

CONTRACTING PLAN

Ministry of Transportation and Infrastructure

**Site C Project
Public Highway Relocation and Related Works**

Ministry Tender – Cache Creek / Bear Flat, Grading and Paving

May 8, 2017

1. PURPOSE

The purpose of this Contracting Plan is to obtain early internal stakeholder support and approval (at a summary level) for BC Hydro Infrastructure Projects Supply Chain to complete formulation of the procurement and contracting strategy for the Site C public highway relocation and related works in accordance with the Implementation Agreement executed on November 12, 2013 by Ministry and BC Hydro.

This Contracting Plan specifically addresses the proposed approach to procure and award a contract for the Grading and Paving work required for the Cache Creek / Bear Flat section of Highway 29.

This Contracting Plan supplements, where applicable, the information in the Site C Procurement Plan, which indicates that this work would be procured by Ministry, utilizing a DBB model.

2. PROJECT DESCRIPTION

BC Hydro's Site C Clean Energy Project will be a third dam and hydroelectric generating station on the Peace River in northeast B.C. Located seven kilometres southwest of Fort St. John, Site C will provide 1,100 megawatts (MW) of dependable capacity, and produce about 5,100 gigawatt hours (GWh) of energy each year – enough electricity to power the equivalent of about 450,000 homes in B.C. Site C is required to meet the long-term electricity needs of BC Hydro customers. Construction of Site C started in July 2015 and will be completed in 2024.

The Site C Clean Energy Project requires public highway relocation and related works to be performed, encompassing Highway 29, and north bank access roads, which will utilize Ministry gravel pits and quarries, and a new Portage Mountain Quarry to be developed and operated under a BCH Contract. Miscellaneous supplemental items will also be required in support of the highway relocation and related works.

3. CONTRACT REQUIREMENTS

3.1 Scope of Work

The Cache Creek / Bear Flat ("CCBF") segment of Highway 29 is located approximately 49 kilometres east of the Hudson's Hope town site and 31 kilometres west of Fort St. John. The existing highway in this area will be flooded by the reservoir, requiring relocation of approximately 8.5 kilometres of highway including the construction of a new bridge at Cache Creek.

The CCBF schedule requires the Grading and Paving works and construction of the new Bridge to be completed by October 2019. The CCBF Road Grading and Paving will be the first portion of work to be completed, and will be tendered by the Ministry through BC Bid, utilizing the standard Ministry Tendering process and the Ministry's standard road construction Contract. It is anticipated that the Tender will be posted on BC Bid in May, with a contract awarded in June 2017 and mobilization in August 2017. A subsequent Tender process will be issued by the Ministry for construction of the Bridge, and is expected to be posted on BC Bid in June 2017.

The Ministry will hold the contract for the CCBF Road Grading and Paving and Bridge works with the successful Bidder, utilizing their standard contract terms and conditions.

The Grading and Paving estimate was provided by RF Binnie and validated by the Ministry. The current estimate is [REDACTED] (Engineering estimate +10/-5%). It is recommended that the external commitment to the Ministry be [REDACTED] with an internal commitment of [REDACTED] plus a contingency of [REDACTED] for a total estimated value of [REDACTED] with BC Hydro holding the contingency.

RF Binnie is undertaking the design as directed by BC Hydro's Owner Engineer, Tetrattech in cooperation with The Ministry. The cost of Binnie's services is being direct billed to BC Hydro through their existing contracts. Permitting, environmental requirements, archeological work, and properties interfaces will be the responsibility of BC Hydro as per the executed Implementation Agreement

3.2 Financial

EAR Value (Expected Amount):	[REDACTED]
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Sufficient funds are available within the project to cover this contract package, under WP N.01.001 (Constructed Cache Creek Segment - L5), however a contingency draw of approximately [REDACTED] is anticipated in respect of all scope related to the Cache Creek / Bear Flat highway relocation work.

