

From: lanceclarke@lowerchurchillproject.ca
To: [Chelsea Beckett](#)
Subject: Astaldi Notes 5
Date: Thursday, May 28, 2015 2:17:00 PM

Astaldi organization Nov 17 2014

Meet with Roy and Bill on organization

Need data

What are Astaldi site visit plans

Follow on from current initiatives and Christmas is a great alternative, risk focus

Talk with Astaldi - EBC,

MF Nalcor site org chart review

Consider giving them LD's relief if they ramp up slowly

Astaldi Game Plan - [Nov 20](#)

Incentive game plan- LD's, \$40 million, Labour only reimbursable, pay for supervision

Internal commitment- call team together

Key Messages

Good cooperation

Need more

Past attempts have failed for various reasons.

Focus has been distracted

Site -Site team is lost right now, no faith that the job can be delivered, looking for a commercial silver bullet or excuse instead of focusing on the solutions

Risk model - lower total risk versus pass it back to us

Core requirements to avoid failure are 1) commitment from site and 2) focus on correcting the construction organization structure and construction communication to be able to manage a North American cold climate job. Without this we believe success will be near impossible.

Original bid had Astaldi project management at the top with Canadian knowledge leading the construction. Right model, wrong people and approach

Reset opportunity is now, this will not come again

Need clear plan and full time commitment with metrics

Productivity initiatives

Organization opportunity

Critical work focus- constructibility review

Metrics

Morale

Organizational effectiveness person

Astaldi People Key Actions Dec 3 2014

Pick organization structured - done

Hire folks - how to do this

How do you get them to work together

They want Desmond

Astaldi Restart Plan Dec 9 2014

Where is Supervisory LR training? Is it in Nalcor plan?

What about session with all craft outlining LR rules and

construction plan?

What about CM plan for folks to connect regularly, ie war room?

What about recruitment of CM team plan?

How do we ensure construction management and LR are connected?

Astaldi Management Meeting- January 22, 2015

Scott, Lance-St.John's

Paul, Ron and Giacomo - MF

Jennifer, Maurizio, Manny and Mario - Rome

Project update

Giacomo gave one and said that the detailed plans laid out in New York are being met. Ron stated things are starting very well and going where we need it to be.

Meeting on Monday to discuss cash flow - Lance

Alignment meeting

Astaldi doing an update internally tomorrow. There is a check in meeting to review on Monday. Ron, Giacomo and Lance to get aligned on messaging.

Progress against success factors

On target, staff in place, critical work underway, Productivity review happening but needs attention, Labour Management is the weakest area - need to meet next week, Long term concrete plan ongoing.

Bain review. Astaldi did a roll out. They have rolled out 4 streams, 1) Communications 2) organization, People requirements

and Leadership, 3) effectiveness - tools, governance, subcontractors and 4) processes.

Next steps-senior

Gilbert is presenting at Northern Exposure. Manny is as well.

Next CEO meeting will be on site in early March. China visit may be mid March.

Astaldi payment - [Jan 26](#)

Explained to Giacomo that we are getting calls that they are not paying subs and that we are part of the problem

He apologized and said that they will not allow this to happen again

Meeting on Wed to review new sub contractor system

Meeting with Darlene to review T4's to clean up last year up to July

Astaldi Payment Jan 29 2015

Agreed with them that we will continue with the existing process to pay them but will

- A) Are payables an issue, ie outstanding or not
- B) Large contractors - liens, security
- C) Small contractors - reputation, timing?

Sub payment is a bit of both 1) Cash Flow and 2) perception.

Proco lien is without justice as payment is not due yet

Currently owe people money as they are tight on cash flow

2) Perception needs to be worked on with a campaign

Will touch base tomorrow

They are setting up a line of credit but it will be 60 days.
In the meantime Rome is sending \$20 million to bridge the gap.
They are trying to hold the project accountable.

Astaldi Critical Actions - [Feb 11](#)

Giacomo, Maurizio, Bruce, Ron, Ed, Scott

1) Schedule to end of April is here. Nalcor reviewing in depth next week.

- Ed and George

Current challenges on the schedule are overhead cranes.

Giacomo nominates George as the Deputy PM. We will consider and Giacomo will provide the role description.

Longer term is being reviewed and will be done by ??????.

Milestone 4a is up. We informed them that we will send notice but not collect yet.

They have a plan to the end of the project. An additional planner is enroute.

A task force will be coming to review pour sequence.

Astaldi to provide batch plant schedule.

2) Procurement and logistics

-they have an action plan worked out with Bain, Luc Depaulo from SNC is working this

- There is an immediate issue with procurement of rope soap and dope

- They have implemented an emergency plan to get out of the current mess

- What is the time line? What are the actions?

