



**REAL PROPERTY-1, PROPERTY MANAGEMENT AND PROJECT
DELIVERY SERVICES (RP-1)
EP008-112560/C**

REQUEST FOR INFORMATION

APRIL 18, 2013

INDUSTRY ASSOCIATION CONSULTATION SUMMARY REPORT

RP-1 INDUSTRY ASSOCIATION CONSULTATION SUMMARY REPORT – APRIL 18, 2013

The purpose of the April 18, 2013 Industry Association Consultation Session was to obtain specific feedback on the following sections of the Evaluation Criteria and the Statement of Work. Other industry stakeholders are free to also provide written feedback at any time to PWGSC or in later RP-1 consultation phases when a more complete draft of the evaluation criteria is made available for comment.

A) Evaluation Criteria - Draft excerpt from the Rated Requirements of an RP-1 RFP

Evaluation Area	Submission Requirements	Evaluation Criteria	Applicable Scale
Subcontract Procurement Approach - Openness, Fairness and Transparency	<p>"The Bidder should describe how it will provide open, fair, transparent and accessible procurement processes that encourage competition and demonstrate best value in the provision of requirements described in this Solicitation.</p> <p>The bidder should include any strategies and approaches it will use to ensure that procurement process costs and efforts are commensurate with the value and risk associated with the procurement, while respecting the principles outlined above."</p>	<p>Responses will be evaluated based on the degree the Bidder meets the objective of demonstrating an effective approach to its subcontracting procurement that is open, fair and transparent, encourages competition, and demonstrates best value in the provision of requirements described in this Solicitation.</p>	<p>Please see Table 1 inserted below.</p>

B) Scale - Draft scale from the Rated Requirements of an RP-1 RFP

The following scale may be used to evaluate the response.

TABLE 1 - APPLICABLE SCALE	
0	Not Addressed – No response provided or the response does not address the submission requirement.
1	Minimally Addressed – The response fails to demonstrate that the objective is achieved due to significant deficiencies. The deficiencies and/or weaknesses demonstrate that the Bidder is not likely to meet solicitation requirements. The Bidder demonstrates limited capability and demonstrates little understanding of the solicitation requirements.
2	Partially Addressed – The response does not demonstrate that the objective is fully achieved due to a significant level of deficiencies and/or weaknesses. However, the Bidder has some capability and demonstrates some understanding of the solicitation requirements.
3	Satisfactorily Addressed – The response does not demonstrate that the objective is fully achieved due to a moderate level of deficiencies and/or weaknesses. However, the Bidder has an acceptable level of capability and demonstrates adequate understanding of the solicitation requirements.
4	Well Addressed – The response demonstrates that the objective is mostly achieved due to few deficiencies and/or weaknesses. The Bidder has a very good level of capability and demonstrates a very good understanding of the solicitation requirements.
5	Excellent Addressed – The response fully supports or demonstrates that the objective is achieved with no deficiencies and weaknesses. The Bidder has an excellent level of capability and demonstrates expert understanding of the solicitation requirements.

C) Statement of Work - Draft Excerpt from an eventual RP-1 contract(s):

2.2.3 Comply with Procurement and Contracting Requirements

2.2.3.1 Apply acceptable procurement and contracting processes, documented as part of the SDR, to ensure best value in the provision of required materiel and services, and when choosing to subcontract:

- a) employ subcontracting practices that:
 - i. are seen by potential subcontractors to be open, fair and transparent and reflect good industry practices,
 - ii. provide ongoing opportunities for participation by industry, including by Small and Medium Size Enterprises (SMEs),
 - iii. result in competitive bidding for subcontracts,

