

**Alberta Infrastructure**  
**Alberta Hansard – April 8, 2025**  
**Response to Questions at Public Accounts**

**1. Question from Mr. Marlin Schmidt, MLA for Edmonton-Gold Bar**

**Topic: Recovery Communities**

“For the projects that were discussed on page 21 of the annual report, can the department tell the committee how many proposals the government got for the construction of those facilities [Red Deer, Lethbridge and Gunn]? ...I’m curious if any of the proponents disclosed a conflict of interest.

...How many days was the solicitation open for? ...Well, I know [25 days is] the standard, and the Auditor General has identified that the department doesn’t always meet the standard. So I’m concerned that the standard was met here in these particular cases.

...I’m also looking for the evaluation score sheets for the proposals that were received for recovery communities. Again, the Auditor General has identified that these projects are evaluated – wildly divergent. I’m wondering if the department can provide those in writing to the committee as well.

... Now, the planning stages for Edmonton, Calgary, the Edmonton young offender centre, who were the consultants on those projects?” ([Pages PA-290 and PA-291](#))

**Supplemental Response:**

The Gunn Recovery Community received five proposals; the Red Deer Recovery Community received three proposals; and the Lethbridge Recovery Community received four proposals. None of the proponents disclosed a conflict of interest.

The solicitations were open for 26 days for the Gunn Recovery Community; 40 days for the Red Deer Recovery Community; and 32 days for the Lethbridge Recovery Community. All of these solicitations comply with the ministry’s minimum standard solicitation period of 25 calendar days for this specific category of procurement.

The evaluation criteria in each of the solicitations issued by Infrastructure are tailored to meet the specific requirements of the respective project. Separate evaluation panels are typically established for each solicitation. These factors make evaluations between projects not directly comparable.

Infrastructure provides formal debriefs to proponents, during which the strengths and weaknesses of their individual proposals are shared. Under no circumstances are the contents of another proponent’s response or evaluation discussed, including score or ranking. In accordance with Infrastructure’s *Competitive Procurement Evaluation Guidelines*, all information regarding proponents, their submissions, and evaluation

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results are confidential, and no information is to be disclosed or discussed with anyone not part of the evaluation team or internal approval hierarchy for the project, even after contract award.

Identification of all successful proponents are published online at the Alberta Purchasing Connection website upon completion of the procurement process. The successful proponent for the planning stage consultant work on the Recovery Community project in Edmonton was Stantec, and for the Edmonton Young Offender Centre project it was Start Architecture. The Recovery Community project in Calgary did not engage a consultant for planning as this was a renovation of the Valleyview Lodge, which was an existing asset to government.

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**2. Question from Ms. Marie Renaud, MLA for St. Albert**

**Topic: OAG Recommendations – Procurement Processes Review**

“Let’s move on to the fourth outstanding recommendation. It’s to “improve submission evaluation controls” for

- verifying compliance with request for proposal requirements,
- identifying potential conflicts of interest, [and]
- ensuring evaluation comments are adequately documented.

...did the ministry complete a review since the AG recommendations to determine if it appropriately disqualified or accepted submission forms?

... Were there recommendations, or just a statement about the review, or things to learn from the review? Anything like that?”

...Is that something you can share with the committee? ([Pages PA-294 and PA-295](#))

**Supplemental Response:**

The OAG Procurement Processes audit report identified key findings that formulated the four recommendations. These findings were internally reviewed to inform our implementation plan and are provided below:

- Some solicitation documents were posted for less time than required, resulting in non-compliance with trade agreements.
- Did not always have evidence solicitation documents or addenda were approved in accordance with processes prior to posting.
- Compliance with trade agreements was not always clear when it included manufacturers in solicitation documents.
- Control for verifying that only submissions received on or before procurement close would be evaluated was not operating effectively.
- Bid submission forms were not always completed accurately, not always reviewed by both Project Procurement Specialist and Project Procurement Specialist Support, not always completed in a timely manner, or not completed at all.
- Some submissions were accepted late when hard copy submissions were being accepted.
- Employee access to procurement information systems was not restricted based on information needs related to their job responsibilities or confidentiality of the information.
- Controls to verify that bids comply with Request for Proposal requirements were lacking.

