



CONTRACT STRATEGY

Date	22-May-14	Revision	Click here to enter #
Package No.	CH0009	RFP Issue Date	16-Jun-14
Package Title	Construction of North and South Dams	Award Date	5-Dec-14
Company (SPV)	Muskrat Falls Corporation	IBA Package	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Scope of Work from Package Dictionary attached	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
If no, please include a brief description of the Scope of Work	
<p>Package CH0009 includes construction of the South Dam and North dam, construction of the upstream, downstream and intake channel cofferdams, removal of Cofferdams 1, 2 and 3 and downstream section of the RCC riverside cofferdam as well as excavation of Tailrace Rock plug.</p>	

<p>Key Considerations</p> <p>Term & Schedule</p> <ul style="list-style-type: none"> • This Agreement will have an approximate term of three (3) years and will end upon successful execution of the scope of work in accordance with the package technical specifications and milestone schedule. • The original schedule was condensed into two (2) years; however, the schedule has since been extended over three (3) years (2015-2017) to mitigate the risk of the Contractor not being able to complete the work on time. • A three (3) year schedule will also mitigate risks associated with availability of resources and accommodations as the peak manpower for this work is approximately 300. <p>Key Milestones</p> <ul style="list-style-type: none"> • Start of construction is April 2015. • Contractor will need to start preparation and mobilization in January 2015. • Contract needs to be awarded in December 2014. • Bid Evaluation and Award Recommendation will need to be completed in November 2014. <p>Bidder Selection Applicants & Bidders List</p> <ul style="list-style-type: none"> • Potential bidders have been identified with roller compacted concrete (RCC) experience through independent consultants. These bidders will be targeted; however, a prequalification will be open to all interested parties. • The formal prequalification will be completed to ensure that Contractors are financially healthy and have the organization and resources to complete the work. • Potential bidders must demonstrate their experience with river diversion in high water velocity, jet grouting installation and RCC dam construction in order to receive an RFP. <p>Work Execution</p> <ul style="list-style-type: none"> • This package interfaces with CH0006, CH0007, and CH0008. The scope includes: <ul style="list-style-type: none"> ○ Removal of cofferdams No: 1, 2 and 3 and the access ramp to the powerhouse built by CH0006 and used by CH0007. ○ Removal of the downstream part of the RCC Riverside Cofferdam built by CH0006. ○ Construction road from the South shore, which will be used by CH0008. • Communication and alignment with the CH0006, CH0007, and CH0008 contractors will be integral to the success of the project.

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Procurement Method		
<input checked="" type="checkbox"/> Competitive Bidding	<input type="checkbox"/> Use Nalcor Long Term Service Agreement (LTSA) LTSA #	<input type="checkbox"/> Single Source
If Single Source, why?		
Click here to enter text.		

Type of Contract (Terms and Conditions)				
<input type="checkbox"/> Supply & Install	<input type="checkbox"/> Services	<input checked="" type="checkbox"/> Civil Works	<input type="checkbox"/> Equip. Purchase (Long)	<input type="checkbox"/> Equip. Purchase (Short)

Compensation Basis			
<input type="checkbox"/> Lump Sum	<input checked="" type="checkbox"/> Unit Price	<input type="checkbox"/> Time & Material	<input type="checkbox"/> Reimbursable

Commercial Strategy
<ul style="list-style-type: none"> • Bidding Period - The bidding period will be eight (8) weeks; however, the schedule will allow for a two (2) week extension. • Bidder Validity - Bid validity period will be six (6) months. • Escalation – Contractors will be asked to provide pricing that has escalation built in and is fixed for the duration of the contract. • Performance Security – The standard requirements is for a Letter of Credit equal to fifteen percent (15%) of the Contract Price while the work is in progress and a second Letter of Credit equal to five percent (5%) of the Contract Price during the warranty period. A credit worthiness review of all Contractors will completed during the prequalification and Nalcor’s Corporate Treasury in consultation with the project management team will finalize requirements prior to issuance of the RFP. • Warranty – The warranty period will be thirty-six (36) months from final completion. • Liquidated Damages - Contractors shall be responsible for achievement of all key milestones that will be set forth and agreed upon in the schedule. If Contractor fails to achieve any of the milestones to which liquidated damages apply, Contractor shall pay Company, as liquidated damages, an amount to be determined for the delay of each calendar day or part day until they achieve that milestone or date. Company may agree to a cap on liquidated damages. • Labour - Bidders will be asked to provide labour rates based on the Collective Agreement between Muskrat Falls Employers' Association Inc. and Resource Development Trades Council of Newfoundland and Labrador. • Travel & Living Expenses – Accommodations, ground and air transportation for craft personnel will be in accordance with the Collective Agreement. Accommodations and ground transportation will also be provided to management. Air transportation for management will



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be the responsibility of the Contractor.

- Pricing Structure & Payment** – The Schedule of Price Breakdown will include a combination of Lump Sum and Unit Prices. Lump Sum pricing will be primarily be used for indirects and Unit Prices will be used where progress can be measured (i.e. quantities, completion of specified activities, actual progress). Contractor will be paid monthly against verified executed quantities and/or percentage completion of lump sum items.
- Holdback** – In accordance with the Mechanic’s Lien Act, Company will plan to exercise the option to withhold an amount equal to ten (10%) percent of each Monthly Progress Payment. However, Contractors will be asked to provide optional pricing to provide include a Holdback Release Bond which would alleviate the need for holdbacks. Company will also offer an alternative that would tie the release of holdbacks to key milestones. These would be the same milestones tied to liquidated damages.
- Currency** - Contractors will be asked to bid in Canadian Dollars; the currency risk will belong to the bidders.

	Title	Name	Signature	Date
Prepared by:	CA/Buyer	Blake Hill		
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Reviewed by:	Deputy Project General Mgr	Jason Kean		
Approved by:	Project General Manager	Ron Power		