

**Alberta Infrastructure and Alberta Education
Response to Request for Written Answers at the
Standing Committee on Public Accounts, November 22, 2016**

Question from Mr. Gotfried (MLA for Calgary-Fish Creek)

Budget Projections Phases 2 and 3

Please provide the total infrastructure funding allocation for the existing list of proposed school builds and modernizations. A \$1.6 billion budget allocation for 2016-17 was referenced. Are there budget projections for the ensuing fiscal years around the phase 2 and phase 3 production? (Page PA-251)

Supplemental Response:

Budget 2016 included funding for additional school projects in future Capital Plans. The infrastructure capital funding allocated for future school builds and modernizations are as follows:

(\$ million)	2016-17	2017-18	2018-19	2019-20	2020-21
2016 School Capital Priorities	-	125	125	125	125

Budget 2016 includes a five-year Capital Plan which allocated the following funds for 200 new and modernization projects:

(\$ million)	2016-17	2017-18	2018-19	2019-20	2020-21
200 projects	1,608.0	903.3	342.5	13.0	-

Schools projects are no longer categorized in phases.

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Question from Mr. Hanson (MLA for Lac La Biche-St. Paul-Two Hills)

Two Hills Mennonite School

Respecting the Two Hills Mennonite School project, please advise where the project stands with respect to the original budget, and has there been any communication to the community to advise that the issues related to an artesian well and methane gases on the site have been rectified? (Page PA-255)

Supplemental Response:

The safety of the school's occupants, students and staff, continues to be Infrastructure's top priority. The site issues that have been referred to, methane and the artesian condition, have both been addressed through engineered solutions that resulted in significant design upgrades being implemented. Those upgrades have in turn increased construction costs by approximately 90%.

Construction of the new school continues and it is anticipated that occupancy will be achieved in May 2017. Following turnover of the new school, demolition of the old building and related site work will begin. That work is expected to be completed in November 2017, with minor seasonal items (i.e. landscaping work) completed in spring 2018.

To date, all engineered solutions have been confirmed as being successful and that unusual site conditions should not be a concern moving forward. Instead, the steps taken to ensure due diligence in the school's construction will result in a safe new school.

Project updates on construction status and the effectiveness of the measures taken to make the school safe are being regularly provided to school board representatives, who also attend the project construction meetings.

Using the information provided by Infrastructure, the school board has regularly provided communication to the public through a variety of media sources that the building will be safe. This communication also included a series of press releases issued between 2014 and 2016.

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Question from Mr. Barnes (MLA for Cypress-Medicine Hat)

Facility Index Scores

Please provide additional information on the process related to facility index scores, and how often schools are inspected. (Page PA-258)

Supplemental Response:

The Facility Condition Index (FCI) value is used to report the physical condition of government supported facilities. The FCI is the ratio of the cost of current and future (five year) maintenance work to the current replacement value of the facility. Facility condition audits are conducted by third party consultants on an ongoing five-year cycle to determine the FCI at that time, which is stored as the Facility Condition Rating (FCR). The FCR is fixed until the next audit occurs while the FCI updates in real-time as maintenance is either added or completed within that facility.

As government supported assets, school facilities are included in the ongoing five-year review cycle, with urgent school evaluation requests reviewed in advance of yearly evaluation plans being finalized.

For summary reporting, these ratios are converted into a 'Good', 'Fair' or 'Poor' rating for a facility with:

- less than 15% FCI being rated as *Good*.
- between 15% and 40% FCI being rated as *Fair*.
- greater than 40% FCI being rated as *Poor*.

The percentage values reported (as noted) are the proportion of the area of all buildings that are in *Good*, *Fair* and *Poor* condition.

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Question from Mr. Hunter (MLA for Cardston-Taber-Warner)

Changing a Project Status to Meet Capacity Benchmarks

In order to meet capacity benchmarks, have the Ministries of Education or Infrastructure asked a school board to change their status from ready, to not ready to build? ([Page PA-258](#))

Supplemental Response:

Education staff provides assistance to school jurisdictions to assess their infrastructure needs, explore potential capital projects to address these requirements, and determine the required scope of any proposed projects.

Education staff also assist the jurisdictions in developing defensible proposals for school capital projects, and ensure that jurisdictions are aware of the criteria that the department uses to prioritize these projects. However, the ultimate development of each jurisdiction's three-year capital plan, as well as the determination of priorities and schedules, are made by the school board.

Question from Mr. Hunter (MLA for Cardston-Taber-Warner)

Cost-Saving Measures (Roofing Recommendation)

Referencing a roofing recommendation by a builder that would have saved up to \$300 million, which was not considered by the Ministry, please explain why such cost-saving measures are not being pursued. ([Page PA-258](#))

Supplemental Response:

Alberta Infrastructure considered the recommendation offered by this builder. We regularly take input from contractors, manufacturers, industry associations, and other stakeholders when establishing and updating material requirements for construction and maintenance of Infrastructure government built and funded buildings. These requirements favour total life cycle value over initial cost, and are set to ensure quality, which includes durability, maintainability and longevity.

In a letter to the minister dated October 08, 2016, the builder claimed an approximate \$90 million savings per year on roofing and reroofing of Alberta government supported buildings (\$300 million was over a longer time period). Alberta Infrastructure investigates any potential savings. Our review found the offered product does not meet Infrastructure's requirements, and will not provide the best value to the taxpayer.

During discussions, Infrastructure staff offered advice on steps the builder might take to meet our requirements. A recent inquiry to the Alberta Roofing Contractors Association determined that the association has not added this roofing material to its list of accepted systems.

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Question from Mr. Cyr (MLA for Bonnyville-Cold Lake)

Payments to Contractors or Subcontractors

Are the Ministries aware of any cases where contractors or subcontractors were not paid on schedule due to a government delay? ([Page PA-258](#))

Supplemental Response:

In general terms, government holds contracts with general contractors. General contractors are paid by government for work completed based on the invoices they submit and within the terms of the contract.

There can be delays in payment if a contractor's invoice supporting documentation is incomplete or incorrect. In this case, once an invoice is resubmitted with correct and completed support documentation in place, it is paid within a 30 day period, or within the time period as stated in the contract. As a contractor completes work on any given project, payment for work completed aligns with this process.

If a general contractor subcontracts work, the government is not party to those sub-trade contracts. These contractual obligations are between the general contractor and subcontractor and government would have no knowledge as to the respective contract terms and conditions.

Subcontractors, and any person providing labour, equipment, material or services used or reasonably required for use in the performance of a contract with the Crown for the construction, alteration, demolition, repair or maintenance of a public work, and that person is not paid by the party which is legally obliged to pay that person, can send a notice of that person's claim to the province via the *Public Works Act* process.

If there is an issue of payment with a subcontractor, Infrastructure encourages both parties to work together to resolve the situation, by helping to facilitate their efforts as much as possible. In addition, Infrastructure and the Alberta Construction Association recently reached agreement on changes to the commercial terms in Infrastructure's construction contracts to encourage prompt payment and made changes to contract holdback provisions to improve cash flow to contractors. These changes were introduced in contracts tendered after March 15, 2016.