Report
on the
Premier’s
Task Force
on
Infrastructure
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EXECUTIVE SUMMARY

On March 5, 1998, Premier Klein announced the formation of a government task force to address issues around the province’s transportation infrastructure.

A year-and-a-half later, the Premier’s Task Force on Infrastructure announced major funding increases in transportation funding. The task force also announced a significant change in responsibilities for secondary highways and key primary highway connectors through cities.

The funding increases and changes in responsibility were the task force’s answer to three problems facing the province’s transportation infrastructure:

1. Confusion over the division of roles and responsibilities between the province and municipal governments.
2. Numerous and complex municipal grant programs that were perceived by the municipalities to be inconsistent, inflexible, and unfair.
3. The inability of the municipalities to pay for construction and maintenance of the primary and secondary highways within their jurisdictions.

The task force adopted a basic strategy of disentanglement to clearly delineate the division between provincial and municipal roles as pertaining to transportation. It also realized the need for funding increases to enable the continued maintenance and enhancement of an aging infrastructure. With these principles in mind, the task force announced on September 7, 1999, that the provincial government would:

- Grant transportation funding to Edmonton and Calgary based on five cents per litre from fuel sold in those cities.
- Maintain current funding levels (about $60 per capita, up from the original base level of $25 per capita) for other Alberta cities beyond the initial three-year commitment of 1998. In addition, provide these cities with a one-time transportation grant of $50 million.
- Assume responsibility for construction and maintenance on all secondary highways by April 1, 2000, with continued planning input from the municipalities.
- Assume responsibility for construction and maintenance on key primary highways along major trade corridors through cities.
- Provide additional funding of $30 per capita for towns, villages and summer villages through the Streets Improvement Program, to bring funding for these municipalities in line with Alberta cities other than Edmonton and Calgary; and make hamlets eligible for funding through the Streets Improvement Program.

An enormous amount of research and planning went into developing these strategies and recommendations, and more work was required to implement them. This was all carried out over a two-year period by a dedicated partnership of elected officials from the provincial government and various local governments, and transportation professionals in the public service.
**INTRODUCTION**

On March 5, 1998, the Premier announced the formation of a government task force to address issues around the province’s transportation infrastructure. This was in response to expressions of concern from Alberta’s municipalities about the transportation pressures they were facing due to population and economic growth, aging infrastructure and the need for certainty of long term funding.

Later that year, on August 24, the Premier’s Task Force on Infrastructure announced its recommendation that the government commit to an increase in transportation funding. The recommended increases were for $130 million for 1998 and $150 million per year over the ensuing three years. The announcement also referred to plans by then-Minister of Transportation and Utilities, the Honourable Walter Paszkowski, to begin discussions with Alberta municipalities on “disentangling” roles of responsibility around secondary highways and some key primary highway connectors in urban areas.

On September 9, 1999, the task force announced a further increase in transportation funding of $900 million over three years and announced a significant change in responsibilities for secondary highways and key primary highway connectors through cities. The efforts of the task force working group, and particularly the front line working committee under its direction, had led to a solution for clarifying and defining responsibilities for the aforementioned highways. An equitable distribution of the funding increase had also been worked out. This report explains the issues behind these developments and the steps taken to achieve resolution. It also acknowledges the individuals who made such an important contribution to the continuing excellence of Alberta’s transportation infrastructure.
ISSUES

The Premier’s Task Force on Infrastructure identified three general problems facing the province’s transportation infrastructure:
1. Confusion over the division of roles and responsibilities between the province and municipal governments.
2. Numerous and complex municipal grant programs that were perceived by the municipalities to be inconsistent, inflexible, and unfair.
3. The inability of the municipalities to pay for construction and maintenance of the primary and secondary highways within their jurisdictions.

There were also a number of specific pressure points on the transportation infrastructure that required attention, planning and funding. These included:
- Parts of the Calgary road network, specifically the Deerfoot and Stoney Trails, needed upgrading and expansion to cope with the city’s significant population growth.
- Key parts of the Edmonton road network (for example, the Quesnell Bridge on the Whitemud Freeway) are nearing traffic volume capacity, necessitating the start of the South West Ring Road project.
- Rural road networks were feeling substantial pressure due to increased resource development.
- Some other Alberta cities and urban municipalities were in need of additional funding to address their own particular growth pressures.
- Certain primary highways in the province were in need of upgrading due to significant increases in traffic volumes.