Contract Estimate:	[REDACTED]
Contingency: ~	[REDACTED]
Total CR amount:	[REDACTED]

For this BCO Release, a Change Notice contingency draw will be requested after the Ministry Tender price is known and the lowest priced qualified Contractor is identified. The contingency draw for this Release is expected to be approximately [REDACTED]

A Contract Requisition (CR) will be raised in PassPort, based on the engineering cost estimate. The contingency is to address additional costs and delays associated with the risk of unplanned/additional work and to ensure achievement of key milestone dates. Upon acceptance, this Contracting Plan will be attached to the CR and the CR will require approval in accordance with BC Hydro's Financial Authority Approval Policy ("FAAP").

A non-committed Blanket Contract ("BCO") has been entered in Passport for an initial value of [REDACTED]. The total estimated value of this work package is within the approved BCO Value of [REDACTED].

3.3 Sourcing Mechanism

The Tender documents will be prepared using the Ministry's standard Tender and Major Works Contract documents for road works. The Ministry's standard Tender and Contract documents will be amended to include BC Hydro's Site C appropriate schedules and appendices, which include:

- Aboriginal Engagement;
- Environmental Obligations (CEMP); and
- Labour Workforce Obligations and Reporting.

The Ministry will receive Bids and will award a Contract to the lowest qualified Bidder, in accordance with the Ministry's standard tendering practices. Mandatory items will include:

- Receive of the Bid before the Closing Time;
- A Bid Bond in the amount of 10% of the total tender price;
- Labour and Materials Bond in the amount of 50% of the total tender price; and
- A Performance Bond in the amount of 50% of the total tender price.

3.4 Contract Award

For Works procured and managed by the Ministry, evaluations will proceed as outlined in Ministry's standard Tender documents, and award will be to the lowest priced qualified bidder. The Ministry will obtain BC Hydro's approval on the Ministry's Award Summary document prior to awarding a Contract to the lead Bidder.

3.5 Aboriginal Involvement

First Nations' businesses or partnerships will have an opportunity to provide services or subcontracting to any of the bidders. The Ministry will include language in their Tender documents that 'strongly encourages' the Contractor to reach out to the Aboriginal Groups in the vicinity of the Site C Project during the Tender period to provide employment, training and business opportunities. The Ministry will include links to the BC Environmental Assessment Office (EAC Schedule B, Table of Conditions), and the Canadian Environmental Assessment Agency Decision Statement (Definitions – Aboriginal groups), which provides a list of First Nations / Aboriginal Groups in close proximity to the Site C Project.

It is anticipated that the size and scope of the CCBF Grading and Paving work package will align with one or more local Aboriginal contractors' capabilities and capacity.

3.6 Procurement Schedule

The procurement schedule is anticipated to be as follows:

▪ Approve CR	April 2017
▪ Release Tender (Ministry)	May 2017
▪ Site Visit (Ministry)	May 2017
▪ Close Tender (Ministry)	end-June, 2017
▪ Approve Recommendation to Award (BC Hydro)	2 weeks after Ministry advises Total Bid Price and successful Bidder
▪ Award contract (Ministry)	July 2017
▪ Mobilization	August 2017

The Bridge Tender will follow approximately 4-6 weeks after the Grading and Paving Tender, and will be covered under a separate Contracting Plan, to follow.

4. MARKET ANALYSIS

Based on current market conditions, it is expected that the tender calls will attract the interest of large and small contractors which should result in competitive tenders being received through the Ministry publicly tendered Works.

For this work package, there are BC based companies that are expected to bid, and it is anticipated that there will be a strong interest from the Alberta market. The size and scope of this work package may also align with local/regional contractors' and/or local Aboriginal contractors' capabilities and capacity.

