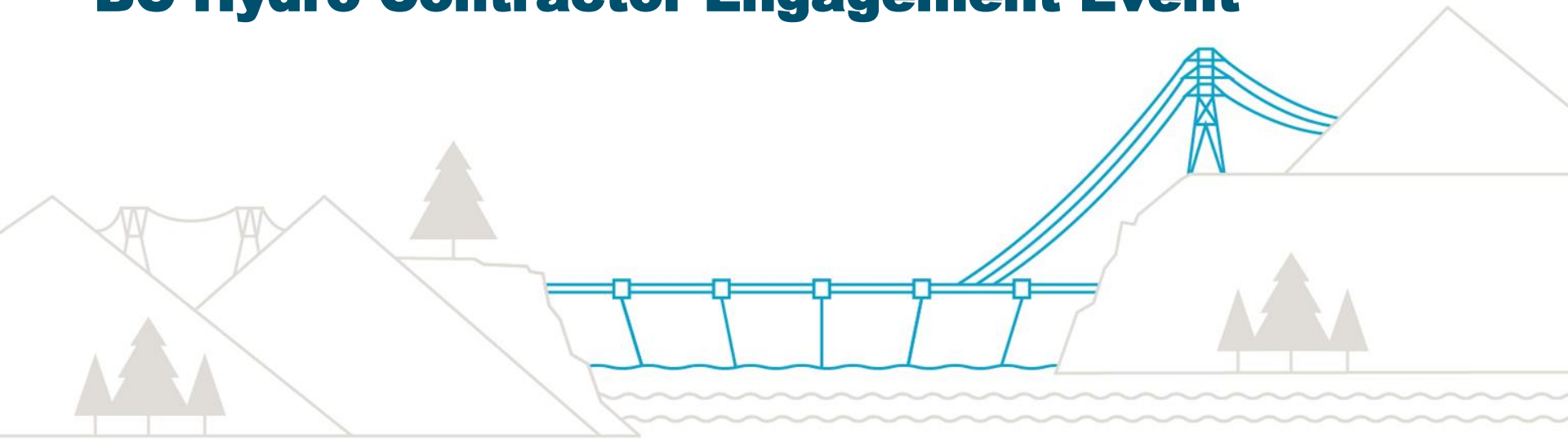