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- There was no requirement for proponents to provide a declaration that they do not have any conflicts of interest.
- There was a lack of adequate documentation to demonstrate evaluations are completed consistently, and the evaluation comments did not always adequately explain differences across procurements.

Infrastructure has completed all of its planned changes to implement the recommendations and has requested a follow up audit be scheduled to evaluate that they have all been adequately addressed.

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**3. Question from Mr. Marlin Schmidt, MLA for Edmonton-Gold Bar**

**Topic: OAG Recommendations – Procurement Processes – Disqualified Bids**

“What bids should have been disqualified but weren’t? If I understand correctly, potential conflicts of interest were identified, but the department did not disqualify those bids. Is that what happened?” ([Page PA-298](#))

**Supplemental Response:**

The OAG referenced three instances of potential conflicts of interest where the submissions were not disqualified.

In each of the three cases, one of the sub-consultants proposed by the bidder had already been part of the design consultant team hired by Infrastructure for the same project, meaning the individual would be overseeing their own work if the contract were awarded to that bidder. Although the proponents were required to self-disclose any potential conflict of interest to Infrastructure, they did not comply with this requirement in any of these cases. All three submissions with identified conflict of interest issues were evaluated alongside other proposals; however, none were ultimately selected as the top compliant bid for a contract award.

To improve the process, Infrastructure implemented the OAG's recommendations by updating the procurement evaluation guidelines, revising templates in the Procurement Resource Centre, referring all compliance matters to the Contract Review Committee, incorporating relevant content into departmental training materials, and adding a conflict of interest declaration section to Infrastructure's modernized templates.

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**4. Question from Mr. Court Ellingson, MLA for Calgary-Foothills**

**Topic: Scott Bathgate Building Land Acquisition Assessment**

“Is there any investigation into, like, the previous land value or changes in land value? You mentioned earlier in responding to a question from the members opposite that in selling, there are two appraisals done to ensure that you’re getting market value. In purchasing, are there also – talk to me about, like, an assessment of change in value of that space or suggested purpose over a period of time and other comparable value, even though you can’t use another parking lot somewhere else.

...For the property in question, could the ministry provide that information?”

[\(Page PA-300\)](#)

**Infrastructure’s Response:**

“Multiple assessments were done for the facility, and also we used city assessment value during the business case development. At the end of the day, all of what we purchase is purchased based on market condition.” [\(Page PA-300\)](#)

**Supplemental Response:**

In 2024, the municipally assessed value was \$2.025 million. On April 17, 2024, Infrastructure completed an internal appraisal that valued the property at \$1.742 million. On July 14, 2024, the seller indicated that they had already received an offer from a developer to purchase the property for \$1.95 million. On July 24, 2024, Infrastructure executed a purchase agreement to buy the property for \$2 million.

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**5. Question from Mr. Court Ellingson, MLA for Calgary-Foothills**

**Topic: Public-private Partnerships (P3)**

“If you could describe the P3 viability assessment process and explain why it takes over a year for a school to be assessed for P3. What was learned from previous P3 viability assessments? Could this not help us move that process along a little bit faster?

...The report mentions that there are 57 school projects under way. Where would we find the seven P3s bundled in that list of 57 school projects? Of those 57 school projects, are only seven of them P3s? Are any of the others being assessed for P3 viability? What differentiates one school from another for being on the P3 list?

...Just for a disclosure, of those seven schools, one of them happens to be a Catholic school in Nolan Hill in Calgary-Foothills. What should I be saying to my constituents that it's taking so long to move through this process when they so desperately need a school?

...Of the 57 school projects under way how many were included in Budget '23-24? How many from previous budget years? With the government now setting the ambitious agenda of 90 school projects, realistically, how long does it take for a school to move through planning, design, construction, P3 evaluation, tender, actual construction? How long are people actually going to be waiting for these schools?

