

**RETURN BIDS TO:**  
**RETOURNER LES SOUMISSIONS À:**  
**Bid Receiving - PWGSC / Réception des soumissions -**  
**TPSGC**  
**11 Laurier St. / 11, rue Laurier**  
**Place du Portage, Phase III**  
**Core 0A1 / Noyau 0A1**  
**Gatineau, Québec K1A 0S5**  
**Bid Fax: (819) 997-9776**

**SOLICITATION AMENDMENT**  
**MODIFICATION DE L'INVITATION**

The referenced document is hereby revised; unless otherwise indicated, all other terms and conditions of the Solicitation remain the same.

Ce document est par la présente révisé; sauf indication contraire, les modalités de l'invitation demeurent les mêmes.

**Comments - Commentaires**

**Vendor/Firm Name and Address**  
**Raison sociale et adresse du**  
**fournisseur/de l'entrepreneur**

**Issuing Office - Bureau de distribution**  
Fuel & Construction Products Division  
11 Laurier St./11, rue Laurier  
7A2, Place du Portage, Phase III  
Gatineau, Québec K1A 0S5

<b>Title - Sujet</b> R&O SPACE & WATER HEATERS	
<b>Solicitation No. - N° de l'invitation</b> W8486-135865/A	<b>Amendment No. - N° modif.</b> 005
<b>Client Reference No. - N° de référence du client</b> W8486-135865	<b>Date</b> 2013-08-14
<b>GETS Reference No. - N° de référence de SEAG</b> PW-\$\$HL-420-62665	
<b>File No. - N° de dossier</b> hl420.W8486-135865	<b>CCC No./N° CCC - FMS No./N° VME</b>
<b>Solicitation Closes - L'invitation prend fin</b> <b>at - à 02:00 PM</b> <b>on - le 2013-08-30</b>	<b>Time Zone</b> <b>Fuseau horaire</b> Eastern Daylight Saving Time EDT
<b>F.O.B. - F.A.B.</b> <b>Plant-Usine:</b> <input checked="" type="checkbox"/> <b>Destination:</b> <input type="checkbox"/> <b>Other-Autre:</b> <input type="checkbox"/>	
<b>Address Enquiries to: - Adresser toutes questions à:</b> Dumm, Jennifer	<b>Buyer Id - Id de l'acheteur</b> hl420
<b>Telephone No. - N° de téléphone</b> (819) 956-9675 ( )	<b>FAX No. - N° de FAX</b> ( ) -
<b>Destination - of Goods, Services, and Construction:</b> <b>Destination - des biens, services et construction:</b>	

**Instructions: See Herein**

**Instructions: Voir aux présentes**

<b>Delivery Required - Livraison exigée</b>	<b>Delivery Offered - Livraison proposée</b>
<b>Vendor/Firm Name and Address</b> <b>Raison sociale et adresse du fournisseur/de l'entrepreneur</b>	
<b>Telephone No. - N° de téléphone</b> <b>Facsimile No. - N° de télécopieur</b>	
<b>Name and title of person authorized to sign on behalf of Vendor/Firm</b> <b>(type or print)</b> <b>Nom et titre de la personne autorisée à signer au nom du fournisseur/</b> <b>de l'entrepreneur (taper ou écrire en caractères d'imprimerie)</b>	
<b>Signature</b>	<b>Date</b>

THE ORIGINAL REQUEST FOR PROPOSAL IS AMENDED AS FOLLOWS:

Extend bid closing date to: **2:00 PM EDT ON 30 AUGUST 2013**

## **PART 2 - BIDDER INSTRUCTIONS**

### Article 1. Standard Instructions, Clauses and Conditions

DELETE: 2003 (2012-11-19) Standard Instructions - Goods and Services - Competitive Requirements

INSERT: 2003 (2013-06-01) Standard Instructions - Goods and Services - Competitive Requirements

### Article 3. Enquiries - Bid Solicitation

DELETE: ..... no later than ten (10) calendar days before.....

INSERT: ..... no later than seven (7) calendar days before .....

## **PART 4 - EVALUATION PROCEDURES AND BASIS OF SELECTION**

DELETE: Article 2. Basis of Selection - Minimum Point Rating

INSERT: Article 2. Basis of Selection

1. To be declared responsive, a bid must:
  - a. comply with all the requirements of the bid solicitation; and
  - b. meet all mandatory technical evaluation criteria.
2. Bids not meeting (a) or (b) will be declared non-responsive. The responsive bid with the lowest evaluated price will be recommended for award of a contract.

## **PART 5 – CERTIFICATONS**

DELETE: Part 5 in its entirety.

INSERT: Revised Part 5 – Certifications and Annex F, attached.

## **PART 6 – RESULTING CONTRACT CLAUSES**

### Article 7.4 SACC Manual Clauses

DELETE: SACC Reference C0711C (2008-05-12) Time Verification

### Article 14. Priority of Documents

DELETE (c) 2010A (2013-03-21) General Conditions – Goods (Medium Complexity)

INSERT: (c) 2010A (2013-04-25) General Conditions – Goods (Medium Complexity)

## Article 16. SACC Manual Clauses

DELETE: SACC Reference C0307D (2008-05-12) Cost Submission

INSERT: SACC Reference C0307C (2008-05-12) Cost Submission

### **ANNEX C – BID EVALUATION**

DELETE: Annex C in its entirety.

INSERT: Revised Annex C – Bid Evaluation and Attachment 1 to Annex C Evaluated Aggregate Price Calculation Grid, attached.

### **ANNEX D – PRICE SCHEDULE**

DELETE: Annex D in its entirety.

INSERT: Revised Annex D – Price Schedule, attached.

### **ANNEX E – BASIS OF PAYMENT**

DELETE: Annex E in its entirety

INSERT: Revised Annex E – Basis of Payment, attached.

