

## **CONTRACTING PLAN**

### **SITE C CLEAN ENERGY PROJECT**

**Public Highway Relocation and Related Works**

**Ministry of Transportation and Infrastructure**

**Non-Committed Blanket Contract**

**April 7, 2017**

## **1. PURPOSE**

The purpose of this Contracting Plan is to obtain approval (at a summary level) for BC Hydro Infrastructure Projects Supply Chain to execute a Non-Committed Blanket Contract Order (BCO) for [REDACTED] with the BC Ministry of Transportation and Infrastructure (the "Ministry") to complete the Public Highway 29 Relocation and Related Works for the Site C Clean Energy Project.

The Ministry Public Highway 29 Relocation and Related Works work is to be completed by December 2021 and the current budget estimate is [REDACTED]

It is expected the Ministry BCO will require additional increases as future work packages are approved for release following completion of the revised budget estimate(s) as the MOTI road design and construction work progresses.

The Ministry BCO Contracting approach is a Design-Bid-Build (DBB) model and is in alignment with the Site C Procurement Approach approved by the BC Hydro Board of Directors (BOD) on June 11, 2012. The Site C Procurement Approach (Appendix 1 Non-Core Components) stated for the 'Procurement Model' to 'Work with the Ministry to develop consensus approach on procurement and that Initial capital screening by the Ministry indicated DBB or DB most likely procurement models".

On November 12, 2013 a Site C 'Public Highway Relocation and Related Works Implementation Agreement' (the "Implementation Agreement") was signed by the Ministry [REDACTED] Asst. Deputy Minister of Highways Department) and BC Hydro [REDACTED], Site C Executive VP).

The Implementation Agreement outlines key concepts<sup>1</sup> including each party's roles and responsibilities through design, procurement, construction and acceptance of the Highway 29 and associated works.

This Contracting Plan does not include works that will be completed by BC Hydro, such as design and construction of the Hudson's Hope Berm.

## **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 the Ministry's 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 AND STATUS OF THE WORK**

The Scope of Work in this Contracting Plan includes Highway 29 and associated Works as outlined in the original, executed Implementation Agreement. This Contracting Plan addresses Works that are in-progress and Works that have not started.

Other Works within the Implementation Agreement, which are not included in this Contracting Plan, include Works

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<sup>1</sup> Interpretations, Ministry Work, BC Hydro Work and Other Related Matters, Governance, Project Delivery Teams, Design, Payment, Ministry/BC Hydro Authority, Ministry Land & Resources, Indemnity, Terms and General conditions.

which will be carried out by BC Hydro under a separate budget and Works that are completed. The Implementation Agreement also references and provides a list of Ministry Pits, Reserves and Quarries which will be available for aggregate sources for Ministry and BC Hydro road works.

Work packages are anticipated to be released under the Ministry BCO as follows:

**Cache Creek / Bear Flat**

Multiple releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.),
  - *Note: this work has commenced*
- Clearing and grubbing,
  - *Note: this work is complete*
- 2 construction contracts – Grading and Paving, and the Bridge construction

**Halfway River**

Two releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.), and
- Construction contract

**Lynx Creek**

Two releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.), and
- Construction contract

**Farrell Creek East**

Two releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.), and
- Construction contract

**Farrell Creek**

Two releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.), and
- Construction contract

**Dry Creek**

Two releases are anticipated:

- Ministry costs (e.g. Design Review, Procurement, Construction/Project Mgt.), and
- Construction contract

**Other Related Works**

Two releases are anticipated:

- Pavement Conditioning/Monitoring [REDACTED]
- Enhanced Winter/Summer Maintenance - Jackfish Lake, Old Fort, 240, 269, 271 Roads [REDACTED]
  - *Note: this work commenced in 2014 and is ongoing until completion of the Site C Project*

### 3.2 BUDGET

The Implementation Agreement includes estimates which were agreed to at the time the Implementation Agreement was executed. The table of estimates is included as Appendix 1. The available budget for the Works is outlined within the following Table 3.2 Available Budget:

**Table 3.2 Available Budget**

Description of the Work	WBS #	Budget	Sub-Totals
Highway 29 Works, including:			
• Cache Creek / Bear Flat	N.01.001		
• Halfway River	N.01.002		
• Farrell Creek East	N.01.003		
• Farrell Creek	N.01.003		
• Farrell Creek (other)	N.01.003		
• Dry Creek	N.01.003		
• Lynx Creeek	N.01.003		
North Bank Roads (early works)	N.02.001		
• Old Fort Road			
• 240 Road			
• 269 Road			
Miscellaneous Supplemental Items (not in scope in the executed Implementation Agreement)			
• Pavement Condition Monitoring			
• Enhanced winter/summer maintenance (based on \$100k per year)			

Note: Table 3.2 does not include the budget for development and operation of Portage Mountain Quarry which will be managed by BC Hydro, therefore the budget as shown is the current PMB /control budget less allocation for the Portage Mountain work.

Note: the Miscellaneous supplemental items are funded outside the construction budget and within the Mitigation and Compensation budget workpackages.

### 3.3 APPROVAL TO PROCEED WITH THE WORKS

A Blanket Contract ("BCO") for [REDACTED] will be issued for all works that are in progress or not started. The BCO will be approved as a non-committed contract, per BC Hydro's operational approval requirements. The non-committed BCO for [REDACTED] will be entered in Passport. The BCO value may be increased once the [REDACTED] non-committed BCO value is reached through issuance of work releases, as the work progresses and as detailed designs and estimates are completed and agreed.

A Contract Requisition (CR) will be raised in Passport for each work package and approved in Passport as per FAAP approvals based on the preliminary agreed value of that work package. A Contract Sourcing Request and/or a Contracting Plan will be prepared and approved as per BC Hydro FAAP approvals for each work package, and will be attached to the CR in Passport.

BC Hydro will provide the Ministry with approval to proceed with each work package through Work Releases, which will include a Letter of Authorization to Proceed with the Work issued from BC Hydro to The Ministry outlining the appropriate supplementary/additional contract terms and requirements applicable to that work package, in accordance with Site C requirements, which may include environmental, safety, workforce, and Aboriginal requirements, among others. The letter issued by BC Hydro will be acknowledged by the Ministry, in writing, and will be in a standard form similar to the sample provided as Appendix 2, Ministry BCO Master Blanket Contract Order Release.

The Ministry BCO approach will facilitate BC Hydro's ability to procure work packages utilizing BC Hydro's

processes and policies and/or direct award specific work packages to First Nations / Aboriginal groups, at BC Hydro's discretion.

Reference: BC Hydro MAPP 5.1.2B.5 – Approval Procedures for New Non-committed Blanket Contracts (BCOs and BPOs) & Contract Extensions

<b>Senior Management Approval Limits* for New Non-committed BCOs, BPOs, and related Contract Extensions</b>					
Position	Term				
	≥ 5 years	4 years	3 years	2 years	1 year
CEO EVP Finance & CFO; Deputy CEO & Capital Infrastructure Project Delivery EVP Transmission, Distribution & Customer Service; SVP Training, Development & Generation; SVP Corporate Affairs & Chief Human Resources Officer; SVP Safety, Security & Emergency Management; VP Project Delivery; VP & Project Director Site C Project Directors; VP AIM & Distribution Engineering; VP Customer Service & Distribution Design; VP Field & Grid Operations; Direct Reports to an EVP, Deputy CEO or SVP; General Counsel; Chief Information Officer Finance Directors; Project Managers (CIPD PacMan) (P5); Managers (M4) Not Required					

### 3.4 SUPPLEMENTARY / ADDITIONAL CONTRACT TERMS

The Ministry standard Tender and Contract documents will be amended to include BC Hydro's Site C appropriate schedules and appendices, as applicable, including but not necessarily limited to:

- Aboriginal Inclusion / Reporting;
- Environmental Obligations (CEMP);
- Labour Workforce / Apprentice Policy;
- Quality Requirements;
- Safety requirements; and
- Worker Accommodation.

