

CANADA LINE INFORMATION BULLETIN

BULLETIN No. 14 | MARCH 03, 2006



Providing residents, businesses and the public with regular project updates. To receive these bulletins by email, sign-up online:

www.canadaline.ca

In this Bulletin...

Fixed-Price, Date-Certain Contract.....	1	Performance-Based Payment	3
Investment & Risk Transfer	1	Protection In Case of Early Termination.....	3
Managing Risk Effectively.....	2	Project Within Approved Funding.....	4
Design & Construction	2	Balancing Disclosure & Competitive Processes.....	4
Operations & Maintenance	3	Canada Line Background.....	5

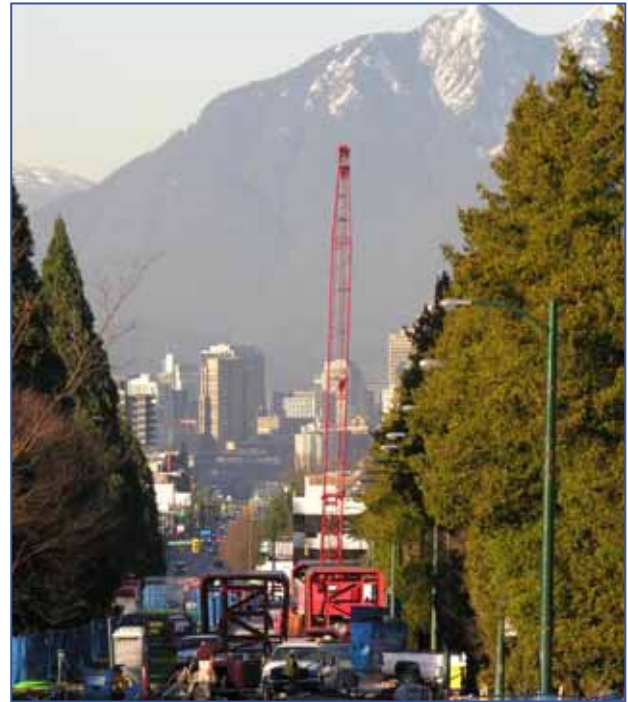
Contract Confirms Public Protected From Potential Construction Cost Increases

Concession & Funding Agreements Available on Project Website

Construction of the Canada Line rapid transit system between Richmond City Centre, Vancouver International Airport, and Vancouver is underway. As part of an ongoing effort to provide the public with information about the project, key project agreements are now available online. The Canada Line Concession Agreement describes the public-private partnership that has been established to design, build, operate, maintain and partially finance the Canada Line. The parties to the Agreement are the Greater Vancouver Transportation Authority (TransLink), Canada Line Rapid Transit Inc. (CLCO)¹, and InTransitBC. The Agreement sets out InTransitBC's obligation to bring Canada Line into service on or before Nov. 30/09 and to operate and maintain it until 2040.

Fixed-Price, Date-Certain Contract

Project capital costs, approved funding from the public and private sectors, allocation of risks, and completion dates are set out in the Concession Agreement and have not changed since the Agreement was signed on July 29, 2005, effectively delivering a fixed-price, date certain contract. Under the Agreement, InTransitBC bears the risk of construction cost overruns (materials, labour, etc). This is an important protection for the public sector and taxpayers in BC's current construction market.



Strength of the Partnership: Investment & Risk Transfer

The project is defined as a public-private partnership. The parties have the objective of building the Canada Line in the most efficient manner possible and making sure that risks are the responsibility of those best placed to manage those risks.

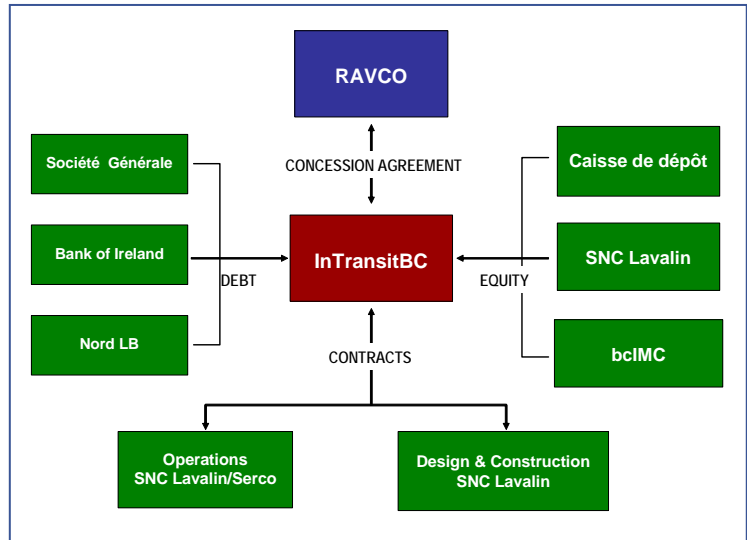
InTransitBC is a limited partnership formed by SNC-Lavalin and two financial partners, British Columbia Investment Management Corporation and Caisse de dépôt (see chart). SNC-Lavalin is undertaking the design and construction for the partnership.