## **NATIONAL DEFENCE HAS PROVIDED RESPONSES TO THE FOLLOWING QUESTIONS:**

- Q1. Part 6, Article 7.4, Discretionary Audit: The government will have the right to audit the Contractor to ensure the rate charged is according to the Basis of Payment and the contractor maintains an accurate time recording system. In addition the Basis of Payment at Annex E states that the Contractor will be paid for actual hours incurred times the contract hourly rates. Therefore at Article 3.3.1 of Annex C, it would appear that any contractor that does not employ a cost accounting system that does not include "their capability to collect and segregate actual costs on an ongoing basis", which currently appears only in the last block of the table, should be deemed non compliant. Also the answer A2 in Amendment 2 states that the Standard Repair Times in the NP manuals will be the basis for time measurement for invoiced amount which is in direct conflict with Canada's General Terms and Conditions, Audit Rights and Basis of Payment in Annex E. According to the Priority of Documents at Article 14 of Part 6 of the RFP, Canada's audit rights are the higher priority. As a result please consider making it a mandatory requirement that bidders must have an accurate cost accounting system and a negotiated rate structure approved by the PWGSC Contract Cost Analysis Section.
- A1. We do not see any contradiction between general terms and conditions nor with the answer in Amendment 2. Please refer to Para 5 of Annex B pertaining to Cost Control in which it was specified "The Contractor shall monitor the cost of each repair to ensure that total repair costs remain within approved limits. Appropriate management control procedures must be in place and records maintained....." under Amendment 2 we have provided the definition for the "Approved

limits". General Terms and Conditions are still valid since the Basis of Payments at Annex E will be paid for the **Actual Hours** within the approved limits as explained earlier. In addition to that, the Compliance with Para 5 of Annex B is Mandatory requirement. Para 3.3.2 in Annex C is for evaluation purposes.

Negotiated rates will not be made a mandatory criteria for a competitive firm priced Contract. Labour rates quoted are firm for two years and will only be increased/decreased, if option years are exercised, based on CPI and not due to re-negotiated rates.

A cost accounting system will not be mandatory, however the bidders capability to collect and segregate actual costs on an ongoing basis is required.

- Q2. Part 6, Article 7.4, Time Verification: According to SACC clause C7011C, this clause is not to be used when C7005C is used. It is apparent therefore that only one of these two SACC clauses can be used, please advise which clause is to be used.
- A2. Clauses C0711C Time Verification has been deleted.
- Q3. Part 6, Article 16, C0307D: It appears that this SACC clause has been superseded. Please provide the new clause that will apply to any resultant contract.
- A3. Correct clause number is C0307C.
- Q4. Part 6, Article 16, D6010C: Please confirm that heaters arriving at the Contractor's plant will be palletized to meet this specification thereby permitting the Contractor to return the heater on the same pallet following completion of R&O.
- A4. This is a Free Flow R&O requirement and not all heaters will arrive on pallets. This will be dependant on qty's shipped from units and/or Depots for repair. Should there be sufficient heaters returned to the Depot after repair to warrant palletization, it will be the contractor's responsibility to palletize as per that Clause.
- Q5. Annex A, Article 3.3.2: Do all heaters, Items 1 through 7 currently have a CSA B140 qualification and resulting registration number by an approved CSA test facility? Please confirm that in accordance with Article 4.3, the performance of any CSA testing will only result from a modification or change from the OEM baseline configuration, and not the simple repair using OEM repair parts which is the main activity to be performed in this contract? We understand that only certain facilities are permitted to perform CSA testing and these facilities must be qualified by the Canadian Standards Association to perform such tests. It is unlikely that any Bidder responding to this RFP will also be a CSA qualified testing facility. Please consider removing the requirement that bidders must have their own in-house CSA testing capability?
- A5. Not all of the heaters listed under Annex A have CSA Certification. Please amend Para 3.3.2 of Annex A to read as follows:

### **3.3.2 Test Facilities**

The Contractor shall possess capability to perform qualification and acceptance test procedures in accordance with the applicable test procedures specified in CSA – B140 standard. These tests are required to re-qualify heaters after performing repair or upgrade work.

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- Q6. Annex A, Article 5.1: It is noted that respondents to this RFP must have ISO 14001 Certification or as a minimum a EMS system and procedures in place. In order to evaluate proposals please confirm that in accordance with Annex C, Article 2.6 III it is a requirement for Bidders to provide a copy of their ISO 14001 Registration or EMS Procedures to ensure compliance with this requirement?
- A6. We confirm that in accordance with Annex C, Article 2.6 III it is a requirement for Bidders to provide a copy of their ISO 14001 Registration or EMS Procedures to ensure compliance with the requirement.
- Q7. Annex D, Pricing Schedule, Article 1: Please advise how the Bidder is to provide an hourly rate for the option years since the section is already complete with "\$CPI"? It is assumed that an hourly rate must be provided since it is used for bid evaluation purposes.
- A7. The bidders are to provide hourly rates for the year 1 and year 2 which will be used for evaluation purposes. As per Annex E Basis of Payment Article 2, CPI will be used to establish labour costs only if options are exercised.
- Q8. Annex D, Pricing Schedule, Articles 2 & 3: Is the average for each labour type determined by adding the rates for the 7 listed labour categories and divided by 7?
- A8. As detailed in the revised Attachment 1 to Annex C - Evaluation Grid, yes - this is an aggregate evaluation.
- Q9. Annex D, Evaluation table: Is the Bidder expected to fill-in this table? Are the amounts to be inserted the average amounts from the Pricing Schedule? The SITS/TIES on the Pricing Schedule contains a total of 14 labour rate inputs per year while the evaluation table only contains one number field. Is the number to be entered the sum of the 14 labour rates divided by 14 for each year?
- A9. No - the bidder is not expected to fill in the evaluation table, this is for PWGSC and as identified the Evaluation Grid is an Aggregate of all the labour categories identified with the mark-up on the Parts, material and sub-contractors. See Attachment 1 to Annex C.
- Q10. Annex D, Evaluation table: There are two sections to fill in the mark-up rates from the Pricing Schedule. It is noted that the heading for each mark-up rate section is incorrectly labeled as Bidders Labour Rates when these are percentages. Please explain clearly how the evaluation price for mark-up is performed and how this is added to the evaluated prices for the 3 labour sections. An example would be helpful.
- A10. The evaluation grid identifies how the mark-ups will be evaluated. The bidder needs to provide the mark-up percentages for years 1 and 2 in the pricing schedule. This is multiplied by the basis of evaluation which is the percentage shown (30% for the material mark-up and 50% for the subcontractor mark-up) multiplied by the sum of the Weighted Price calculated for the R&O plus SITS plus TIES.). The headers for these two have been revised to read Bidders Mark-up.

