

B.C. Selects SNC-Lavalin Group as Preferred Bidders on \$1.4 Billion Transit Line

By Ross Marowitz, The Canadian Press | October 04, 2012

MONTREAL - SNC-Lavalin received renewed signs of confidence in its operations Thursday after being selected as the preferred bidder for a \$1.4-billion B.C. transit project and winning a potash feasibility project in New Mexico.

A consortium headed by the Montreal-based engineering and construction giant has been tabbed by the B.C. government to design and build the Evergreen Line Rapid Transit project.

The project, which will integrate into the existing SkyTrain system, will link the cities of Burnaby, Port Moody and Coquitlam with an 11-kilometre advanced light rapid transit line.

SNC-Lavalin's partners include several businesses, including Graham Building Services, MMM Group Ltd., International Bridge Technologies Inc. and Jacobs Associates Canada Corp.

The project includes elevated and at-grade guideways, a two-kilometre bored tunnel, seven stations, power substations, train operating systems, parking facilities, and a vehicle storage and light maintenance facility.

It will link directly to the Millennium Line, with connections to the Expo Line, Canada Line, the West Coast Express and regional bus networks.

The B.C. government is contributing \$583 million and will also oversee construction of the project. The federal government will provide up to \$417 million. TransLink will contribute \$400 million and operate the line when it is complete.

Construction of the Evergreen Line is expected to create 8,000 direct and indirect jobs.

Major construction will begin in the late fall once the contract is signed and is slated to open for service in the summer of 2016.

SNC-Lavalin has experience building B.C.'s transit network after heading up construction of the Canada Line rapid transit system that links downtown Vancouver with Vancouver International Airport in Richmond. It has a 33.3 per cent equity participation in InTransit BC, which will operate and maintain the Canada Line under a 35-year concession agreement.

Spokeswoman Leslie Quinton said SNC is proud to have won this mandate, which is "a natural extension" of its earlier successes in the province.

"We are grateful to our client for their confidence and the opportunity to serve them again, and we are committed to delivering to them and their customers a first class transportation experience," she said in an email.

The SNC partnership bid against two other joint ventures — A. EL Partners which includes Bombardier Transportation (TSX:BBD.B) and Genivar (TSX:GNV), and Kiewit/Flatiron Evergreen Line.

Earlier Thursday, IC Potash Corp. awarded SNC-Lavalin a contract to develop key sections of a feasibility study for its Ochoa Sulphate of Potash project in New Mexico.

No value was provided for the work that is underway and is expected to be completed next August.

The feasibility study of ICP's (TSX:ICP) deposit in the southeastern region of the U.S. state will examine technical requirements.

Those include recovery methods, project infrastructure, processing facility and ancillary services to produce specialized fertilizers SOP and sulphate of potash magnesia (SOPM).

SNC-Lavalin (TSX:SNC) will also develop the cost estimate and help ICP in the economic analysis of the project.

"This award builds on our potash expertise and knowledge, and affirms our position as a leading engineering contractor in the potash fertilizer industry," said Dave Clarke, SNC-Lavalin's executive vice-president of global mining and metallurgy. ICP's chief executive Sidney Himmel said the company is working with SNC-Lavalin because it is an international leader in working with the mining industry, having completed more than 350 major projects worldwide.

"Our goals to become the lowest cost producer of SOP and SOPM and to effectively address the underserved global market for these in-demand premium fertilizers were the basis for our decision to award this key contract to SNC-Lavalin," he said.

Maxim Sytchev of AltaCorp Capital said SNC-Lavalin may be facing trying times, but these contracts remind investors that potential clients are looking for SNC's ability to execute and financial ability to withstand challenges.

"SNC checks both marks," he wrote in a report.

"The concession portfolio and the strong balance sheet gives us confidence that SNC-Lavalin is going to be able to overcome the current trough."

The engineering and construction giant's new CEO Robert Card started on the job this week amid reports that about \$22.5 million of the \$56 million in questionable payments to undisclosed foreign agents was used to win the Montreal super hospital project.

Former CEO Pierre Duhaime stepped down in March amid the controversy over the payments, which breached the company's code of ethics.

On the Toronto Stock Exchange, SNC's shares closed up 56 cents at \$38.25 in Thursday trading. ICP's shares were up three cents to 85 cents.

Source:<http://www.canadianbusiness.com/article/101251--snc-lavalin-awarded-ic-potash-feasibility-contract-for-u-s-project>