¹ On February 1, 2006 RAV Management Ltd. changed its legal name to Canada Line Rapid Transit Inc.

SNC-Lavalin is one of the leading groups of engineering and construction companies in the world. SNC-Lavalin has offices across Canada and in 30 other countries around the world. They are currently working in some 100 countries.

InTransitBC is investing \$720 million (\$ nominal) of its own capital in the project, obtained through both debt financing and equity investments. In the unlikely event that InTransitBC cannot deliver on its commitments, this investment is at risk.

The private sector's funding commitment is also secured by letters of credit from lenders, and corporate guarantees from SNC-Lavalin.



The partnership structure

Managing Risk Effectively

A key principle behind the design of the Agreement is that risk should, where possible, be allocated to the party most able to manage and mitigate it.

Virtually all construction cost and schedule risks, including geotechnical risk, have been allocated to InTransitBC. In addition, the Concession Agreement assigns the operating cost and maintenance risks to InTransitBC. Transferring these risks helps protect against designs that are inefficient or costly to operate/maintain.

Ridership risk (i.e., the risk that actual ridership is different from forecast ridership) is best managed by the public sector. Typically GVTA assumes all ridership risk on its transit services. For the Canada Line most, but not all, of the ridership risk is allocated to GVTA. This is because it controls the Lower Mainland's public transportation system, sets fare levels for bus and rail systems, plans bus routes and integrates them with rail systems, and is responsible for marketing public transit to the public. Over the life of the contract, forecasts show that revenues from ridership and savings generated by the Project should be sufficient to cover operating costs and payments.

As is typical with most commercial agreements, the parties have also agreed to narrowly defined circumstances in which InTransitBC could seek compensation or "relief" from specific obligations. These circumstances describe events that are outside of InTransitBC's control and not caused by InTransitBC. For example, compensation events

include CLCO failing to provide property for the right of way or discovery of undisclosed environmental liabilities and a relief event would be a flood. Higher than expected construction costs, for example, is not a compensation event.

Design & Construction

InTransitBC is responsible for all aspects of the design, construction, testing and commissioning of the Canada Line according to the requirements established by the public sector. These requirements include:

- design and construction specifications for stations and vehicles;
- environmental standards;
- construction schedule;
- construction and safety standards;
- testing and commissioning; and
- quality control.





Operations & Maintenance

The Agreement also sets out InTransitBC's obligation to operate and maintain Canada Line from 2009 to 2040. The operation and maintenance requirements established by the public sector include:

- minimum operating hours;
- train frequency;
- maximum travel times;
- appropriate service and staffing plans;
- cleaning and maintaining vehicles and stations;
- annual and five year operation and maintenance plans;
- an operations environmental management plan;
- customer relations standards and customer service response times.

Performance-Based Payment

Payment has been structured to ensure that InTransitBC performs in accordance with its contractual obligations.

During the construction period, InTransitBC is paid only after it achieves defined construction milestones as certified by an Independent Engineer. A daily charge is payable to Canada Line by InTransitBC should it fail to meet the November 30, 2009 construction deadline. InTransitBC does not start receiving operating payments until service commences.

During the operating period, InTransitBC receives payments that reflect achievement of performance

measures for availability (e.g., on-time arrivals) and quality (e.g., safety and cleanliness).

Since InTransitBC's performance also influences ridership, it carries part of the risk of actual ridership being different than forecast ridership. During the operating period, 70% of each payment to InTransitBC is based on availability, 20% on quality of the service delivered, and 10% on achievement of ridership forecasts.

Protection In Case of Early Termination

The Concession Agreement has a 35-year term and protects the parties in the unlikely event of early termination caused by a default. The Agreement describes in detail the steps that would be taken in the event of an early termination.

If the Agreement is terminated during either the construction or operating periods because of a failure by InTransitBC to perform to its obligations, the Agreement contains provisions to ensure that GVTA will have a fully operational system at no additional cost to GVTA. The Agreement describes a series of detailed mechanisms to determine how investment and costs would be allocated among the parties depending on the timing and circumstances of such an event.



Project Within Approved Funding

Five agreements document the understanding between the Funding Agencies with respect to roles, requirements, and obligations in the funding of the Canada Line. Each of the Funding Agreements specifies the conditions of the contributions in order to protect the public interest. Common to all of these agreements is the objective of creating greater public transportation choice and addressing traffic congestion.

	\$2003	\$Nominal
Approved Public Funding	\$1.25 b	\$1.33 b
InTransitBC Investment	\$0.657 b	\$0.720 b
Total Estimated Cost	\$1.9 b	\$2.05 b

Project Within Approved Funding (\$ billion)

Note: In order to provide a consistent basis for comparison throughout the planning stages of the Project, amounts have typically been expressed in 2003 dollars using the Consumer Price Index (CPI) to adjust for inflation where necessary. Many agencies and companies express costs and contributions in nominal dollars, which express the value of money when it is spent. For convenience, both equivalents are provided here.

