

ACA Procurement Review – Discussion Document

ACA has prepared a discussion paper and a set of questions to gather and consolidate industry feedback for government consideration. This input is intended to complement ongoing internal procurement discussions within Alberta Infrastructure and other interested ministries, and to support continued dialogue and collaboration between industry and government.

1. Strategic Alignment and Impact

- Public procurement could further account for lifecycle value, extended warranties, or non-standard bid elements, as these often reduce price competitiveness despite long-term benefits.
- Competition from large industrial and infrastructure projects impacts labour availability, supply chains, and pricing—particularly when multiple jurisdictions (e.g., Alberta and BC) experience concurrent growth.
- Many Alberta Infrastructure projects are delivered by regional contractors, yet procurement approaches increasingly resemble large-project frameworks.
- Outside of P3s, RFPs could further demonstrate how lifecycle value is considered in scoring, discouraging innovative or higher-quality solutions.

Recommendations

- Formally adopt “best value” procurement principles, allowing lifecycle benefits to be included as scored technical adders without undermining base price competitiveness.
- Require proponents to break out extended warranties or lifecycle enhancements to enable informed value comparisons.
- Consider procurement criteria similar to Industrial and Technological Benefits (ITB) or Community Benefit Agreements, where appropriate, while avoiding prescriptive mandates that reduce competition.

2. Market Access & Competition

- Bonding capacity, qualifications, and bid costs limit participation, particularly for major procurements.
- For mid-sized or smaller firms on projects for the Province, issues that can limit bidder participation would be experience, capacity or qualifications.
- CM fee structures lack definition, leading to wide variability and fairness concerns.
- Budget nondisclosure in CM RFPs undermines meaningful fee comparison.

Recommendations

- Formalize market sounding for large or complex projects.
- Scale administrative requirements proportionately to project size and complexity.
- Assess whether contract complexity is excluding small and mid-sized firms.
- Host industry days, surveys, or workshops to gather feedback on procurement strategy, project scope, and barriers to participation.
- Standardize CM fee definitions and disclosure requirements.
- Use market sounding results to refine RFPs and encourage broader competition.

3. Governance and Decision-Making

- Specifications can be overly prescriptive, limiting local sourcing and forcing reliance on single suppliers or offshore products.
- Centralized decision-making, particularly within Technical Service Branch reviews, can sometimes result in extended timelines (often 4–6 months per project), that can lead to delaying tenders and reducing bidder capacity.
- Delayed timelines to award (up to 35 days post-submission) can prevent contractors from pursuing other work and managing bonding capacity.
- Public disclosure practices under Construction Management and Design-Bid-Build with-proposal models reveal only the winning bidder's price, despite price often representing a small portion of the total score.
- Inconsistency of interpretation of changes to contracts from project management staff, including the new Construction Management agreement.

Recommendations

- Review internal approval timelines and resourcing (e.g., staffing) to align reviews with market realities.
- Improve transparency by either:
 - Publishing scores only for qualifications-based evaluations; or
 - Publishing pricing for all bidders, where pricing disclosure is required.
- Clarify CM scope and interpretations to eliminate non-value-adding administrative requirements.

4. Procurement Models & Innovation

- Collaborative models (CM, Progressive Design-Build) offer significant benefits, including early contractor involvement, improved constructability, and reduced rework.
- Government standards and practices remain heavily oriented toward traditional DBB delivery and mindset may not transfer as effectively to collaborative models.
- Progressive Design-Build and IPD have not been meaningfully implemented, and existing agreements allocate risk in ways inconsistent with collaboration.

- Industry innovation (LEAN, BIM, modular, VDC) is often excluded due to compliance-focused RFPs and lack of scoring mechanisms.
- Alberta Infrastructure’s current P3 model is prescriptive and can limit innovation and effectively reverting to bid-build outcomes.
- Digital construction tools and modular approaches are often excluded due to lack of scoring justification.
- Technical submissions discourage innovation by requiring proponents to commit to no deviations.
- Offsite fabrication and modular solutions are constrained by payment rules that prohibit payment for offsite materials.