Supplementary / Special Conditions may include:

- Liquidated damages / bonus structure (not currently anticipated but to be discussed with The Ministry on a contract by contract basis); and
- Any other BC Hydro Site C special requirements that are not in The Ministry's standard templates.

### 3.5 CONTRACT AWARD

For Works procured and managed by the Ministry, evaluations will proceed as outlined in the Ministry's standard Tender documents, and award will be to the lowest priced qualified bidder. Where the Ministry issues a Request for Proposals ("RFP"), BC Hydro subject matter and/or procurement resources familiar with the Ministry's tendering processes may form part of the evaluation team.

For Works procured and managed by BC Hydro, evaluations will precede as outlined in BC Hydro's standard RFP documents, and will align with the Ministry's standard practices wherever practicable.

For Works direct awarded by BC Hydro to a First Nation's business, [REDACTED] negotiations will proceed and a contract will be awarded as per BC Hydro's obligations to that First Nation as stipulated in any agreement between BC Hydro and the First Nation.

### 3.6 PROCUREMENT SCHEDULE

The procurement and construction schedule is outlined at a summary level, on a per work package basis, within the attached Appendix 3 – Schedule for the Works

A detailed procurement schedule will be developed for each work package, prior to issuing a Tender / RFP or entering into negotiations with a First Nation / Aboriginal groups as required to meet the Site C Project schedule.

## 4. ROLES AND RESPONSIBILITIES

### 4.1 ROLES AND RESPONSIBILITIES – EXISTING

The executed Implementation Agreement between the Ministry and BC Hydro outlines each party's roles and responsibilities as follows:

Role / Responsibility	Highway 29 Works	North Bank Roads ( 240, 269 and OFR)	271 Road	Miscellaneous Supplemental Items
<b>Project Mgt</b>	Ministry	Ministry	BC Hydro	Ministry
<b>Engineering Mgt</b>	Ministry	Ministry	BC Hydro	Ministry
<b>Design: Contract Management</b>	BC Hydro	BC Hydro	BC Hydro	Ministry
<b>Design: Technical Direction</b>	BC Hydro	Ministry	BC Hydro	Ministry
<b>Procure</b>	Ministry	Ministry	BC Hydro	Ministry
<b>Construction Mgt</b>	Ministry	Ministry	BC Hydro	Ministry
<b>Construction</b>	Ministry	Ministry	BC Hydro	Ministry
<b>Quality Audit</b>	BC Hydro	BC Hydro	Ministry	BC Hydro
<b>Permits</b>	BC Hydro	BC Hydro	BC Hydro	BC Hydro
<b>Property Acquisition</b>	BC Hydro	BC Hydro	BC Hydro	BC Hydro
<b>First Nations Contracting</b>	Ministry	Ministry	BC Hydro	BC Hydro
<b>Community Consultation</b>	Ministry/BC Hydro	Ministry	BC Hydro	N/A

### Change to Design Management

Under the executed Implementation Agreement BC Hydro has responsibility for Design Management as BC Hydro holds the contracts with the design engineers. For Works that the Ministry will procure and manage, BC Hydro proposed that the Ministry assume responsibility for Design Management as design of the roadways will be to the Ministry's standards and specifications, and the Ministry will work with the designer engineer(s) to achieve the 50%, 90% and 100% design reviews. The Ministry has agreed to take full and complete responsibility for managing and directing the design engineers and consultants.

BC Hydro will continue to hold the contracts with the design engineers, and BC Hydro will pay invoices related to design services directly to the engineering/consultant firms. BC Hydro and the Ministry will execute assignment letters with each of the design engineering firms to enable the Ministry to direct and manage those firms through the design and design sign-off phases of the work.

As BC Hydro holds the contracts with design consultants, assignment letters will be executed to enable the Ministry to provide direction to the design consultants contracted by BC Hydro.

### **4.2 ROLES AND RESPONSIBILITIES – PROPOSED**

The Ministry will publicly tender Highway 29 Works that have not been started, with the exception of any miscellaneous non construction related Works that BC Hydro, with the agreement of the Ministry will procure or direct award to First Nation's groups or businesses. BC Hydro will advise and discuss with the Ministry prior to starting direct award discussions and will be responsible for all aspects of the Work, however the Ministry will perform a final Quality Audit at substantial completion, for work completed on Ministry assets.

For Works that the Ministry will procure and manage, the Ministry will utilize their standard tendering and contract documents. Works procured and managed by BC Hydro will utilize BC Hydro's direct award process or RFP process as applicable, and BC Hydro's contract documents.

Proposed roles and responsibilities for Highway 29 Works that have not been started are as follows:

Description of Role / Responsibility	Responsibility	Submit	Review	Approve	Notes / Comments
<b>Project Mgt</b>	Ministry	Ministry	BC Hydro	n/a	Ministry will assign a PM for each of the Highway 29 sections
<b>Engineering Mgt</b>	Ministry	Ministry	BC Hydro / Ministry	Ministry	
<b>Design</b>	Ministry	Design Consultant	BC Hydro / Ministry	Ministry	Ministry 50%, 90%, 100% Reviews BC Hydro review will be carried out by Tetrattech
<b>Pre-Procurement</b>	BC Hydro	Ministry	BC Hydro	BC Hydro,	
<b>Procure</b>	Ministry	Ministry	BC Hydro	BC Hydro	Approval by BC Hydro Site C to Issue Tender
<b>Recommendation to Award a Contract</b>	Ministry	Ministry	BC Hydro	BC Hydro	
<b>Contract Award</b>	Ministry	Ministry	BC Hydro	BC Hydro	Approval by BC Hydro Site C to Issue Tender
<b>Construction</b>	Ministry	Ministry	BC Hydro	BC Hydro	Changes Orders, etc.: BC Hydro will release funds
<b>Construction Mgt</b>	Ministry				

Description of Role / Responsibility	Responsibility	Submit	Review	Approve	Notes / Comments
<b>Quality Audit</b>	BC Hydro	BC Hydro to Provide Notice to the Ministry		BC Hydro	at BC Hydro Discretion
<b>Permits</b>	BC Hydro	BC Hydro	BC Hydro	BC Hydro	
<b>Property Acquisition</b>	BC Hydro	BC Hydro	BC Hydro	BC Hydro	
<b>First Nations Opportunities</b>	BC Hydro / Ministry	BC Hydro / Ministry	BC Hydro	BC Hydro	
<b>Warranty Handover</b>	BC Hydro	BC Hydro	Ministry	Ministry	271 Road Only (Ministry Asset)
<b>Handover of Asset</b>	BC Hydro	BC Hydro	Ministry	Ministry	271 Road Only (Ministry Asset)

The roles and responsibilities outlined above will provide the Ministry with the authority to control and manage the work to align with the Ministry requirements and specifications, thereby ensuring that Works are procured, managed and constructed to the Ministry's rigorous standards, as follows:

- The Ministry will procure works through their standard public tendering process. Contracts will be awarded to the lowest qualified bidder, and will utilize the Ministry's standard contract documents. This approach will provide assurance to the industry that Works will be procured and managed as per standard industry practice, as the Ministry's standard tendering and contracting processes and contract documents are the accepted standard for BC roadways and bridges. Additionally, this strategy is expected to provide the best responses, and most competitive bids;
- the Ministry will continue to hold responsibility for Project Management and Engineering Management;
- the Ministry will continue to hold responsibility for Construction Management and Construction, ensuring that Works will continue to be managed and constructed by the Ministry, by resources familiar with the Ministry standards and specifications;
- the Ministry will assume responsibility for Design, resulting in streamlined design reviews and approvals between the Ministry and the design consultants, as the Ministry performs design reviews at 50%, 90% and 100% complete;
- BC Hydro retains responsibility for Permits, Property Acquisition and First Nations Contracting; and
- BC Hydro will review and provide input into Environmental Management Plans (EMP's) Safety Management Plans (SMP's), Environmental Protection Plans (EPP's) and other documentation appended to the Ministry's tendering documents
- BC Hydro will be responsible for Quality Audits and environmental monitoring for Works procured and constructed by the Ministry, which will provide due diligence affirmation that Works are completed as per requirements, prior to invoice payment and/or holdback release.



## 5. 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's publicly tendered Works,

- For the larger work packages [REDACTED], 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 for the Cache Creek / Bear Flat, Halfway River and Lynx Creek tender packages. The size and scope of these work packages do not align with local/regional contractors' capabilities and capacity, partially due to the requirement for bonding; and
- The mid-size work packages [REDACTED] may attract local/regional contractors for the Farrell Creek East, Farrell Creek and Dry Creek tender packages.
- First Nations' businesses or partnerships will have an opportunity to provide services or subcontracting to any of the bidders. The Ministry's procurement rules related to FN opportunities are limited to encouraging contractors to maximize business opportunities and employment opportunities. BC Hydro will discuss with the Ministry the possibility of adding incentives to be considered in the tender evaluation scoring system for contractors to commit to maximizing opportunities.

## 6. KEY RISKS AND MITIGATION

The following outlines the key risks and mitigations for procurement and construction of the Works.

### 6.1 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 [REDACTED] will narrow the number of qualified bidders to a few BC companies; bonding will 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, BC Hydro may direct award specific to First Nations / Aboriginal groups work/services that align with the First Nations / Aboriginal groups' capacity and capabilities; or BC Hydro may require the Ministry to include set-aside language in their Tender / RFP documents.

## 6.2 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	<p>BC Hydro contract out development and operation of a new Portage Mountain quarry to provide all road contractors rip rap.</p> <p>This will provide economy of scale and reduce risk to Highway 29 contractors</p> <p>Recommendation to issue Quarry contract to Duz Cho; final contract negotiations are in progress.</p> <p>Development of the quarry to start spring 2017 with test blast in July 2017. This meets the rip rap supply schedule.</p> <p>Alternative rip rap supply is available from existing quarries if the Portage Mountain development schedule is delayed.</p>
Halfway River and West end Highway 29 sections – property acquisition will most likely include expropriation; the time allotted in the schedule may not be adequate	This has been identified as a schedule risk, BC Hydro Property Group is scheduling property acquisition ahead of scheduled construction
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
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)	<p>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.</p> <p>BC Hydro is actively pursuing agreements with nations to provide funding for ground truthing.</p>
Ministry public road work is not completed as per Reservoir Fill schedule causing a delay to the Project's Critical Path.	<p>Highway 29 sub project schedule meets the requirement to have Highway work completed prior to diversion and reservoir fill.</p> <p>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.</p>
Ministry actual public road work exceeds the Project's budget.	<p>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.</p> <p>Construction contracts are being procured under the</p>

	Ministry's standard Tendering process (low price from qualified bidder)
Delays to BCH obtaining BC Risk Mgmt approval to enter into an Indemnity Agreement which applies to Reservoir operations	BC Hydro Legal is in discussion with the Ministry. Indemnity discussion is post construction related to operating the and maintaining the highway adjacent to the new reservoir and recognizing potential impacts caused by the reservoir fill and operation
Project Schedule delays for MOTI's contractors to start on-site work at the Bear Flats – Cache Creek section in July 2017 due to Indemnity Agreement not in place for construction.	BC Hydro Legal is in discussion with the Ministry. Indemnity discussion is post construction related to operating the and maintaining the highway adjacent to the new reservoir and recognizing potential impacts caused by the reservoir fill and operation

## 7. MODIFICATIONS TO THE IMPLEMENTATION AGREEMENT

The Implementation Agreement was executed when the Site C Project was in the environmental and regulatory review stage, and prior to BC Hydro obtaining an environmental assessment certificate and other required regulatory permits and approvals. Construction of the Site C Project (the "Project") is underway, with initial site preparation commencing in the summer of 2015. The work related to roads and quarries as part of the Site C Project is partially completed, with some sections in progress and other sections in the planning stages.

The parties agree that modifications to the Implementation Agreement are required to clarify the revised roles and responsibilities of the parties, and to document the current status of the Project and the Highway 29 Works, to continue to move forward with the Works in accordance with the Project's construction schedule, among other things.

We are proposing a 2-stage process to document the modifications to the Implementation Agreement, as follows:

- I. A Memorandum of Understanding will be executed to modify and update the administrative items within the Implementation Agreement, including:
  - a. A definition of Total Completion;
  - b. Re-allocation of Works to be delivered by the Ministry or by BC Hydro, to align with current status;
  - c. Updates to Project Delivery Team members;
  - d. Updating contact names and contact information for Notices;
  - e. Defining the process to have Works pre-approved through Work Releases, including invoice requirements; and
  - f. Revising the Agreement to be Signed with Design Consultants to make it a tri-party agreement between BC Hydro, the Ministry and the design engineer, including having Agreements executed as appropriate.
- II. Modifications to Governance will be documented through a Terms of Reference, and will outline the Governance Model as agreed between the parties, including its purpose, members, roles and responsibilities, reporting relationships, authorities, decision processes, and administration, at a minimum.

