

ADVICE TO MINISTER

<p>CONFIDENTIAL ISSUES NOTE</p> <p>Ministry: Transportation Date: February 28 2019 Minister Responsible: Claire Trevena</p>	<p>Major Project Procurement - SNC Lavalin</p>
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ADVICE AND RECOMMENDED RESPONSE:

- It is government's responsibility to do extensive due diligence when it comes to procurement and selecting a short-list of qualified companies with proven experience in major project delivery.
- The Ministry of Transportation and Infrastructure is using open, fair and competitive procurement processes.

During procurement, due diligence is carried out by the Province on the respondent teams. This extensive due diligence includes the procurement team, project board or steering committees, legal counsel, fairness advisor, and a relationship review committee.

If asked: Why is SNC-Lavalin short-listed for major projects in British Columbia given the corruption allegations against the company?

- All respondents are evaluated against the criteria in the publicly-available Request for Qualifications (RFQ).
- Respondents must declare litigation or other material adverse proceedings that may affect their ability to deliver the Project. Respondents are evaluated to determine whether they are capable of delivering the project.

If SNC-Lavalin were to be convicted, would they be disqualified from the competitive selection process?

If a member of a proponent team is convicted of an offence under certain federal statutes during procurement, the Province could restrict the proponent team from moving forward in the procurement process.

If asked: The Evergreen Line project was delivered late under the management of SNC-Lavalin. Are you confident that they can deliver projects on time and budget?

- The Evergreen Line was scheduled to open in summer, 2016. It opened in fall, 2016, a delay of three months due to challenging soil conditions for the tunnel boring operations.
- The risk related to additional costs of the tunnel boring operations was borne by the contractor.
- The Evergreen Line Project was delivered under budget.

BACKGROUND REGARDING THE ISSUE:

SNC-Lavalin is being investigated following allegations of corruption in Quebec and outside of Canada. These legal proceedings are ongoing.

SNC-Lavalin is a member of one of the short-listed proponent teams for the Pattullo Bridge Replacement (PBR) Project.

The PBR Project procurement is being undertaken under an open, transparent and competitive process consistent with historic major Provincial procurements. During the RFQ evaluation, interested bidding teams submitted their qualifications in relation to project management, design, construction, Indigenous participation, apprenticeship opportunities, training and development, and financial capabilities.

The RFQ procurement process included extensive due diligence, including consideration of any litigation or other material adverse actions (including arbitration or regulatory investigations or proceedings) that may affect a team's ability to deliver the Project. All short-listed proponents were deemed to have the ability to deliver the Project at the time of evaluation.

If, during the Request for Proposals stage, a proponent team member is convicted of an offence under specific Canadian statutes, the Province could restrict the proponent team from moving forward in the procurement process.

If a conviction were to occur during the term of the contract and the convicted party was a member of Project Co, then Project Co would be in breach of the Project Agreement (Section 4.3(b) at the time of the conviction (but not before), which would give rise to a Project Co Default, which would give the Province the right to terminate the Project Agreement (although not the obligation to do so.

Reviewer:

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File Created:

File Updated:

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