

Spilker, Robyn FIN:EX

From: Spilker, Robyn FIN:EX
Sent: August 2, 2018 9:10 AM
To: Beale, William TRAN:EX
Subject: FW: CBC article

Good frame on the CBC story.

Fyi - News1130 has requested and received a copy of the report now too.

From: Zoeller, Sonja GCPE:EX
Sent: August 2, 2018 8:56 AM
To: Gillezeau, Rob FIN:EX <Rob.Gillezeau@gov.bc.ca>; Spilker, Robyn FIN:EX <Robyn.Spilker@gov.bc.ca>
Cc: Henry, Molly FIN:EX <Molly.Henry@gov.bc.ca>; Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca>
Subject: FW: CBC article

<https://www.cbc.ca/news/canada/british-columbia/b-c-government-lacked-capacity-to-properly-oversee-port-mann-project-review-finds-1.4770938>

B.C. government lacked capacity to properly oversee Port Mann project, review finds

Consultant's report follows CBC investigation that revealed concerns about management of megaproject

Bethany Lindsay · CBC News · Posted: Aug 02, 2018 6:48 AM PT | Last Updated: an hour ago

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Spilker, Robyn FIN:EX

From: Spilker, Robyn FIN:EX
Sent: August 8, 2018 1:31 PM
To: Youngs, Kirsten R GCPE:EX; Gillezeau, Rob FIN:EX; Henry, Molly FIN:EX
Subject: RE: NEW FIN Media Req for MO Review: Port Mann Bridge report

Rob and I talked about this one. It can go out as recommended.

From: Youngs, Kirsten R GCPE:EX
Sent: August 8, 2018 12:32 PM
To: Spilker, Robyn FIN:EX <Robyn.Spilker@gov.bc.ca>; Gillezeau, Rob FIN:EX <Rob.Gillezeau@gov.bc.ca>; Henry, Molly FIN:EX <Molly.Henry@gov.bc.ca>
Subject: RE: NEW FIN Media Req for MO Review: Port Mann Bridge report

Not yet – could take up to a couple months, could be a few days.

From: Spilker, Robyn FIN:EX
Sent: Wednesday, August 8, 2018 12:28 PM
To: Youngs, Kirsten R GCPE:EX; Gillezeau, Rob FIN:EX; Henry, Molly FIN:EX
Subject: RE: NEW FIN Media Req for MO Review: Port Mann Bridge report

Is the report up on the FOI site yet?

From: Youngs, Kirsten R GCPE:EX
Sent: August 8, 2018 12:25 PM
To: Gillezeau, Rob FIN:EX <Rob.Gillezeau@gov.bc.ca>; Spilker, Robyn FIN:EX <Robyn.Spilker@gov.bc.ca>; Henry, Molly FIN:EX <Molly.Henry@gov.bc.ca>
Subject: NEW FIN Media Req for MO Review: Port Mann Bridge report

Reporter

Peter Caulfield, Freelancer
Journal of Commerce
pcaulfield@telus.net
604-228-9673 c: 604-228-9673

Deadline ASAP

Request

I'm writing a story (not an editorial - I'm not taking sides or pointing fingers) on the Port Mann Bridge Highway One Construction Review Summary Report (Feb 2018) by consultants Perrin, Thorau and Assoc.
I intend to speak to the consultants, as well as local construction associations, for comment.
Did the Ministry put out a press release when the report was released? I couldn't find anything on the Ministry web site.
Or is this something Transportation would have commented on?

Background

These reports have been publicly shared with CBC & other reporters. ADM Foster ok's the release of these in this case as well.

Recommendation

A media release was not issued following the Port Mann Bridge report, however we can provide the full technical reports and an internal memo and summary report which outlines recommendations made in the report, as well as the status of those recommendations. <attach pdfs above>

Justesen, Josh T FIN:EX

From: Currie, David GCPE:EX
Sent: June 11, 2018 11:18 AM
To: Foster, Doug FIN:EX
Subject: FW: TRAN Follow-up Media Request: Port Mann Bridge report

Doug,

Reporter is asking again about PM bridge review. Same reporter as last week.

Her Qs and my suggested As:

Any idea when the review will be complete?

- We expect to release the report findings before the end of the summer

And is it possible to explain why the report won't be released to the media until the review is done?

- It is standard practice for government to release reports to media following it's internal processes.