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- Q11. Annex E, Articles 2.1/2.2/2.3: Reference is made to Catalog 72-002-X. According to Statistics Canada, this catalog has been discontinued effective January 2013. Please advise the new method to be used to determine option year hourly rates?
- A11. Table replaced with Statistics Canada CANSIM Table 281-0039 customized to region/province in which the majority of work is performed and to industrial aggregate excluding unclassified business. See revised Annex E Basis of Payment attached.
- Q12. Part 4, Article 2.2: Please clarify the evaluation methodology regarding the point rated criteria? According to this article, the responsive bid with the lowest evaluated price per point will be recommended for award, whereas Annex C, Article 1.5 c simply refers to the lowest submitted price. Please confirm the evaluation criteria will be based on price per point?
- A12. Article 2.2 revised as per modifications to the original Request for Proposal on the previous pages.
- Q13. Annex D, Table Items 2 and 3, "Engineer": The table requires Bidders to insert hourly rates for the "Engineer" category in both sections. Given the acceptance of a "sub-contracted Professional Engineer" in response to Question 2 of Amendment 1, please confirm that should a Bidder propose subcontracting the Professional Engineer, the rate that is to be inserted in this table is the Bidders proposed price calculated as the Bidder's laid down cost of the hourly rate for the subcontracted Professional Engineer plus any mark-up applied to this hourly rate by the Bidder? Failing this would permit a Contractor to select the highest priced subcontractor after contract award in order to maximize their mark-up and would be unfair to Bidders proposing firm-fixed Engineer rates for the duration of the contract.
- A13. The price submitted by the bidder in Annex D, Price Schedule, is the Firm Fixed Prices that will be used as basis of payments. The price rate for the Engineer or any professional services in the TIES / SITS will be used as basis of payment for any TIES / SITS even in the event that the Professional Services was subcontracted.
- Q14. Annex D, Evaluated Aggregate Price Calculation Grid: Please clarify the method of computing the two mark-up sections. Will the amount only represent the mark-up amount itself or the resulting amount from 1 plus the mark-up times the base on which the mark-up is applied? We are not sure that we understand the very important evaluated aggregate price calculation grid. We believe a line is missing at the end of the Mark-up on Spares & Material section. We believe that there should be a line that reads "Average mark-up rate X Basis for Evaluation" "Spares and Materials Evaluation Price."
- A14. Please refer to Para 1.6 of the revised Annex C and Attachment 1 to Annex C
- Q15. The mandatory criteria paragraph 2.3 calls for "directly related experience including contracts for work on diesel Fuel Fired Field Heaters and associated equipment." The rated criteria calls for X years for experience relating the R&O of Field Heaters. We respectfully submit that these criteria restrict competition in that only the incumbent contractor would have this exact experience. We suggest that a company that has X years of R&O experience with DND on other types of equipment such as generators, power supplies, refrigeration equipment, etc. would be equally capable of performing R&O on the equipment in this RFP.

Would DND be willing to accept X years of R&O experience with DND or other government agency as equivalent to the mandatory and rated criteria for experience with R&O of Field Heaters?

A15. The mandatory and rated criteria to include or Military R&O and Para 2.3 to read as follows:

### **2.3 Company Profile**

Outline the company's history and provide details of experience and expertise as they relate to the work that will be performed under any resulting contract for the Repair and Overhaul of diesel Fuel Fired Field Heaters and associated equipment or Repair and Overhaul (R&O) contracts.

1	The company and facilities at which the work will be performed shall have directly related experience including contracts for work on diesel Fuel Fired Field Heaters and associated equipment or Repair and Overhaul (R&O) contracts with military projects. The narrative provided shall include details to establish capabilities regarding volume, quality and expertise.	<b>M</b>
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## PART 5 - CERTIFICATIONS

Bidders must provide the required certifications and documentation to be awarded a contract.

The certifications provided by bidders to Canada are subject to verification by Canada at all times. Canada will declare a bid non-responsive, or will declare a contractor in default, if any certification made by the Bidder is found to be untrue whether during the bid evaluation period or during the contract period.

The Contracting Authority will have the right to ask for additional information to verify the Bidder's certifications. Failure to comply with this request will also render the bid non-responsive or will constitute a default under the Contract.

### 1. Mandatory Certifications Required Precedent to Contract Award

#### 1.1 Code of Conduct and Certifications - Related documentation

By submitting a bid, the Bidder certifies that the Bidder and its affiliates are in compliance with the provisions as stated in Section 01 Code of Conduct and Certifications - Bid of Standard Instructions 2003. The related documentation therein required will assist Canada in confirming that the certifications are true.

#### 1.2 Federal Contractors Program for Employment Equity - Bid Certification

By submitting a bid, the Bidder certifies that the Bidder, and any of the Bidder's members if the Bidder is a Joint Venture, is not named on the Federal Contractors Program (FCP) for employment equity "FCP Limited Eligibility to Bid" list ([http://www.labour.gc.ca/eng/standards\\_equity/eq/emp/fcp/list/inelig.shtml](http://www.labour.gc.ca/eng/standards_equity/eq/emp/fcp/list/inelig.shtml)) available from Human Resources and Skills Development Canada (HRSDC) - Labour's website [http://www.labour.gc.ca/eng/standards\\_equity/eq/emp/fcp/index.shtml](http://www.labour.gc.ca/eng/standards_equity/eq/emp/fcp/index.shtml).

Canada will have the right to declare a bid non-responsive if the Bidder, or any member of the Bidder if the Bidder is a Joint Venture, appears on the "FCP Limited Eligibility to Bid" ([http://www.labour.gc.ca/eng/standards\\_equity/eq/emp/fcp/list/inelig.shtml](http://www.labour.gc.ca/eng/standards_equity/eq/emp/fcp/list/inelig.shtml)) list at the time of contract award.

Canada will also have the right to terminate the Contract for default if a Contractor, or any member of the Contractor if the Contractor is a Joint Venture, appears on the "FCP Limited Eligibility to Bid" ([http://www.labour.gc.ca/eng/standards\\_equity/eq/emp/fcp/list/inelig.shtml](http://www.labour.gc.ca/eng/standards_equity/eq/emp/fcp/list/inelig.shtml)) list during the period of the Contract.

The Bidder must provide the Contracting Authority with a completed annex Federal Contractors Program for Employment Equity - Certification, before contract award. If the Bidder is a Joint Venture, the Bidder must provide the Contracting Authority with a completed annex Federal Contractors Program for Employment Equity - Certification, for each member of the Joint Venture.

**ANNEX F****FEDERAL CONTRACTORS PROGRAM FOR EMPLOYMENT EQUITY - CERTIFICATION**

I, the Bidder, by submitting the present information to the Contracting Authority, certify that the information provided is true as of the date indicated below. The certifications provided to Canada are subject to verification at all times. I understand that Canada will declare a bid non-responsive, or will declare a contractor in default, if a certification is found to be untrue, whether during the bid evaluation period or during the contract period. Canada will have the right to ask for additional information to verify the Bidder's certifications. Failure to comply with such request by Canada will also render the bid non-responsive or will constitute a default under the Contract.

