

March 27, 2019

Alberta requires a new approach to meet our transportation needs

Edmonton - Doubling the investment in road rehabilitation, creating a long-term plan for the future and an independent body with transparent decision-making are three key recommendations released by the Alberta Road and Heavy Construction Association (ARHCA) to improve the management, funding and delivery of road infrastructure in Alberta.

The ARHCA is encouraging the political parties in the upcoming election to introduce policy commitments that are targeted towards improving Alberta's road network. The association notes that the province has reduced its commitment to planned road and bridge maintenance and renewal by 29% in last year's budget. The continued degradation of our road network will ultimately put pressure on future capital budgets to address growing deficiencies in our road network.

"Alberta's road network is critical to Alberta's economy and our continued quality of life," says Ron Glen, CEO for the ARHCA. "Roads and highways enable Albertans to access healthcare and education, facilitate employment opportunities, and connect our goods and services to markets."

Glen adds, "If we do not change and take bold steps to improve how we maintain, develop and operate our roads we will not be ready for the demands of a growing economy and population."

The ARHCA recommendations were drafted with the support of a blue-ribbon Advisory panel that included an accomplished and diverse group of leaders from the public and private sectors. The Advisory Panel helped to develop a suite of recommendations to modernize Alberta's transportation governance and accountability to drive improved outcomes for our public investments.

"Roads remain the backbone of our province and the ability to raise our living standards for all residents. We need a thoughtful and pragmatic approach to improving Alberta's road network and the advice our panel has given to the ARHCA will lead Alberta to make more timely decisions and investments to build better roads," says Jim Carter, Advisory Panel member.

Panel members found that the province's ongoing underfunding of road rehabilitation and maintenance will contribute to the decline in Alberta's roads. Statistics Canada recently confirmed that the percentage of Alberta's highways in poor condition has increased to 43% over the last fifteen years. The panel has recommended the government adopt the industry standard of investing a minimum of 1-2 % of asset value for maintenance. This represents a commitment of between \$700 million and 1.4 billion dollars for proper upkeep and preservation - double current funding levels.

The panel also noted that the current inconsistent approach for approving road projects needs to be improved. Other jurisdictions have created arms-length agencies with the responsibility for deciding which projects should proceed under a transparent decision-making process.

DRIVING IMPROVEMENT FOR ALBERTA'S ROADS

Projects are prioritized based on clear, transparent criteria such as resulting economic growth, sustainability, resiliency and community benefits.

Another key recommendation by the panel was that a longer-term plan for our road network is urgently needed. With the advent of new technologies such as autonomous vehicles, the transportation system is going to see profound change over the next several decades. With an anticipated population of 6.4 million residents by 2046, it is essential to take the time today to properly prepare a plan and determine 20-year service level policy targets. This plan would then be supported by rolling 5-year plans for construction targets.

“This is not a new problem,” says Glen. “Transportation infrastructure funding has been consistently overlooked in favour of other priorities. Recognizing that we may have our province’s fiscal resources will be strained for many years to come it is time to be bold, break old ways of doing business and chart a new course for building Alberta’s roads in the future.”

The ARHCA represents contractors who work on the construction and rehabilitation of highways, municipal roads, bridges, sewer, and water projects.

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Backgrounder attached

We need a better way

For decades, Alberta has struggled to effectively manage and maintain Alberta's road transportation infrastructure. With a population that has doubled in the past 30 years, declining investments in highway maintenance and preservation, and an economy based on the export of goods and natural resources, our transportation system is being put to the test and the strain is being felt by everyone.

The situation will only get worse as Alberta's fiscal reality further constrains options and access to funding. The management of roads as a public good funded through general revenues has left road infrastructure vulnerable to competing interests resulting in the deterioration in the physical condition of Alberta's road infrastructure.

These challenges, among others, contribute to the need for a strategic and modernized approach to managing and delivering Alberta's transportation infrastructure.

An informed approach to providing solutions

In November 2018, the Alberta Road and Heavy Construction Association (ARHCA) convened a very accomplished and diverse group of advisors from the public and private sectors to participate in an expert advisory panel. The Transportation Infrastructure Advisory Panel worked with the ARHCA to evaluate and consider policy options to improve the planning, construction, maintenance and administration of our Alberta's road infrastructure.