- iv. justify and seek approval from the TA for deviations from the contractor's subcontracting process, and make related documentation available on request;
- b) ensure requirements are fully and clearly defined in tender and contract documents, minimizing the number of subsequent required amendments;
- c) use industry accepted standards and standard industry contract documents, such as Canadian Construction Documents CCDC 2 where available;
- d) respond diligently to industry or PWGSC enquiries concerning the awarding of subcontracts, and inform the TA of unresolved enquiries in a timely manner;
- e) provide the name of the successful supplier and, upon request, the value of the subcontract to unsuccessful bidders;
- f) ensure disputes are resolved effectively and do not negatively affect Canada:
and
- g) Define the security requirements for contracts and ensure subcontractors meet the appropriate security requirements set out in the Security Requirements Checklist (SRCL)

2.2.3.2 Maintain relationships with subcontractors at arms-length, within the meaning ascribed to that term under the Income Tax Act.

2.2.3.3 Have emergency contracting measures in place to able to respond appropriately when time is of the essence.

INDUSTRY ASSOCIATION PARTICIPANTS: A total of six representatives from two associations participated in the industry association consultation session.

A list of the associations and the representatives who participated can be found in Appendix A - List of Participating Associations.

INDUSTRY ASSOCIATION FEEDBACK:

The detailed questions and comments posed by industry association representatives together with the responses provided by PWGSC are included in Appendix B – Industry Association Consultation Detailed Feedback, Questions and Answers.

Appendix A - List of Participating Associations

The following associations were represented at the industry association consultation session on April 18, 2013. The associations are listed in alphabetical order and the association representatives are also identified.

COMPANY	REPRESENTATIVES
Canadian Construction Association (CCA)	Eric Lee Hugh Loughborough John Bockstael Serge Massicotte
Interior Designers of Canada (IDC)	Bryan Wiens Ester H. Ritchie

Appendix B – Industry Association Consultation Detailed Feedback, Questions and Answers

Questions and suggestions raised by industry association representatives at the Industry Association Consultation Session centered on the following items;

- (1) Draft Evaluation Criterion on Subcontracting and Procurement Approach,
- (2) Draft Evaluation Criterion Scale, and
- (3) Draft Statement of Work excerpt on procurement and contracting requirement.

The questions and suggestions that follow have been edited to avoid disclosing the originator and they are organized under the above topics. Please note that PWGSC is responsible only for the content of the answer that is provided. Throughout this Appendix, the term “prime contractor” refers to the prime contractor(s) for future RP-1 contracts or when referring to the existing Alternative Form of Delivery (AFD) contracts.

FEEDBACK / QUESTIONS	ANSWERS
1) Evaluation Criterion	
<p>Participants questioned how much weight would be given to the bidders approach to subcontracting vs. the overall bid price?</p> <p>Industry Associations also suggested a multi phase evaluation for the RP-1 requirement, whereby the capacity of the bidders is first evaluated and then used to create a shortlist moving forward.</p>	<p>PWGSC has undergone extensive consultations with the Office of Small and Medium Enterprises (OSME) and our legal department in order to find ways to address industry concerns while respecting our obligations under the applicable Trade Agreements.</p> <p>PWGSC clarified that the weighting structure and overall evaluation framework has not been finalized; however, the cost will be an element of the evaluation. PWGSC will also evaluate the past experience, methodology, organizational structure and capacity of the bidders. In this manner we will ensure that the Service Provider has the capacity, and a sound approach and strategy to perform the work.</p>
<p>One approach to subcontracting involves the use of third-party Service Providers to carry out pre-qualification of subcontractors. The primary Service Provider then issues bids to only those subcontractors included on the third-party Service Provider’s pre-qualified list. In order to obtain pre-qualification with the third-party Service Provider, the subcontractor must pay a subscription fee.</p>	<p>As the Statement of Work for RP-1 is performance-based, it will be up to the Service Provider to determine how the qualification of subcontractors will be carried out.</p> <p>Whether the prime contractor uses a third-party for pre-qualification will be at their discretion. As PWGSC will not be the only client of the service provider, PWGSC cannot unilaterally absorb subscription costs.</p>

