



THE EVOLUTION OF HIGHWAY MAINTENANCE OUTSOURCING IN ALBERTA

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ABSTRACT

In 1995, Alberta Transportation and Utilities (AT&U) took its first steps of many to outsourcing the highway maintenance work. The task at hand was not easy, everything from deciding on the type of contract, lump sum versus unit price, to developing maintenance specifications and contractor selection process had to be done in a relatively short time frame. In the end, the department overcame the challenges and in 1996 a new industry emerged in Alberta.

The first set of maintenance contracts were for a five year term. From day one, the industry and the department began to work together on forming a relationship of understanding. The working relationship was structured to draw on the strengths of each party to identify and achieve common goals. This relationship was referred to as “Partnering” and it would prove to be beneficial in future contracts.

Before the midway point of the first set of contracts, the department began preparations for the second round. In 1998, maintenance contractors were provided the opportunity to extend their existing contract through a competitive extension process and a few of them were successful in doing so. Immediately following the extension process, the department along with the industry undertook a thorough review of all the maintenance specifications and contract requirements in an effort to identify the risk and place it where it could be best managed. While this was taking place, the department started the process of selling off its maintenance shops which were currently being leased to maintenance contractors. As well, the Alberta Government also passed legislation in 2000 which gave the government full responsibility of the secondary highways plus key highways through cities effectively doubling the highway network to be maintained by the department.

All of these changes were incorporated into the contracts prior to the second round of re-tendering. The department expected some savings from the first round and was quite pleased with the results when the re-tendering was complete. There were significant savings from the first round. The department is now about to embark on its third round of re-tendering. Maintaining a level playing field for all contractors, creating a competitive atmosphere, dealing with increased public expectation and issues on environment and insurance are just a few of the items that are being looked at in this round. However, the department is confident that it has taken the necessary course of action to ensure the highway maintenance outsourcing in Alberta continues to be a success.

HIGHWAY MAINTENANCE OUTSOURCING – THE BEGINNING

In the early 1990's, the Alberta Government like many other governments, was faced with the growing pressure of increased deficits and debt. Change was required in order to bring both under control and in 1993 the government put forward a new mandate. The delivery of government services through the private sector was to be considered where it was cost effective and provided good service to the public. As part of the Alberta government's mandate, AT&U decided to outsource the maintenance of the 15,500 kilometers of primary highways within the province.

Outsourcing of highway maintenance activities was not new to AT&U. Prior to 1995 the department had already outsourced maintenance activities such as line painting, mowing, crack filling and some snowplowing. However this piece-meal approach to outsourcing was not efficient and didn't necessarily meet the department's goal to deliver services by the best and most cost effective means. To achieve this goal, AT&U decided to increase its outsourcing activities to include all highway maintenance and routine bridge maintenance services. The department's role was to change from one of doing the work to one of steering the work by setting policy and standards and monitoring and ensuring that the performance standards were met.

AT&U's objective was to increase efficiency in its outsourcing programs and it planned to do this by using a competitive bid process, managing standards, monitoring performance, reducing government administration, providing opportunities for innovation and facilitating economic growth in the private sector. Ensuring public safety, preserving the public's investment in transportation infrastructure and contributing to the Alberta Advantage were the department's main goals and managing these became the focus.

DEVELOPMENT OF MAINTENANCE CONTRACTS

In the spring of 1995, the Minister of AT&U was presented with an alternative for highway maintenance which included geographically-based, unit-priced, all-encompassing contracts. The proposal received support from the Minister and the department was given the green light to proceed with the development of a more detailed model.

Work soon began on what was to be known as the "Alberta Model" for outsourcing highway maintenance. Department staff, contracting industry, other stakeholders and a consultant developed a set of guiding principles that they would follow to:

- ◆ improve the cost effectiveness of the delivery of maintenance throughout the province;
- ◆ maintain and manage the current level of service;
- ◆ pay contractors fairly for work done to department standards;
- ◆ establish a shared risk environment between the contractor and the department;
- ◆ ensure existing department staff were treated fairly and minimize any negative impact on them;
- ◆ eliminate any potential adverse impact on the road users during the change-over period or subsequent contract period.