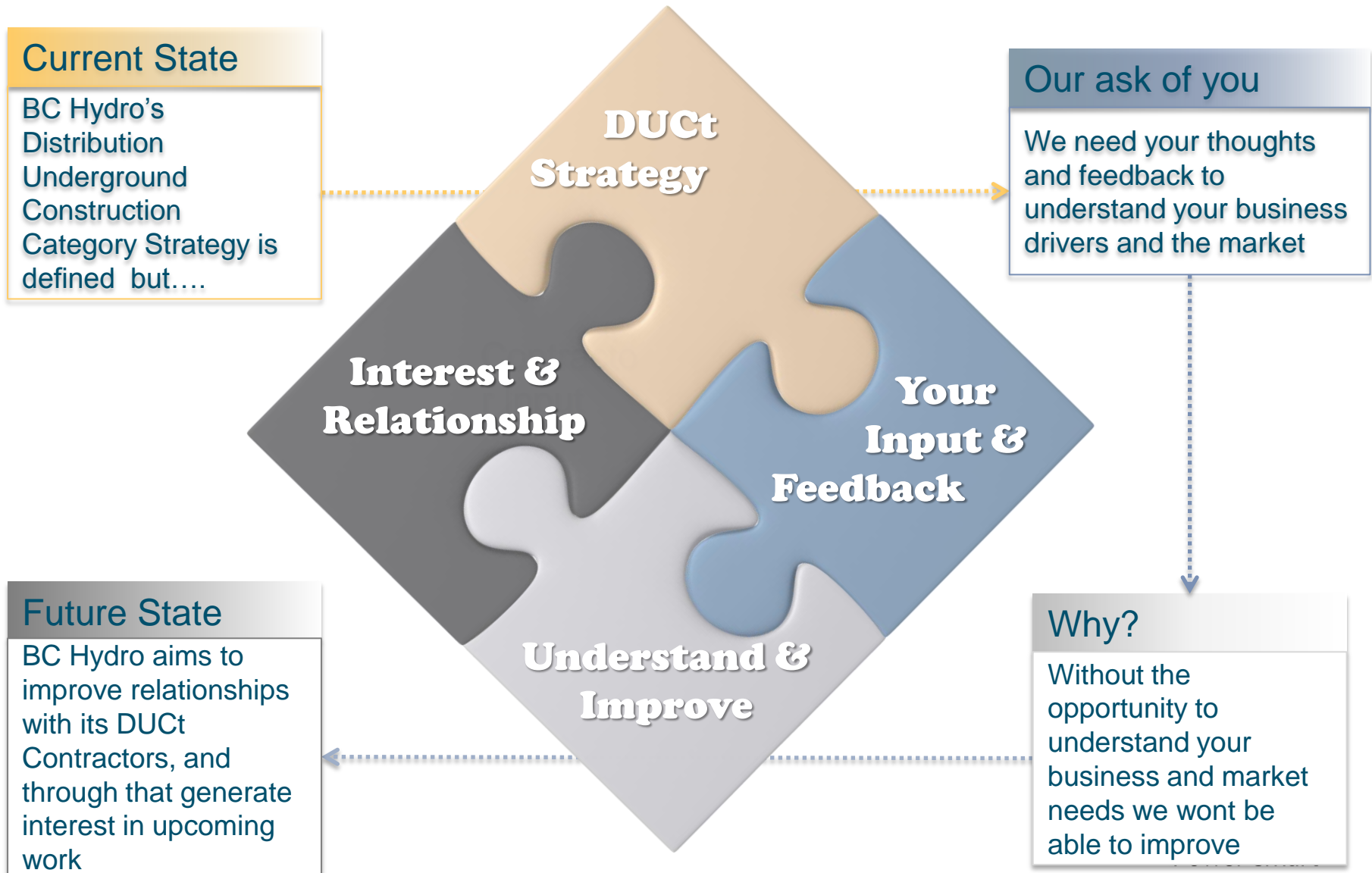