5. KEY RISKS AND MITIGATION

5.1 Procurement and Contract Award Risks

Risk	Mitigation
Lack of local / regional business opportunities	Split the large work packages into smaller components to enable local / regional business to bid, if possible, and/or there are 3 small to medium sized tender packages which should be in the range for local regional road builders to supply tenders.
Size and scope of projects may narrow the number of qualified bidders to a few BC companies; bonding may further reduce the number of qualified BC companies	Split the large work packages into smaller components to enable more BC companies to bid, if possible, and this will be mitigated through market forces. Larger contractors will enter into contracts with local suppliers and subcontractors in order to take advantage of more cost effective labour (no room and board costs for local labour).
Lack of opportunities for First Nations / Aboriginal businesses	Encourage First Nations / Aboriginal groups to partner with businesses that are able to perform the mid-size work packages,

5.2 Work Scope / Schedule Risks

Risk	Mitigation
Aggregate supply and management – multiple contractors for the various Highway 29 sections of work may require access to the same gravel pits for adjacent work packages	Stagger the construction schedules for each work component to enable gravel pits to produce enough gravel to meet construction requirements
Rip Rap supply and costs	BC Hydro contract out development and operation of a new Portage Mountain quarry to provide all road contractors rip rap. This will provide economy of scale and reduce risk to Highway 29 contractors Recommendation to issue Quarry contract to Duz Cho; final contract negotiations are in progress. Development of the quarry to start spring 2017 with test blast in July 2017. This meets the rip rap supply schedule. Alternative rip rap supply is available from existing quarries if the Portage Mountain development schedule is delayed.
Cache Creek – Bear Flats Highway alignment complaint by Nun Wa Dee (NWD) Stewardship Society	BC Hydro is actively in discussions with NWD to discuss mitigation of issues raised by NWD

Risk	Mitigation
Potential burial sites and archaeological areas of interest in the various Highway 29 highway sections (Cache Creek – Bear Flats, Halfway River, Western Segments, Lynx Creek, Farrell Creek East, Farrell Creek, Dry Creek)	BC Hydro is working actively with various First Nations to keep them updated on geotechnical, design and construction schedules and to obtain as early as possible information on areas of interest. BC Hydro is actively pursuing agreements with nations to provide funding for ground truthing. BCH and MoTI have agreed to move the Highway 29 centreline alignment at the area of the NWD sweat lodge approximately 8 meters north(away) from the sweatlodge
Ministry public road work is not completed as per Reservoir Fill schedule causing a delay to the Project's Critical Path.	Highway 29 sub-project schedule meets the requirement to have Highway work completed prior to diversion and reservoir fill. Manage design and construction work to ensure work is completed in accordance with the Highway 29 sub project schedule. After contract award, construction work could be expedited if required through overtime work.
Ministry actual public road work exceeds the Project's budget.	Existing Highway 29 budget is based on conceptual designs information which was available in 2013 when the budget was established. As the geotechnical investigation and design work is finalized for each section of highway the estimates and budgets will be revised. BC Hydro is working with the Ministry to ensure designs are fully reviewed and each estimate goes through a Ministry Value Engineering exercise to ensure the designs are fit for purpose. Construction contracts are being procured under the Ministry's standard Tendering process (low price from qualified bidder)

6. NEGOTIATION AND EXIT STRATEGIES

The Ministry does not have the option to negotiate as part of their standard tendering process. Bids are received and validated as to pricing calculations and total Bid price only.

Exit strategies at each stage of the procurement and contract are:

- During the Ministry's Tender process, the Ministry may cancel the Tender;
- During the contract term, the Ministry has the option to terminate the contract for default, as well as termination for convenience with 30 days prior written notice.

7. SUMMARY

Based on the assessment of the project requirements, market conditions and risks pertinent to this contract package, it is recommended that the subject Contracting Plan be approved for preparation of the Tender to be issued by the Ministry.

8. APPROVAL

Submitted By:

May 9/17
Date

Reviewed By:

May 9, 2017
Date

Reviewed By:

May 9, 2017
Date

Accepted By:

May 9, 2017
Date

Approved By:

12 May 2017
Date

Approved By:

23 May 2017
Date

Approved By:

MAY 25, 2017
Date

Approved By:

MAY 26, 2017
Date

Approved By:

May 29/17
Date