

**Response to GT RFI #Q10.47**

*Question: We understand that the base estimate for CH0009 was approximately \$117 million (NAL0019634) plus approximately \$10 million in escalation.*

*-Based on our review of NAL0285365 Project Cost Status it appears that the budget of CH0009 was increased to \$182 million. Please provide an explanation for this increase.*

*-Based on our review of NAL0266124 pg. 23 it appears that the budget for CH0009 of \$201.3 million. Please provide an explanation for this increase.*

**Response:**

1. Budget update noted in NAL0285365: All budget changes from DG3 through to AFE Rev 1 approved in June 2014 (the date of the cost report referenced) are summarized in the table below. At that time, the budget for CH0009 was increased to \$182M as noted above.
  - Scope transfers to/from other commitment packages were completed resulting in an increase to budget of approximately \$2.2M.
  - PCN-0109 RCC Stepped Spillway Design Change (Attachment 01) was approved in February 2013 and resulted in an estimated \$9M in savings.
  - AFE Rev 1 (June 2014): As indicated in the cost update presentation that accompanied the AFE request, there were a number of contributing factors to the required budget increase including design development, anticipated market conditions and schedule extension from a 2 to 3 year program. PCN-0217 “Construction of North and South Dams – Resolution of DANs Covered Under the Revised AFE” describe some of these changes (Attachment 02). The most significant cost impact (~48M) was from the additional labour/indirects associated with a change from a 2 to a 3 year program.
  - Prior to the approval of AFE Rev 1, an updated estimate for the CH0009 scope of work was completed which was the basis of the June 2014 budget. This updated estimated incorporated all of the changes noted in the PCNs above, updated quantities, as well as rates agreed for any similar scopes in the CH0006 and CH0007 Contracts.

<b>CH0009 Budget - June 2014</b>	
<b>Budget Change Description</b>	<b>Budget</b>
DG3 Budget	\$ 127,689,866
Scope Transfer (From CH0006) - Removal of Spillway D/S cofferdam	\$ 575,139
Scope Transfer (From CH0007) - Removal of Spillway U/S cofferdam	\$ 9,223,038
Scope Transfer (To CH0007) - South Transition Dam Structure	\$ (6,099,995)
Scope Transfer (To SM0709) - Air Transportation	\$ (1,499,033)
PCN-0109 - RCC Stepped Spillway Design Change	\$ (9,000,000)
AFE Rev 1 (June 2014)	\$ 61,110,985
<b>Budget June 2014</b>	<b>\$ 182,000,000</b>

2. NAL0266124, p. 23 is a comparison of the bids under evaluation with an updated estimate that was completed during the bid period. The \$201.3M noted in the question was an estimate not the budget at that time. When this document was produced in August 2015, the budget remained at \$182M as set in AFE Rev 1. The budget was increased in AFE Rev 2 (Sept 2015) to \$290M to account for the final Recommendation for Award.

Attachment 01 – PCN-0109 and associated attachments

Attachment 02 – PCN-0217 and associated DANs

**Date Prepared:** November 14, 2018