# Distribution Underground Construction (DUCT) Services

## BC Hydro Contractor Engagement Event



# Our Intent



# DUcT Category Strategy

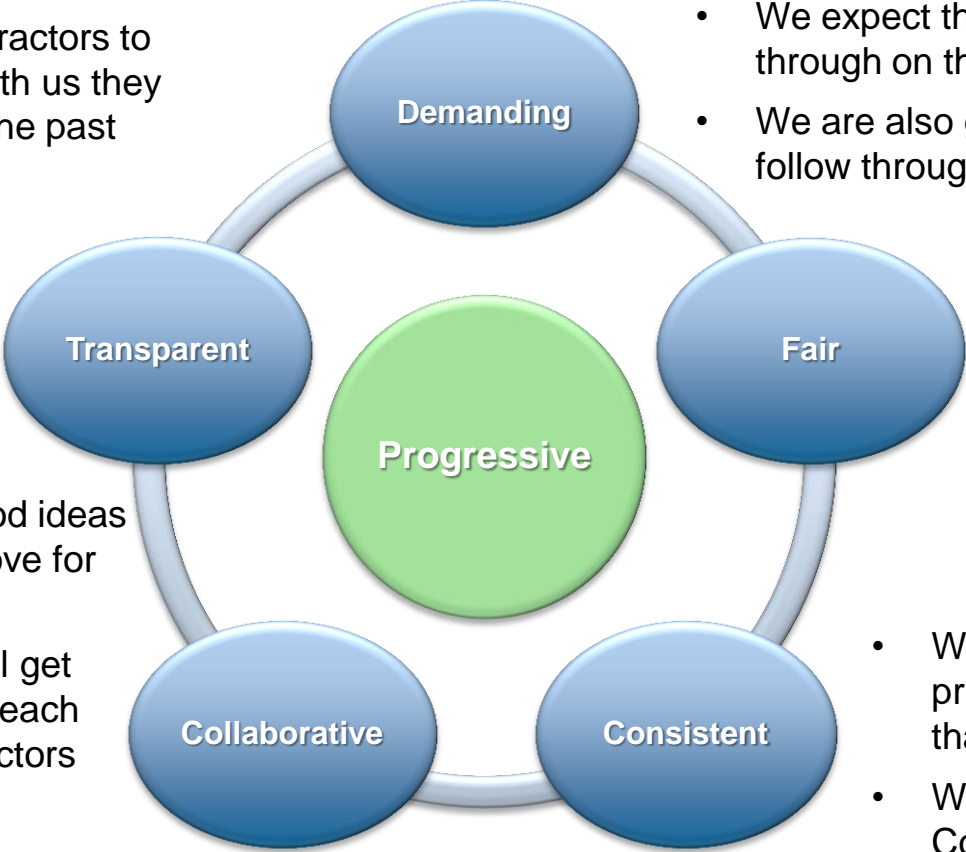
Currently we have....	The work we have done so far includes....
<ul style="list-style-type: none"> <li>• Inconsistent processes</li> <li>• Limited visibility</li> <li>• Multiple contracting models</li> <li>• Unclear expectations and scopes</li> </ul>	<ul style="list-style-type: none"> <li>• Confirmed a strategy that reflects BC Hydro's future needs for Civil Construction services</li> <li>• Confirmed that the next contract will be the product of a Request for Proposal BC Bid event</li> <li>• The future contract will be a provincial, fixed rate contract, with defined regions.</li> <li>• Establish a contract management model that provides measurable management of contractors and deliverables using performance metrics</li> </ul>



DUcT Contract Vision		
Vision	Value Proposition	
<p>Long term, collaborative relationships with multiple service providers that produce:</p> <ul style="list-style-type: none"> <li>• improved work quality</li> <li>• safe work delivery</li> <li>• better value for our customers</li> </ul>	<p><b>BC Hydro</b></p> <ul style="list-style-type: none"> <li>• Province-wide, consistent contract management approach</li> <li>• Regional contracts with standard processes and performance metrics</li> <li>• Improved contractor relationships</li> </ul>	<p><b>Civil Construction Contractors</b></p> <ul style="list-style-type: none"> <li>• Regional exclusivity – receives all work</li> <li>• One point of contact for Contractors</li> <li>• Clear expectations</li> <li>• Long term contract</li> </ul>

# Our Promise to You

We want to change the relationship with our Contractors. It is up to us to set the right tone for this foundational change.

