



Department of Transportation

EXECUTIVE SUMMARY

REQUEST FOR PROPOSALS

TRANS-CANADA HIGHWAY PROJECT

FOR THE

**DESIGN, CONSTRUCTION, FINANCING, OPERATION,
MAINTENANCE AND REHABILITATION**

OF

ROUTE 2, BETWEEN

**THE QUEBEC BORDER AND LONGS CREEK,
AND ROUTE 95**

Issued to:

The Brun-Way Group Joint Venture
River Valley Road Development Company
Saint John Valley Highway Group
Upper Valley Highway Consortium

April 21, 2004

Executive Summary of the Request for Proposals for the Trans-Canada Highway Project

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1.1 Introduction

On December 11, 2003, the New Brunswick Department of Transportation (NBDOT) issued a Request for Qualifications (RFQ) on behalf of the New Brunswick Highway Corporation (NBHC), a Crown Corporation incorporated under the *New Brunswick Highway Corporation Act*, for the design, construction, financing, operation, maintenance and rehabilitation of a four-lane highway between Saint-Leonard and Longs Creek. Four submissions to the RFQ were received by the deadline of January 29, 2004. After evaluation of these submissions, it was announced on March 26, 2004 by the Minister of Transportation that the four parties that responded to the RFQ would proceed to the Request for Proposals (RFP) stage. The four proponents (the Proponents) are:

- The Brun-Way Group Joint Venture
- River Valley Road Development Company
- Saint John Valley Highway Group
- Upper Valley Highway Consortium

The RFP is being issued to obtain detailed Proposals for the Project from these Proponents.

Since the issuance of the RFQ, NBDOT has expanded the scope of work to include an additional 75 km, so that it now applies to Route 2 between the Quebec border and Longs Creek, and Route 95. In particular, the “Project” now includes the design and construction of 98 km of highway, the upgrading of 128 km of highway, and the operation, maintenance and rehabilitation of 275 km of highway, and financing as applicable.

1.2 Structure of the RFP

The RFP has been structured as follows:

- Volume 1 – which describes the Project and the RFP process.
- Volume 2 – which presents the Project Agreements.
- Volume 3 – which presents the Project Specifications.

Volume 3 (as amended) and various elements of the Proposal of the Successful Proponent will constitute Schedules to the Project Agreements, in addition to those presented in Volume 2.

The RFP must be read in its entirety for a complete understanding of the Project and the RFP process. Certain key highlights are presented in this Executive Summary.

1.3 Project Objectives

There are a number of specific objectives for the Project which are presented below, not in any specific order:

- That the Design-Build (DB) Sections of the Highway be open to traffic on or before November 1, 2007.
- That the Existing Sections of the Highway be upgraded before November 1, 2007.
- That optimal value for money be obtained.
- That a safe highway be provided for the use of the travelling public.
- That a safe workplace be provided throughout the Project.
- That reliable, high quality and economic highway service be provided to highway users.
- That the economic and industrial benefits of the Project to New Brunswick and Canadian citizens and industries be maximized.

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- That key risks of the Project be borne by the Successful Proponent.
- That the Highway be designed, constructed, operated, maintained and rehabilitated so as to meet or exceed all applicable provincial and national standards and guidelines.
- That the Highway be designed, constructed, operated, maintained and rehabilitated in an environmentally responsible manner and in accordance with all environmental requirements and commitments, including all applicable provincial and federal environmental laws and regulations.

1.4 Scope of Work

The Highway will consist of three types of Sections. The three types of Sections differ in respect of the design and construction obligations of the Successful Proponent:

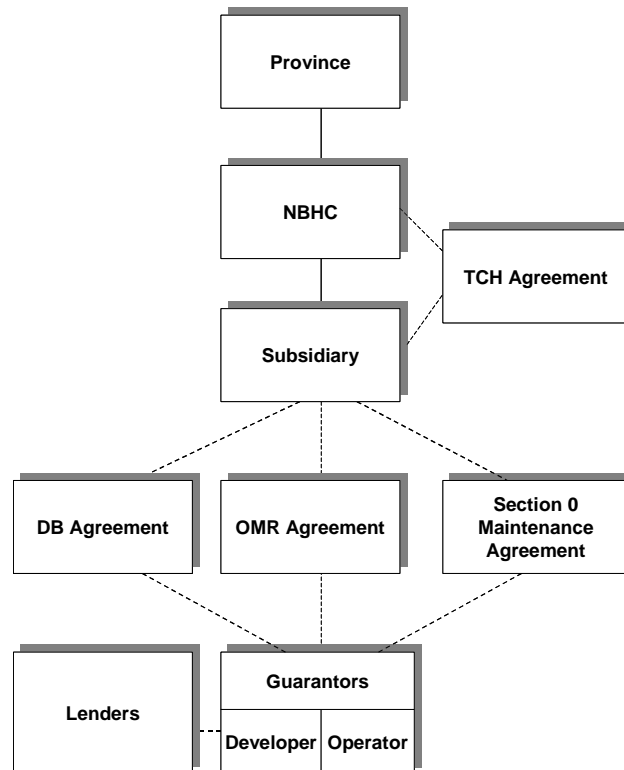
- **DB Sections** are the Sections that will be designed and constructed by the Successful Proponent.
- **Existing Sections** are the Sections that either already are or will be constructed by NBDOT prior to the date of execution of the Project Agreements. The Existing Sections will require upgrading by the Successful Proponent.
- **DOT-Built Sections** are the Sections that will be constructed by third parties under contract to NBDOT, and for which the Successful Proponent will have no design and construction responsibilities.

The Successful Proponent will be responsible for the operation, maintenance and rehabilitation, including meeting Hand Back Standards, on all three types of Sections.

A Project map (Appendix A), and a table presenting a summary description of the Sections (Appendix B) appear at the end of this document.

1.5 Organizational Structure

The chart presented below illustrates the organization structure for the Project.



NBHC, established under the *New Brunswick Highway Corporation Act*, will form a wholly-owned subsidiary (the Subsidiary) with responsibility for the Project. The Subsidiary will be incorporated under the *Business Corporations Act (New Brunswick)*, and be governed by a board, the members of which will be appointed by NBHC or the Province. The Subsidiary will be designated a project company pursuant to the *New Brunswick Highway Corporation Act*. The Subsidiary will contract for the Project with the Successful Proponent. The Successful Proponent will be the borrower of construction-period and long-term project financing as required.

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The Successful Proponent will be required to provide guarantees for the obligations of the Developer and the Operator under the Project Agreements. The Guarantors are to be the same under the DB, OMR and Section 0 Maintenance Agreements. These guarantees are described more fully in these Agreements.

The Subsidiary will enter into a **Design-Build (DB) Agreement** and an **Operating, Maintenance and Rehabilitation (OMR) Agreement** with the Successful Proponent in respect of the Project. The DB Agreement will apply to the design, construction and financing responsibilities of the Successful Proponent, and the OMR Agreement will apply to the operation, maintenance and rehabilitation responsibilities of the Successful Proponent. NBHC will be a party to these agreements.

The Subsidiary will enter into the **Trans-Canada Highway (TCH) Agreement** with NBHC. Under the TCH Agreement, NBHC will retain ownership of the Highway Lands and will grant a license to these lands to the Subsidiary for the DB and OMR Periods. NBHC will be a party to this agreement.

Section 0, shown in the Appendix B table, does not form part of the Highway. The Successful Proponent will be required to operate and maintain this Section under a **Section 0 Maintenance Agreement** with the Subsidiary from June 1, 2005 until the earlier of June 30, 2033 or termination of that agreement by the Subsidiary.

1.6 Management Systems

One of the features of the Project is the use of a management systems framework to govern all of the activities of the Successful Proponent with respect to the Project. Specifically, the Successful Proponent will be required to establish and deploy the following three management systems in carrying out its work:

- A Quality Management System (QMS).
- An Environmental Management System (EMS).
- A Safety Management System (SMS).

All three management systems are required to be certified by external third party organizations. In particular:

- The Successful Proponent's QMS is to be certified to *ISO 9001:2000 Quality Management Systems – Requirements* by a Standards Council of Canada (SCC)-accredited certification organization acceptable to the Subsidiary.
- The Successful Proponent's EMS is to be certified to *ISO 14001:1996 Environmental Management Systems – Specification with Guidance for Use* by a Standards Council of Canada (SCC)-accredited certification organization acceptable to the Subsidiary.
- The Successful Proponent's SMS is required to achieve a Certificate of Recognition (COR) and a Letter of Good Standing with the New Brunswick Construction Safety Association (NBCSA) that will acknowledge that the SMS has been successfully deployed, that personnel working on the Project are adequately trained, and that the SMS has been audited and achieved a satisfactory standard.

These certifications are to be maintained for the DB and OMR Periods and where a standard is modified or updated, the Successful Proponent is to modify its management system to satisfy all the new requirements of the change. The Successful Proponent will also be required to establish processes to monitor the performance of these management systems so as to ensure all are effectively deployed and maintained.