For further information on the Federal Contractors Program for Employment Equity visit HRSDC-Labour's ([http://www.labour.gc.ca/eng/standards\\_equality/eq/emp/fcp/index.shtml](http://www.labour.gc.ca/eng/standards_equality/eq/emp/fcp/index.shtml)) website.

Date: \_\_\_\_\_ (YYYY/MM/DD) (If left blank, the date will be deemed to be the bid solicitation closing date.)

Complete both A and B.

A. Check only one of the following:

- ☐ A1. The Bidder certifies having no work force in Canada.
- ☐ A2. The Bidder certifies being a public sector employer.
- ☐ A3. The Bidder certifies being a federally regulated employer ([http://www.hrsdc.gc.ca/eng/labour/employment\\_standards/regulated.shtml](http://www.hrsdc.gc.ca/eng/labour/employment_standards/regulated.shtml)) being subject to the *Employment Equity Act* (<http://laws-lois.justice.gc.ca/eng/acts/E-5.401/>).
- ☐ A4. The Bidder certifies having a combined work force in Canada of less than 100 employees (combined work force includes: permanent full-time, permanent part-time and temporary employees [temporary employees only includes those who have worked 12 weeks or more during a calendar year and who are not full-time students]).
- ☐ A5. The Bidder has a combined workforce in Canada of 100 or more employees; and
  - ☐ A5.1. The Bidder certifies already having a valid and current Agreement to Implement Employment Equity (AIEE) (<http://www.servicecanada.gc.ca/cgi-bin/search/eforms/index.cgi?app=prfl&frm=lab1168&ln=eng>) in place with HRSDC-Labour.

**OR**

- ☐ A5.2. The Bidder certifies having submitted the Agreement to Implement Employment Equity (LAB1168) (<http://www.servicecanada.gc.ca/cgi-bin/search/eforms/index.cgi?app=prfl&frm=lab1168&ln=eng>) to HRSDC-Labour. As this is a condition to contract award, proceed to completing the form Agreement to Implement Employment Equity (LAB1168), duly signing it, and transmit it to HRSDC-Labour.

B. Check only one of the following:

- ☐ B1. The Bidder is not a Joint Venture.

**OR**

- ☐ B2. The Bidder is a Joint Venture and each member of the Joint Venture must provide the Contracting Authority with a completed annex Federal Contractors Program for Employment Equity - Certification. (Refer to the Joint Venture section of the Standard Instructions)

## FIELD HEATERS REPAIR AND OVERHAUL

### BID EVALUATION

#### 1 BID EVALUATION PLAN

##### 1.1 Introduction

This document outlines the methodology for evaluating a bid. This Evaluation Plan identifies all the mandatory requirements and point-rated criteria to be evaluated, their relative weighting and how they will be scored. **Your proposal shall address, in written narrative, all subjects identified in the evaluation section below.**

##### 1.2 Bid Evaluation Plan

This plan establishes and identifies the evaluation criteria that will be used in the bid solicitation document. Rating factors are assigned to the evaluation criteria. The rated factors reflect the relative importance of the evaluation criteria and their appropriate weighting to each requirement and ensure fair competition. Narrative responses consisting of a simple statement of compliance without clear narrative details could prevent proper assessment of the proposal and result in your proposal being rejected from further consideration.

##### 1.3 Bid Proposal

The bid proposals will be evaluated on the basis of a combination of mandatory and point rated criteria. To be considered responsive, a bid shall meet all the mandatory requirements, and shall obtain the *required minimum score of 75% (or 116 points)* on the point-rated criteria. Bids not meeting all the mandatory requirements will be given no further consideration.

##### 1.4 Compliance with Certification

To be considered responsive, Bidders shall demonstrate compliance with all checklists and certifications requested in the RFP.

##### 1.5 Contractor Selection Methodology

The winning Contractor shall be selected by the **Lowest Cost Compliant Bidder** methodology.

**Responsive bids must:**

- a) comply with all the requirement of the bid solicitation;**
- b) meets all mandatory requirement of technical evaluation criteria; and**
- c) lowest submitted price as per Attachment 1 to Annex C, Evaluation Aggregate price calculation grid.**

## 1.6 Financial Evaluation

The Financial Bid must be in accordance with the Basis of Payment in Annex D ,Price Schedule. The evaluated price of the Bid shall be determined as follows:

### Part A – Labour Cost

1. Determine the Labour Cost by averaging all inclusive hourly rates over the 2-year period for each of the following categories:
  - a. In-plant R&O;
  - b. Special Investigation and Technical Studies (SITS);
  - c. Technical Investigation and Engineering Support (TIES); and
  - d. Field Service Representative (FSR) / Mobile Repair Party (MRP).
2. Determine the weighted cost per category: (Labour Cost per category) x (weight in %)
  - a. In-plant R&O: Average all inclusive hourly rate x 85 percent;
  - b. SITS/TIES: Average all inclusive hourly rate X 3 percent; and
  - c. FSR/MRP: Average all inclusive hourly rate X 12 percent.

The sum of all weighed cost per category will determine the Total Labour Category Weighted Price, Cost of Part A.

### Part B – Sub-Contracting & Material Cost

For evaluation purposes:

- The Sub-contracting estimated amount equals 50% of the Total Cost of all three Labour categories determined in the above, Part A. The Sub-contracting estimated amount will be equal to (Total Cost for all three (3) categories X 50 percent), and
  - The parts and material estimated amount equals 30% of the Total Cost of all three Labour categories determined in the above, Part A. The Parts and Material estimated amount will be equal to (Total Cost for all three (3) categories X 30 percent).
1. The total cost of sub-contracting is determined as follows:  
(average mark-up rate over the 2-year period) x (Sub-contracting estimated amount)
  2. The total cost of parts and material:  
(average mark-up rate over the 2-year period) x (Parts and material estimated amount)
  3. The sum of the total cost of sub-contracting and total cost of parts and material will determine the cost of Part B.

The sum of Part A and Part B will determine the evaluated price of the bid.

**SEE THE EVALUATION GRID (Attachment 1 to Annex C)**

## 2 MANDATORY REQUIREMENTS OF THE SOW

Mandatory requirements are evaluated on simple pass/fail basis. The treatment of mandatory requirements is stringent. The Bidder's proposal shall address the mandatory requirements specified within each of the following sections of the Statement of Work (SOW) on R&O of field Heating Equipment. **Proposals not meeting all the mandatory requirements will be given no further consideration.**

### 2.1 Compliance with the Terms and Conditions of the RFP

1.	The Bidder shall initial each check-off box indicating the company shall comply with all of the Terms and Conditions in any resulting contract.	M
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Description	Compliant
RFP Requisition No.: W8486-135865	

### 2.2 Compliance to Statement of Work, Annex "A" and Logistic Statement of Work, Annex "B".

Check-off Tables have been provided for each Annex detailed above.