Recommendations

- Expand use of Progressive Design-Build and CM, supported by revised agreements that enable shared risk and early engagement.
- Use experts to build internal cultural and organizational readiness within AI to undertake more collaborative models, such IPD, and improve outcomes.
- Invest in training for staff built by knowledgeable owners, consultants, and contractors on effective, collaborative contract delivery models.
- Continue to monitor and evaluate the effectiveness of procurement models with industry and provide access to data ensuring they meet their objectives (e.g., cost-reduction, transparency).
- Pilot explicit innovation scoring categories in RFPs (e.g., digital construction and productivity-enhancing solutions to drive innovative practices across the industry.
- Issue P3 Statements of Requirements rather than prescriptive designs to encourage innovation.
- Allow payment for offsite materials under defined controls.
- Introduce innovation-specific risk-sharing mechanisms.

5. Risk Allocation & Contract Collaboration

(While contract changes are currently being reviewed, ACA members still seek clarity and revisions under current contract frameworks.)

- When risk in contracts is transferred to contractors regardless of their ability to control or price it, it can lead to inflated bids or bid hesitation.
- Bid hesitation comes with risks that industry cannot control, such as delay penalties subject to conditions, offsite improvements which are not quantified at time of bid, and soils issues that aren't realized until investigations occur or construction has commenced.
- Risk provisions, such as uncapped liquidated damages, broad indemnities, limited force majeure relief, and tariff uncertainty, can also disproportionately impact small and mid-sized firms.

- Current CM agreements include P3-style risk mechanisms (deadbands, thresholds, extreme weather definitions) that are inappropriate for CM services.
- Specifically to the Modernized CM Agreement, the buildup of the Fixed Fee for Services is subjective and lacks definition. There can be significant swings in the percentages put forward; leading to confusion over the buildup of the value.
- Current Construction Management (CM) contract requirements apply the same level of planning detail and deliverables to both small (\$5M) and large (\$200M) projects, resulting in excessive administrative burden, artificial cost breakdowns (often under \$10,000), and unrealistic early-stage construction plans, particularly for projects in active, operational facilities.
- Industry perception is that dispute resolution may not be reviewed by those with authority to make the decision.

Recommendations

- Rebalance risk allocation to align with control and capability. Using a more balanced approach to risk allocation, and/or being open to discussions around Contractor concerns.
- Delay penalties assigned at onset to a schedule that is not achievable will make contractors pass on a bid, or carry the penalty costs, which only adds costs to your project.
To reduce bid hesitation, bring a more collaborative approach to these risks. Cash allowances or Prime Cost (PC) sums for scopes or issues that have been identified but cannot yet be quantified.
- Adopt a scalable, risk-based CM framework that tailors deliverables, cost breakdowns, and planning requirements to project size, complexity, and site conditions, and allows for early collaboration with facility users and stakeholders before final construction plans are locked in.
- Clearly define contract dispute resolution with a means to escalate disputes to decision-makers as appropriate (e.g., “zipper” approach).

6. Performance, Feedback & Continuous Improvement

- Vendor Performance Management (VPM) scores are difficult to improve and lack transparent feedback.
- Debriefs of pursuits don’t include the scoring given leaving vendors to read between lines or guess where they really fell short based on quick feedback given.
- Informal feedback channels or touchpoints at multiple levels are largely absent for both contractor and owner.
- Contractors express concern that candid feedback may negatively impact future evaluations.
- Limited documentation and feedback can impair auditability and undermine confidence that “best value” is being achieved.

Recommendations

- Strengthen documentation and formal feedback to support fairness, learning, and audit confidence.
- Establish informal, project-level feedback touchpoints.
- Create documented senior-level check-ins to reduce any perceived or problematic systemic issues.
- Ensure feedback mechanisms are protected from retribution.

Additional feedback has also been provided on some challenges regarding workforce development that may impact procurement overall. These include:

- For GOA projects, there are standards identified for who can perform what work.
 - The *Skilled Trades and Apprentice Education Act* (STAE) and the Designated Trades and Restricted Activities Regulation (DTRA) are GOA documents are law, yet do not get enforced by the Apprenticeship and Industry Training (AIT) branch of Advanced Education, nor do they show up in specifications (not even for GOA projects, essentially being disregarded).
 - If the goal is to get a cheap price and the fix products prematurely, that works. If the goal is to have the lowest lifecycle costs, the best value for taxpayers, over time, and the best and safest projects, things need to change.
- AE would be open to a separate discussion regarding workforce development between government (Advanced Education, Jobs, Economy, Trade and Innovation, along with Infrastructure) and industry members to collectively understand and seek to address some of those challenges.