southeast Calgary ring road drives out of the starting blocks

Calgary... The Alberta government is taking the first steps toward building the southeast leg of Calgary's ring road.

Government will use its public-private partnership (P3) model to extend Stoney Trail from 17 Avenue SE to the east side of the existing Macleod Trail interchange. Government has issued the request for qualifications (RFQ), the model's first step. The RFQ process takes approximately three months.

"The P3 process has been very successful for other portions of the Calgary and Edmonton ring roads and I'm confident the process will work for this project," said Luke Ouellette, Minister of 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."

The RFQ ensures potential partners are capable of completing the project. The top three candidates identified by the RFQ 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 opens to traffic. Government also receives a 30-year warranty on the work.

The successful contractor would start construction in spring 2010 and finish by fall 2013. To ensure a fair, competitive bidding process, government will not release cost estimates until proposals are received.

"Hundreds of thousands of people living in southeast Calgary have told us mobility is a priority and this mega project delivers for them," said David Bronconnier, Mayor of Calgary. "This is great news for Calgary. The Alberta government deserves our thanks and congratulations for pressing forward with this vital infrastructure."

The project involves 25 kilometres of six-lane roadway, nine interchanges, two flyover railway crossings and 29 total bridge structures. The roadway's main line 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. The contract also includes maintenance of Deerfoot Trail from south of Highway 22X to the junction with Highway 2A. Visit www.transportation.alberta.ca/804.htm for more information on the Calgary ring road.

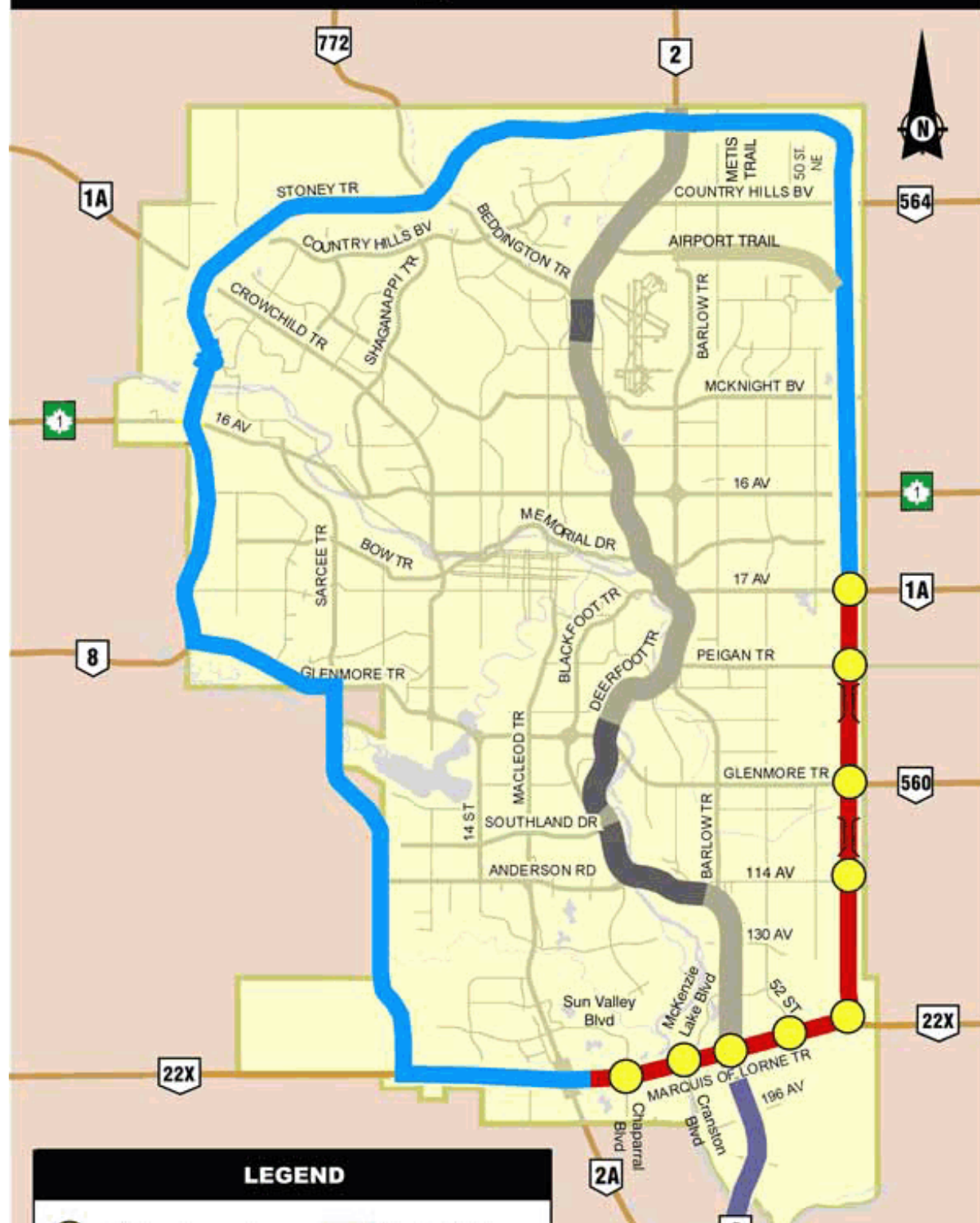
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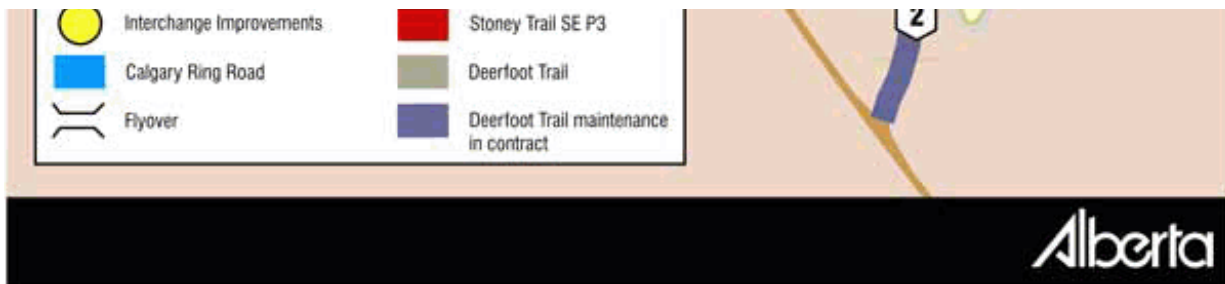
Attachments: Map and more information on P3s.