1.	The Bidder is required to initial each check-off box indicating the company shall comply with all elements of the SOWs in any resulting contract.	M
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#### 2.2.1 Mandatory Requirements of the SOW, Annex "A".

Table 1: ANNEX A - SOW Check-Off Table

Section	Mandatory Requirements	Check-Off
3	REQUIREMENTS	
3.1	General Requirements	
3.2	Contractor Experience	
3.3	Contractor Resources	
3.3.1	Engineering and Technical Staff	
3.3.2	Test Facilities	
3.3.3	Publication Resources	
3.4	Performance and Reliability	
3.5	Maximum Repair Cost (MRC)	
3.6	Minimum and Maximum Repair Units	
3.7	Repair / Condemn Decisions	
3.8	Provision of Material	
3.8.1	Government Supplied Material	
3.8.2	Contractor Supplied Parts	
3.8.3	Contractor Furnished Parts	

3.9	Extent of Work	
3.9.1	Mechanical	
3.9.2	Electrical	
3.9.3	Safety	
3.9.4	Finish	
3.9.5	Painting	
3.10	Subcontracting of Repair Services	
3.11	Technical Investigation and Engineering Support (TIES) / Special Investigation and Technical Studies (SITS) / Field Service Representatives (FSRs) and Mobile Repair Parties (MRPs)	
3.12	Documentation	
3.13	Unsatisfactory Condition Reports	
3.14	Communication and Technical Assistance	
3.15	Preparation for Delivery	
3.15.1	Preparation and Preservation Instructions	
3.15.2	Packaging	
3.16	Progress Review Meetings	
4	QUALITY ASSURANCE	
4.1	Quality Assurance Representative	
4.2	Test and Inspection	
4.3	CSA Certification	
5	Environmental Health and Safety	
5.1	Environmental Management System	
5.1.1	Applicability	
5.1.2	Compliance with DND Policies	
5.1.3	Compliance of Documentation	
5.1.4	Compliance with Legislation	
5.2	Mercury Regulations	
6	MANAGEMENT	
6.1	Project Management	
6.1.1	Cost and Schedule Control	
6.2	Access to Facilities	
6.2.1	Government Access to Contractor's Facilities	
6.2.2	Contractor Access to Government Facilities	
6.3	Requests for Technical Information/Assistance	
6.4	Security Classification	
7	DELIVERABLES	
7.1	Repaired Materiel	
7.2	Completion of Work Documentation	
7.2.1	Identification Markings	

ANNEX C  
To W8486-135865

7.3	Reports	
7.3.1	In-inspection Report	
7.3.2	Monthly Reports	
7.3.3	Other Reports	

Appendix I to Annex A	Statement of Work for CARC system	
Appendix II to Annex A	Mercury Management Plan for R&O	
Attachment I to Annex A	Item Description and data	

2.2.2 Mandatory requirements of the Logistics SOW, Annex “B”.

Table 2: ANNEX B - Logistic SOW Check-Off Table

Section	Mandatory Requirements	Check- Off
1.0	GENERAL	
1.1	Aim	
1.2	Extent of Work	
2.0	ADMINISTRATION	
2.1	Receipt	
2.2	Discrepancies in Shipments	
2.3	Completion of Work	
3.0	WORK CONTROL	
4.0	ANNUAL REPAIR FORECAST - SNAPs	
5.0	COST CONTROL	
6.0	COSTING RECORDS	
7.0	MAINTENANCE SUPPORT	
7.1	Minor Repairs	
7.2	Mobile Repair Parties	
7.3	Equipment Turn Around Time (TAT)	
7.4	Priority Repair Request	
7.5	Special Investigations & Technical Studies (SITs)	
7.6	Technical Investigations & Engineering Studies (TIES)	
8.0	SUPPLY SUPPORT	
8.1	Transaction Documentation	
8.2	Contractor Supply Accounting	
8.3	Management of DND-Owned Spares	
8.4	Spares Review	
8.5	Stocktaking	
8.6	Selection Notice Observation Message (SNOM)	
8.7	Embodiment Fees	
8.8	Loss or Damage to DND Materiel	
8.9	Scrap – Custody & Disposal	
8.10	Preservation and Packaging Failure	
8.11	Reusable Containers	
8.12	Transportation	
8.13	Customs & Excise	
9.0	WARRANTY CONSIDERATION	
10.0	CONTRACTOR USE OF DND EQUIPMENT/PUBLICATIONS	
11.0	STOP REPAIR ACTION	
12.0	PUBLICATIONS	
13.0	OFFICE SERVICES	
14.0	MINUTES OF MEETINGS	
15.0	PLANT SHUTDOWN/VACATION PERIOD	
16.0	REPORTS	

16.1	MRP Progress Reports	
16.2	Technical Investigation and Engineering Studies (TIES) Reports	
16.3	Accident/Incident Reports	
16.4	R&O Contractor Effectiveness Report	
16.5	Annual Contractor Held Inventory Report	

### 2.3 Company Profile

Outline the company's history and provide details of experience and expertise as they relate to the work that will be performed under any resulting contract for the Repair and Overhaul of diesel Fuel Fired Field Heaters and associated equipment or Repair and Overhaul (R&O) contracts.

1.	The company and facilities at which the work will be performed shall have directly related experience including contracts for work on diesel Fuel Fired Field Heaters and associated equipment or Repair and Overhaul (R&O) contracts with military projects. The narrative provided shall include details to establish capabilities regarding volume, quality and expertise.	<b>M</b>
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### 2.4 Quality Assurance

a) Provide a Quality Assurance Plan that meets the requirement of the contract.

1.	A copy of a Quality Assurance Plan, with references to Quality Assurance Procedures, which shall show how work, including subcontractors, shall be monitored for adherence to contract quality assurance requirements as detailed in ISO 9001/2000.	<b>M</b>
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b) Provide the job description and major responsibilities of the in-house Quality Assurance/Control representative. Provide an Organizational Chart for the Company that clearly shows the position and reporting structure of the QA representative in your organization.

1.	The job description shall reflect direct responsibility with respect to performing quality assurance work	<b>M</b>
2.	The job description shall reflect an Organization Chart showing the position of the QA representative in your organization	<b>M</b>

c) Provide adequate in-house office to the DND QAR.

1.	Propose an office type facility that shall satisfy the requirement imposed by a DND QAR to perform his/her duties while at the Bidder's facility	<b>M</b>
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### 2.5 Hazardous Material

1.	The Bidder shall <u>certify</u> that it will handle, transport, and dispose of all waste and hazardous waste generated as a result of the contract in accordance with current	<b>M</b>
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	federal and provincial environmental legislation	
2.	The company shall adequately explain how this is to be monitored and managed.	<b>M</b>

**2.6 The following is a list of Mandatory Plans, Certifications and Checklists that the Bidder shall provide as part of the Technical Evaluation.** This list may not be all inclusive.

- (i) Initialed Checklists for RFP, Annex “A” and Annex “B”.
- (ii) Quality Assurance Plan or copy of ISO 9001/2000 Certification.
- (iii) Hazardous Material Certification.

**2.7 Point Rated Criteria**

**Bid Proposals shall achieve a total score of 75% (116 of 155 points). Proposals that fail to score a total of 116 points shall be considered non-compliant.** The Points rated criteria are listed in the table below, along with their individual points values.

1.	Proposals will be evaluated against the criteria listed in Table 3. Achieving a minimum total score equal to or higher than <b>116</b> is required to be considered compliant.	<b>M</b>
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**Table 3: Scoring Table for Points Rated Criteria**

<b>Ite m</b>	<b>Criteria</b>	<b>Max Points</b>
1	Contractor Qualification Requirement	20
2	Organizational Responsibilities	10
3	Cost and Control Management	10
4	Logistical Procedures	20
5	Sub-contracting	10
6	Risk Management Plan	10
7	Technical Data Management	10
8	Engineering Personnel	15
9	Configuration Management	10
10	Facility	20
11	Capability	20

**Maximum Points scored 155**

### 3 SCORING METHODOLOGY FOR RATED CRITERIA

#### 3.1 Contractor Qualification Requirements (Max 20 points)

The Bidder should provide specific qualifications and experience of the personnel expected to perform work under the contract. Information should include the individual's name and any relevant training and expertise in the area required relating to repair and overhaul of diesel fuel fired field heaters and associated equipment. The response should also include how many in-house personnel will be licensed technicians and OEM certified trade-personnel that could be allocated to perform this contract. Bidders should indicate resources available to produce electronic manuals, technical drawings and other logistic and engineering documentation. Curriculum Vitae (CV) should be included as substantiation for one Professional Engineer, one Shop Foreman, one Technical writer and one Draftsman.

1.	The engineering staff includes at least one professional engineer registered with a provincial Professional Engineering association.	5
2.	The engineering staff includes at least one professional engineer registered with a provincial Professional Engineering association. The technical staff includes at least one technician in each field registered with a provincial association: <ul style="list-style-type: none"> <li>▪ Mechanical</li> <li>▪ Electrical</li> </ul>	10
3.	The engineering staff includes at least one professional engineer registered with a provincial Professional Engineering association. The technical staff includes at least one technician in each field registered with a provincial association: <ul style="list-style-type: none"> <li>▪ Mechanical</li> <li>▪ Electrical</li> </ul> The staff also includes a Shop foreman, with a minimum of 5 years experience and at least one year of supervisory experience relating to R&O of Field Heaters.	15
4.	The engineering staff includes at least one professional engineer registered with a provincial Professional Engineering association. The technical staff includes at least one technician in each field registered with a provincial association: <ul style="list-style-type: none"> <li>▪ Mechanical</li> <li>▪ Electrical</li> </ul> The staff also includes a Shop foreman, with a minimum of 5 years experience and at least one year of supervisory experience relating to R&O of Field Heaters and technical writers able to produce electronic manuals, technical drawings and other engineering documentation	20

### 3.2 Organization Responsibilities (Max 10 points)

The Bidder should provide a list of organizational roles and responsibilities and name a Project Manager as the single point of contact for the project. **A CV for the Bidder's Project Manager should be provided.** This is for experience assessment purposes only.

1.	The Bidder provides the company organizational chart and identifies a Project Manager.	2
2.	The Bidder provides the company organizational chart and identifies a Project Manager with a minimum of two years of experience in R&O contracts.	5
3.	The Bidder provides the company organizational chart and identifies a Project Manager with a minimum of five years of experience in R&O contracts.	7.5
4.	The Bidder provides the company organizational chart and identifies a Project Manager with a minimum of five years of experience in R&O contracts of which three years have been in military R&O projects.	10

### 3.3 Compliance with Special Instructions for Repair and Overhaul Contractors, A-LM-184-001/JS-001 (Max 30 points)

#### 3.3.1 Cost and Control (Max 10 points)

Bidders should indicate how R&O costs and schedules will be controlled and how modifications and additional tasks will be met and managed.

1.	The Bidder provides details of: -the interrelationship between the company cost accounting system and the cost control system.	2.5
2.	The Bidder provides details of: -the interrelationship between the company cost accounting system and the cost control system, and -how cost and schedule control of the contracted tasks will be met and managed.	5
3.	The Bidder provides details of: -the interrelationship between the company cost accounting system; -the cost control system and how cost and schedule control of the contracted tasks will be met and managed, and -the interrelationship between the tasks and various role of personnel involved in the cost control process.	7.5
4.	The Bidder provides details of: -the interrelationship between the company cost accounting system; -the cost control system and how cost and schedule control of the contracted tasks will be met and managed; -the interrelationship between the tasks and various role of personnel involved in the cost control process, and -their capability to collect and segregate actual costs on an ongoing basis.	10

### 3.3.2 Logistical Procedures (Max 20 Points)

The Bidder should state specifically in a narrative and provide evidence that their company has the ability to meet, or is performing, or has performed all procedures applicable to the contract in accordance with A-LM-184-001/SJ-001.

1.	The Bidder has basic awareness of the logistic issues	<b>5</b>
2.	The Bidder has stated the logistics issues and provided evidence of abilities.	<b>10</b>
3.	The Bidder has stated the logistics issues and cited past experience in implementing DND logistic procedures.	<b>15</b>
4.	The Bidder has stated the logistics issues, has cited past experience in implementing DND logistic procedures and currently has a well-established in-house logistical team implementing the DND procedures.	<b>20</b>

### 3.4 **Sub-contracting (Max 10 Points)**

The Bidder should identify potential subcontractors and identify which work should be performed by these subcontractors. The Bidder should provide details on how quotes will be solicited, how subcontractors will be selected and how the quality and delivery schedules of subcontracted work will be monitored to ensure compliance with the terms and conditions of the SOW. The Bidder should outline any previous experience with the proposed subcontractors.

1.	The Bidder identifies its potential subcontractors, but does not demonstrate the company has knowledge of subcontracting processes.	<b>1</b>
2.	The Bidder identifies its potential subcontractors and their roles in fulfilling the requirements of the SOW, and states the issues involved in the subcontracting process.	<b>5</b>
3.	The Bidder identifies its potential subcontractors and their roles in fulfilling the requirements of the SOW, and states the issues involved in the subcontracting process, based on cited past experience in resolving or mitigating the issues involved in the subcontracting process.	<b>7.5</b>
4.	The Bidder identifies its potential subcontractors and their roles in fulfilling the requirements of the SOW, and states the issues involved in the subcontracting process, based on cited past experience in resolving or mitigating the issues involved in the subcontracting process and there is little or no reliance on subcontractors in the production plan.	<b>10</b>

### 3.5 Risk Management Plan (Max 10 Points)

The Bidder should provide a risk management plan that addresses the risks inherent in the program, and includes a risk assessment, risk prioritization and risk mitigation strategies. The plan should include how the risks will be managed through the contract and the frequency of updates.

1.	The Bidder has basic knowledge of the risk issues.	2.5
2.	The Bidder understands risks involved in an R&O contract and: -has identified and prioritized the risks.	5
3.	The Bidder understands the risks in an R&O contract, and: -has identified and prioritized the risks, and -has included a risk mitigation plan.	7.5
4.	The Bidder understands the risks in an R&O contract, and: -has identified and prioritized the risks; -has included a risk mitigation plan, and -has provided an example risk mitigation plan currently implemented on another R&O project.	10

### 3.6 Technical Data Management (Max 10 points)

The Bidder should demonstrate his capability to manage and update technical data for the contract.

1.	The Bidder does not have any in-house technical data capability, or Computer Aided Design (CAD) systems and uses Subcontractors for this requirement.	1
2.	The Bidder has in-house technical data capability and a CAD system.	5
3.	The Bidder has in-house technical data and a CAD system and has at least two years experience in production of technical data for various contracts.	7.5
4.	The Bidder has in-house technical data capability and a CAD system, and has more than 2 years experience in providing technical data for military projects.	10

### 3.7 Engineering Personnel (Max 15 Points)

The Bidder should demonstrate that they have access to qualified Engineering personnel to support the contract.

1.	The Bidder indicates one Professional Engineer.	2.5
2.	The Bidder indicates at least one Professional Mechanical Engineer and one Professional Electrical Engineer.	5
3.	The Bidder indicates engineering and design staff of more than two and up to five personnel including at least one Professional Mechanical Engineer and one Professional Electrical Engineer.	10
4.	The Bidder indicates engineering and design staff of more than five personnel including at least one Professional Mechanical Engineer and one Professional Electrical Engineer.	15

### 3.8 Configuration Management (Max 10 Points)

Bidders should provide a Configuration Management (CM) Plan demonstrating how they intend to manage the configuration of Field Heaters.

1.	The Bidder has a basic awareness of configuration management requirements.	2.5
2.	The Bidder has a CM plan but the plan provided does not completely address the four fundamental parts of configuration management, which are organization, responsibilities, reports and control	5
3.	The Bidder has a CM plan that addresses the four aspects of configuration management and how it will be handled for the project, including organization, responsibilities, reports and control.	7.5
4.	The Bidder has a CM plan that addresses the four aspects of configuration management and how it will be handled for the project, including organization, responsibilities, reports and control. In addition, the Bidder has at least one year of experience in CM on military Diesel Fuel Fired Field Heaters and associated equipment or military R&O projects.	10

### 3.9 Facility (Max 20 Points)

This evaluation applies to the overall facility and equipment capacity notwithstanding of location or status (in-house or sub-contracted).

Bidders should identify their owned/leased facilities and location where the work will be performed. Provide description, size and layout of work areas, storage facilities and a list of machinery, repair, tooling and test equipment that will be available for work to be performed at the time of bid closing.

Bidders should provide details confirming the facilities meet regulations governed by all levels of government and environmental requirements imposed by award of a repair & overhaul contract.

1.	The Bidder provides a facility area of 999 sq. ft or less and a minimum list of machinery and equipment capable of performing the following tasks: <ul style="list-style-type: none"> <li>- precision metal machining;</li> <li>- welding capability for repairing and fabricating with stainless steel, aluminum and steel</li> <li>- precision metal drilling</li> <li>- special tools and test equipment to perform the specified acceptance test procedure, and</li> <li>- Environmental control (ventilation, exhaust and heating) to comply with Environmental Health and Safety Act.</li> </ul>	1
2.	The Bidder provides a facility area of 1000 to 4999 sq. ft. and has a minimum list of machinery and equipment capable of performing the following tasks: <ul style="list-style-type: none"> <li>- precision metal machining and surface milling</li> <li>- welding capacity for repairing and fabricating with stainless steel, aluminum and steel</li> <li>- precision metal drilling</li> <li>- Storage capability for incoming and outgoing heaters (up to 15 units) and</li> </ul>	10

	<ul style="list-style-type: none"> <li>Spare parts</li> <li>- special tools and test equipment to perform the specified acceptance test procedure, and</li> <li>- Environmental control (ventilation, exhaust and heating) to comply with Environmental Health and Safety Act.</li> </ul>	
3.	<p>The Bidder provides a facility area of 5000 sq. ft. or greater and has a minimum list of machinery and equipment capable of performing the following tasks:</p> <ul style="list-style-type: none"> <li>- precision metal machining, surface milling and Computer Numerically Controlled (CNC) milling</li> <li>- welding capacity for repairing and fabricating with stainless steel, aluminum and steel</li> <li>- precision metal drilling</li> <li>- Storage capability for incoming and outgoing heaters (up to 25 units) and spare parts</li> <li>- special tools and test equipment to perform the specified acceptance test procedure, and</li> <li>- Environmental control (ventilation, exhaust and heating) to comply with Environmental Health and Safety Act.</li> </ul>	<b>15</b>
4.	<p>The Bidder provides a facility area of 5000 sq. ft. or greater and has a minimum list of machinery and equipment capable of performing the following tasks:</p> <ul style="list-style-type: none"> <li>- precision metal machining, surface milling and Computer Numerically Controlled (CNC) milling</li> <li>- welding capacity for repairing and fabricating with stainless steel, aluminum and steel</li> <li>- precision metal drilling</li> <li>- Storage capability for incoming and outgoing heaters (up to 50 units) and spare parts</li> <li>- Diagnostic equipment for testing diesel engines.</li> <li>- performing in-house CARC painting</li> <li>- special tools and test equipment to perform the specified acceptance test procedure, and</li> <li>- Environmental control (ventilation, exhaust and heating) to comply with Environmental Health and Safety Act.</li> </ul>	<b>20</b>

### 3.10 Production Capability (Max 20 Points)

The Bidder should provide a written production plan which outlines the startup, production, ordering of parts and corresponding time required for each task from time of contract award. The production plan should demonstrate that the routine 60 calendar day turnaround time (TAT) from the date equipment received and the in-inspected at the Bidder's facility and authorized by the TA.

