

Lockington, Elliott (SPAC/PSPC)

From: Media <media@tpsgc-pwgsc.gc.ca>
Sent: July 9, 2020 5:50 PM
To: Roy, Cecely (SPAC/PSPC); fitz-morris, James (SPAC/PSPC)
Cc: Elizabeth Lindsay; James Stott; Jean-François Létourneau; Lucie Brosseau; Martine Skelton; Media; Me'Shel Gulliver Bélanger; Rachel Lagacé; Sara Lacasse; Vivianne Soubhie
Subject: For MO Approval: Media response / Tier 1 – Follow-up: COVID-19 - Contracts with SNC-Lavalin / QMI Agency

Hi Cecely,

For MO approval please. New info in purple.

Marc
873-354-7219

Media Response
QMI Agency
Daoust-Braun, Sarah (QMI Agency)
Date Call Received: July 2, 2020, 2:40PM
Deadline: July 10, 2020, 5:00PM
Tier 1 – Follow-up: COVID-19 - Contracts with SNC-Lavalin

BACKGROUND:

The researcher has follow-up questions about the contract awarded to SNC-Lavalin and the administrative agreement the company has signed with the government. She pointed out that SNC-Lavalin is the only company that has signed an administrative agreement with the government of Canada.

<https://www.tpsgc-pwgsc.gc.ca/ci-if/ententes-agreements-eng.html>
<https://www.tpsgc-pwgsc.gc.ca/ci-if/guide-eng.html>
<https://www.tpsgc-pwgsc.gc.ca/trans/pq-qp/qp36-eng.html>

It states that contracts can still be granted, but additional caution must be exercised.

"An administrative agreement is an arrangement between the supplier and the government. It is used when the department determines that it must exercise additional caution to further mitigate risks of contracting with a particular supplier. It includes conditions that the supplier must fulfil to be eligible to be awarded a federal contract. Conditions include remedial and compliance measures. The agreement must be monitored by a qualified and independent third party, recognized by the department and at the supplier's expense."

She wants to know what control mechanisms exist before the contract is awarded and while the contract is in effect.

VALUES STATEMENT:

QUESTIONS / ANSWERS:

Q1. You note: *These contracts, which were awarded to Weatherhaven Global Resources Ltd. of Coquitlam, British Columbia, and SNC-Lavalin PAE Inc. of Ottawa, Ontario, also include components for design expertise as well as a range of services to support the Government of Canada's efforts.*

How much of the total amount of the two contracts will be used to pay for design expertise and how much for the range of services?

A1. Approximately \$2M of each contract is applied to design.

What does "range of services" mean? What is that referring to?

A1. The contracts address the full services related to the development and future deployment of the MHUs. The services being provided by the contractors include, but are not limited to:

- Design of the MHU including discussions with provinces and territories
- Purchase of medical equipment (including Intensive Care Unit capabilities) — 100 hospital beds per MHU, ventilators, etc.
- Purchase of medical consumables for 10 days (consumables includes medications, PPE, medical supplies, stationary, etc.)
- Warehousing space and management (including maintenance of equipment while in storage)
- Deployment costs, including transportation and construction on site (labour, tools, accommodation and meals for staff, etc.)
- Infrastructure development, including electricity through stand-alone generators, storage and distribution of potable water and black water, storage and distribution of oxygen sufficient to deal with 100 COVID-19 infected patients, etc.
- External maintenance while MHU is operational (e.g. fueling generators, emptying black water storage, etc.)
- Decontamination of the MHU, deconstruction, and repacking once it is no longer needed at site. This also includes return shipping to the warehouse and making the MHU ready for the next deployment.

It is too early to know how much of the total amount of the two contracts will be to pay for the range of services given that too many variables are currently unknown now (deployment location(s), sort of utilities provided, deployment time frames, etc.)

Q2 As I understand your answer, the value of the two contracts (300 million) will allow for the construction of 10 mobile units (not 10 mobile units per contract of 150 million).

That is correct. The two contracts will allow for the construction of a total of 10 mobile units, not 10 units per contract.

I would like to know more about the content of these mobile health units that will contain 100 beds in order to understand the reason for the high construction and design costs.