<p>While some participants accepted this as a cost of business, others felt it was unfair for the subcontractors to have to pay subscription fees as they do not represent a guarantee for work under the primary contract. These participants questioned whether PWGSC would consider absorbing these subscription costs.</p>	
<p>At the outset of the existing AFD contracts, the current Service Provider was not using a third-party for subcontractor pre-qualification. Therefore, the associated subscription cost, which can be quite expensive, was initially not something that subcontractors anticipated having to bare. Participants felt that RP-1 could result in more than one Service Provider, and subsequently the engagement of multiple third parties to perform subcontractor pre-qualification. As this would present a burden to subcontractors, participants questioned how PWGSC would evaluate a proposal incorporating the use of third-party Service Providers for pre-qualification.</p>	<p>The purpose of the evaluation criteria is to review and evaluate the bidders approach and strategies to subcontracting and procurement. The response will be evaluated based on the proposed approach's openness, fairness, transparency and accessibility. After the operational start date, changes proposed to the accepted Service Delivery Regime (including the approach to subcontracting and procurement) will go through an "Acceptance Review" process as described in the Statement of Work. During this process the Service Provider must detail how the proposed changes demonstrate best value to Canada while meeting the performance requirements of the contract. After dialogue and subsequent agreement between the prime contractor and PWGSC, any accepted changes will be incorporated into the contract.</p>
<p>Participants questioned whether subcontracting could be included as a mandatory requirement.</p>	<p>In the previous AFD requirements, subcontracting was not a mandatory requirement of the Statement of Work. Moving forward, as RP-1 will be a performance based contract PWGSC does not intend to introduce subcontracting as a mandatory requirement. In addition, doing so would unfairly limit who can bid.</p>
<p>2) Applicable Evaluation Criterion Scale</p>	
<p>Some industry participants felt that the scoring factor did not correspond properly to the descriptions provided. For example, participants felt proposals that do not address, minimally address, or partially address the evaluation criteria should all be rated "0", as this demonstrates a lack of understanding or compliance with the Statement of Work.</p>	<p>The scale is meant to provide evaluators flexibility in rating the responses. Requirements for services are inherently more subjective due to the evaluation of a proposed approach than, for example, construction requirements that are evaluated on a pass or fail basis.</p>
<p>Participants felt that the weighting factor for</p>	<p>PWGSC recognized the importance of the Service</p>

<p>the “Subcontracting and Procurement Approach” criteria should be significant in the overall evaluation.</p>	<p>Provider’s subcontracting and procurement approach. Careful consideration will be given to the weighting factor of each criterion when finalizing the overall evaluation strategy. It should be noted that by the very inclusion of a subcontracting criterion, PWGSC is recognizing this as an important issue – most industry solicitations do not include such a criterion.</p>
<p>3) Statement of Work</p>	
<p>Participants questioned whether the items in the Statement of Work were mandatory requirements.</p>	<p>PWGSC clarified that it is mandatory that the Service Provider comply with all requirements identified in the Statement of Work which, supersedes the proposal in the order of precedence.</p> <p>As detailed in the Statement of Work, an “Acceptance Review” process will also take place that will elaborate on the contractor’s Service Delivery Regime. During this process the Service Provider will detail how they intend to meet the performance requirements of the contract while demonstrating best value to Canada. After dialogue and subsequent agreement between the prime contractor and PWGSC, PWGSC will accept the Service Delivery Regime and it will be incorporated into the contract. Changes proposed to the accepted Service Delivery Regime will go through a similar acceptance review process.</p>
<p>Participants questioned whether PWGSC would consider implementing the use of SELECT for requirements under a certain dollar value, rather than the use of a prime contractor based rotational source list.</p>	<p>As the statement of work is performance based, PWGSC does not prescribe the Service Provider’s procurement and subcontracting process. The Service Delivery Regime must involve an open, fair, transparent and accessible procurement and subcontracting approach.</p>
<p>Participants questioned whether it would be possible to enforce that the prime contractor post all tenders for subcontracts, or those over a specified threshold, on the Government Electronic Tendering Service, MERX.</p> <p>Participants also agreed that the prime contractor should be required to make bid results available for all subcontracts after the date of bid closing. However, some participants felt it would be appropriate for</p>	<p>PWGSC responded that there are many online sites and not clear PWGSC could direct Service Provider to use just and specifically Merx. Nor ask them to post on all sites which exist. However, PWGSC would examine further to see if there were any feasible options.</p> <p>Furthermore, the Statement of Work currently does not incorporate any conditions for publishing tenders on a specific site over a certain threshold. That being said, this recommendation will be evaluated on the subcontracting approach’s openness and</p>