1.7 Environmental Requirements

The DB Sections will be constructed through, and adjacent to, sensitive environmental areas requiring significant attention during the DB and OMR Periods. The Successful Proponent will be responsible for the prescribed aspects of the related environmental requirements, approvals, permits and commitments for the DB Sections.

There are also environmental requirements, approvals, permits and commitments for the Existing and DOT-Built Sections. The Successful Proponent will be responsible for the aspects of these requirements and commitments that continue through or begin during the OMR Period.

1.8 Public Communications Requirements

The Successful Proponent will be required to provide accurate and timely information to affected stakeholders and the general public during the DB and OMR Periods at a level similar to or better than that provided by NBDOT for road projects directly developed and operated by it. This entails proactive and regular communications with affected stakeholders and the general public using appropriate and consistent public communications material. These services must be provided by the Successful Proponent in both official languages.

The Successful Proponent will be required to address the information needs of all affected stakeholders. These stakeholders include, but are not limited to, users of the Highway, suppliers, road building companies, engineering firms and workers potentially or actually employed in the design, construction, financing, operation, maintenance and rehabilitation of the Project, aboriginal groups, agencies of the federal, provincial and affected municipal governments, farming and forestry industry associations, adjacent and nearby landowners affected by the Project, nearby residents and businesses, emergency preparedness and response agencies, the print and broadcast news media, and the general public.

1.9 Project Financing and Payment

There are two Business Models for the Project.

1. Completion Payment Model: Proponents are required to provide a Guaranteed Maximum Price (GMP) for the design, construction and financing of the DB Sections and for the upgrading and financing of the Existing Sections, which is to be paid at Traffic Availability and Total Completion of the DB Work.

2. Extended Repayment Model: Proponents are also required to provide a proposal to provide long-term financing for the GMP less \$135 million, under which payments to the Successful Proponent will be made over the term of the Project in semi-annual payments, beginning after Traffic Availability and extending to the end of the OMR Period.

Proponents are also required to provide a schedule of OMR Payments they require to operate, maintain and rehabilitate the Highway over the OMR Period.

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1.10 Project Schedule

The Successful Proponent is to achieve Traffic Availability for the DB Sections between August 1, 2007 and November 1, 2007, and Total Completion by June 30, 2008.

Responsibility for the operation, maintenance and rehabilitation of different Sections of the Highway by the Successful Proponent will commence on different OMR Commencement Dates. For the DB and DOT-Built Sections, it will begin on Traffic Availability of the respective Sections. For the Existing Sections, it will begin on execution of the Project Agreements, with interim maintenance being conducted by NBDOT until May 31, 2005. Responsibility for the operation, maintenance and rehabilitation of all Sections of the Highway will end on June 30, 2033.

Maintenance responsibilities for Section 0 will commence on June 1, 2005 and will extend until termination of the Section 0 Maintenance Agreement by the Subsidiary.

The Project schedule is outlined below:

Item	Date
Execution of Project Agreements	At finalization of the agreement
OMR Commencement Date for Sections 1, 2, 4, 7, 8, 11	At finalization of the agreement
Cessation of NBDOT Maintenance on Sections 1, 2, 4, 7, 8, 11	May 31, 2005
OMR Commencement Date for Section 0	June 1, 2005
OMR Commencement Date for Section 9	On or about November 1, 2006
Earliest Date for Traffic Availability for Sections 3, 5, 6	August 1, 2007
Deadline for Traffic Availability for Sections 3, 5, 6	November 1, 2007
OMR Commencement Date for Section 10	On or about November 1, 2007
OMR Commencement Date for Sections 3, 5, 6	On or about November 1, 2007
Deadline for Completion of Upgrades on Sections 1, 2, 4, 7, 8, 11	November 1, 2007
Deadline for Total Completion	June 30, 2008
End of OMR Period	June 30, 2033

1.11 Financial Contribution by the Government of Canada

The Government of Canada, through the Canada Strategic Infrastructure Fund, has agreed to contribute up to \$200 million to the cost of the design and construction of the Trans-Canada Highway in New Brunswick in accordance with the terms of a cost sharing agreement between the Government of Canada and the Province. Of this amount, \$65 million is being allocated to other Sections of the Highway leaving a maximum of \$135 million in federal contributions to be allocated toward the cost of the design and construction of the DB Sections.

1.12 Cooperation and Dispute Resolution

The Successful Proponent will be expected to work cooperatively with the Subsidiary and to perform all work required in conjunction with the Project in accordance with the requirements of the Project Agreements.