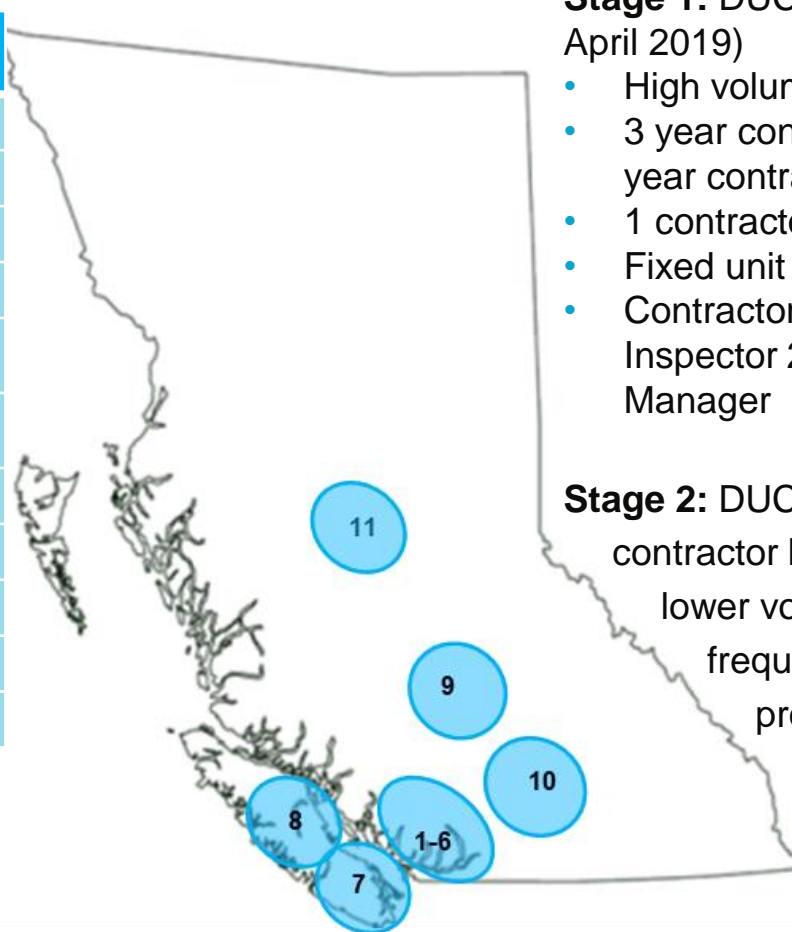
- We expect our Contractors to share information with us they have not shared in the past
  - We must share information that we have not shared such as upcoming work volumes
  - There are a lot of good ideas on how we can improve for the benefit of all.
  - Before we act, we will get input and ideas from each other and our Contractors
- 
- We expect the Contractors to follow through on their commitments
  - We are also going to be expected to follow through on our promises
  - We want our Contractors to be successful because that means they will be here for the long term
  - We want a fair price for quality work
  - We need to take a principled approach rather than following rules.
  - What we do for one Contractor, we should be expected to do for all.

# DUcT Sourcing Strategy

**UPDATED INFO AVAILABLE IN FINAL CONFERENCE CALL SUMMARY**

## Anticipated Regions

#	Fixed Unit Contracts	Historical Spend
1	Vancouver	> \$3M < \$6M
2	Burnaby & Coq	> \$500K < \$1.5M
3	North Shore	> \$500K < \$2.5M
4	Whistler	> \$200K < \$1M
5	Surrey (Fraser Valley West)	> \$3.5M < \$4.5M
6	Fraser Valley East	> \$500K < \$1.5M
7	South Island	> \$500K < \$1.5M
8	Central Island	> \$500K < \$1.5M
9	Thompson	> \$100K < \$500K
10	Okanagan	> \$100K < \$500K
11	Prince George	> \$100K < \$500K