...Earlier in this meeting the department told us that all projects from Infrastructure are tendered, but on page 18 it clearly describes an unsolicited proposal process. How is it possible that all projects are tendered when you have an unsolicited proposal process?” ([Pages PA-302 and PA-303](#))

**Supplemental Response:**

Every project must be assessed to determine the most suitable delivery method. P3 is just one of many delivery methods that Infrastructure uses. Delivery method assessments are completed for all projects, in parallel with other preparatory and technical work. The delivery method assessments do not impact overall timelines.

Initial assessments for P3 viability occur as part of the capital budget planning process. Following budget approval, projects that are deemed as potentially suitable for P3 based on the initial assessment will have a P3 business case developed. The P3 business case is developed in parallel with planning and design work, site readiness activities, stakeholder consultation, and the setting of technical requirements. This part of the process takes approximately three months; however, it

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is completed at the same time as other activities and does not add to the overall project schedule.

Infrastructure follows industry best practice for all delivery method assessments, including P3 viability assessment and business case development.

The seven bundled P3 schools were included in the list of 57 school projects that were underway at the end of the 2023-24 fiscal year, as they were in the design stage at that time. No other school projects that were underway at that time were being considered for P3 delivery.

P3 bundles are strategically selected based on enrollment pressure, asset class, funding level, site readiness, and geographic considerations. A P3 business case must show that there is value for money before a bundle will be approved to move forward for P3 procurement.

This project is moving forward into construction and is on schedule. The procurement process was completed, and the contract was executed on March 27, 2025. Construction is anticipated to begin in June 2025.

Infrastructure always works closely with municipalities to de-risk projects by obtaining conditionally approved development permits from the municipality in parallel with procurement activities. We will continue to work with our counterparts within the school jurisdiction and the municipality to find and implement process efficiencies to expedite the delivery and completion of the project.

The 57 school projects referenced were approved in previous budgets and were under way. New school projects approved in Budget 2024 were not included in this figure as those projects had not yet started at that time.

Schools go through a gated approval process for pre-planning, planning, design, and construction funding. Thorough pre-planning, planning, and design activities are necessary to inform project requirements, the schedule, and the budget. Depending on project type, scope and complexity, a school project can take on average up to three and a half to four years to build once design is approved.

The Unsolicited Proposals (USP) Framework is a best practice that encourages the private sector to bring forward innovative privately funded project ideas that align with public priorities but are not government-led.

Projects that are only seeking grants or public funding do not qualify under the USP Framework. If the government reviews a USP and determines that public ownership

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or delivery is the more appropriate option, it can proceed with the project using competitive tendering.

Engaging in the USP process does not give the proponent exclusivity or a guaranteed contract. All government-owned or funded projects are still subject to public procurement rules.

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**6. Question from Ms. Marie Renaud, MLA for St. Albert**

**Topic: Complex Needs Residential Build, Calgary**

“On page 25 I note a complex needs residential build in Calgary is in the design phase, and that’s for people that receive PDD funding. I’d like to know at its completion how many beds or how many people will be accommodated in this project, who will manage it once it’s completed, who’s involved now, which organizations, and the total cost of the project.

...My next question is: has the Ministry of Seniors, Community and Social Services undertaken any consultation with the Ministry of Infrastructure around accessibility legislation?” ([Page PA-303](#))

**Supplemental Response:**

This facility, when complete, will have 24 suites to accommodate up to 24 individuals. Infrastructure is working closely right now with Seniors, Community and Social Services (SCSS) to deliver this project, which has recently completed the design phase and is now being tendered for construction. The facility will be owned and managed by Infrastructure through a Total Property Management contractor, and SCSS is currently in the process of drafting a Request for Proposal to procure a qualified service provider. The total estimated cost of the project is \$33.2 million.

SCSS had done prior consultations with the public, complex needs individuals and their families and subject matter experts that led to the development of the accessibility scope for this project. The facility is designed in accordance with the Alberta Building Code and has two bariatric and four barrier free suites to accommodate residents with accessibility needs.

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**7. Question from Mr. Marlin Schmidt, MLA for Edmonton-Gold Bar**

**Topic: Therapeutic Living Units**

“On page 22 the annual report discusses therapeutic living units. How much money was provided through Infrastructure to establish therapeutic living units?