The Transportation Advisory Panel was tasked with:

- providing thought leadership and input on transportation policy issues;
- examining the characteristics of the existing road network management framework;
- developing an overall philosophy to support the province's future population and economic growth;
- exploring best practices in other jurisdiction to transportation infrastructure challenges;
- identifying and assessing alternative policies to ensure a sustainable transportation system; and
- providing direction to enable the expansion and operation of a provincial transportation network in an efficient and effective manner.

In collaboration with the Advisory Panel, the ARHCA has identified a suite of recommendations to ensure Alberta's roads are maintained at optimal levels, funded and financed through sustainable means, support a vibrant economic climate and enhance the quality of life of Albertans.

Advisory Panel Members

Gilbert Brulotte

Senior Vice President, Civil Division, EllisDon

Jim Carter

Former Syncrude President and Chief Operating Officer

Bob Gomes

Director and Former President & Chief Executive Officer, Stantec

Jeff Kasbrick

Vice-President, Government and Stakeholder Relations, Alberta Motor Association

Heather Kennedy

Former Vice President, Suncor Energy and Former Assistant Deputy Minister, Oil Sands Sustainable Development Secretariat

Brian Manning

Former Deputy Minister, Executive Council, Government of Alberta

Andrew Sharman

Vice President, Facilities and Operations, University of Alberta

Steve Wyton

Manager, Corporate Projects and Asset Management, City of Calgary

Recommendations

The Alberta Road Builders and Heavy Construction Association (ARHCA) is committed to providing principled and compelling solutions to ensure Alberta's road infrastructure supports a vibrant economic climate and enhances the quality of life of Albertans.

Our recommendations highlight the need to prioritize **asset preservation**, strategically **plan for the future**, and create new mechanisms to promote **transparency in decision making**. The ARHCA is advocating the following recommendations for the Alberta government to improve the management, funding and delivery of road infrastructure in Alberta.

Roads are Critical to Alberta's Quality of Life

- 1.1 Commit to and share publicly a long-term vision and strategy for the sustainability and future of Alberta's road network.
- 1.2 Create a new and predictable funding model to manage and maintain Alberta's road infrastructure by matching funding to achieve commitments made by government in published 5-year rolling plans.
- 1.3 Commit to an integrated and multi-modal approach to transportation infrastructure policy and planning.
- 1.4 Create a policy and regulatory environment that incentivizes technological advances in the transportation sector.
- 1.5 Clearly define and empower entities to be accountable for their respective roles. Government should be responsible for setting strategic direction and policy, an independent agency should oversee planning and procurement, while the private sector is responsible for construction and delivery.

Driving road safety through policy and practice

- 2.1 Adopt an integrated approach to road safety through better road design and maintenance, improved driver behaviour and enforcement of traffic regulations.
- 2.2 Renew the Alberta Traffic Safety Plan in collaboration with industry partners and stakeholders.
- 2.3 Increase and sustain public education and communication on traffic safety to address driver behaviours, particularly in roadside emergency scenes, construction zones and where winter crews are working.
- 2.4 Explore the implementation of Intelligent Transportation System (ITS) technologies to improve safety and relieve congestion.

- 2.5 Enable the adoption of new technologies and materials to improve the safety, design, construction, condition monitoring, maintenance and lifecycle of Alberta's road infrastructure investments.

Roads Drive our Economy

- 3.1 Develop a long-term strategy to guide Alberta's road infrastructure investments.
- 3.2 Establish a prioritization framework that schedules infrastructure investments to economic opportunity, environmental and social benefits.
- 3.3 Integrate transportation policies with planning, economic development and other provincial priorities.

New technology, materials engineering and innovation leads the way to better roads

- 4.1 Prioritize innovation in the transportation infrastructure sector to help drive technological advancement and research.
- 4.2 Develop policies that encourage, complement, and accelerate the adoption of emerging technologies.
- 4.3 Improve the rate of technological adoption by providing incentives for partners to capture efficiencies through the adoption of new technologies.
- 4.4 Facilitate the integration of road infrastructure with connected and autonomous vehicles.