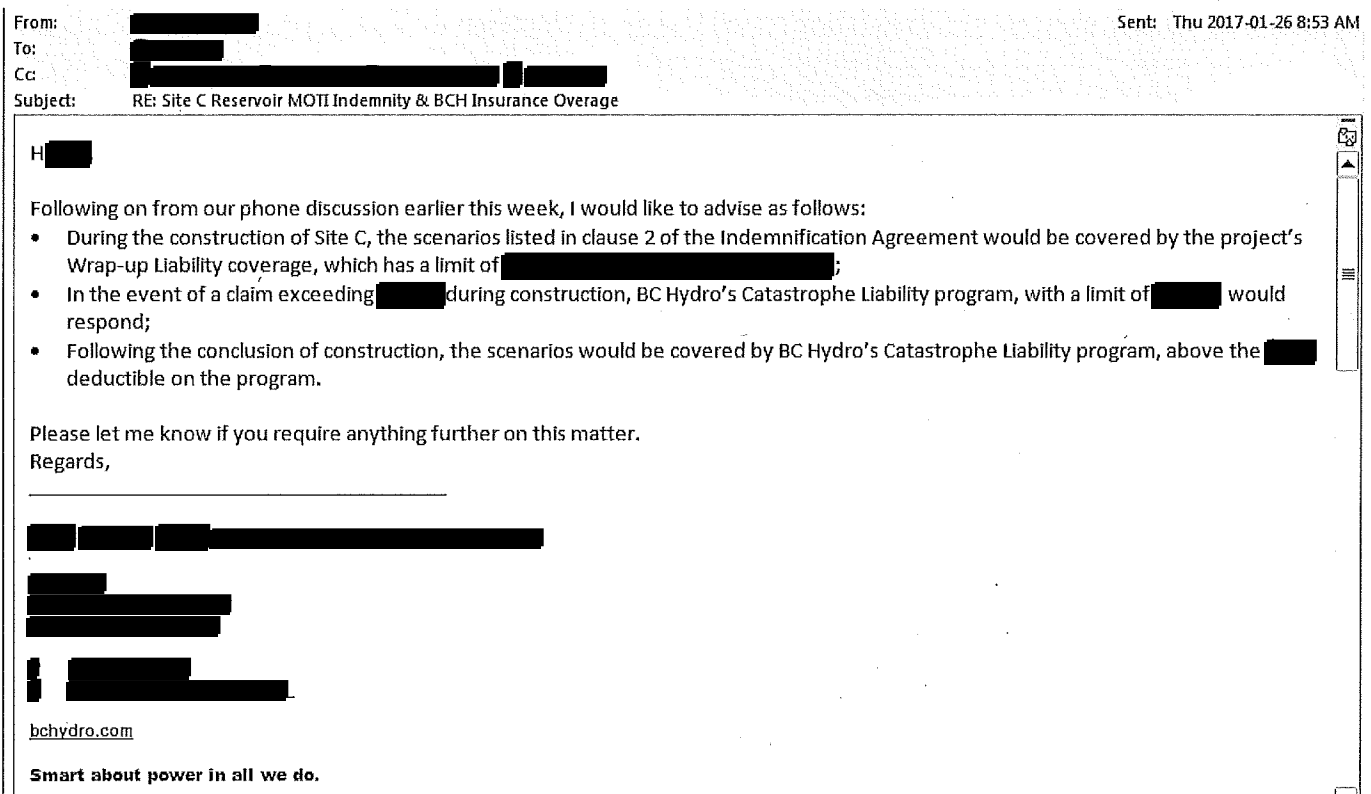
### 7.1 INDEMNITY AGREEMENT

Section 11 of the Implementation Agreement stipulates the requirement for the parties to enter into a written agreement regarding indemnifications the parties agree to grant with respect to the Site C Project. The Indemnity requires BC Hydro to indemnify the Ministry for impacts to highways as a result of the Site C reservoir causing erosion, instability or long term degradation to impacted highways, including waves and landslides caused by the Site C reservoir. The term of the indemnity is for the lesser of 100 years from the date of the Indemnity Agreement or 5 years after the Site C dam is decommissioned. The parties have agreed to the indemnity wording in principle.

The proposed Indemnity does not impact the relocation (construction) of Highway 29; BC Hydro's insurance programs would respond during construction, as follows:

- During the construction of Site C, the scenarios listed in clause 2 of the Indemnification Agreement would be covered by the project's Wrap-up Liability coverage, which has a limit of [REDACTED] and a deductible of [REDACTED]
- In the event of a claim exceeding [REDACTED] during construction, BC Hydro's Catastrophe Liability program, with a limit of [REDACTED] would respond;
- Following the conclusion of construction, the scenarios would be covered by BC Hydro's Catastrophe Liability program, above the [REDACTED] deductible on the program.

Reference: the following email from BC Hydro Corporate Treasury/Risk, dated January 1, 2017



## 8. SUMMARY

A collaborative approach to management, procurement and contracting will be carried out by, utilizing:

- the Ministry's standard tendering practices for the procurement of all Construction Work packages;
- the Ministry's standard contract documents for all Construction Work packages.

This approach will ensure that:

- a) high value, high complexity work packages are procured and delivered utilizing the Ministry's industry standard tendering and contracting approach, which is the accepted industry standard for roadways and bridges in BC;
- b) BC Road Builders will continue to aggressively bid on and construct the Works in accordance with the Ministry's standards and specifications; and
- c) BC Hydro will work with the Ministry to provide opportunities to First Nation / Aboriginal groups, whether through set-asides or by informing and encouraging First Nation's to either independently bid on Works that align with their capacity and capabilities, or by partnering with qualified contractors.

**9. APPROVAL**

Prepared By:

April 7/17  
Date

Reviewed By:

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**Attachments:**

Appendix 1 – Public Highway Relocation and Related Works – Preliminary Estimate (February 2015)

Appendix 2 – Ministry BCO Master Blanket Contract Order Release

Appendix 3 – Schedule for the Works