A standing independent dispute resolution board will be established to resolve disputes relating to the DB Agreement promptly as they arise. This approach to dispute resolution is intended to reflect best practice for contracts of this type. The decisions of the panel will be binding unless overruled by a court of competent jurisdiction. Disputes under the OMR Agreement will be addressed through arbitration.

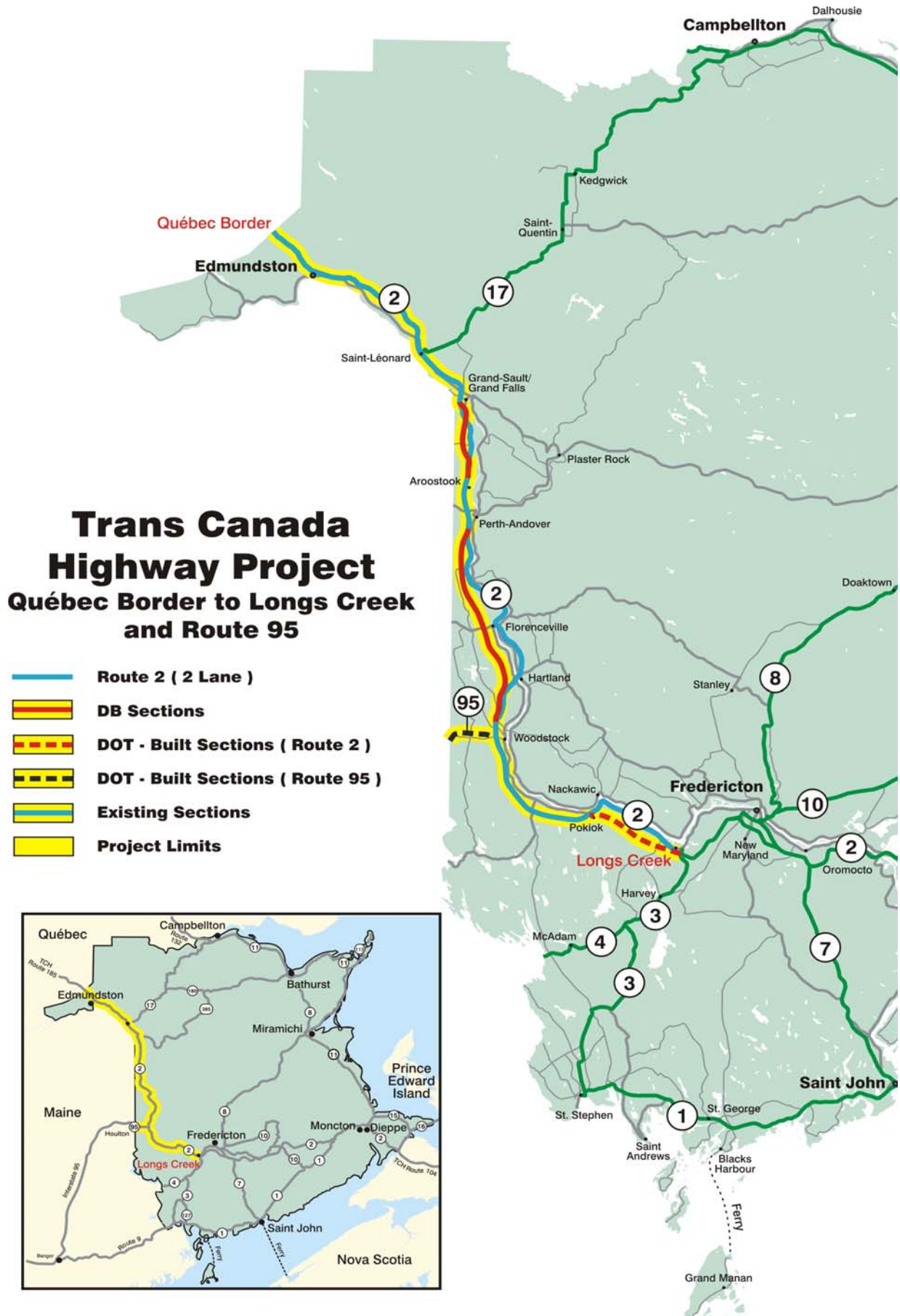
1.13 Selection Process

Proposals which are not technically compliant or are not financially compliant will be disqualified. From among the Proposals which are technically compliant and financially compliant, the Preferred Proponent and the selected Business Model will be the Proponent and the Business Model of that Proponent which offers the lowest Net Cost, except in the case of a “tie”.

