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# Transportation and Economic Corridors Update

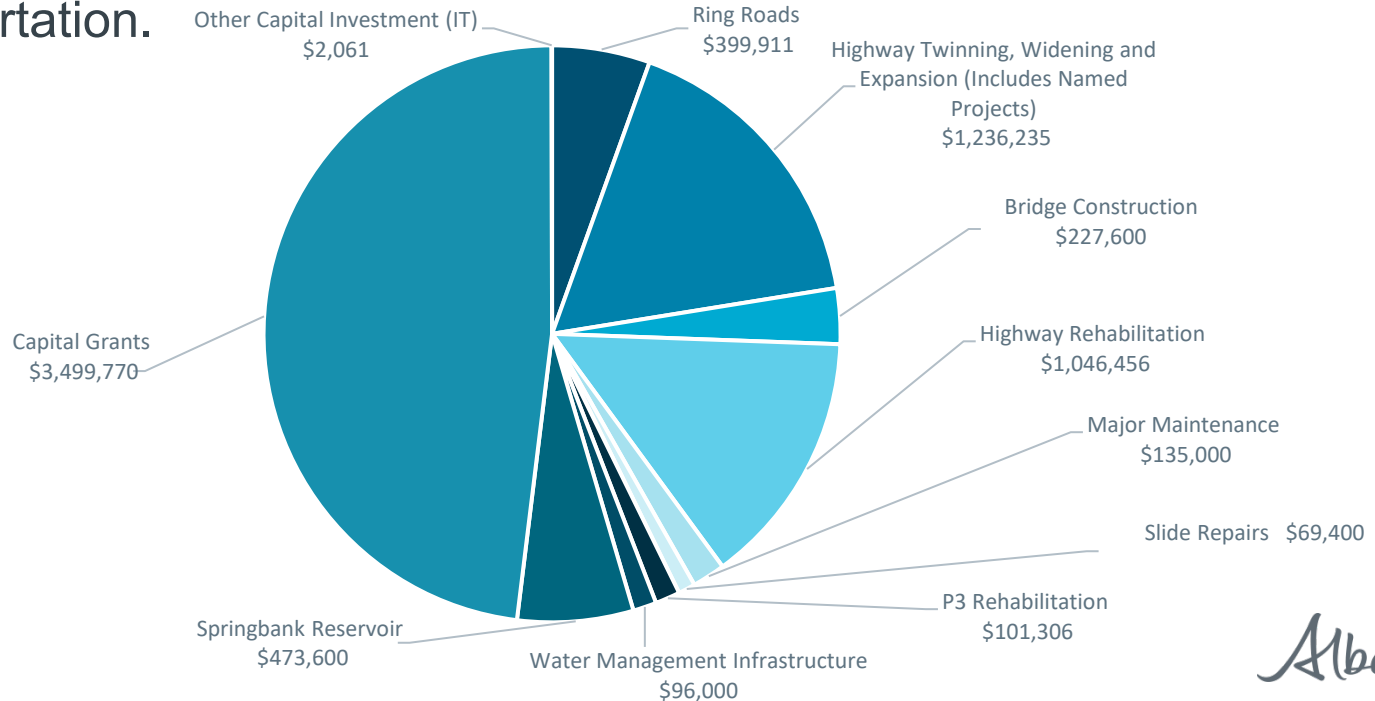
Partnering with Industry  
Symposium

Ranjit Tharmalingam  
Assistant Deputy Minister  
Transportation and Economic Corridors  
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# Budget 2022 Capital Plan Highlights

- Government's Budget 2022 Capital Plan invests \$20.2 billion over the next three years, of which \$7.3 billion has been allocated to Alberta Transportation.



# Capital Plan Break Down

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- Budget 2022 invests \$7.3 billion over three years in Transportation's Capital Plan to support strong transportation infrastructure.
  - \$1.6 billion for planning, design and construction of roads and bridges;
  - \$1.6 billion in Capital Maintenance and Renewal for smaller bridge construction projects and major highway and bridge rehabilitation projects;
  - \$570.0 million for Water Management and Flood Recovery; and
  - \$3.5 billion for Capital Grants to support Municipal Infrastructure.

# Economic Corridors

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- We see key economic corridors as critical parts of bringing goods to market and supporting economic growth by providing safe and efficient highway connections.
- In 2022/23 Transportation and Economic Corridors made significant capital investments in Economic Corridors.
  - Over \$615 million is invested on Roads and Bridges projects to grow economic corridors.
  - Over \$380 million is invested on Capital Maintenance and Renewal projects to enhance existing economic corridors.
- 70% of *Budget 2022* was allocated to economic corridors.