As the Agency responsible for the Lower Mainland's public transportation system, GVTA will own the Line from downtown to Richmond and set fares.

GVTA and Vancouver International Airport Authority (VIAA) have agreed that VIAA will own the portions of the Line on their property and lease them to GVTA for a nominal amount. This is because the VIAA is paying for the Airport segment of the Line and needs to own assets equal to the value of its contribution.

VIAA will also own the Bridgeport and Marine Drive stations in recognition of its contribution to Canada Line "common costs" (e.g., vehicles, train controls, the operations & maintenance facility & project management).

To facilitate the movement of airline passengers and employees, fares will not be paid on trips within Sea Island. A premium fare of approximately \$2.00 over the regular fare is planned for airport passengers. The special fare structure for the airport passenger market is commonly found in cities around the world with rail service to the airport.

There are some costs being funded and managed directly by GVTA which are not included in the calculation of total project costs. These costs include the GVTA-designated policing units, certain operating period insurance policies, GVTA and City funding of major road construction, cost of trolley wires, construction of bus loops and ticketing machines. These are services GVTA, as the owner of the public transportation network, provides across its range of operating subsidiaries

Balancing Disclosure & Competitive Processes

Procurement processes, negotiations and the detailed financial information of private companies are typically confidential. This is not unique to public-private partnerships. Whether seeking sewer replacement contractors, waste disposal or financial services, public agencies are required to protect competitive bidders with a confidential process, and then to protect their proprietary and commercially-sensitive information thereafter.

Consistent with CLCO's commitment to balancing transparency and delivering value through a commercial process, much of the Concession Agreement is being posted on the project website. Some information cannot be made public at this time without harming InTransitBC's or SNC Lavalin Inc.'s position in a competitive market. In these cases, CLCO is obligated by law not to disclose the information. In addition, there are limited passages where information has been removed in order to protect the safety and security of workers, the public or the system. InTransitBC continues to review the Concession Agreement to determine whether additional information can be disclosed at a later date.



Construction Schedule Overview



*Dates are subject to change. Last update: February 2006

Our Commitment: To Be a Good Neighbour

- ✓ We will **PROMOTE** a safe environment for the people building the Line and for the people who live and work near construction sites.
- ✓ We will **INFORM** corridor residents and businesses about the construction program and schedule.
- ✓ We will **UPDATE** traffic information regularly to help motorists plan their routes.
- ✓ We will try to **MINIMIZE** as much as we can construction-related disruptions to residents and businesses along the route.
- ✓ We will **WORK WITH** corridor businesses to help them manage through the construction period.

About the Canada Line Project

The Canada Line rapid transit system will run fully separated from traffic between the transportation hub at Waterfront Centre in Vancouver, the heart of Richmond's civic precinct, and Vancouver International Airport. With 16 stations, two bridges, over 9 km of tunnel, parking and bus facilities, and transit capacity equivalent to 10 road lanes, the Canada Line will be an important new link in the regional transportation network. The Governments of Canada and British Columbia, the Greater Vancouver Transportation Authority (TransLink), and Vancouver International Airport Authority are funding the Canada Line, which is also supported by the Cities of Vancouver and Richmond. The project is overseen by Canada Line Rapid Transit Inc. (CLCO), a subsidiary of TransLink. The Line is being designed, built, operated, maintained and partially financed by InTransitBC.

This notice contains important information that may affect you. Please ask someone to translate it for you.

此通告刊登有可能影響閣下的重要資料。請找人為你翻譯。

ਇਸ ਨੋਟਿਸ ਵਿਚ ਮਹੱਤਵਪੂਰਨ ਜਾਣਕਾਰੀ ਹੈ ਜੋ ਕਿ ਤੁਹਾਡੇ ਲਈ ਜ਼ਰੂਰੀ ਹੋ ਸਕਦੀ ਹੈ। ਕਿਰਪਾ ਕਰਕੇ ਕਿਸੇ ਨੂੰ ਇਸ ਦਾ ਉਲੱਥਾ ਕਰਨ ਲਈ ਆਖੋ।

Thông báo này có tin tức quan trọng có thể ảnh hưởng đến quý vị. Xin nhờ người phiên dịch hộ.

Este aviso contiene información importante que puede afectarle personalmente. Pídale a alguien que se lo traduzca.

Ce document contient des renseignements importants qui pourraient vous concerner. Veuillez demander à quelqu'un de vous le traduire.

Learn More / Share Your Thoughts:

✉ info@canadaline.ca

For Construction Information:

For Project Information:

🌐 www.canadaline.ca

☎ 604.608.0200

☎ 604.484.6700

☎ 604.484.6799

🏢 Canada Line Rapid Transit Inc.

1650 - 409 Granville St, Vancouver, BC, V6C 1T2

Funding Agencies:



Supporting Agencies:

