
NEWS RELEASE

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Ministry of Transportation and Infrastructure

PORT MANN PROJECT PROCEEDS USING DESIGN-BUILD CONTRACT

VICTORIA – The provincial government will construct the Port Mann Bridge and Highway 1 Project using a design-build, fixed-price contract after being unable to reach final agreement with Connect BC Development Group, Transportation and Infrastructure Minister Kevin Falcon announced today. The project will create about 8,000 construction jobs and remains on schedule for a 2013 completion.

“The Port Mann/Highway 1 project has always been a certainty, but what was to be confirmed was the best way to finance it,” said Falcon. “We have determined that a traditionally financed arrangement is the better way to proceed at the current time.”

The Province will enter into a fixed-price contract with the joint venture of Peter Kiewit Sons Co. and Flatiron Constructors Canada Limited to design and build the new, 10-lane Port Mann Bridge and Highway 1 widening at the previously agreed upon cost of \$2.46 billion. The contract with Kiewit-Flatiron ensures cost overruns or construction delays are the responsibility of the contractor. All costs will be recovered by electronic tolls, which remain the same as previously indicated, approximately \$3 for cars on opening day.

“We said from the beginning that this was a very challenging capital market environment, and that executing the project would involve complex negotiations,” said Falcon. “We commend Macquarie Group for being able to arrange committed debt and equity for the project through unprecedented turbulence in global markets, and for assembling a first-class team of consortium partners. Unfortunately, the parties could not agree on final terms. Partnerships BC recommended not to proceed, and the Province and Connect BC have mutually agreed to end the P3 procurement process. However, as a Province, we remain committed to using P3 arrangements where they prove to be in the best interests of B.C. taxpayers.”

The Province has engaged Macquarie Group to provide advisory services, including on financing and tolling operations, where Macquarie is recognized as a world leader.

“Although we could not reach a final agreement with the Province we are proud of our accomplishments in putting together a world class proposal and team,” said Paul Donnelly, president and CEO of Macquarie Capital Markets Canada Ltd. “We look forward to sharing our global infrastructure advisory experience, together with our intimate knowledge of the Port Mann project, which we believe will prove invaluable to the Province.”

The Port Mann/Highway 1 project consists of the construction of a new Port Mann Bridge and widening Highway 1, upgrading interchanges and improving safety and access between McGill Street in Vancouver and 216th Street in Langley, a distance of approximately 37 km.

1 backgrounder(s) attached.

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