**Stage 1:** DUCt Contract (complete April 2019)

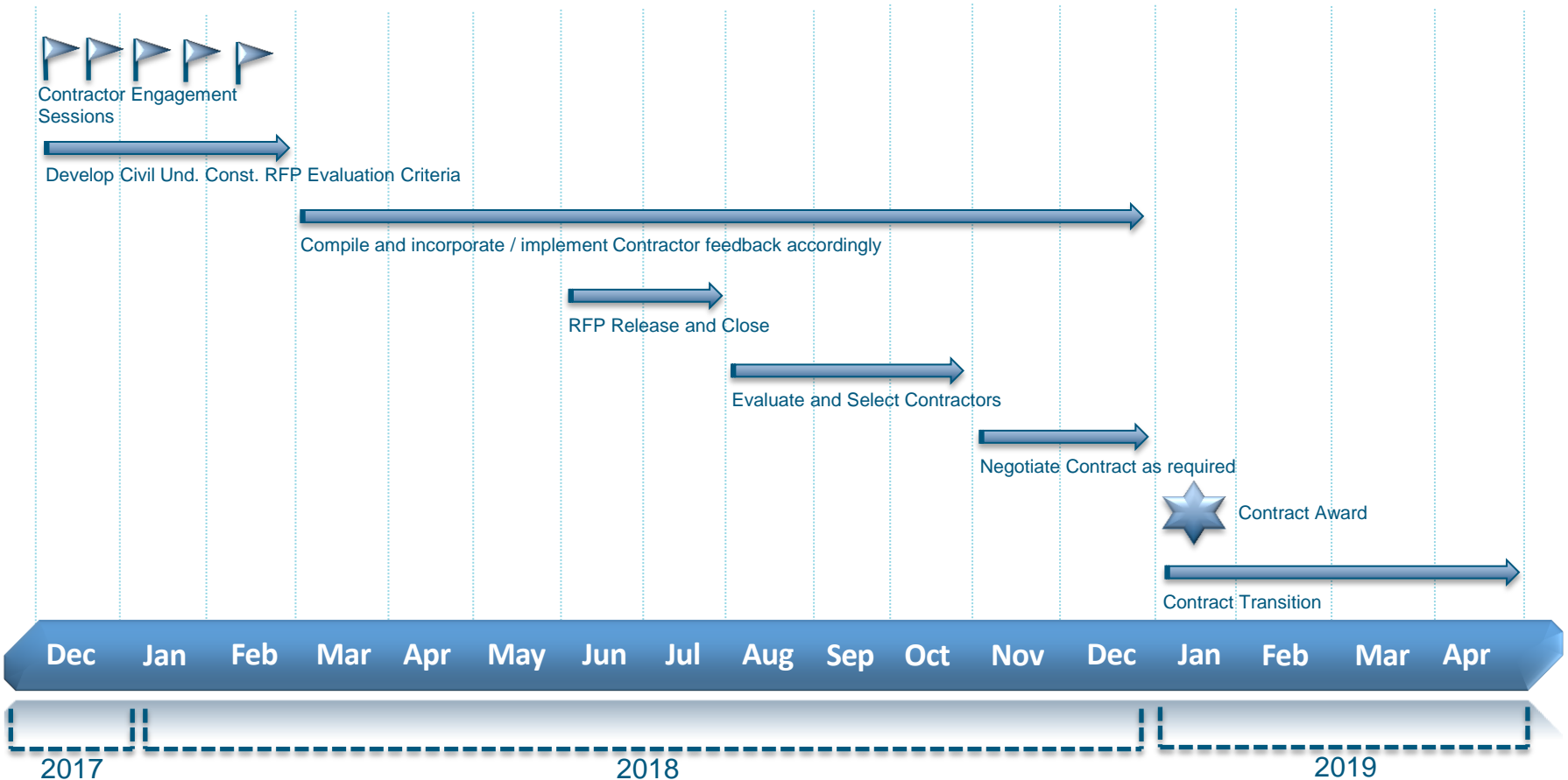
- High volume, high frequency work
- 3 year contract + 2 potential 2 year contract extension options
- 1 contractor per region
- Fixed unit list
- Contractor support = 1) Civil Inspector 2) Civil Contract Manager

**Stage 2:** DUCt pre-qualified contractor list will cover other, lower volume, lower frequency work areas of the province (early 2019)

# DUCT Sourcing Strategy

**UPDATED INFO AVAILABLE IN FINAL  
CONFERENCE CALL SUMMARY**

## Timelines



# Future Contract Formation

## Safety at BC Hydro is everyone's responsibility

*Safety is core to everything we do, all the time and at every level of our organization. It shapes our decision-making, how we think and talk about our work, and how we act each day. For us, even one injury is unacceptable. All our employees and our Contractors must go home safe every day.*

### Example: BC Hydro's Life Saving Rules



BC Hydro is seeking Contractors that have;