Building roads requires a focused effort

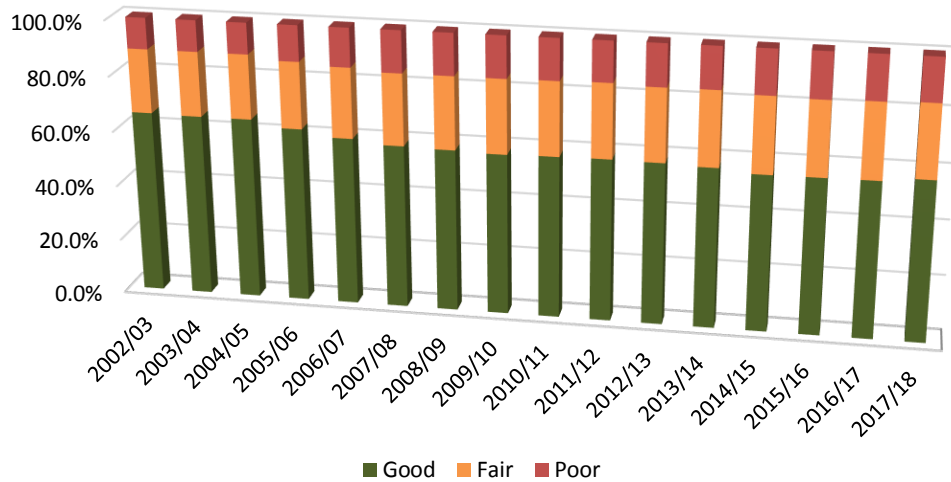
- 5.1 Optimize Alberta's existing road infrastructure and effectively use asset management systems to inform decision making.
- 5.2 Develop a transparent, evidence-based prioritization system to establish road infrastructure project priorities.
- 5.3 Establish reliable funding for road infrastructure maintenance and renewal by legally committing 1%-2% of asset value for asset maintenance and preservation.
- 5.4 Explore and consult with Albertans to assess alternative road infrastructure investment mechanisms and funding models.
- 5.5 Encourage greater private sector participation in project delivery.

Good governance benefits all Albertans

- 6.1 Carve out the Corporate Strategies and Delivery Services Division of Alberta Transportation to create an independent agency to oversee transportation infrastructure management, procurement and project contract delivery.
- 6.2 Establish performance and/or service standards for Alberta's road transportation network and contract with the new management agency to deliver.
- 6.3 Develop a transparent and strategic approach for the prioritization and selection of road infrastructure projects to form the delivery agency's accountability contract.
- 6.4 Create a more integrated and coordinated approach to transportation policy and planning within and across all levels of government.
- 6.5 Ensure appropriate transfer of risk between public and private entities.

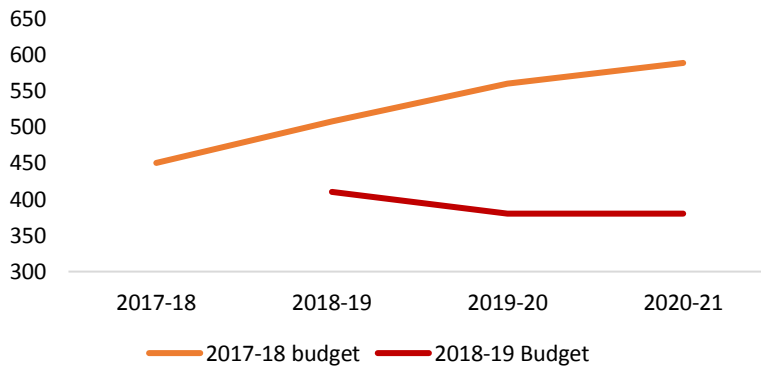
Key Figures

Physical Condition of AB Provincial Highways



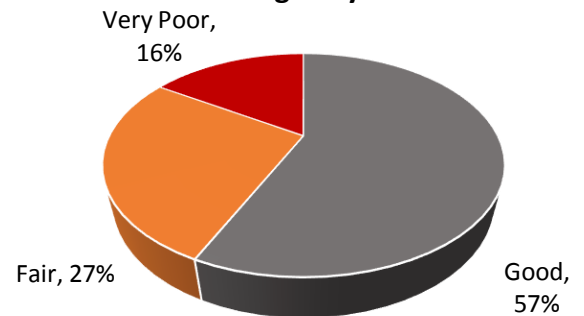
Source: Government of Albert, Alberta Official Statistics, Physical Condition of Provincial Highway Surfaces.

Capital Maintenance and Renewal - Roads and Bridges (millions of dollars)



Source: Government of Alberta 2017-20 Fiscal Plan and 2018-21 Fiscal Plan

Physical Condition of Alberta Highways



Source: Canada's Core Public Infrastructure Survey: Roads, bridges and tunnels, 2016, Statistics Canada