The department wanted to learn about the successes and mistakes of others who had ventured down the same path. It conducted a thorough review of background documents, technical papers, specifications, best practices and contract documents from the United Kingdom, Australia, New Zealand, British Columbia and some of the American states. This research assisted the department greatly in deciding on the frame work that would be for the Alberta Model;

- ◆ long-term contracts (5 years) with a provision for price adjustments due to inflation/deflation in contracts to provide contractors with an opportunity to receive a return on investment;
- ◆ 30 geographically based Contract Maintenance Areas (CMAs) that cover an average of 500 two lane-equivalent kilometers per CMA and included all routine roadway and bridge work but not extensive payment overlays, or repairs to bridge structures which required individual designs;
- ◆ A maximum of 4 CMAs allowed per contractor to prevent monopolies;
- ◆ a combination of unit priced and lump sum contracts that allowed the department to control the level of service provided – contractors paid according to the rates set for work that they performed plus a lump sum to cover defined routine highway maintenance work and fixed costs;
- ◆ specifications – end product specifications where practical;
- ◆ the department would issue work orders to contractors for specific activities;
- ◆ quality assurance inspections through field level Maintenance Contract inspectors (MCI's);
- ◆ industry consultation – exchange of information and development of a partnership relation.

The outsourcing project used task teams to complete specific components of the Request for Proposal (RFP) development. Each team consisted of department personnel from managers to field personnel that were familiar with highway operations. Contractor staff and other stakeholders also participated on the teams. Task teams were encouraged to develop the best solution for Alberta, using their practical understanding of the factors that would impact the specific task. Content of specifications were developed by task teams and then handed over to technical specification writers. Field operations staff collected the data required for the generic specification and the unit price schedule. Task teams were given a short time frame to build solutions that would work for Alberta.

In August and early September of 1995 technical specifications were finalized for primary highway maintenance activities. This was a significant accomplishment for no such specifications existed within the department. The department wanted to closely monitor the quality of the contractor's work and ended up developing mostly method based specifications, as the contracting industry did not have any experience performing this type of work. This approach shared the risk between the department and the contractor and allowed the contractors to work closely with department staff to transfer the required knowledge.

INDUSTRY INVOLVEMENT

Throughout the contract development, the industry was asked to provide participants to work on committees in the development of specifications, selection and review process and insurance and bonding considerations. The industry was also kept informed through the following consultation;

- ◆ half day briefing sessions for all interested parties at various locations across the province;
- ◆ detailed two day seminars on contract maintenance held at several locations; and
- ◆ a single five day seminar on the details of how all maintenance activities were preformed in the Province of Alberta.

It was important that the existing contracting industry understood the format of the Alberta's outsourcing model for they would soon be assuming the responsibility for the maintenance on a complex and diverse highway system.

STAFFING PRIOR TO OUTSOURCING

In addition to informing the contractors as to what to expect with the outsourcing, the department had to also inform its staff. Under the Alberta model of outsourcing, all highway maintenance work would be completed by the

maintenance contractors. Employees directly involved in completing these activities were informed in advance that their employment with the department would be terminated as a result of the outsourcing process. The department offered severance packages and provided training and job search assistance for all affected employees.

There was no requirement within the RFP process that the contractors had to employ any former employees of AT&U. However, the RFP did specify the type of experience that was required and this was assessed. The former AT&U employees had these skills and as a result about 80% were hired by the successful contractors. Of those not hired, the majority of them had decided to retire or look for other lines of employment.

Prior to outsourcing, the department employed about 650 people in highway maintenance. When the outsourcing was completed in December of 1996 the department employed 80 people in highway maintenance. The staff that remained focused their attention on managing and not delivery of the highway maintenance service which was now the responsibility of the maintenance contractor.

EQUIPMENT AND FACILITIES

AT&U had a considerable investment in equipment and facilities prior to outsourcing. All of the equipment, which included such things as snow plows, line painting trucks and pickups, were made available to the private sector at fair market value. Details regarding the unit price of each piece of equipment was provided in an information package that was distributed to prospective contractors. The majority of the equipment was sold to the contractors and all unsold equipment was put up for auction.

Existing maintenance facilities, which were owned by another government department, were offered on a leasing basis to the contractors at market value. During the tendering period, prospective contractors were permitted to inspect the maintenance yards and equipment. At the end of the tendering period several of the maintenance facilities were declared surplus.

FIRST ROUND OF REQUEST FOR PROPOSALS

Once the decision was made in 1995 to outsource the highway maintenance program in Alberta, a number of tasks needed to be completed before the first set of contracts could be awarded. One of the most significant tasks was the development of a well defined RFP process. It was important to have a process that clearly identified the department's expectations and it was equally important

to the contractors to know how the department was going to evaluate and score each proposal.

RFP DETAILS

The department prepared RFP documents for each Contract Maintenance Area (CMA). Each document followed the same format and consisted of nine major sections.

- ◆ RFPs which contained definitions, contract and proposal evaluation criteria;
- ◆ Instructions to bidders which identified how the proposals were to be structured and what forms were required;
- ◆ Special provisions which contained additions, deletions or modifications to the Specifications that was specific to the CMA;
- ◆ Unit price schedule which contained provisional annual quantities of work;
- ◆ Plans – boundaries of CMA and location of current facilities and AT&U material stockpile sites;
- ◆ List of employees;
- ◆ List of current and surplus equipment;
- ◆ List of facilities;
- ◆ Local features – unique areas that require special maintenance attention.

In addition to the RFP, the following documents also formed part of the Contract. The first document was the General Specifications, which contained the terms and requirements of the contractual relationship between the department and the Contractor. The second document was the Technical Specifications which addressed the technical requirements and payment terms for all bid items in the Contract. The last document was the Technical Drawings which related to the Technical Specifications. These documents were the same for all RFPS.

PROPOSAL EVALUATION

The department analyzed the proposals through a 4-envelope system. The criteria used to assess the content of each envelope and relative weightings were as follows;

Envelope 1 contained the technical and mandatory requirements including bonding and insurance. If a proposal did not meet all the requirements of Envelope 1 it was to be rejected and the remaining bid documentation was returned to the bidder unopened. All contractors who submitted proposals in the first round met the requirements.

Envelope 2 contained the work execution plan. Information contained in Envelope 2 allowed the department to evaluate the contractors' ability to carry out the maintenance work required for the duration of the contract. Each contractor was to submit a work plan that included information on management skills, supervisory skills and experience, crew skills, response to emergencies, adequacy of facilities, equipment and technology, an environmental plan, work strategy and quality assurance. A team of department employees assessed the contents of Envelope 2 and scored each component using a score of 1 to 5 with 5 being excellent. The work plan was worth 40% of the overall proposal score.

Envelope 3 contained information on pricing and the quantities of work. Each proposal was assessed for the sensitivity of prices due to fluctuations in the quantities of the work throughout the duration of the Contract. The team that evaluated the pricing was different from the team that evaluated Envelope 2. Neither team discussed with one another the proposals details during the evaluation period. Envelope 3 was worth 60% of the overall proposal score. Fixed cost component of Contract couldn't exceed 45% of the overall value for the contract.

Envelope 4 contained financial information on the contractor to verify the firm's financial viability. Only the successful contractor's Envelope 4 was checked. All checks were done by an independent consultant.

TENDER TIMELINES AND RESULTS

The 30 CMAs were tendered and evaluated over a period of a year. Contractors were only permitted to have up to a maximum of 4 CMAs awarded to them. The first set of RFPs containing 7 CMAs were released in September 1995. Over the next nine months the remaining 23 CMAs were tendered in packages of 3 and 4 CMAs every 6 to 7 weeks. The last contract was awarded in October 1996. At the completion of the RFP process the department had entered into contracts with 8 contractors for the maintenance of the provincial highway system.

Area	CMAs	Contractor	Commencement Date of Contract
Calgary	27, 28, 29, 30	Carmacks	Jan 16, 1996
Vermilion	14, 15, 16	Transportation System Management	Jan 16, 1996
Peace Region	1, 2, 3, 4	LaPrairie	Feb 12, 1996
Peace Region	5	Alberta North	Feb 12, 1996
Lethbridge	23, 24, 25, 26	Volker Stevin	May 15, 1996
Edmonton & Edson	9, 11, 12, 13	Inland Highway	June 17, 1996
Athabasca	6, 7, 8, 10	Pine-West Maintenance	July 29, 1996
Hanna	20, 21, 22	Ledcor	Sept 9, 1996
Red Deer	17, 18, 19	Alberta North	Oct 17, 1996

The true financial impact of highway maintenance outsourcing was not fully felt until the 1997/1998 fiscal year which was the first year the entire maintenance operations program was contracted out. According to the 1997 KPMG Management Consulting report, "Outsourcing of the Highway Maintenance of Provincial Highways – Financial and other Impacts," the outsourcing highway maintenance had created a conservative cost savings for the department in indirect overhead costs of \$3.0 million dollars or 3% between 1995/96 to 1997/98. Other provincial departments such as Alberta Treasury and Municipal Affairs also benefited from the outsourcing initiative and incurred costs savings of \$4.5 million over the same period.

FIRST FIVE YEARS OF MAINTENANCE OUTSOURCING

On January 16, 1996 the first set of contracts took effect and in most cases, the transition was seamless. At 4:30 p.m. on a Tuesday, the operator who was driving a snow plow truck for AT&U simply switched ball caps and at 4:31 p.m. the same day started working for the maintenance contractor. For the first few months it took employees on both sides some time to get use to their new roles. Bi-weekly meetings were held on an ongoing basis between the contractor and the department to resolve any issues that came up. Lines of authority and communication were established between department and contractor staff as the relationship developed between the two parties.

From the start of the contracts, it was the department's intent to encourage the foundation of a cohesive relationship between the Contractor and its principle subcontractors and suppliers. The working relationship was to be structured to draw on the strengths of each organization to identify and achieve common goals. This working relationship was to be referred to as "Partnering" and

participation was totally voluntary. All contractors were in favor of entering into a Partnering agreement with the department. This agreement did not change the legal relationship of the parties to the contract nor did it relieve either party from any of the terms of the contract.

Over the years, the partnering concept with the maintenance contractors began to flourish. Maintenance contractors participated in almost all of the department working groups regarding maintenance and roadway operations. The partnering process led to improved and effective communication and innovative solutions for common issues. The development of contract performance measures, the Contract Administration Manual and the electronic data transfer were a just a few of the major items the groups achieved through partnering.

EXTENSION OF CONTRACTS

Two years after the last maintenance contract was awarded, the department began to consider how it was going to re-tender the next round. A considerable amount of time and effort was going to be required to put together all 30 RFPs in the same year therefore a decision was made to consider extensions.

The department provided each maintenance contractor the opportunity to extend their maintenance contract by one to three years. Each contractor was requested to put forward a proposal and the department evaluated each one of them for best value based upon the criteria specified in the RFPs. In the end, two contractors received a three year extension, two contractors received a two year extension and the remaining five contracts would be tendered as they expired. Because of the extension, the contracts were now staggered and the re-tendering was more manageable.

RE-ENGINEERING OF MAINTENANCE CONTRACTS

Immediately following the extensions, between the period of November 1998 and June 2000 the department along with the industry undertook an extensive review of the entire maintenance process. The objectives were to:

- ◆ develop a profitable and sustainable maintenance contracting industry within Alberta;
- ◆ develop a strong private sector confidence in the Alberta maintenance partnering system;
- ◆ develop equitable risk sharing plans between the department and the contractor that promoted efficiency and maintained the level of service;
- ◆ encourage innovation in the maintenance contract industry;

- ◆ reduce contract administration costs by simplifying the payment structure; and
- ◆ reduce public capital invested in highway maintenance by selling off the highway maintenance facilities which were owned by the department and leased to the maintenance contractors.

A team of department staff and senior members of the Alberta Roadbuilders and Heavy Construction Association conducted an initial review of the maintenance contracts. Terms of reference and guiding principles were then developed. They included the following:

- ◆ increase risk sharing with the contractor and predictability of contract costs for the department;
- ◆ identify risks and improve the allocation of those risks so that they are handled by the partner which is best able to manage them;
- ◆ increase contractor flexibility in meeting contract requirements without compromising quality and safety standards set by the department;
- ◆ simplify the General Contract Specifications with regards to data requirements for payment under the contract;
- ◆ develop service levels for all maintenance work for primary and secondary highways; and
- ◆ develop the RFP documents that clearly specify the criteria to be used to evaluate each proposal and select the successful contractor.

A number of task groups consisting of members from the department, maintenance and road contractors, insurance and bonding industries, municipality and other public and private sector groups were established to carry out the work. Within the task groups, contractors assumed equal roles in developing and achieving the group's objectives and work plans. Senior management leadership provided support to all parties involved and ensured the groups remained focused on their goals. The task groups reviewed best practices and processes across North America and developed new specification approaches to meet the objectives in Alberta. Two key areas, winter maintenance and winter service delivery, received significant attention..

In Alberta winter maintenance is a significant item within the highway maintenance contracts. The unpredictable weather can have a profound effect on the overall value of work. Instead of using a lump sum method to pay for winter maintenance, the department maintained its unit price system for payment of maintenance work. Contractors were paid by the hour for each hour they worked and paid for the material they used. To promote responsible

management of material and to transfer some of the risk to the contractor, new sliding scale payments were introduced for snow plow hours and salt usage.