A2. The Mobile Health Unit (MHU) will be a fully self-sufficient unit which will provide targeted care for persons with acute respiratory disease and distress. It will be designed with a triage area, short stay evaluation area, two resuscitation bays, up to an 80 bed inpatient ward, up to a 20 bed Intensive Care Unit (ICU), diagnostic imaging (portable x-ray), laboratory, pharmacy, and a separate low-risk zone which includes central supply and office space. Integral to the design is a full water, sanitation, and hygiene (WASH) system of fresh potable water systems, latrines, showers, and hand washing stations. Should electrical hookup or compressed oxygen not be available at the deployment site, power is to be provided through generators and oxygen through various O2 generators and concentrators. The self-sufficiency of the unit makes it extremely flexible for deployment where the need is greatest in Canada, not just where the utilities exist for its support.

Q3 What control mechanisms and precautions were put in place under this administrative agreement before this untendered contract was awarded to SNC-Lavalin, and while the contract was in effect? (DOB)

Canada entered into an administrative agreement with SNC-Lavalin in 2015. The terms and conditions that SNC-Lavalin must meet in order to maintain its status under the Integrity Regime are set out in the administrative agreement that has been reached. Such terms include implementing an ethics and compliance program, enhanced communication and training, implementing the company’s internal policies and control measures on an ongoing basis, and conducting a risk assessment. The company has hired a qualified independent third party to monitor compliance with the terms and conditions of the agreement at its own expense.

Q4. Do you think it was appropriate to award a \$150 million untendered contract to a company that is subject to an administrative agreement? (DOB)

The company’s status under the Integrity Regime remains unchanged. The administrative agreement reached with SNC-Lavalin allows the company to continue to bid on contracts and real estate transactions as long as it remains in compliance with the terms and conditions.

The Government of Canada integrity provisions were followed for these contracts. Both SNC-Lavalin - PAE Inc and Weatherhaven Global Resources Ltd are government suppliers and already had contracts with Canada through competitive processes demonstrating they could offer best value to Canada.

Response provided on June 30:

As part of the government-wide response to the COVID-19 pandemic, the government is leveraging private sector resources and expertise to protect the health and safety of Canadians.

Publics Services and Procurement Canada (PSPC) is taking an aggressive approach to buying, especially when it comes to personal protective equipment for front-line healthcare workers. Our approach includes ordering in bulk in advance for the provinces and territories, supplementing those orders by purchasing everything immediately available and ramping up domestic manufacturing capacity through the [Plan to Mobilize Industry to fight COVID-19](#), being led by Innovation, Science and Economic Development Canada.

This is over and above efforts provinces and territories are taking to secure their own supply.

Q1. What are the details of the \$150 million contract awarded to SNC-LAVALIN PAE INC. specifically regarding prefabricated and portable buildings? How will these buildings be used? Is this contract related to the pandemic and SNC's announcement on April 24, 2020?

A1. The government of Canada has been working with the provinces and territories on an ongoing basis to determine their needs and to purchase the equipment, supplies and services needed to combat COVID-19. This is part of the government's proactive approach to addressing the specific needs of the provinces and territories during this pandemic.

The government of Canada has awarded two contracts for up to 10 mobile health units that can be easily stored, accessed and transported for use anywhere in Canada.

These contracts, which were awarded to Weatherhaven Global Resources Ltd. of Coquitlam, British Columbia, and SNC-Lavalin PAE Inc. of Ottawa, Ontario, also include components for design expertise and for a range of services to support the government du Canada's efforts.

These units are built specifically for providing respiratory care so that local health authorities can address overflows of patients, if necessary.

These contracts contribute to our overall preparedness in protecting the health and safety of Canadians and planning for any eventuality.

The contracts were announced by Minister Anand on Friday, April 24, and we can confirm that this was announced by the company in a press release the same day.

Q2. Are there other contracts on the same subject still to come?

A2. Canada has no plans to award further contracts for the development of mobile health units at this time.

Q3. Were calls for tenders issued before these two contracts were awarded?

A3. A public call for tenders was not advertised due to the urgency of the need because of the pandemic. This procurement process happened in April 2020.

Two companies that are widely known to have expertise in deployment and logistical support (as well as proven experience) were invited to participate in this procurement process, which was extremely fast because of the pandemic.