A “tie” in the financial analysis (if any) occurs among Proponents with Business Models having a Net Cost within \$5 million of the lowest Net Cost Business Model.

In the event of a tie in the financial analysis, the Proponent with the highest ranked Economic and Industrial Benefits /Aboriginal Inclusion Plan will be the Preferred Proponent. If the Net Costs of the Business Models for this Proponent are themselves tied, the Business Model with the lowest Net Cost will be the selected Business Model.

Appendix A – Trans-Canada Highway Project Map



Appendix B - Trans-Canada Highway Project Sections

	Type	Limits	Length	Interchanges	Bridges
0	N/A	Route 2 - Quebec Border to Beginning of Divided Highway	2 km	None	None
1	Existing	Route 2 - Beginning of Divided Highway to Iroquois Rd interchange	19 km	At Route 144 (North End of Saint-Jacques), Edmundston North interchange (five movements serving Route 144, Mont Farlagne Road and Canada Road), Victoria Street (new interchange currently under construction), and Route 120 (Hebert Blvd)	At the interchanges, and at Riviere a la Truite, Route 144 (North End of Edmundston), Madawaska River, Victoria Street (future interchange), du Pouvoir Road, Saint Basile Indian Reserve, and Iroquois River
2	Existing	Route 2 - Iroquois Rd interchange to Grand Falls (south town limits)	59 km	At Iroquois Road, Route 144 (South End of Edmundston), Davis Road (Riviere-Verte), Martin Road, Notre-Dame-de-Lourdes Road, Grande Riviere Road, Route 17 (Saint-Leonard), Bourgoin Road, Route 108/255 (Saint-André), a partial interchange (to and from the east) at Route 108, and the Grand Falls South interchange (five movements serving Route 218, Main Street and Everard Daigle Boulevard)	At the interchanges, and at Fournier Road, Monseigneur Lang Road, an Access Road (CS 003, 5.915km), Smith Road, Verte River, an Access Road (CS003, 12.273km), Doucet Road, Lavoie Road, Devost Road, Quisibis River/Deschenes Road, Sirois Road, Siegas River, Grande River, Laplante Road, Albert Road, Powers Road, Laforge Road, Despres Road, Grand Falls CNR Subway and the CPR Rail/Saint John River
3	DB	Route 2 - Grand Falls (south town limits) to Aroostook	28 km	At existing Route 2 (near Argosy Road), existing Route 2 (south of Route 375), and Aroostook	At the interchanges, and at Route 130, Route 375, West River Road, and the Aroostook River (including Main Street and Old West River Road)
4	Existing	Route 2 - Aroostook to Perth-Andover (Route 190)	7 km	At Route 190	At the interchange, and at Curry Brook Access Road
5	DB	Route 2 - Perth-Andover (Route 190) to Florenceville (Route 110)	38 km	At Route 110	At the interchange, and at Beaconsfield Road, Scott Road, Dean Road, River de Chute, Route 560, Stairs Road, B. Smith Road, Backland Road and Sipprell Road
6	DB	Route 2 - Florenceville (Route 110) to Route 550 (Woodstock)	32 km	At Hartland Connector Road, Route 560/Lockhart Mill Road, and Route 550 (Connell Road)	At the interchanges, and at Big Presque Isle Stream, Dryer Road, Raymond Road, Little Presque Isle Stream (Waterville Deadwater and Hartland Connector Road), Estey Road, Palmer Road and Route 560
7	Existing	Route 2 - Route 550 to Hodgdon Road (Woodstock By-pass)	7 km	At Route 95, Route 555, and Beardsley Road	At the interchanges and at Meduxnekeag River
8	Existing	Route 2 - Hodgdon Road to Pokiok	34 km	At Hodgdon Road, Dugan Road, and Route 122, and a partial interchange (to and from the east) at Charlie Lake Road	At the interchanges, and at Bulls Creek, Benton Road, Eel River, and Shogomoc Stream
9	DOT-Built	Route 2 - Pokiok to Longs Creek	35 km	At Pokiok and Route 635	At the interchanges, and at Allandale Road, Pokiok Stream, an unnamed resource road (adjacent to the Pokiok Stream), Pokiok Settlement Road, Waterloo Creek and Jewetts Creek
10	DOT-Built	Route 95 - Canada Customs Facility to Beginning of Divided Highway	12 km	At Route 540	At the interchange and at McQuarrie Brook
11	Existing	Route 95 - Beginning of Divided Highway to Rte 2	2 km	At eastbound exit to Route 555 (partial)	At Simcox Road

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