Disentanglement

To address these problems and provide the means for relief of the pressure points, the task force adopted an initial strategy of “disentanglement,” which evolved into the central idea behind the task force’s eventual recommendations. The term referred to “the clear division between provincial and municipal roles” within the context of responsibility for primary and secondary highways. Disentanglement was also intended by definition to be “cost neutral.” Simply put, it involved eliminating the confusion that lay at the root of the various problems facing the province’s transportation infrastructure while maintaining the existing provincial transportation budget.

By adopting the disentanglement strategy, the task force hoped to achieve three key objectives:
- Make the province responsible for key primary highway connectors through cities (it was already responsible for all primary highways outside of cities) and key secondary highways (the municipalities had historically been responsible for all secondary highways, although with 75 per cent funding support from the province for construction and rehabilitation).
- Make the municipalities solely responsible for all local roads and bridges.
- Simplify the transportation grant programs to municipalities, removing most of the conditions for the grants and basing them on a straightforward formula.
But the disentanglement strategy raised its own issues. To achieve the aforementioned objectives, the task force needed to:

- define which were the *key* secondary highways in rural areas and the *key* primary highway connectors in cities (which would then become the responsibility of the province);
- develop a method of giving municipalities compensation or credit for those highways which would not fit this definition and thus revert to or become the responsibility of the municipalities;
- find a means of balancing the secondary highways cost-sharing ledger between the province and the municipalities (at the end of December 1998 the province was ahead on the ledger by approximately $7 million);
- find a means of streamlining the programs for administering transportation grants to the municipalities;
- transfer control of the access, development, subdivision and utility installation on lands adjacent to secondary highways to the jurisdiction responsible, the province (Alberta Transportation and Utilities, now Alberta Infrastructure).

These issues, especially the first in the list above, proved difficult to resolve. The task force’s front line working committee, comprised of Alberta Transportation and Utilities (AT&U) staff, identified the key secondary highways from the province’s point of view. The committee also hired consultants to perform road studies within the municipalities, and with the help of municipal transportation staff, to identify or define key secondary highways from the municipalities’ perspective. While in most cases the municipal and provincial definitions matched, there were enough differences to prove problematic for the overall disentanglement process.

As for the other key issue of cost neutrality, or continuing at current budget levels, there was an unavoidable truth to be faced. The municipalities simply could not afford to maintain and enhance the part of the aging transportation infrastructure for which they had traditionally been responsible. For most of Alberta’s urban and rural municipalities, their financial resources were inadequate for the task.
RECOMMENDATIONS

General Benefits and Principles

Regardless of the aforementioned difficulties posed by the disentanglement strategy, it promised major benefits. In addition to the obvious dividends of clarifying roles and simplifying grant programs, disentanglement would also allow for a centralized programming and planning process for all highways. This in turn would create efficiencies and generate savings through:

- economies of scale (for example, maintenance for primary and secondary highways could be administered and logistically supported through one source);
- the use of life-cycle costing to ensure timely maintenance, rehabilitation, and reconstruction; and
- prioritizing of highway projects using reliable data on traffic volumes, safety and other network expansion criteria.

The value in role clarification and simplification of transportation grant programs, and the added value of the efficiencies listed above, made the core of the disentanglement strategy worth preserving. Even if the precise conditions of disentanglement -- specified key secondary highways and cost neutrality -- were problematic, the central premise was key to resolving the three overall problems facing the transportation infrastructure.

Hence, the task force arrived at a couple of general principles that would resolve these matters and build on the central premise behind disentanglement.

- To resolve the issue of which secondary highways the province would assume full responsibility for, the AT&U front line working committee recommended a simple solution: have the province become responsible for all secondary highways, leaving only local roads and bridges for the municipalities. And for the issue of primary highway connectors through cities, the front line working committee recommended that the province assume responsibility for those connectors that were part of the province’s major trade routes. (An additional benefit from this solution would be the change to a one-window access point for trucking permits, so truckers would not have to apply for permits at each Alberta city they were driving through.)
- To resolve the issue of cost neutrality, which was really an issue of inadequate financial resources for the municipalities, the front line working committee recommended an increase in funding for most transportation infrastructure needs. These increases would apply to secondary highways.