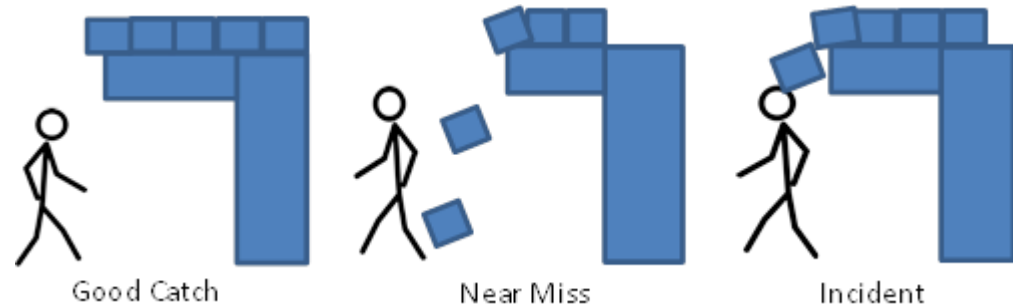
- A strong safety culture
- A Safety Reporting System
- A Safe Work Observation Program
- COR Certification

# Future Contract Formation

## Safety at BC Hydro is everyone's responsibility

BC Hydro is seeking Contractors that have;

- Timely reporting methods; i.e. ***good catches, near misses, and incidents***
- **Confined Space, Asbestos, Silica, etc. awareness / training** and have the ability to develop safety procedures as required
- An actively managed **Drug and Alcohol Policy** for all employees and sub-Contractors.
- **Sub-Contractors** are held to the same safety standards (or better!)





# Future Contract Formation

## Quality Assurance

What does 'Quality' mean to BC Hydro.

**Quality Control (QC)** emphasizes the testing of final products to ensure they meet the quality requirements **before** being released.

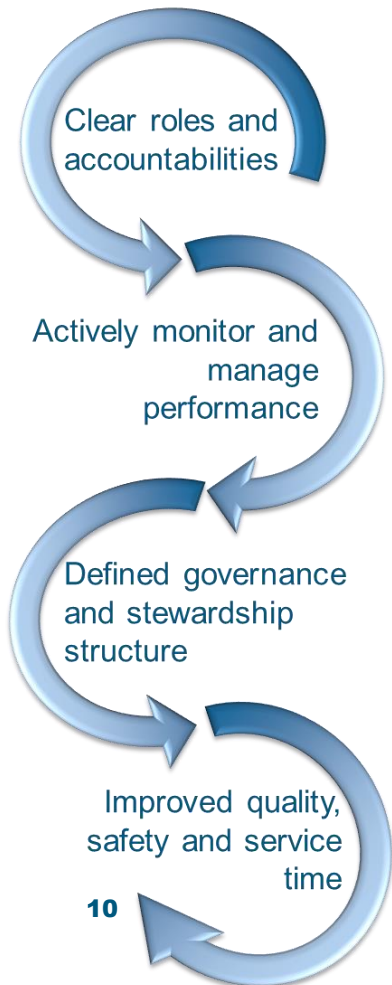
**Quality Assurance (QA)**, however, requires developing standardized reporting and metrics to improve and stabilize production and associated processes so you can avoid or minimize issues that led to the defect(s)

BC Hydro is seeking Contractors that;

- Have a documented **Quality Control program** and can demonstrate how deficiencies discovered in work will be resolved
- **Develop, implement, demonstrate awareness, and report** to BC Hydro on your **Quality Management Plan**
- **Sub-Contractors** are held to the same quality standards (or better!)

# Future Contract Formation

## Performance Expectations



Two key elements that support contract management:

1. The **structure of the contract** ; defines how BC Hydro and Contractors will work together; **specific roles and accountabilities** and the scope of work.
2. The **strength of the relationship**; develop a positive, progressive, **mutually beneficial working relationship**. We want to achieve the same goal, we will be respectful, we will negotiate through conflicts, keep promises and focus on the long-term.

