

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Transportation and Infrastructure  
Date: October 3, 2012**

**Minister Responsible: Mary Polak**

# **Evergreen Line – preferred proponent**

## **ADVICE AND RECOMMENDED RESPONSE:**

- **The Evergreen Line project has taken another significant step forward with the selection of SNC-Lavalin as the preferred proponent.**
- **The government is in discussions now to finalize the contract with SNC-Lavalin to design, build and finance the project.**
- **I hope to be able to announce the contract award before the end of November.**
- **Early construction works which started this year continue so we remain on target for major construction to begin in the late fall of 2012, once the contract is signed.**
- **The Evergreen Line is on track to be open for service in the summer of 2016 delivering on our commitment to provide more transportation choices for the communities of Burnaby, Coquitlam and Port Moody.**

## **IF PRESSED:**

- **We are confident we have selected a primary contractor that can deliver the Evergreen Line on-time and on-budget.**
- **Like all major infrastructure projects in B.C., the procurement process includes robust safeguards to ensure that the proponent has the financial capacity to undertake the project.**
- **In the unlikely event there is an issue, the contract will include provisions to protect taxpayers and ensure the project can be completed:**
  - **Government owns the infrastructure and can replace the primary contractor allowing the project to continue seamlessly**
  - **Government will have comprehensive insurance and other protections on the project, such as the right to step in to complete the job**

## **KEY FACTS REGARDING THE ISSUE:**

On October 4, 2012, the government of B.C. will announce that SNC-Lavalin Inc. has been selected as the preferred proponent for the Evergreen Line.

SNC-Lavalin Inc. will work with the provincial government to finalize the agreement to design, build and finance the Evergreen Line. These discussions are underway now. After the final agreement is signed, major construction will begin in the late fall of 2012. The Evergreen Line will be open for service in the summer of 2016.

The Evergreen Line procurement process includes robust safeguards to ensure proponents have the financial capacity and standing to undertake the Evergreen Line:

- **The Evergreen Request for Qualifications (RFQ) evaluation process included an extensive review of financial capacity to undertake the project, including a review of audited financial statements.**
- **At the Request for Proposals (RFP) stage of the competition, proponents were required to disclose any material adverse change to its financial status or business since its RFQ response. Further financial review also took place at the financial proposal stage.**

The Design Build Finance procurement requires that proponents finance approximately 40% of construction costs during construction. Financial lenders will be undertaking extensive due diligence to ensure that proponents will be able to deliver the project and repay their debt at the conclusion of construction. Lenders are required to confirm their due diligence and support for the project as part of the overall proposal submittals.

In addition, the Design Build Finance contract will include numerous safeguards for the government of B.C:

- In the event that the primary contractor defaults, lenders can replace the primary contractor; in addition, the government of B.C. has the right to step in to sub-contract the work to ensure the project is complete
- The contract includes safeguards against the involvement of restricted persons (people whose standing or activities could compromise the reputation or integrity of the government of B.C.).

The SNC-Lavalin team includes: SNC-Lavalin Inc., Graham Building Services (a JV), International Bridge Technologies Inc., Jacobs Associates Canada Corporation, Rizzani de Eccher S.p.A., S.E.L.I. Societa Esecuzione Lavori Idraulici S.p.A., SNC-Lavalin Constructors (Pacific) Inc., SNC-Lavalin Constructors (Western) Inc., and MMM Group Ltd.

Communications Contact: Stacey McGaghey Jones  
Program Area Contact: Amanda Farrell

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## **Evergreen Line Preferred Proponent Questions & Answers and Key Messages**

### **Key Messages:**

- The Evergreen Line project has taken another significant step forward with the selection of SNC-Lavalin as the preferred proponent.
- The government is in discussions now to finalize the contract with SNC-Lavalin to design, build and finance the project.
- I hope to be able to announce the contract award before the end of November.
- Early construction works which started this year continue so we remain on target for major construction to begin in the late fall of 2012, once the contract is signed.
- The Evergreen Line is on track to be open for service in the summer of 2016 delivering on our commitment to provide more transportation choices for the communities of Burnaby, Coquitlam and Port Moody.

### *If Pressed:*

- We are confident we have selected a primary contractor that can deliver the Evergreen Line on-time and on-budget.
- Like all major infrastructure projects in B.C., the procurement process includes robust safeguards to ensure that the proponent has the financial capacity to undertake the project.
- In the unlikely event there is an issue, the contract will include provisions to protect taxpayers and ensure the project can be completed:
  - Government owns the infrastructure and can replace the primary contractor allowing the project to continue seamlessly
  - Government will have comprehensive insurance and other protections on the project, such as the right to step in to complete the job

### **Funding:**

- Construction cost for the Evergreen Line is estimated to be \$1.4 billion.
- Funding is being provided by the government of British Columbia, the Government of Canada and TransLink.
- The B.C. government is contributing \$583 million and is overseeing construction.
- The Government of Canada is contributing up to \$417 million.
- TransLink is contributing \$400 million and will operate the Evergreen Line when it is complete.
- Construction of the Evergreen Line will create 8,000 direct and indirect jobs.

## **Questions and Answers:**

### **How can you assure taxpayers that SNC-Lavalin Inc. is a reputable business partner in light of the corruption charges and other issues the company has faced over the past year?**

- SNC-Lavalin is a Canadian company with a long-standing, successful history of partnering in major infrastructure projects in B.C.
- B.C. projects with SNC-Lavalin involvement include the Sea-to-Sky Highway Project, Canada Line and the William R. Bennett Bridge. SNC-Lavalin is operating “business as usual” in B.C.
- Our responsibility is to do extensive due diligence, and we are confident we have selected a primary contractor that can deliver the project on-time and on-budget.

*If pressed:*

- I can’t comment on what is happening elsewhere with SNC. What I can say is that SNC has an excellent track record of work done in B.C.

### **What safeguards are available to protect taxpayers’ investment in the Evergreen Line if SNC-Lavalin defaults on payments?**

- In the unlikely event there is an issue, the contract will include provisions to protect taxpayers and ensure the project can be completed:
  - Government owns the infrastructure and can replace the primary contractor allowing the project to continue seamlessly.
  - Government will have comprehensive insurance and other protections on the project, such as the right to step in to complete the job

### **How do we know this is a fair competitive selection process?**

- Jane S. Shackell, QC, the fairness reviewer for the competitive selection process, has had full access to every aspect of the evaluation process and will prepare an independent opinion regarding the fairness of that process. The reports of the fairness reviewer will be made public on the Partnerships BC website.

### **When will you sign the final agreement with SNC-Lavalin? Why do you need more time?**

- We are confident we have selected a primary contractor that can deliver the project on-time and on-budget.
- The contract will be finalized and signed in the coming weeks; this timeline is standard in B.C. procurement processes.

### **When will major construction begin?**

- Major construction will begin later this fall, after the final contract is signed.

**Is the Evergreen Line on track and budget?**

- Absolutely. The Evergreen Line will open in the summer of 2016 giving the communities of Burnaby, Coquitlam and Port Moody more transit choices.

**How much of the major construction work will be delivered by local companies?**

- Experience to date on projects similar in size and scope indicates that the bulk of the work will be performed by local contractors, suppliers and labour.
- Once the contract has been signed and major construction works are underway, there will be more information as to the subcontractors involved in delivering the project.

**Part of the major contract involves financing – how much will SNC-Lavalin be contributing?**

- We will provide this information when the final contract is signed.

**Will the final major construction contract be made public?**

- Yes.

**Did the unsuccessful proponents receive a stipend? If so, how much was it?**

- Unsuccessful proponents who submitted a conforming proposal will be eligible to receive a stipend in the amount of \$1.5 million.
- Offering a stipend or partial compensation is common practice in the competitive selection process and has been offered on previous capital projects in B.C.
- A stipend recognizes the significant time and expense that proponents have spent on developing their response to a complex RFP like this and encourages proponents to engage in future competitive selection processes.

**How were proposals evaluated during the RFP phase?**

- The Request for Proposals (RFP) evaluation was undertaken by an evaluation team including leading experts in rapid transit systems design and construction, construction traffic management, finance, environment, engineering and other technical areas.

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# **Evergreen Line – S.E.L.I.**

**ADVICE AND RECOMMENDED RESPONSE:**

- **The Evergreen Line project has taken another significant step forward with the selection of SNC-Lavalin as the preferred proponent.**
- **The SNC Lavalin team includes a number of other businesses, including S.E.L.I., a specialized underground excavation company with extensive experience in tunneling projects around the world.**
- **S.E.L.I. is an important part of the preferred proponent's team to complete construction of the 11-km Evergreen Line bored tunnel.**
- **Our responsibility is to do extensive due diligence, and we are confident we have selected a primary contractor that can deliver the project on-time and on-budget.**

**IF PRESSED:**

- **The SNC-Lavalin team will be required to comply with B.C. and Canadian labour laws.**

## **KEY FACTS REGARDING THE ISSUE:**

On October 4, 2012, the government of B.C. will announce that SNC-Lavalin Inc. has been selected as the preferred proponent for the Evergreen Line.

The SNC-Lavalin team includes a number of companies, including S.E.L.I., an excavation company with extensive experience in tunneling projects around the world.

SNC built the Canada Line and S.E.L.I. dug the tunnel and employed temporary foreign workers. A complaint was filed with the B.C. Human Rights Tribunal that these workers building the Canada Line tunnel were not paid fairly. In 2008 the tribunal ruled that temporary foreign workers were discriminated against by their employer, SNCP-SELI joint venture. Respondents were ordered to pay compensation to workers. The respondents appealed but the appeal was dismissed in 2010.

The SNC-Lavalin team selected as the preferred proponent for the Evergreen Line will be required to comply with B.C. and Canadian labour laws.

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