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# Procurement Updates

# Construction Tenders

Construction Year	Paving	Bridges	TWE	Other (Chip Seal, Slide, Water, etc.)	Total
2019	33	35	4	10	82
2020	50	36	1	16	103
2021	34	43	3	28	108
2022	27	26	1	25	79

- Based on actual tenders from September 1<sup>st</sup> of the previous year to August 31<sup>st</sup> of each construction year.

# Construction Services

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- The majority of work for Transportation and Economic Corridors is procured through traditional Design-Bid-Build.
- For more complex construction projects, the Department may pre-qualify contractors prior to proceeding to the tender phase.
- Early contractor involvement models
  - Construction Consultant General Contractor (CCGC)
  - Integrated Project Delivery
  - Progressive Design Build
  - Alliance
- Not a one size fits all approach

# Consulting Services

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- For consulting engineering services, the department consultants in the following categories:
  - Planning
  - Grading
  - Asphalt Concrete Pavement
  - Standard Bridge and Culvert
  - Major Bridge
- Consulting engineers are evaluated annually on specific projects.
- The scores are then used in upcoming procurements and typically account for 30% of the overall proposal score.



# Historical Consulting Award Amounts

Fiscal Year	Number of Contracts	Total Awarded
2022-23	81	\$79,000,000
2021-22	75	\$83,000,000
2020-21	86	\$72,500,000
2019-20	13	\$6,000,000
2018-19	107	\$81,500,000

The average annual awarded amount over the last 5 years is \$64 million.



# Partnering Opportunities

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- The Department consistently meets with industry and discusses topics of interest and relevance, with the intention of working together to find mutually agreeable solutions.
- Regular Partnering workshops
- ATEC annual Partnering Awards
- Regular touch points with industry in 2022
  - Strategic Priorities Group (SPG)
  - Operations Committee (OPS)
    - Specification development with industry
    - Updated Engineering Consultant Guidelines

# Partnering Opportunities

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- Building a safer and more efficient, vehicle friendly road network in Alberta
- LRT and rail link between Calgary International Airport, downtown Calgary and Canmore/Banff
- Expansion and improvement of major highways and roadways in the greater Calgary area, including Deerfoot Trail
- Establish reliable, regular aviation service from Fort McMurray, Grande Prairie, Lethbridge and Medicine Hat to Calgary and Edmonton.



# Cost Escalation

# Cost Escalation

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- Discussion with US and Canadian counterparts indicated an anticipated 30 to 35 per cent increase cost in 2022 highway construction.
  - Average 2022 ACP pricing is \$100 per tonne – 33 per cent higher compared to expected
  - Average 2022 gravel pricing is \$33.00 per tonne - 22 per cent higher compared to expected
  - Average 2022 grading pricing is \$8.40 m<sup>3</sup> - 44 per cent higher compared to expected
- Unit prices for key bid items are not increasing at same rate as they were in 2022.

# Increasing Costs

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- Department is aware of concerns about increasing costs, in particular related to steel and asphalt pricing.
- We are looking into this issue to see how cost increases may impact delivery of our construction program.
- We are working with contractors on possible design exceptions if supply of materials becomes an issue.
- Our contracts do include a risk sharing mechanism for diesel fuel costs on projects with significant grading and asphalt quantities.
- The Department has posted updated average unit pricing on our website to more accurately reflect and keep informed of current pricing trends.



# Grants and Major Projects

# Capital Grants – Calgary

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- Calgary Green Line LRT
  - \$1.5 billion towards the construction of an 18km LRT from Eau Claire to 16 Ave North
  
- City of Calgary
  - \$41 million through the Relief for Shortfalls for Transit Operators (RESTOR) grant



# Capital Grants – Calgary Region

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- Calgary Region
  - \$86 million through RESTOR
  - \$43.5 million through the Green Transit Incentives Program (GreenTrip)
  
- Okotoks-Foothills Waterline
  - \$15.5 million through the Alberta Municipal Water Wastewater Program and an additional \$5.8 million through Investing in Canada Program

# Calgary and Area Major Projects

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- Deerfoot Trail Improvements
- Calgary Ring Road
- Springbank Off-Stream Reservoir (SR1)
- Highway 1A and Highway 22 interchange at Cochrane
- Highway 1A widening

# Thank you!

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