



Doug Wylie, Auditor General

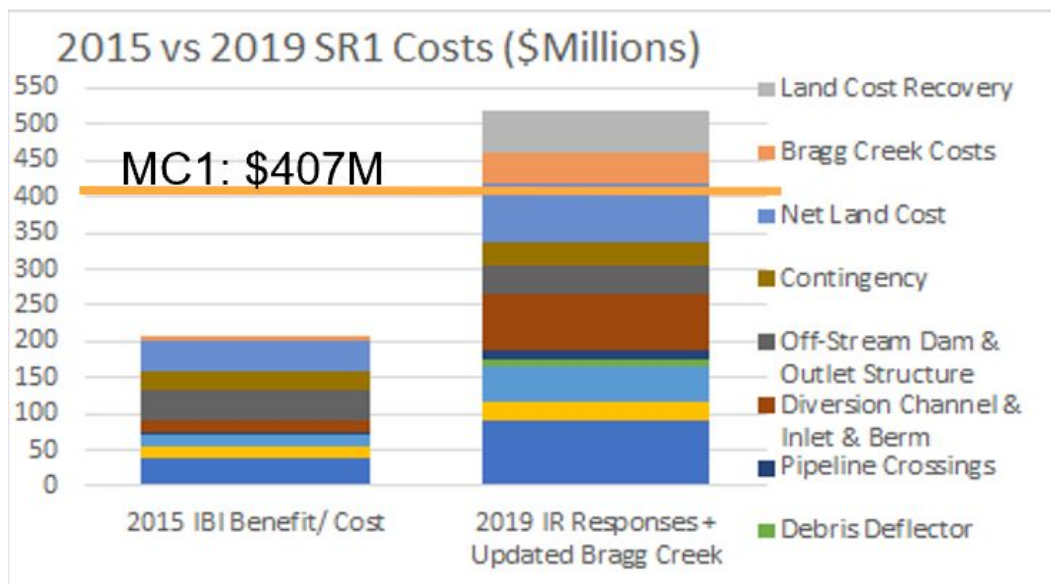
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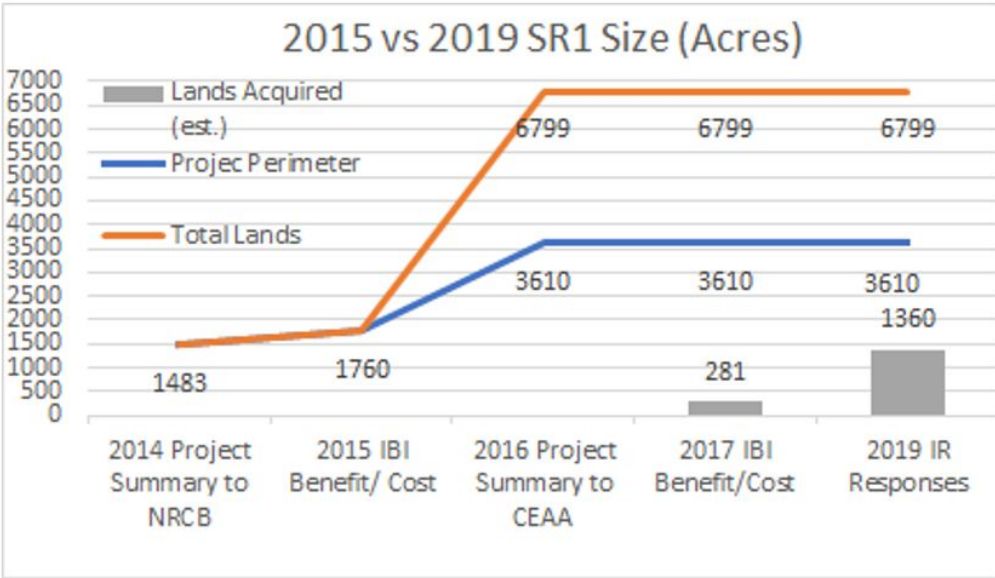
May 4, 2020

Mr. Wylie:

In 2014, the Springbank Off-Stream Reservoir (SR1), an untested flood management concept, was chosen over the conventional in-stream dam at McLean Creek to address the risk of flood along the Elbow River in Calgary. Six years later, SR1 continues to be under review by the Impact Assessment Agency of Canada (formerly CEAA) and the National Resources Conservation Board. As Albertans, we deserve to know what has led to the delays, cost and scope increases of this project. We also deserve to understand the contributing factors to the significant level of opposition against this project.

For your information, as it is difficult to ascertain how much this project has evolved over time, we submit the following illustrations (note: MC1 is McLean Creek). We note that the newly announced \$32 million grant to Tsuut'ina Nation for flood mitigation associated with SR1 is not reflected in this diagram.





Following the 2013 floods, the pressure to address flood risk was tremendous. In the interest of time, the Alberta Government used a narrow set of criteria and a set of assumptions, rather than facts, to choose what was seen as the faster, cheaper alternative. Sadly, the past six years have not been used to review the criteria, validate the assumptions and address the shortfalls in consultation. Rather, Alberta Transportation has used the full weight of the government to advance the SR1 project.

We submit to your office the attached report from the affected communities of Bragg Creek, Redwood Meadows and Springbank, under the umbrella group Elbow River Sustainability Alliance, regarding the Springbank Off-Stream Reservoir (SR1) to the Office of the Auditor General for review. We are not asking you to evaluate the merits of the chosen project, as we know that is not in your purview. Rather, based on our observations of the process, we ask you to evaluate whether:

1. **The substantial financial investment in this project, including millions in land acquisition (and title transfers) and payments to pipeline companies such as TCE in 2019 is supported by legislation given the project has not been approved by regulators.** Further, we ask you to evaluate whether proper processes were followed to conduct these transactions.
2. **The process to identify and, ultimately, choose SR1 over the alternatives was clearly articulated and appropriately documented.** When reviewing the project history, it is obvious that SR1 was chosen in the fall of 2014, long before adequate study (reports were released in 2015).
3. **The engineering documents for SR1 have followed adequate protocols for approvals.**
4. **The recommendations in the 2015 OAG report for improved community consultation in the flood management planning process were implemented by Alberta Transportation.**
5. **Sudden and continual increases to budget and scope of the SR1 project have been duly requested and authorized (SR1 is now more than double its original cost and size).** Further, we ask you to consider whether these scope increases were adequately communicated to impacted communities, Albertans and within the government.
6. **The use of value-based judgements, such as those made in the original decision analysis (Deltares report) are acceptable in a project of this magnitude.** See the Rocky View County Report on SR1.

7. **Climate change should be included in the evaluation criteria of water projects, including SR1.** SR1 will be one of the costliest water projects in the history of Alberta and sadly, it only achieves one water management objective: flood. The decision analysis ignored fire protection, drought mitigation and water security (water quantity and quality).
8. **If it is acceptable to exclude and minimize, by omission or otherwise, impacts of the SR1 project on the communities, businesses, organizations and residents surrounding or within the project footprint.** The mass sterilization, environmental degradation and physical reconstruction of private land in one municipality has impacts beyond the City of Calgary's borders. Further, Kamp Kiwanis will experience substantial and negative outcomes. To date, these consequences – all negative have not been adequately accounted for.
9. **It is acceptable for the Government of Alberta to separate the cost of SR1 from the costs of Bragg Creek and Redwood Meadows flood mitigation, when they are interdependent.** It has always been clear that with SR1, upstream communities required incremental flood mitigation projects. It has also been clear that with the alternative at McLean Creek, no additional mitigation for these communities was required. Despite the requirement for upstream mitigation, the Government of ALberta consistently reports the cost of SR1 excluding these upstream projects. This is a material item, as Bragg Creek berm costs have increased from \$8.9M in the 2015 IBI Cost Report to over \$40M today. Interestingly, the cost escalation of the Bragg Creek project may be indicative of the actual cost escalation of SR1.
10. **The lack of consultation with the affected communities of Redwood Meadows, Bragg Creek and Springbank is acceptable.** All three communities will experience permanent, negative outcomes that result directly from SR1. We further point out that there has been a visible consultation imbalance between our communities and the inner-city advocates for SR1 (Calgary River Communities Action Group or CRCAG). The Minister of Transportation and other representatives of Alberta Transportation, including Deputy Ministers, have repeatedly met with CRCAG and attended its Annual General Meetings to speak about progress on SR1. Meanwhile, our communities and landowners have been almost entirely ignored. Your office needs to explore whether the consultation process, timelines and objectives were acceptable.
11. **The Government of Alberta has an obligation to provide equal flood protection to communities along the Elbow River.** Bragg Creek residents receive a lower level of flood mitigation with berms than City of Calgary residents along the Elbow River will receive with SR1.
12. **Conflict of interest exists in the SR1 project, considering the allegations against MLA Doug Schweitzer regarding his associate Steve Allan, and whether the political pressure to build SR1 has impacted on the SR1 process.** Further, we ask the Auditor General to consider Stantec's role in the preparation of the Environmental Impact Assessment, versus an independent third party, given Stantec's place as the design firm (and likely construction firm).
13. **The public has an interest in transparent costing of the SR1 project, including land acquisition costs, replacement costs for Kamp Kiwanis, infrastructure upgrades such as roads, bridges and pipelines along with ongoing costs.** Agreements with landowners have not been released and dollar values have not been disclosed under the guise of privacy and cost control. Payments of undisclosed monies by this government and associated title transfers - prior to approval of this project - suggest that the decision to proceed already exists and that the regulatory review process is a formality. In