How do we know we are being successful? Performance metrics demonstrate where **WE** succeed and where **WE** need to improve;

- **Reporting** - confirms performance metrics results
- **Examples** of metrics include - safety reporting, on time delivery, quality pass rates
- **Practise continuous improvement** to streamline processes to improve all aspects of the work, administrative efficiency, safety and quality

# Future Contract Formation

## Administration – The back office processes are critical...



- Be **well organized** in the administration, preparation, scheduling and execution of your work.
- **Reporting processes** are required to collect performance data to demonstrate progress on Key Performance Indicators (KPIs)
- **Reliable** timely invoicing and electronic reporting will be expected
- **IT functionality** to enable access to BC Hydro work allocation systems

## BC Hydro's administrative support

- A **team of Service Contract Administrators (SCAs)** has been established to align with the contract administration requirements
- **Samples** and **templates** will be available to clarify information requirements

# Future Contract Formation

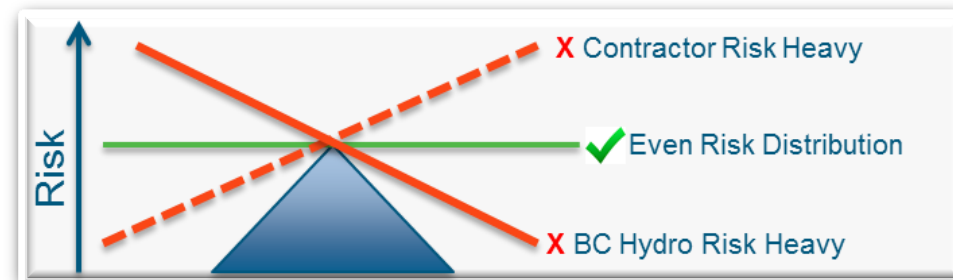
**Unit Price Contract – each distinct scope of work has a corresponding fixed price**

## Why take a unitized approach?

- Regional model has been adopted for different work streams at BC Hydro
- It has provided cost savings for BC Hydro and operational cost predictability for contractors
- Creates a more balanced financial risk profile for both BC Hydro and our contractors

## What is a unit?

- Predefined unit of work that BC Hydro has developed to manage consistent infrastructure construction
- Assembly of multiple units makes up a civil construction work order



# Future Contract Formation

## Units

### What does this mean?

Our proposed RFP unit list will include

- Fixed Units
- Prime Contractor consideration
- Variable Units (Trouble, Emergent, and Standby work)
- Traffic Control
- Travel Units
- “Typical” Civil Crew & Equipment
- Fuel Adjustment consideration
- Transportation consideration

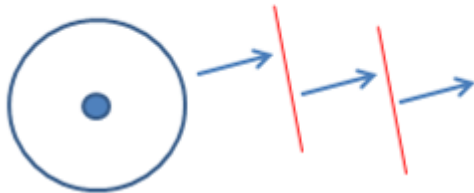
Lets talk about the Travel Unit...

# Future Contract Formation

**UPDATED INFO AVAILABLE IN FINAL CONFERENCE CALL SUMMARY**

## Travel Unit - discussion

Muster point ● → 100 Km increments (road travelled/mileage)



### **Proposed -**

Work Unit scope: covers all mob and de mob costs within the region, 100 KM radius of the muster point.

Travel Unit: Flat rate travel unit will be applied per 100 Km beyond the first 100 Km, includes return trip. Mileage measured as per Google Maps. Road travelled for Typical Crew

# Future Contract Formation

## Units

### Approach to Balancing Risk

BC Hydro is enabling specific cost capture and payment and the contractors are being requested to consider their costs upfront when bidding on the unit prices.

### How does this Impact you?

Spend time understanding the fixed and variable unit scopes. When submitting bid prices take a comprehensive approach,

- Read all RFP notes to understand the full scope of the unit and the applicable standards
- Understand the variable unit application
- Consider the additional cost management tools (eg: fuel adjustor)

