

A scenic landscape photograph of the Faro Mine. In the foreground, a large, vibrant turquoise lake fills the lower half of the frame. Behind the lake, a massive, terraced mine pit rises, showing distinct horizontal layers of earth and rock. The upper rim of the pit is covered with dense green forest. In the background, rolling hills and mountains are visible under a clear blue sky. Some distant peaks have patches of snow. The overall scene is a mix of natural beauty and industrial scale.

Faro Mine Urgent Works: Lessons Learned

Katherine Bogus
Katherine.Bogus@tpsgc-pwgsc.gc.ca

Amanda Wiebe
Amanda.Wiebe@tpsgc-pwgsc.gc.ca

Faro Mine

Located in the Yukon on a 2500 hectare site 350 kilometers northeast of Whitehorse

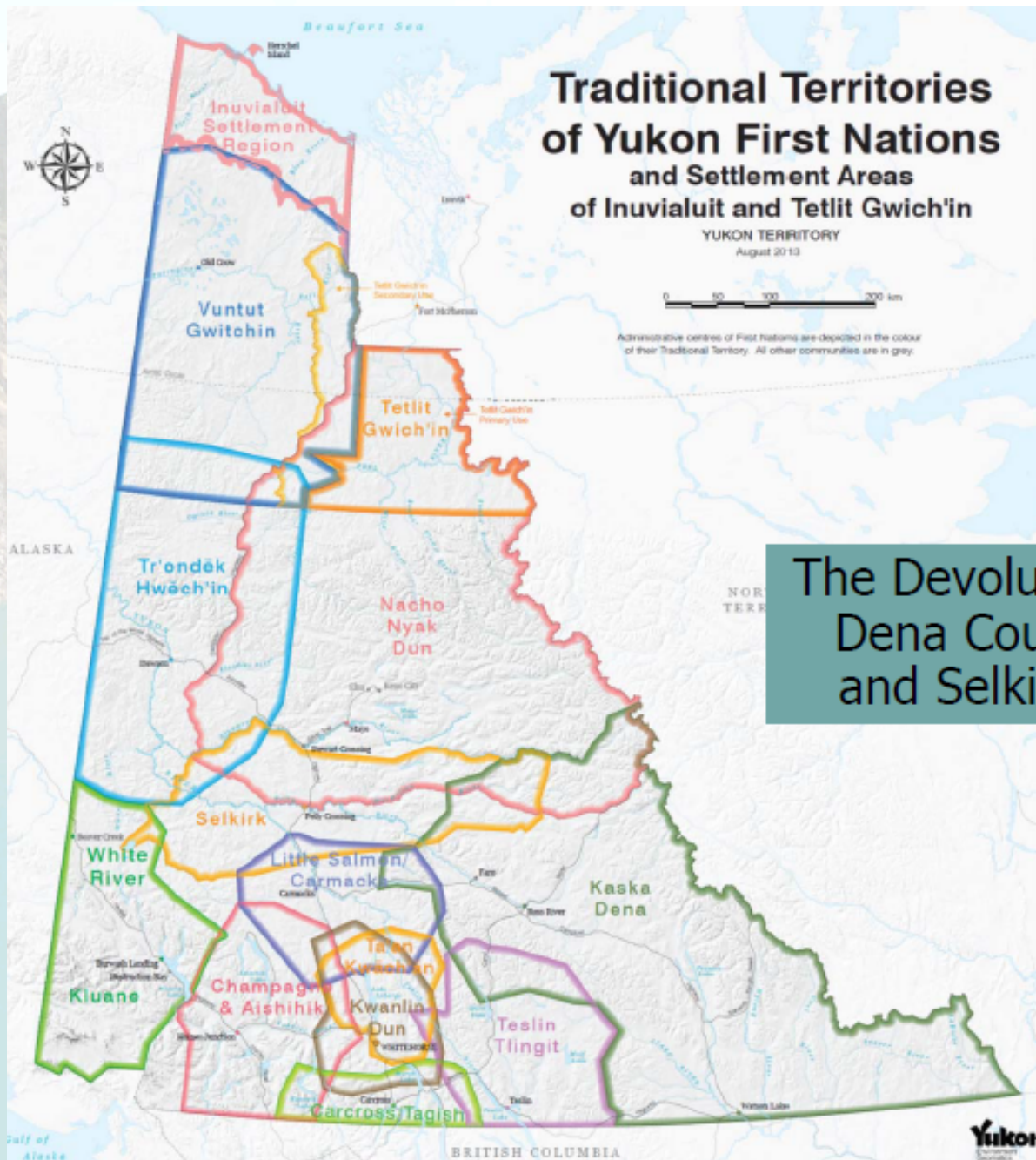
Open pit mine produced lead and zinc, operated from 1969 until 1998

In 1998 the last operator, Anvil Range Mining Corp, went into receivership

Deloitte and Touche were the court appointed Interim Receiver until 2009



At one time, the Faro Mine was the world's largest open-pit lead and zinc mine that supplied 15% of global output



The Devolution Transfer Agreement identifies Ross River Dena Council, Liard First Nation, Kaska Dena Council and Selkirk First Nation as **Affected First Nations**.



LEGEND

Channel

Diversion

Channel that diverts flow
water around the site.