Another significant item that required a lot of attention was the winter service delivery. In the first round of contracts the department indicated to each contractor the number of snow plows trucks that were required and where they were to be stationed. With the decision to sell the maintenance facilities this all changed. Maintenance contractors would now be responsible for identifying the numbers of snow plow units and the location of the maintenance facility. This promoted the development of a winter “Level of Service” specification which encouraged contractors to be innovative in identifying the most economic mix of facilities and equipment. It also promoted the sharing of resources and facilities with other roadway jurisdictions. The specification was truly a “Made in Alberta” solution, as no specification of this kind existed inside or outside of Canada.

While the re-engineering was taking place, a Premier’s Task Group was looking at the issue of highway disentanglement with municipalities. Some of the issues that promoted this review included the inefficiencies in several agencies responsible for carrying out this work and the financial inability of the municipalities to carry out this work in the future. As a result of the disentanglement process the Premier’s Task Group recommended that the province take over 100% responsibility of the secondary highway system, including major highways through key cities. This effectively doubled the highway network that the department was responsible for maintaining and this had a significant impact on the second round of re-tendering.

CONTRACT SIZE & DURATION

Prior to the second round, the department had some concerns with the level of competition amongst the existing contractors when it came to bidding. In an effort to address this concern, the department agreed to allow the contractors to bid up to a total of 7 CMAs. With the addition of the secondary highways this effectively changed the maximum contract size from about 2,000 kilometers to 7,000 kilometers. This was a 2 ½ times increase in scope of work from the initial contracts.

The department also reviewed the length of the current contracts. However, no changes were made for it was felt that five years was long enough for a contractor to make a sufficient return on his initial capital investment. The department retained the option to extend a contract if it felt that was in the best interest of the tax payers.

The estimated contract value for a CMA ranged from \$4 million to \$6 million on an annual basis. A contract consisting of 7 CMAs was worth approximately \$42

million on an annual basis and \$210 million over the term of the five year contract. This in itself prompted a lot of interest from the contractors.

OUTCOMES OF SECOND ROUND OF RE-TENDERING

The department re-tendered 17 out of the 30 CMAs in 2000 and the results exceeded the department's expectations. Unit prices fell approximately 28%. The following is a summary of the financial results of the maintenance tendering for the 17 CMAs, which were identified in the KMPG report that was prepared for the department in June 2001:

Outcome Measure	Result
New Contracts (Year 2000)	\$3,705 / km
Old Contracts (Prior to Year 2000)	\$5,117 / km
Reduction in cost / km (%)	28%
Reduction in cost / km (\$)	\$1,412 / km
Total annual cost reduction	\$26,419,932

In addition, \$45 million was also raised from the sale of the maintenance facilities previously owned by the government. As well, the Alberta Government saved approximately \$800,000 in grants that were paid out annually to the municipalities, in-lieu-of taxes for the maintenance facilities.

Over the course of the next few years, the specifications were slightly modified and environmental requirements for maintenance shops and requirements for working around water ways were introduced into the contract. Despite the changes the department continued to see similar savings for the remaining 13 CMAs that under went their second round of re-tendering.

Outcome Measure	Result
Old contracts expiring 2003 (5 CMAs North Central Region)	\$28,644,645
New contracts 2003 (5 CMAs)	\$24,865,384
Old contracts expiring 2004 (4 CMAs Peace Region)	\$23,294,582
New contracts 2004 (4 CMAs Peace Region)	\$18,957,513

RFPs just recently closed for the 4 CMAs located in the Lethbridge District. This was the second round of tendering for these 4 CMAs. Prior to this year the existing contractor was successful in securing two contract extensions which total a period of five years.

THIRD ROUND OF RE-TENDERING

The department is currently in the process of re-tendering 19 of the 30 CMAs. Out of the 19 CMAs it will be the third round of re-tendering for 15 of them. A number of new requirements have been added to the contract and these include:

- ◆ increased emphasis placed on environmental management of maintenance yards. All maintenance sites will require an Environmental management plan and as a minimum covered storage for all salt and mixed sand/salt piles;
- ◆ additional operators for snow plows;
- ◆ increased traffic control on high volume roads;
- ◆ increases in the number of pre-wetting units and wings on snow plow units; and
- ◆ use of new technologies involving Remote Weather Information Systems (RWIS), Automated Vehicle Location Systems (AVLS), etc.