-Giacomo will send the list

3) Equipment

- New people brought in

- restructuring under way

4) Permanent Power - Frank, Risk Lewis

- Spillway almost ready, Friday target

- Batch plant - dates set, still not done though. Detailed action plan exists. Who owns it.

5) Manpower - Issue was the process to get people timely

-They say that this issue should now be under control because the plan is now clear and the crews are also approved to do this.

Need to discuss with Maria and get true status here. Can set

KPI's

Overall KPI's - Giacomo will send through a draft dashboard

Overall Astaldi Risk Opportunities Feb 12 2015

Cost savings opportunities/efficiencies

LD's

Warranty

Parent Guarantee

Security totals

Holdback

Stock Price

Future Investment

Legal opinion on calling security

Astaldi Roles Feb 14 2015

Commercial-Lance/Mike/Bruce (Ron/Ed)

Contract Admin- Lance/ Phonse/Mike

CEO meeting-Lance

Steering meeting-Lance

Claims avoidance-Lance/Mike/Bruce

Insurance-Lance/Phonse

Payment- Finance- Lance/Mike/Phonse

Construction/execution-Ron/Ed

Management of documentation flow, contractor requests???

Progress ?????

Process/procedure- Function/Ed

Quality- Scott/Ed/Ron

Day to day Astaldi management- Ron/Ed

Day to day construction contractor management on site-Ron/Ed

Construction issue resolution- Ron/Ed

Weekly Management meeting with Astaldi-Ed/Ron

Design-Scott

Management of documentation flow, contractor requests???

Equipment Manufacture and Delivery-Scott

Site infrastructure-Scott/Des

Company representative-Scott (Initials)

Project controls?

Budget-Scott?

Progress-Scott/Ed/Ron

Reporting-????

IT-Scott/Des

Office management-Scott/Des

HR- Including Rotation coordination-Scott/Des

Safety-Scott/Des

Document Control-Scott/Des

Environmental management-Scott/Des

Contractor correspondence-Scott

Labour-Brian/Des

Site Morale/Effectiveness - Brian/Des/Karen

Innu-Brian/Des

Productivity- Brian/Lance (needs site ownership)

Benefits compliance- Brian

Stakeholder management- Brian/Des/Karen

Internal management meeting-Ron, Ed, Scott, Lance, Brian

Interfaces

Recruitment needs to be with each function

Overall action coordination

Astaldi Steering Feb 24 2015

Giacomo, Andrea Porru, Mario, Jennifer, Manny, Ron

Safety moment was around shut down message

- Foremen and GF's to take accountability
- Behavioural based program is starting
- Giacomo will be doing an hour a day on the site

We stressed that people need to be down on the site more

Mario wants the safety folks to attend construction meetings

I gave a speech on the fact that December we said get Construction going in January. However, to be sustainable we need middle management support and the focus areas need to be attacked.

We need specific deliverable and targets for April for each group.

Ron spoke on the items:

1) Planning group will develop plan for the plan. Without the plan we can't be efficient. They made point that they expect Roy and Bill to be planning construction managers but are not.

2) Procurement, Logistics, Materials. We said it needs to be fixed. Audit has been done and will do follow up. I offered to do a review for them. They are looking for people. They wish to get more proactive.

Site services organization- it has been changed.

3) Permanent Power. Very costly. Needs extreme focus. They are likely to blame us for this.

4) Plant equipment maintenance. Many people were let go. Belief is that they do not have enough people. Lack of parts and materials due to cash flow. Has caused discontent with the construction team. They have hired four more mechanics. They say they have spares available now. Planned maintenance schedule needs to be prepared and priorities set.

5) ICS working group has been formed. Work had to stop due to safety concerns. Needs clear plan in order to determine what needs to happen with the ICS. Kohne crane rep coming to site. Overall risk assessment has been actioned to review the ICS. Ex Proco folks are reviewing the situation.

6) Manpower hiring - Maria has been told to review the situation with Larry and come up with an action list.

We need targets for April in each group so that we can do updates on March 24th.

John, Aiden, Lance, Bruce, Gerald, Mike

Reference Letter issued

1) Emco lien is released

2) Proco lien - bond has been placed but not formally closed. Awaits Proco release, otherwise the lien must be released through the courts which takes ten days. All funds except \$11.9 million can be released.

3) Stat deck has been issued and signed but we know the funds are not paid for active contractors. They are selling their receivables but saying they are not able to pay their contractors because we have not paid them. They are selling when they get approved payment certificate.

\$29 million due Mar 4th

\$14 million due Mar 26th

1) Bruce to get alignment on what is owed and terminology.

2) I need to speak with Giacomo on definition again of what the stat deck should really cover.

Sent from my iPad