<p>the Service Provider to disclose the bidder's name and price, whereas, others felt only the bidder's names should be disclosed.</p>	<p>accessibility.</p> <p>PWGSC requested that industry associations consider and suggest an appropriate threshold for the mandatory publishing of subcontract tenders.</p>
<p>There is a general feeling amongst subcontractors that upon implementation of the Alternative Forms of Delivery approach, government contracting opportunities became very difficult to find. Participants questioned whether PWGSC would consider developing a system to increase transparency in subcontracting.</p> <p>There was general agreement amongst participants that a more prescriptive approach to defining the subcontracting requirements in the Statement of Work would be ideal.</p>	<p>PWGSC assured participants that, while the statement of work is performance based, it is essential that the Service Provider's approach is transparent and accessible and proposals will be evaluated and rated accordingly.</p>
<p>Participants raised concerns about the resolution mechanism for issues raised at Federal/Industry Real Property Advisory Council (FIRPAC) meetings. It was suggested that PWGSC build a mechanism into the Statement of Work.</p>	<p>In response to the request for proposal, bidders are required submit a narrative addressing the elements identified in the <i>Subcontracting and Procurement Approach</i> evaluation criteria. The response will be incorporated into the contract through the Priority of Documents clause.</p>
<p>Participants asked for clarification on the requirement for the use of industry accepted standards and standard industry contract documents, such as Canadian Construction Documents CCDC 2 where available. Industry felt that the wording of the clause was too restrictive as not all commodities have industry standard contract documents.</p>	<p>PWGSC clarified that the intent is to encourage the Service Provider to use industry standard documents where they are available for use. CCDC 2 is identified as an example of an industry standard contract document. The clause will be reviewed for improvement.</p> <p>Industry Associations agreed to provide PWGSC copies of standard industry contract documents.</p>

Round Table, Additional Information, Q&A and Feedback

Closing Comments by Associations

- Associations expressed appreciation for having the opportunity to discuss the subcontracting and procurement requirements for RP-1.
- The milestone schedule for the RP-1 procurement was requested.

- The evaluation criteria should assess bidder on “what is their contracting approach”. (e.g. what are the terms of their contracts with sub-contractors, pre-qualification process, methods used to ensure opportunities are open and communicated to market (e.g. advertising)).
- Some concern that all sub-contracting criteria is lumped under procurement. Suggestion made to categorize under different headings to facilitate evaluate (e.g. costs, evaluation strategy, award, etc).

PWGSC Next Steps in the Process

- PWGSC will analyze responses to the consultation session within the context of our requirements. PWGSC will continue to welcome comments via e-mail to the generic RP-1 inbox.
- The current contracts are scheduled to expire on March 31st, 2015 with no remaining options. At the request for industry, PWGSC has published a tentative RP-1 milestone schedule on MERX.
- There is a standing RFI on MERX. As documents are ready, PWGSC will post them for industry review.
- PWGSC has employed the services of a fairness monitor, who will be involved through the entire process.
- When firms prepare their bid proposals they should be aware that PWGSC will only be evaluating information presented in the bid proposal. Firms should not assume that evaluators will understand content and should include all relevant information in their bid proposals.
- Following the solicitation and evaluation, when firms receive notice of winning or losing, PWGSC recommends that firms request a debriefing to obtain feedback on the firm’s bid proposal.