support of democracy and to ensure judicial fairness, all costs should be disclosed and made available prior to any regulatory consideration of this project.

14. **It is in the public interest to release the full details of the agreement between the Alberta Government and Tsuut'ina Nation (referred to in the press release dated April 14, 2020¹) that led to a withdrawal of the Nation's opposition.** Tsuut'ina Nation stated it will receive \$32 million for flood mitigation and other projects, but no further details have been released. We have always requested full and transparent costing of this project - including indirect costs (commitments, loans, guarantees, etc) so that the taxpayers of Alberta have an accounting of their expenditures for this project.

There are many learnings from SR1 that will vastly improve processes for future water projects, including the current process underway for the Bow River flood mitigation project. We request that the Office of the Auditor General immediately conduct a review of both the financial and process history of SR1. Given the substantive changes to timelines, cost, size and impact, it is time now - not when/if the project is completed - for a fulsome, public analysis of this project. From \$200 million to \$530+ million; from a small project, with no negative social or environmental outcomes (2014 NRCB Project Summary) to a large-scale project with an enormous land and environmental footprint; from the quickest project to one that is highly contested and controversial, SR1 is a complex project to review. Nonetheless, the SR1 project must have accountability, oversight and transparency. We know that political pressure to build this project is overwhelming. We also recognize that good governance and oversight should not be political. We ask your office to do the right thing by the taxpayers of Alberta and conduct a review of the SR1 project. We look forward to hearing from you.

Regards,

Karin Hunter

President, Springbank Community Association

Cc: John Barlow, MP (john.barlow.c1@parl.gc.ca), Miranda Rosin, MLA (miranda.rosin@assembly.ab.ca), Martin Ignasiak (Mignasiak@osler.com), Ric Mclver (transportation.minister@gov.ab.ca), Alberta Transportation Springbank Project (springbank-project@gov.ab.ca), NRCB (laura.friend@nrcb.ca), CEAA (CEAA.Springbank.ACEE@ceaa-acee.gc.ca), Greg Boelke, Rocky View County Reeve (GBoehlke@rockyview.ca), Al Hoggan, Rocky View County CAO (ahoggan@rockyview.ca), Rocky View County Councillor Kim McKylor (kmckylor@rockyview.ca), Rocky View County Councillor Mark Kamachi (mkamachi@rockyview.ca), Grant Kelba of Kamp Kiwanis (grant@kelbacorp.com), Allannah Turner, Bragg Creek Community Association (aturner@davincibb.net), Kathleen LaPlante, Bragg Creek Chamber of Commerce (kathleenlaplante@remax.net), Paul Sawler, Redwood Meadows Town Council (Psawler@redwoodmeadows.ab.ca), Elbow River Sustainability Alliance

¹ <https://www.alberta.ca/release.cfm?xID=70089C407B586-F175-73A1-118205AFC4061759>