...How many applications were there, and how many days was the process open?

...Of the 365 contractors which ones were foreign based, and how much money were they awarded?” ([Page PA-303](#))

**Supplemental Response:**

In total, \$622,000 was expended to establish Therapeutic Living Units (TLU) in Correctional Facilities in Calgary, Red Deer, Fort Saskatchewan and Lethbridge. These projects are now complete. Much of the cost was to purchase furniture and equipment for the TLU program. Additionally, funds were used to complete minor renovation work that was required to accommodate two offices at the Calgary Correctional Centre.

This work was not undertaken through one procurement. Public Safety and Emergency Services coordinated the procurement of the furniture and equipment purchases as well as some work that was delivered via work order requests through existing Total Property Manager (TPM) contracts, and the renovations at the Calgary Correctional Centre were completed by a contractor that was already on site as part of a larger existing renovation project that was under way. All procurement policies and processes were adhered to in the completion of this work.

All 365 contractors were based in Canada.

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**8. Question from Mr. Garth Rowsell, MLA for Vermilion-Lloydminster-Wainwright**

**Topic: Leases, Land and Buildings Revenue**

“On page 44 of the Infrastructure annual report the statement of revenues and expenses has a line for leases, land and buildings, revenue. I see the actual has more than doubled, from \$12.1 million in 2023 to \$29 million in 2024. Can the deputy minister please explain how the revenue increased so significantly during this period?” ([Page PA-303](#))

**Supplemental Response:**

The lease revenue increase of \$17 million from 2023 to 2024 is primarily due to a one-time lease break fee in 2024 from a tenant for the termination of a lease 8 years in advance of its expiry. A lease break fee is common when the landlord is releasing a tenant from its obligations.

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**9. Question from Mr. Garth Rowsell, MLA for Vermilion-Lloydminster-Wainwright**

**Topic: Capital Maintenance and Renewal**

“The Alberta government has significant capital assets, and it is important for us to ensure that these assets are properly maintained so they can continue to be used into the future. On page 32 of the annual report it states that \$363.5 million was spent on capital maintenance and renewal projects in '23-24. Could the deputy minister please explain what facilities were included in this line item on spending?

...How did capital maintenance and renewal projects benefit Albertans during the reporting period? How do these projects keep buildings functioning safely and efficiently?

...How did the Ministry of Infrastructure manage and prioritize capital maintenance and renewal projects during the reporting period? Are these jobs contracted out, or is the work directly managed and maintained by Infrastructure staff?” ([Page PA-303](#))

**Supplemental Response:**

Capital maintenance and renewal projects help to maintain the facilities where Albertans receive government programs and supports every day. This spending includes work on government-owned buildings, health facilities, and also schools that were delivered through the P3 method.

Government-owned facilities include courthouses, correctional facilities, office buildings, museums, warehouses, and other types of facilities that are essential to supporting government programs. Infrastructure manages the delivery of this work. This made up \$133 million of the spending in 2023-24.

For health facilities, the Health Service Providers are responsible for managing the actual delivery of the projects, while Infrastructure holds the budget and is responsible for reviewing and managing the financial aspects of the program. This made up \$216 million of the spending in 2023-24.

For school capital maintenance, Infrastructure is only responsible for managing the maintenance for schools covered under P3 contracts. This spending amounted to \$15 million in 2023-24. Funding for school capital maintenance, except for P3 schools, is provided in Education's budget.

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The primary objective of these projects is to improve the physical condition of facilities and reduce deferred maintenance, through planned repair, replacement, and maintenance.

Capital maintenance and renewal projects ensure government-owned buildings are operational and safe for the delivery of government programs and services to Albertans. This includes the maintenance of building heating and ventilation systems, and the building envelope such as roofs, curtain walls and other building components of older buildings.

These projects can also include the replacement of major building systems to extend the useful life of the asset and may involve replacing outdated major building systems with more efficient systems to reduce energy consumption.