0 0.5 1 2 KM

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www.faromine.ca | info@faromine.ca

Faro Mine Complex Landmarks Map

Mining for lead and zinc at the Faro Mine began in 1969 and lasted for almost 30 years. During its operation, the mine processed between 5,000 and 9,300 tonnes of ore per day. In 1998, the owner, Armet Range Mining

Corporation, went into receivership and stopped all mining operations. The Faro Mine site is 25 km² or 2,500 hectares in size. There is a total of 70 million tonnes of tailings and a total of 376 million tonnes of waste rock on the site.



Faro Mine Remediation Project
Projet d'amélioration-environnement de la mine Faro



1. Rose Creek Tailings Area



2. Rose Creek Diversion



3. Intermediate Pond & Dam



4. Cross Valley Pond & Dam



5. Mill Area - Faro Water Treatment Plant



6. Faro Waste Rock



7. Faro Pit



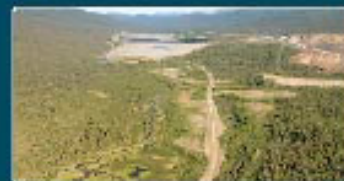
8. Faro Creek Diversion



9. Haul Road



10. Fresh Water Supply Dam & Reservoir



11. Access Road



12. Grum Pit



13. Vangorda Water Treatment Plant



14. Grum Waste Rock



15. Grum Sulphide Cell Cover Project



16. Vangorda Creek Diversion



17. Vangorda Pit



18. Vangorda Waste Rock

Interim Construction Manager Funding Agreement

- Construction Management approach
 - What a Construction Manager does
 - Benefits – one over arching entity, managing multiple work packages
 - More flexibility in contracting
- Funding Agreement vs. Contract
 - CIRNAC received warning from ECCC
 - CIRNAC's limitation in TB Approved Expenditure Authority & resulting Contract Authority
- Ross River Dene Council support

Roles & Responsibilities

- PSPC
 - Procurement support
 - Managed the solicitation process up to recommendation of successful bidder
- CIRNAC
 - Technical Authority via PN43
 - After Funding Agreement award, also Funding Agreement Authority (manages changes)
- Yukon Government
 - Formerly managed the site including Care & Maintenance
 - Evaluation Board Members
- Ross River Dena Council
 - Evaluation Board Members
 - Third Party Resource for bidders
- Raymond Chabot Grant Thornton
 - Fairness Monitor

Interim Construction Manager Funding Agreement

- Request for Proposal
 - Best Value: combined technical and price
 - Indigenous Opportunities Consideration (IOC) not applicable to ICM RFP, as no settled land claim
- Total Approval Value: \$153M
- RDG Approval required to proceed with tendering of FA
- TB Approval not required for FA award

Pre-Solicitation – Approval from Sr. Mgmt

- What:

- Sr. mgmt. not fully aware of PSPC's role in the procurement for the ICM – contradictory to what we thought
- Procurement halted on the verge of posting, which had impacts to the tendering schedule, and further impacts to the construction work packages
- Management was nervous about our legal risk in tendering a contribution agreement and handing over recommendation/management of tool to CIRNAC

- Lessons Learned:

- In the future, recommend a BN or Decision note ahead of time – prior to approval of the proc plan

Involving a third-party resource for bidders

- Background:
 - A Ross River Dena Council representative (advocate) was invited to address the bidders at the bidders conference
- Purpose:
 - To provide context and an appreciation for the history of the mine
 - To gain support from the local FN community
 - Bidders would be able to develop **meaningful** Indigenous Benefit Plans
- Issue:
 - Given a member of RRDC offering guidance to bidders, and RRDC was going to have representation on the evaluation board, there was concerned that seeking guidance could influence the outcome of the evaluation – positively and negatively
- Outcome:
 - Special Investigations Director Procurement Review was initiated
 - It was determined the integrity of the procurement process has been maintained

Lessons Learned

- In the future, we would manage this risk by:
 - Including PSPC Procurement attendance at these meetings in a FM type role
 - Make it clear to bidders at the bidders conference that there is no connection to the resource and the evaluators upfront
 - Encourage multiple representatives from both parties
 - Encourage participation from multiple stakeholders

Inclusion of third party evaluation team members

- Purpose:
 - To gain support from the local Indigenous community and the Yukon Gov't
- Who:
 - Individuals were chosen by the RRDC and the Yukon Government, and the experience and qualifications reviewed by PSPC.
- Issue:
 - Evaluator did not adhere to PSPC's policies surrounding the evaluation of bids
 - Clear unfavourable biases towards each of the bidders
 - Incorporated evaluation criteria into each criteria that was not consistent with the RFP
- Outcome:
 - Mutually agreed that the evaluator would no longer participate in the evaluation meeting.

Lessons Learned

- In the future, we would:
 - Request multiple representatives be proposed, and PSPC conduct interviews with each representative to determine the best suited candidate. PSPC choose the evaluators from the training pool
 - Hold a 1-2 day workshop to go over the evaluation procedures, expectations and government policies.
 - Meet in person, go through a mock evaluation and consensus meeting in order to address any areas of confusion or misunderstanding PRIOR to approving their inclusion on the evaluation board.