Specific Recommendations

The task force applied these principles to resolve the three overall problems mentioned above and to bring relief to the specific pressure points on the network. The frontline working committee recommended the following actions, which were accepted by the task force and announced on September 7, 1999 [see Appendix A – Government of Alberta news release, September 7, 1999]:

- Grant transportation funding directly to Edmonton and Calgary based on five cents per litre from fuel sold in those cities.
• Maintain current funding levels (about $60 per capita, up from the original base level of $25 per capita) for other Alberta cities beyond the initial three-year commitment of 1998. In addition, provide these cities with a one-time transportation grant of $50 million to be used at their discretion.

• Have the province assume responsibility for construction and maintenance on all secondary highways by April 1, 2000, with continued planning input from the municipalities.

• Have the province assume responsibility for construction and maintenance on key primary highways along major trade corridors through cities.

• Provide additional funding of $30 per capita for towns, villages and summer villages through the Streets Improvement Program, to bring funding for these municipalities in line with Alberta cities other than Edmonton and Calgary. Also, make hamlets eligible for funding through the Streets Improvement Program.

Funding Changes

♦ The change in the funding formula for Edmonton and Calgary -- from per capita grants to grants calculated on a basis of five cents per litre of fuel consumed within those cities -- amounted to an increase of $31 million and $34 million respectively in actual transportation dollars available to the two cities. Edmonton and Calgary would now receive approximately $65 million and $85 million per year respectively (actual amounts are dependent on the number of litres of fuel sold in each city as determined by Alberta Treasury).

♦ The value of these dollars was enhanced by Alberta Infrastructure’s assumption of responsibility for specific primary highway connectors in the two cities that served the North/South Trade Corridor, thus freeing municipal transportation dollars for other projects. In Calgary, Alberta Infrastructure (formerly AT&U) is taking full responsibility for Deerfoot and Stoney Trails; in Edmonton, the department will assume jurisdiction over the South West Ring Road project, including Anthony Henday Drive.

♦ For other cities, the Basic Capital Grant funding will be maintained at $60 per capita, with the one-time $50 million grant added. Also, the urban sections of Highways 63 (Fort McMurray), 1 (Medicine Hat), the North/South Trade Corridor at Lethbridge, and 43 (Grande Prairie) will come under Alberta Infrastructure’s jurisdiction as major trade routes.

♦ Towns, villages and summer villages are seeing their transportation funding rise to the same level as the cities through a $15 million per year enhancement to the Streets Improvement Program. Hamlets are now also eligible for funding under this program.

♦ The province’s assumption of full responsibility for all secondary highways frees up $85 million in municipal transportation budgets each year for the municipalities to reallocate towards other transportation needs. Rural transportation grants will remain at current levels.
NEXT STEPS

The work arising out of the announcement of September 7, 1999 could be divided into four basic areas: issues for Edmonton and Calgary; issues involving other Alberta cities; issues involving rural municipalities; and issues involving towns, villages and summer villages.

Recognising the need to work in partnership with the municipalities to resolve these issues, the Minister struck technical committees comprised of Alberta Infrastructure staff and representatives from the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMD&C).

Alberta Infrastructure staff worked directly with city representatives from Edmonton and Calgary to negotiate jurisdictional transfer arrangements for primary highway connectors and the new grant formula based on fuel consumption.

The “other cities” technical committee met twice to resolve the actual process for transferring jurisdiction of primary highway trade corridor routes from the affected cities to the department. They also agreed on criteria for allocating supplementary funding of $50 million and changes in the Basic Capital Program guidelines to allow greater flexibility in the use of the grants.

The rural municipalities technical committee had to resolve issues around the control of development of lands adjacent to secondary highways, management of access and the levels of service for highway maintenance. The sub-committee on maintenance has established an ongoing partnership between Alberta Infrastructure and the rural municipalities that not only resolved the initial issue of service levels, but will continue to monitor maintenance service on secondary highways over the long term.

Another matter involving secondary highways and the rural municipalities is that of policing and enforcement. Alberta Justice is working with the RCMP and the municipalities to develop a long term solution on this issue.

The towns, villages and summer villages technical committee has also finalized agreements to ensure that funds from the 1999/2000 fiscal year could be advanced.

