

## BACKGROUND

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June 29, 2005

Ministry of Transportation  
Partnerships BC

### **SNC-LAVALIN CHOSEN TO DELIVER WILLIAM R. BENNETT BRIDGE**

A thorough analysis of procurement options led to a design build finance operate partnership to deliver the new William R. Bennett Bridge. This decision offered the most benefits and the best value for money for taxpayers.

Through this contract with SNC-Lavalin, the province was able to transfer risks from the public to the private sector, and to reduce the overall cost of building, financing, operating, maintaining and rehabilitating the bridge over the 30-year term of the agreement. As a result, the contract with SNC-Lavalin is expected to save taxpayers approximately \$16 million in net present value terms.

**Net present value:** The cost of building, financing, operating, maintaining and rehabilitating the bridge over 30 years is expressed in net present value.

The net present value of the project includes all costs that the Province will pay to SNC-Lavalin over the course of the 30-year agreement to design, build, finance, operate, maintain and rehabilitate the bridge. The net present value of the bridge is \$179 million. This compares well to the estimated cost of \$195 million, which is what the net present value would have been, had the project been delivered using a traditional procurement model.

**Total project capital cost:** The total project capital cost includes the cost of construction plus indirect costs like project management, quality management and insurance. The total project capital cost is \$144.5 million.

Within 60 days of financial close, a comprehensive Value for Money report will be released for this project. This report will provide detail on the changes to the estimated cost of the project, as well as details about the final agreement between SNC-Lavalin and the Ministry of Transportation. The report will also provide a summary analysis of how value for money has been achieved.

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