Media inquiries may be directed to:

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To call toll free within Alberta dial 310-0000.





Total length is 25 kilometres of six-lane divided highway.

29 total bridge structures.

Interchanges at:

17 Avenue SE

Peigan Trail SE

Glenmore Trail SE

114 Avenue SE

Highway 22X

52 Street SE

Deerfoot Trail SE

McKenzie Lake Boulevard/Cranston Boulevard SE

Sun Valley Boulevard/Chaparral Boulevard SE

Flyover crossings of CPR and CN rail lines.

Contract includes maintenance of Stoney Trail SE and 12 kilometres of Deerfoot Trail between Stoney Trail SE (currently Highway 22X) and Highway 2A junction.

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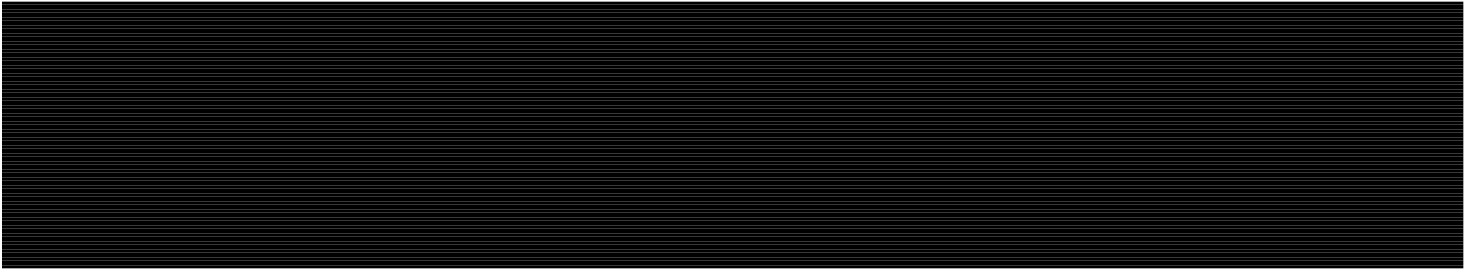
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Alberta's public-private partnership for highways

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 opens to traffic, government makes monthly payments to the partner over 30 years. Government may advance funds during construction to lower the monthly payments.
- Government is guaranteed a fixed price and delivery date for the road. The private contractor assumes risks such as inflation and weather-related delays. 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.
- 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 northeast leg of Calgary's ring road is being built as a P3. The southeast and northwest legs of Edmonton's ring road were or are being built as P3s.

Request for Qualifications (RFQ)

- The RFQ determines potential partners' qualifications and short-lists 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 consortia of engineering, construction, financing, and road maintenance companies.

Request for Proposals (RFP)

- The three potential partners identified by the RFQ are invited to submit proposals for the project. Three bidders are optimal because the competitors have a reasonable chance of success and the process remains competitive should one of the bidders withdraw.
- Preparation, submission, and review of proposals take approximately six months.
- Proposals are evaluated to determine if they represent good value. A proposal's net present value, or its value in today's dollars, is used to compare the proposals with each other and with the traditional delivery estimate. If all proposals exceed the upper limit of the traditional delivery estimate, the project does not proceed as a P3.

Final Contract Award

- Government awards the contract to the compliant proposal with the lowest net present value. The successful proponent enters into an agreement with government.

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