In keeping with the department's practice of involving the stakeholders in the decision making process, the first step was to consult with the industry on the contracting process. This step proved to be very beneficial in the last round of re-tendering. The issues discussed included the contract size and duration, specification changes, re-tendering award process and re-tendering schedule.

As in the previous round, maintaining a level of competition amongst the contractors is a key element in receiving good value for the contracts. In the second round, contractors were allowed to hold up to a maximum of 7 CMAs. For the third round, the department is permitting the contractors to hold up to a maximum of 9 CMAs, encouraging existing contractors to bid on their competitor's area. The down side to this is there is a potential that the number of maintenance contractors in Alberta may be reduced thus decreasing competition for the forth round. However, the department is well aware of this risk and is willing to accept this and make the appropriate changes to ensure that competition exists.

To evaluate the proper length of contracts which allows the contractors a longer depreciation period for equipment and facilities, the department is offering contracts that range in length from five to seven years. The first set of 7 CMAs re-tendered will be a five year contract, the next set of 7 CMAs will be a six year contract and the last set of 5 CMAs will be a seven year contract. This set up will also help stagger the CMAs in future re-tendering so that not all the contracts expire in the same year. A lot of time and effort is put in by the contractors and

the department when CMAs come up for re-tender and this set up will help reduce this workload. Another benefit to staggered contracts is that if an existing contractor loses out on his area, then he will not have to wait a full five years to get an opportunity to bid on another area.

The department and the industry as in past years also did a complete review of the current specifications and made some minor changes to items that were causing concerns. The review process lasted for about a month and a number of specifications were revised. In addition to the specifications, the department decided to change the evaluating process of the RFP. A decision was made to move away from a point award system for specific requirements to a pass/fail system. Under the new system, a contractor would be required to meet all the minimum requirements before any consideration is given to awarding the contract. This approach clearly laid out the department's requirements and contractors are required to meet or exceed them.

The last item the department reviewed was the re-tendering schedule. Some of the smaller contractors that wanted to get into the business had indicated to the department that it was very difficult to bid on a large number of CMAs at one time. It required considerable resources to bid and a tremendous amount of capital. In response to this issue, the department decided to release the RFPs at different times over the period of a year. The RFPs would be released in groups of 3 to 5 CMAs approximately every 11 weeks.

In another effort to provide the smaller contractors an opportunity to get into the maintenance industry, the department decided to continue with its orphan CMA award rule that was introduced in the RFPs in 2001. Generally, the department gives preference to combination bids for ease and cost of administration. However if there is less than three proposals that contain all CMAs and each proposal exceeds the department's estimate by more than 5%, then the department would consider awarding individual CMAs.

CURRENT STATUS

The department started 2005 off with the release of the RFPs for the 4 CMAs in the Lethbridge District. As expected, unit prices decreased, for this was only the second time that this area was competitively bid. The RFPs are currently out for the CMAs in the Calgary District and preparations are well underway for development of the RFPs for the Red Deer, Hanna, Vermilion and Athabasca Districts. There has been considerable interest in the RFPs from contractors both inside and outside of the province. The interest has resulted in competitive proposals being submitted.

SUMMARY

It has now been about 10 years since the department outsourced highway maintenance. Over these years, the department along with its stakeholders have made a number of changes to the Alberta Model. Risk is identified and allocated to the partner that can best manage it and the level of service provided is controlled by the department. Listening to the needs of its stakeholders has always been a major component of the department's business. As a result, private sector confidence in the Alberta system is very high and costs are low.

When the department outsourced this work, many of its department staff were asked to accept a new role. Performing the work directly was no longer the responsibility of the department. Their role was now to set policy, develop standards, order and monitor the work and ensure work is performed safely and accordingly by the contractor.

One of the main objectives of the outsourcing of highway maintenance was to use private sector forces to deliver the same level of services as the government forces but at a reduced cost to the tax payers of Alberta. This objective was achieved by using a competitive bid process, managing standards and performance, reducing government administration, enhancing opportunities for innovation and facilitating economic growth in the private sector. Another significant factor that contributed to the success has been the strong working relationship the department has with its maintenance contractors. The partnering relationship has drawn on the strengths of both parties involved in roadway and bridge maintenance.

The department will continue to draw on the strength of its partnering relationship with the maintenance industry as it looks ahead into the future. Many new challenges wait on the horizon and the department is confident that it will be able to overcome these.

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