Maintenance on secondary highways is one responsibility that will have to be transferred from the municipalities to Alberta Infrastructure on a step-by-step schedule. The department will be contracting out the actual work of maintaining these highways in the same fashion as it does for the primary highways. The contracts are in the process of being re-tendered to include both primary and secondary highways, and this process cannot cover the entire province at one step. Rather, the contracts will be re-tendered and awarded for different areas of the province over the next year-and-a-half. To cover the gap between the transfer of responsibility for the secondary highways on April 1, 2000, and the time when all the new maintenance contracts are in place, Alberta Infrastructure will provide maintenance grants to the affected municipalities.
BACKGROUND/PROCESS

Premier Klein announced the formation of the task force on infrastructure on March 5, 1998. It was comprised of political representatives from the provincial government (the premier, cabinet ministers, committee chairs), the mayors of Edmonton and Calgary and the presidents of the AUMA and the AAMD&C. The task force per se then appointed a task force steering committee comprised of senior public officials from the provincial government, the two major cities and the AUMA and AAMD&C. The steering committee was the supervising body that gave direction to the front line working committee made up of Alberta Infrastructure staff.

Initial investigations by the front line working committee revealed the impediments to disentanglement and the need for major reinvestment in transportation funding. This work, combined with reports from the AAMD&C and the AUMA [see Appendix B – AAMD&C Report on the Workshop on Transportation Partnership Programs, June 26, 1998 and Appendix C – Summary of Workshop for Cities, Towns and Villages, July 2 and 3, 1998] prompted a second announcement, on August 24, 1998, informing Albertans that the government would commit an additional $580 million to the transportation infrastructure over the ensuing four years.

In concert with representatives from both urban and rural municipalities, the front line working committee continued through 1998 and into 1999 to develop long term solutions to disentanglement issues. This process led to the premier’s announcement of September 7, 1999, which laid out the specific actions arising out of the solutions developed by the committee. Transfer of responsibility for secondary highways and the new funding arrangements for municipalities, went into effect on March 31, 2000.

TASK FORCE MEMBERSHIP

Premier’s Task Force on Infrastructure

- The Honourable Ralph Klein  Premier
- The Honourable Stockwell Day  Provincial Treasurer
- The Honourable Walter Paszkowski  Minister of Municipal Affairs
- The Honourable Ed Stelmach  Minister of Infrastructure
- The Honourable Dave Hancock  Minister of Justice and Attorney General
- Ron Hierath, MLA  Chair, Standing Policy Committee
- Tom Thurber, MLA  Chair, Capital Investment Planning Initiative
- His Worship Al Duerr  Mayor, City of Calgary
- His Worship Bill Smith  Mayor, City of Edmonton
- Gordon Graydon  President, AUMA
- Jack Hayden  President, AAMD&C
**Premier’s Task Force on Infrastructure – steering committee**

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<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Jack Davis</td>
<td>Deputy Minister, Executive Council</td>
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<tr>
<td>Peter Kruselnicki</td>
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<td>Ed McLellan</td>
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<td>Bob Holmes</td>
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<td>Rick Millican</td>
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<td>John McGowan</td>
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<td>Larry Goodhope</td>
<td>AAMD&amp;C</td>
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**Premier’s Task Force on Infrastructure – front line working committee**

(team members and supporting staff)

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<tr>
<th>Name</th>
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<tbody>
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<td>Brian Marcotte</td>
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<td>Stewart Boyd</td>
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<td>David McKay</td>
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**AAMD&C Rural Technical Committee**

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<th>Name</th>
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<tbody>
<tr>
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Stewart, Weir & Co. Ltd.
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ACKNOWLEDGEMENTS

Meeting the challenge presented by transportation funding and disentanglement issues would not have been possible without the political will and cooperative spirit of the elected officials who
made up the task force. Premier Klein’s leadership played a crucial role in engendering this will and spirit between representatives of the various interest groups. Also, the Honourable Walter Paszkowski, Minister of Transportation and Utilities, provided key support as did his successor, the Honourable Ed Stelmach, Minister of Infrastructure, who took over the transportation portfolio in May 1999.

The ongoing guidance of the task force steering committee was also fundamental to the success of the project. Led by Jack Davis, Deputy Minister of Executive Council, and Infrastructure Deputy Minister Ed McLellan, this body of senior public servants communicated the political direction of the task force and contributed influence and expertise toward the resolution of the many inter-jurisdictional issues that had to be addressed.

And finally, the members of the front line working committee led by Brian Marcotte deserve recognition for the great number of hours they devoted to the daily, hands-on work of this project. Their unflagging attention to detail, technical expertise and professionalism carried the project throughout its year-and-a-half duration and brought it to successful completion.