

**GNWT RESPONSE TO STANDING COMMITTEE ON GOVERNMENT OPERATIONS
CR 1-16(6): REPORT ON THE REVIEW OF THE REPORT OF THE AUDITOR
GENERAL ON THE NORTHWEST TERRITORIES
DEH CHO BRIDGE PROJECT – 2011**

Preamble

The construction of the Deh Cho Bridge is the largest infrastructure project ever undertaken by the Government of the Northwest Territories (GNWT). As with any project of this magnitude there are risks which can impact the project's schedule and budget, some of which have been encountered.

The Office of the Auditor General (OAG) Performance Review was a mid-project review requested by Members of the Legislative Assembly. The audit primarily focused on the challenges encountered in Phase 1 of the project when the Deh Cho Bridge Corporation was still involved. The audit was an examination of the GNWT's role in the project.

GNWT officials cooperated fully with the OAG and provided all documents and details requested to ensure access to all relevant information. This was a continuation of the transparency and access the GNWT provided the Auditor General on the project in previous years' audits of the public accounts.

The GNWT agrees with the Auditor General's assessment that decisions made prior to and during Phase 1 construction led to construction delays and an increase in the project cost. Lessons have been learned that will be incorporated into the management of future large capital projects and P3 projects.

The Auditor General concluded that the Department of Transportation has taken appropriate steps to manage key risks in Phase 2 of the project, including a thorough review of the quality of work in Phase 1. She suggested improvements to the risk mitigation process, which have been incorporated.

At the request of the Standing Committee on Government Operations, GNWT officials met with the Committee to respond to questions on the project. The Committee has identified a number of recommendations to which the GNWT is now responding.

The priority of the GNWT is to complete the Deh Cho Bridge without compromising either quality or safety. The bridge is well-designed to meet or exceed Canada's national Bridge Code in all respects throughout its 75 year design life. It will be a vital link that will benefit all Northwest Territories (NWT) residents.

Recommendation 1

The Standing Committee on Government Operations recommends that the GNWT finalize a public-private partnership policy. This policy should include provisions to ensure that:

- *The GNWT undertakes an analysis of its full financial exposure;*
- *The roles and responsibilities of the GNWT and its partner(s) are clearly defined;*
- *Due diligence is carried out on the partner's capacity to fulfill its roles and obligations.*
- *Risks and opportunities are proportionately shared; and*
- *The GNWT establishes a clear understanding of a community's objectives and abilities when entering a partnership with a community.*

Cabinet should provide a timeline for the finalization of the public-private partnership policy within the life of the 16th Legislative Assembly.

GNWT Response:

The GNWT Public-Private Partnership (P3) policy came into effect on May 12, 2011. The policy and accompanying guidelines address all of the provisions articulated by the Standing Committee.

Recommendation 2

The Standing Committee on Government Operations recommends that the Department of Transportation thoroughly investigate the necessity and practicality of installing a catwalk, and report back to Members with other options for maintenance and inspection duly compared, within the scope of the Canadian Highway Bridge Design Code.

GNWT Response:

The GNWT and Advisors on the Deh Cho Bridge reviewed current best practices for bridge inspection on long span truss bridges and assessed the impacts (costs, delay, schedule, and coordination of other works) of constructing a catwalk.

The results of the review indicate that bridge standards from around the world indicated that catwalks are not mandatory for rural bridges such as the Deh Cho Bridge. The Canadian Highway Bridge Design Code states that catwalks should be considered but are not mandatory for bridges with spans in excess of 75 metres. Key is the fact that the bridge should be designed with the ability for an inspector to access all major bridge components. This can be achieved via catwalks, travelling scaffolds or Under Bridge Inspection Trucks (UBIT).

The Department reviewed each option and concluded that the UBIT is the best option.

A catwalk is very expensive to construct (estimated at \$6 million for the Deh Cho Bridge), requires its own maintenance and rehabilitation, benefits only one bridge, and catwalks are often used by vandals to give access to sensitive parts of the bridge.

An Under Bridge Inspection Truck is commonly used in British Columbia and Alberta for inspections and repairs as it gives inspectors close access to all major bridge components by means of a bucket on an extendible arm able to telescope to access different parts of the bridge. The UBIT is considerably less expensive and can be used on all bridges in the NWT. It provides access to all parts on the bridge including the bearings, lock-up devices, cables, and expansion joints.

The bridge Design Engineer is preparing a detailed maintenance manual that will be followed during the life of the bridge.

Recommendation 3

The Standing Committee on Government Operations recommends that before the Deh Cho Bridge opens to traffic, the Department of Transportation ensure that a qualified authority certifies that the design and construction of the Deh Cho Bridge meets the Canadian Highway Bridge Design Code.

GNWT Response:

This issue was also highlighted in the Levelton Report commissioned by the Department of Transportation as part of its due diligence when taking over control of the project. The Department of Transportation has committed to ensuring that a qualified authority certifies the Deh Cho Bridge meets the Canadian Highway Bridge Code in all respects. With three Engineers of Record involved in the project it is agreed that a check of the “as built” records is important to track and record and there should be an ultimate sign-off by a single qualified authority. To that end, a Design Continuity Review has been undertaken by the project’s Territorial Advisors. The decision on who will be the qualified authority awaits the completion of the Design Continuity Review.

Recommendation 4

The Standing Committee on Government Operations recommends that the department keep all Members of the Legislative Assembly fully apprised of progress on the bridge and cost implications, and provide regular updates to the Standing Committee on Economic Development and Infrastructure. These updates should include details specifically related to project risks, schedule, toll collection and establishing an Engineer of Record.

The department should provide Members with a timeline and total cost for the completion of the Deh Cho Bridge project at the earliest possible date.

GNWT Response:

The Department of Transportation will continue to make available information on the construction schedule and costs of the Deh Cho Bridge to all members of the Legislative Assembly. In addition, the Department will continue to provide the Minister with information for distribution in e-mail updates, Minister's Statements and any other appropriate methods.

The Department will provide Members and the public with a timeline and total cost for the completion of the Deh Cho Bridge project when that information is formally available.

Recommendation 5

The Standing Committee on Government Operations recommends the department should provide an all-in, total cost for the project when it is complete that clearly identifies internal costs to the Legislative Assembly and the public.

The committee understands that the department has yet to provide a formal action plan on how it will implement the Auditor General's recommendations.

GNWT Response:

Following the completion of the Deh Cho Bridge, the Department of Transportation will undertake a retrospective analysis. This analysis will include total Project costs as well as lessons learned to assist the GNWT with future large infrastructure projects.

See also the response to Recommendation 6 below.

Recommendation 6

The Standing Committee on Government Operations recommends that the Department of Transportation provide and make public a detailed action plan to implement the recommendations contained in the Auditor General's report on the Deh Cho Bridge Project, within 90 days.

GNWT Response:

The OAG report on the Deh Cho Bridge contains the detailed responses from the Department of Transportation to the three recommendations noted in the OAG report. The recommendations and a summary of the Department's responses are provided below.

OAG Recommendation 1: For future major projects, the GNWT should establish a senior project oversight committee early in the planning phase of a major project to advise the government and the Legislative Assembly. It should be composed of individuals with considerable experience in managing major projects.

GNWT Response Summary: The GNWT has established a Peer Review process for all new large capital projects and has also instituted a policy for projects that have alternative financing such as P3s. See also the response to Standing Committee Recommendation 1 noted above.

OAG Recommendation 2: The Department of Transportation should update the information contained in its risk matrix, providing more complete information on mitigation measures responding to potential risks.

GNWT Response Summary: The GNWT has established a highly competent Project Management Team and has also engaged risk experts to review and assess the project risks and corresponding mitigation plans. The risk matrix is updated regularly and reviewed as part of the monthly project team meetings.

OAG Recommendation 3: The Department of Transportation should ensure that a single authority is identified to certify that the design and construction of the Bridge meets the Canadian Highway Bridge Design Code, and this should take place before the Bridge opens to traffic.

GNWT Response Summary: The GNWT will ensure a qualified authority certifies that the design and construction of the Bridge meets the Canadian Highway Bridge design Code. See also the response to Standing Committee Recommendation 3 above.

Recommendation 7

The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide a comprehensive response to this report within 90 days.

GNWT Response:

As per the Standing Committee's recommendation, the Government of the Northwest Territories will table this response during the August 2011 Session.