From: Bowness, Lianne GCPE:EX
Sent: Monday, June 11, 2018 10:23 AM
To: Currie, David GCPE:EX ; Zoeller, Sonja GCPE:EX
Cc: Chambers, Craig GCPE:EX ; Pope, Danielle GCPE:EX
Subject: FW: TRAN Follow-up Media Request: Port Mann Bridge report

Hi David & Sonja, we have answered this reporter (Tina Lovegreen) but she has come back with follow up questions.
s.13

Proposed response:

The review of the Port Mann/Highway 1 Improvement Project is ongoing. s.13
s.13

The BC government will wait until the review is complete, and until ministry staff have had the time to analyse the contents of the review, before it is released to the public and the media.

From: Pope, Danielle GCPE:EX
Sent: Monday, June 11, 2018 10:18 AM
To: Bowness, Lianne GCPE:EX
Subject: TRAN Follow-up Media Request: Port Mann Bridge report

Reporter

Tina Lovgreen, Reporter
CBC - Vancouver

Deadline ASAP

Request

Any idea when the review will be complete?

And is it possible to explain why the report won't be released to the media until the review is done?

Background

This is a follow-up to a media request from June 8, 2018.

REQUEST:

Reporter writes:

I'm looking to get a copy of a the report that the Ministry of Finance commissioned on the construction of the Port Mann Highway 1 project.

I believe the report was done in February.

I would like to get a copy of the report.

RESPONSE:

Provided Background

The provincial government's review of the Port Mann/Highway 1 Improvement Project is ongoing. The review's findings will be made public once it is complete.

Recommendation

Justesen, Josh T FIN:EX

From: Zoeller, Sonja GCPE:EX
Sent: July 27, 2018 10:16 AM
To: Spilker, Robyn FIN:EX; Henry, Molly FIN:EX
Cc: Foster, Doug FIN:EX
Subject: PMH1 release timing
Attachments: IN - PMH1 Independent Review.docx

HQ and MOTI are good with us releasing to CBC at 9:30am on Wednesday August 1, with the FOI following thereafter.

For reference, attached is MOTI's issues note which is fully approved on their end.

Sonja Zoeller

Communications Manager
Ministry of Finance
desk: 250-387-1248
Cell: 250-812-6844

ADVICE TO MINISTER

| | |
|---|--|
| CONFIDENTIAL ISSUES NOTE Ministry of Transportation and Infrastructure Date: Final Minister Responsible: Claire Trevena | TI Corp PMH1 Independent Review |
|---|--|

ADVICE AND RECOMMENDED RESPONSE:

- **Hard-working British Columbians deserve a government that makes sound infrastructure decisions based on the needs of people.**
- **We take allegations of financial misconduct in any provincial infrastructure project very seriously.**
- **That's why government committed to undertaking a review of the Port Mann Bridge project after media reports of allegations of financial mismanagement.**
- **That review is now complete and we'd like to thank the consultants for their report and feedback.**
- **The independent reviewer found that the Port Mann Bridge project was well managed, generally met industry standards and followed best practices.**

s.13

- **Best practices in project management of large-scale capital projects continuously evolve and we are always looking at ways we can improve our accountability and oversight.**

s.13

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ADVICE TO MINISTER

Communications Contact: Leanne Flood – TRAN GCPE

Program Area Contact: Greg Johnson, Dir, Comms, TI Corp 778-875-1692

File Created: July 27, 2018

File Updated:

| | | | |
|-------------------|--------------|-----|----------------|
| Minister's Office | Program Area | ADM | Comm. Director |
| WB/JP | LG | PL | KR |

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: July 27, 2018 12:04 PM
To: Zoeller, Sonja GCPE:EX
Subject: FW: PMH1 release timing

I am not necessarily making feedback changes thank you.
d

From: Spilker, Robyn FIN:EX
Sent: Friday, July 27, 2018 11:50 AM
To: Zoeller, Sonja GCPE:EX; Henry, Molly FIN:EX
Cc: Foster, Doug FIN:EX
Subject: RE: PMH1 release timing

Terrific, as the release is Wednesday, we'll aim to have feedback to you on Monday.

Robyn

From: Zoeller, Sonja GCPE:EX
Sent: July 27, 2018 10:23 AM
To: Spilker, Robyn FIN:EX ; Henry, Molly FIN:EX
Cc: Foster, Doug FIN:EX
Subject: RE: PMH1 release timing

Yes, that's still the current version.

Thanks,

Sonja

From: Spilker, Robyn FIN:EX
Sent: July 27, 2018 10:22 AM
To: Zoeller, Sonja GCPE:EX <Sonja.Zoeller@gov.bc.ca>; Henry, Molly FIN:EX <Molly.Henry@gov.bc.ca>
Cc: Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca>
Subject: RE: PMH1 release timing

The IN looks good.

Do we have an updated QA, or should I look at the version from Wednesday?

From: Zoeller, Sonja GCPE:EX
Sent: July 27, 2018 10:16 AM
To: Spilker, Robyn FIN:EX <Robyn.Spilker@gov.bc.ca>; Henry, Molly FIN:EX <Molly.Henry@gov.bc.ca>
Cc: Foster, Doug FIN:EX <Doug.Foster@gov.bc.ca>
Subject: PMH1 release timing

HQ and MOTI are good with us releasing to CBC at 9:30am on Wednesday August 1, with the FOI following thereafter.

For reference, attached is MOTI's issues note which is fully approved on their end.

Sonja Zoeller

Communications Manager

Ministry of Finance

desk: 250-387-1248

Cell: 250-812-6844

Justesen, Josh T FIN:EX

From: Zoeller, Sonja GCPE:EX
Sent: July 27, 2018 2:40 PM
To: Foster, Doug FIN:EX
Subject: Media request - PM Bridge

Doug, FYI, this just in. Recommended response consistent with past approach.

Reporter

Marcella Bernardo, Reporter

News 1130

marcella.bernardo@vancouVERRADIO.rogers.com

604-877-4400

Deadline ASAP

Request

Reporter asks the following questions:

- We're looking for an update on what resulted from the internal investigation and whether any information's now been passed on to the RCMP?
- Is the investigation over and if yes, what are the next steps?

Recommendation – on background:

The provincial government's review of the Port Mann bridge project is ongoing. Next steps will be determined after the review is complete.

Justesen, Josh T FIN:EX

From: Zoeller, Sonja GCPE:EX
Sent: August 1, 2018 9:37 AM
To: Robb, Katie GCPE:EX; Foster, Doug FIN:EX
Cc: Justesen, Josh T FIN:EX
Subject: PM Bridge Review release
Attachments: 2 Technical Report - PMH1 review.pdf; PMH1 Management Response - Memo to FIN - SIGNED w Appendix.pdf; Summary Report - Port Mann - Feb 2018.pdf

Importance: High

FYI I will be sending the attached documents with the message below to CBC reporter Tina Lovgreen by 10:15am. Please call if you have any questions.

Good morning Tina,

As you expressed an interest in obtaining the Port Mann Bridge project review in the spring, I am sending you the following three documents:

1. The Technical Report
2. A Summary Report
3. Response to the report

If you have any questions, please call me.

Please also be advised that we will be releasing the report to other media who have asked for it later today. Since CBC initially expressed an interest in this topic, we are sending this to you first.

Best,

Sonja Zoeller
Communications Manager
Ministry of Finance
desk: 250-387-1248
Cell: 250-812-6844

Date: July 23, 2018

To: Ministry of Finance c/o
Doug Foster, Assistant Deputy Minister,
Strategic Initiatives

Reference: 278423

Re: Port Mann Bridge/Highway 1 Construction Review - Management Response

We are in receipt of the Port Mann Bridge/Highway 1 (PMH1) Construction Review Report, prepared by Perrin, Thorau and Associates Ltd. The scope of the review included the governance, oversight, procurement and construction management functions of the Province as they applied to PMH1. This work covered a period from 2006 to 2011 and involved the Ministry of Transportation and Infrastructure, the Transportation Investment Corporation and Partnerships BC. The Ministry and both agencies have taken part in the review.

We are pleased to note that the review concluded that overall the governance arrangements for the project were appropriate and that the board and the management team followed good practices. Further, the review concluded that the Design-Build approach was the best choice of delivery method for the project, and that overall the Design-Build Agreement was a comprehensive and effective document.

The Report includes a number of recommendations that involve project-management-related issues related to project and construction management capacity, contingency management, pricing of public inputs, change order management, scheduling and progress payments.

We accept these recommendations, noting that these recommendations have been either fully implemented on more recent projects, including the Evergreen Line Rapid Transit Project, or are currently underway. It is timely and constructive to consider how these recommendations will be addressed and implemented on current and upcoming projects such as the Pattullo Bridge Replacement Project, which is in the early stages of procurement.

The report also includes a couple of observations relating to contract management and contingency allocation. Our responses to all the recommendations and observations in the Report are provided in the attached Appendix A.

The Ministry of Transportation and Infrastructure, the Transportation Investment Corporation and Partnerships BC would like to thank Perrin, Thorau and Associates Ltd. for their report and for their recommendations and comments, and for the opportunity to provide input.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat C. Livolsi".

Patrick Livolsi
Assistant Deputy Minister, Infrastructure and Major Projects
Ministry of Transportation and Infrastructure

A handwritten signature in black ink, appearing to read "Irene Kerr".

Irene Kerr
CEO
Transportation Investment Corporation

A handwritten signature in black ink, appearing to read "Amanda Farrell".

Amanda Farrell
CEO
Partnerships BC

Attachments: Appendix A

Appendix A: Response to Report Recommendations and Comments

| Rec # | Report Recommendation ¹ | Status ² |
|-------|---|--|
| 1.0 | If the Province believes that it will directly manage the design and construction of major transportation infrastructure projects in the future then it should maintain the people, business processes and information systems that enable it to do so. These include: | UNDERWAY Over the past two years, TRAN has been implementing a new major projects delivery approach to develop capacity, knowledge and succession for project delivery from within government, with focus on developing public servants expertise. |
| | <ul style="list-style-type: none"> • Independent cost and schedule estimation. The ability to estimate the cost and schedule of a large transportation infrastructure project using best practices and using project management information systems that are compatible with those used by the contractors for the duration of the project. | UNDERWAY An independent cost estimator was a member of the Province's team for the Evergreen Line Rapid Transit Project, and this is now a standard approach for all major projects (most currently Highway 91-17 and Pattullo Bridge Replacement Project). TRAN is also exploring options on retaining independent schedule expertise to advise on Major Projects. Project management information systems are being evaluated as part of the records management system review outlined below. |
| | <ul style="list-style-type: none"> • Project, design and construction management records. The management of records created during project development, design and construction in a records management system that is designed for project management. | UNDERWAY Government standard for records management is the Total Records and Information Management System (TRIM), and TRAN concurs that TRIM may not be the most appropriate records management system for major projects. TRAN is currently undertaking a review of records management systems for major projects. TRAN will work with the Ministry of Finance to select a new records management system designed specifically to manage the complexities of project management. |

¹ Perrin, Thoreau & Associates Ltd., Public Policy Consultancy retained October 2017 by British Columbia Ministry of Finance

² Ministry of Transportation and Infrastructure

Appendix A: Response to Report Recommendations and Comments

| | <ul style="list-style-type: none"> • Risk Management. The Province should, as a major project proceeds through design and construction, revise the risk register and use risk-based schedule and cost management tools to revise contingency funding and manage cost and schedule risks throughout the life of the project. | <p>COMPLETE</p> <p>This is now standard practice for Major Projects. Risk registers are developed as part of the business case for a project, and are maintained and updated throughout the project lifecycle (procurement, design and construction). Risk registers are developed by Partnerships BC and are consistent with the Ministry of Finance's Enterprise Risk Management policies. A recent example is the Evergreen Line Rapid Transit Project and the recently released Pattullo Project, and this approach will be implemented on upcoming major projects.</p> |
|-------|---|--|
| Rec # | Report Recommendation | Status |
| 2.0 | <p>Contingencies. The Province should publish a policy for the contingency funding of cost increases in surface transportation projects and the optimal distribution of contingency funding within projects and across projects in the Province's surface transportation programs.</p> | <p>COMPLETE</p> <p>Management of contingencies is aligned with detailed risk registers for Major Projects to quantify appropriate contingency amounts. Contingencies are reviewed on a regular basis as projects develop. Recent major projects have been approved with contingencies exceeding 10% of total project budgets to reflect the identified risks for those projects</p> |
| 3.0 | <p>Pricing of public inputs. The Province should consider the question of how best to value Crown assets when they are consumed as inputs into its maintenance and construction programs, keeping in mind the opportunity costs of those assets, and establish guidelines for the costing of these assets as they are consumed.</p> | <p>UNDERWAY</p> <p>It is not unusual for major projects to benefit from support available from Crown assets – for example, property rights or other assets. TRAN tracks/assigns costs for gravel usage. TRAN will work with the Ministry of Finance to develop specific guidelines for how such assets are to be valued for all projects. The guidelines will supplement guidance on the preparation of business cases and the development of project budgets.</p> |
| 4.0 | <p>Overhead and profit margins in change orders. In future contracts, the Province should revise its mechanisms for estimating markups in change orders. The mechanisms for overhead costs should not necessarily assume that overhead costs are a linear geometric function of direct and indirect costs,</p> | <p>UNDERWAY</p> <p>Contract language used for TRAN projects includes the treatment and valuation of change orders. This language has been updated and amended over successive projects to address issues such as how overhead, mark-up and profit should be dealt with.</p> <p>The contract language will be reviewed to address the recommendation that</p> |