Infrastructure uses the Capital Maintenance and Renewal (CMR) Prioritization Methodology for Vertical Assets as directed by Treasury Board and Finance to score, and rank identified capital maintenance and renewal projects. This methodology is applied to capital maintenance and renewal projects to rank projects by priority, and to assist in directing available funding to the highest priorities.

The methodology uses criteria to determine a priority score, and projects will receive a higher score and are more likely to receive funding based on:

- if the Ministry of Infrastructure intends to keep the facility over the long-term;
- impact to the facility and the programs it houses if the work was not completed; and
- how imminently the work is required.

Infrastructure staff oversee procurements and project management activities on CMR projects. These projects are delivered by contracting out design and engineering services and all construction activities, which supports private sector jobs.

For health infrastructure, the Health Service Provider prioritizes and manages the projects, with some oversight by Infrastructure. They are prioritized based on key facility-based factors including age, location, and replacement value.

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**10. Question from Mr. Garth Rowsell, MLA for Vermilion-Lloydminster-Wainwright**

**Topic: Non-Government User Policy**

“On page 32 of the Infrastructure annual report it states that in 2023-24 the ministry continued its implementation of the nongovernment user policy to ensure that leasing of surplus government-owned and -administered spaces occurs in an equitable and consistent manner. What is the status of the NGU policy implementation as of the end of '23-24 reporting period?

...Please explain to this committee how many nongovernment users occupied government spaces during the reporting period and at what rates. What measures did the Ministry of Infrastructure take during the '23-24 period to ensure space in government facilities being used by nonprofits with limited financial resources is being provided fairly and in a fiscally accountable manner?” ([Page PA-303](#))

**Supplemental Response:**

Infrastructure implemented its Non-Government User policy in fall 2021, after government consultation, and notifying ministries. Each ministry's Non-Government Users classifications are tiered into one of three categories for rental rate determination:

- Tier 1 is called 'Essential' – these are non-profit entities providing essential core services and are charged a cost recovery rental rate;
- Tier 2 is called 'Supportive' – these non-profit entities provide programs that align with a ministry's mandate and are charged cost recovery plus 10 to 50 per cent of the net rental rate; and
- Tier 3 is called 'Non-Supportive' – and this applies to for-profit entities and any not-for-profit entity who is deemed neither essential nor supportive and is charged the market rental rate.

There are also some leases that were renewed prior to the implementation of the policy at no cost or policy rate. These leases will be evaluated as they expire. As a standard starting point, all Non-Government Users will pay cost-recovery rates to help provide certainty and fairness for organizations leasing government space. This provides an equitable model for all organizations leasing space from Infrastructure.

Implementation of this policy is ongoing through a strategic three phased approach, which was to minimize impacts to Non-Government Users. Infrastructure manages 468 Non-Government User agreements. Through the completion of Phase One and initiation of Phase Two of the policy, Infrastructure completed 135 lease agreements and 24 license agreements, generating approximately \$6 million in additional

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revenue as of 2023-24. Phase Three will be initiated after Phase Two is complete, which consists of over 200 lease and license agreements.

There were 278 Non-Government Users with lease agreements occupying government space at the following rates:

- 47 are at no cost, which are being eliminated as leases are renewed;
- 153 at cost recovery, where they pay operating costs only;
- 5 at a reduced market rate, which is 10-50% of net rent plus operating costs;
- 58 are at market rate, which is net rent plus operating costs, and
- 15 are at a policy rate, which are also being eliminated as the leases renew.

Infrastructure is responsible for managing the province's buildings in a cost-effective way and ensuring the best use of taxpayer money. Under the policy, when any Non-Government User asks for space in government buildings, Infrastructure has standard processes for determining who gets to lease space and what rate to apply.

The policy requires sponsoring ministries to classify the level of support for their Non-Government Users and focuses on having their programs align with ministry mandates. The Non-Government User policy:

- serves to better align leasing practices with other provinces;
- provides transparency in program delivery costs by reporting full costs for government programs;
- eliminates nominal leases; and
- better aligns the provision of government space with program delivery mandates using a tiered approach.

Through this standardization an equitable model is provided for all organizations leasing space from the Government of Alberta.