Appendix A: Response to Report Recommendations and Comments

| | and the rate of profit should be commensurate with the risks and the commitment of capital that the change order requires of the contractor. | these costs should not necessarily be dealt with in a linear fashion and will be applied to future projects including the Pattullo Bridge Replacement Project. |
|-------|--|---|
| Rec # | Report Recommendation | Status |
| 5.0 | Schedule specifications in the contract. The Province should specify scheduling and schedule reporting requirements in its contracts for major projects with submission deadlines, submission frequency requirements and requirements to resource-load schedules and thus produce a schedule of values. | UNDERWAY TRAN intends to build on this experience by supplementing the owner's team with an independent schedule advisor to assist in analyzing the contractor's schedule submissions and to integrate the contractors' schedule with the schedule of owner-led and third-party activities. |
| 6.0 | Schedule performance measures. The Province should measure and analyze schedule performance measures as projects are designed and constructed. Those measures should include variances from the planned value curve and earned value. | UNDERWAY An independent cost estimator was a member of the Province's team for the Evergreen Rapid Transit Project. Part of the cost estimator's role was to analyze the performance of the contractor on the basis of the schedule submitted by the contractor each month to the owner. This analysis included consideration of variances from the planned value curve and earned value. |
| 7.0 | Schedule of values for progress payments. The Province should use, as much as possible, a projects' schedule of values and estimates of earned value to determine the amounts of progress payments. | COMPLETE The Evergreen Line Rapid Transit Project adopted a detailed approach to the determination of the amounts of progress payments. The specific requirements were included in the contract language and implementation of progress payments during construction proved clear and easy to administer. TRAN is adopting this approach on future major projects. |

Appendix A: Response to Report Recommendations and Comments

| Report Comment | Status |
|--|--|
| <p>KPMG Contract. As a result of the amendments and increases to value and scope in this contract, the Province lost some opportunities for cost control and could have been vulnerable to protest from firms pre-qualified during the initial engineering selection process.</p> | <p>COMPLETE</p> <p>As the scope of the KPMG contract expanded the TI Corp Board provided direction to management to implement corrective measures for cost controls on this contract.</p> <p>The Province subsequently adopted an approach to procurement and management of owners' representatives that reflect the requirements over the project life. Contracts are awarded based on the anticipated full cost of services, deliverables are detailed and individuals and positions within the owner's representative contract are subject to Ministry review and approval. The Ministry also retains the right to substitute Ministry employees to any of the Contractor's positions.</p> |
| <p>Contingencies. Contingency amounts of between 6% and 10% are usually included in the budgets of similar transportation projects.</p> | <p>COMPLETE</p> <p>Recently approved major projects have contingencies established based on the evaluated risks of the project resulting in contingency amounts of just over 10% of total project budgets. Risk registers are updated as the risk profile changes during the course of a project, and the overall contingency is adjusted to reflect current risks.</p> |

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: July 16, 2018 12:28 PM
To: Main, Grant TRAN:EX; Wanamaker, Lori FIN:EX; Livolsi, Patrick C TRAN:EX
Cc: Kerr, Irene TIC:EX; Zoeller, Sonja GCPE:EX; Currie, David GCPE:EX
Subject: FW: PMH! report update
Attachments: Finance comms contact for Port Mann report release

info.
Irene and I chatted.

s.13

d.

From: Foster, Doug FIN:EX
Sent: Monday, July 16, 2018 11:52 AM
To: 'Daniel Perrin'; 'Peter Mills'
Subject: PMH! report update

s.13

Please let me know if you have any questions.
d

Justesen, Josh T FIN:EX

From: Foster, Doug FIN:EX
Sent: July 16, 2018 11:43 AM
To: Kerr, Irene TIC:EX
Subject: Finance comms contact for Port Mann report release



Sonja Zoeller

Government Communications...
Communications Manager
Finance Communications Offi...
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Room 109 - 617 Government ...
Victoria BC V8W 9V1

and the other is David Currie^{s.22}

d.