The Bidder should provide a narrative to indicate how they intend to monitor the R&O process to ensure the routine TAT is met throughout the contract. The Production Plan should show the process of how each operation is to be conducted (Bidders may choose to submit a flow chart in the explanation).

1.	The Bidder provides only a production management plan.	<b>3</b>
2.	<p>The Bidder provides a production management plan and:</p> <ul style="list-style-type: none"> <li>- explanation of the process and how each operation is executed and the</li> </ul>	<b>6</b>

	respective organizational responsibilities.	
3.	<p>The Bidder provides a production management plan and:</p> <ul style="list-style-type: none"> <li>- explanation of the process and how each operation is executed and the respective organizational responsibilities, and</li> <li>- has at least 24 months of experience in the last five years in executing a production plan with processes for each operation on Military equipment.</li> </ul>	10
4.	<p>The Bidder provides a production management plan and:</p> <ul style="list-style-type: none"> <li>- explanation of the process and how each operation is executed and the respective organizational responsibilities;</li> <li>- the production plan details procedures for handling urgent requirements including priority repair requests (PRR), and</li> <li>- the Bidder has at least 24 months of experience in the last five years in executing a production plan with processes for each operation on Military equipment.</li> </ul>	15
5.	<p>The Bidder provides a production management plan and:</p> <ul style="list-style-type: none"> <li>- explanation of the process and how each operation is executed and the respective organizational responsibilities;</li> <li>- the production plan details procedures for handling urgent requirements including priority repair requests (PRR);</li> <li>- the production plan details of procedures in place for handling workload surges while continuing to meet TAT, and</li> <li>- the Bidder has at least 24 months of experience in the last five years in executing a production plan with processes for each operation on Military equipment.</li> </ul>	20

**EVALUATED AGGREGATE PRICE CALCULATION GRID**  
(for PWGSC use only)

Bidder:

				Weighted Price	
R&O Labour Catogory  (Sum of yearly labour rates)	Year 1	Year 2		X	85% = \$
	Bidders Labour Rates				
	\$	\$			
	R&O Evaluation Price				
SITS/TIES Labour Catogory  (Sum of yearly labour rates)	Bidders Labour Rates			X	3% = \$
	\$	\$			
	SITS/TIES Evaluation Price				
FSR/MRP Labour Catogory  (Sum of yearly labour rates)	Bidders Labour Rates			X	12% = \$
	\$	\$			
	FSR/MRP Evaluation Price				
Total Labour Category Weighted Price					= \$

Mark-up on Spares & Materials	Bidders Mark-Up			
	%	%		
	Mark-up on Spares and Material Evaluation Price		(Average)	
(Basis for Evaluation = 30% of the Sum of the three (3) labour Categories Weighted Price):				\$
(Average Mark-up rate X Basis for Evaluation)		Spares and Material Evaluation Price		=> \$
Mark-up on Subcontractors	Bidders Mark-Up			
	%	%		
	Mark-up on Subcontractors Evaluation Price		(Average)	
(Basis for Evaluation = 50% of the Sum of the three (3) labour Categories Weighted Price):				\$
(Average Mark-up rate X Basis for Evaluation )		Subcontractors Evaluation Price		=> \$

**Aggregate Evaluation Price = \$**

## FIELD HEATERS REPAIR AND OVERHAUL

### PRICING SCHEDULE

The Contractor is to provide costs based on hourly labour rates, mark-ups, etc. The hourly rates are to be firm, all-inclusive of direct & indirect costs, overhead rates, G&A rates and profit. The Contractor is to provide costs for any additional types of services required (e.g. Environmental costs). Firm hourly rates must be provided for each of the seven labour categories listed in order for your bid to be considered responsive. See Annex E – Basis of Payment, paragraph 1.7.

BASIS OF PAYMENT	YEAR 1	YEAR 2
1. Firm hourly rates for in-plant <b>Repair and Overhaul</b> . The Contractor shall be Paid a firm hourly rate for in-plant R&O. This blended R&O rate shall include all rates to complete the R&O tasks including management, (e.g. PM, QA, logistics, administrative & workshop supervisor )	\$	\$
2. Firm hourly rates for Special Investigation and Technical Studies (SITS). Contractor shall be paid the hourly rate indicated for each of the following categories.		
Project Manager	\$	\$
Engineer	\$	\$
Electrician	\$	\$
Technician	\$	\$
Quality Assurance	\$	\$
Draftsman	\$	\$
Other	\$	\$
<b>Average Hourly Rate</b>	\$	\$
3. Firm hourly rate for Technical Investigation and Engineering support (TIES). Contractor shall be paid the hourly rate indicated for each of the following categories		
Project Manager	\$	\$
Engineer	\$	\$
Electrician	\$	\$
Technician	\$	\$
Quality Assurance	\$	\$
Draftsman	\$	\$
Other	\$	\$
<b>Average Hourly Rate</b>	\$	\$

BASIS OF PAYMENT	YEAR 1	YEAR 2
4. Firm Hourly rate for Field Service Representative (FSR)/Mobile Repair Party (MRP). Contractor shall be paid the hourly rate indicated.	\$	\$
5. For in-plant Repair & Overhaul Subcontracting work (including Mark-up) (not to exceed 50% of MRC) The contractor shall be paid the actual Laid Down Cost plus the firm mark-up indicated.	%	%
6. For contractor Supplied/furnished Spares and material - The contractor shall be paid the actual Laid Down Cost plus the firm mark-up indicated	%	%

Laid down cost is defined as the cost incurred by the Contractor to acquire the parts for resale to the Crown or for subcontractor work. This includes the suppliers invoice price (less trade discounts) plus any applicable charges for transportation, foreign exchange, custom duties and brokerage charges, but excludes GST/HST. Mark up includes the applicable purchasing expense, internal handling and general and administrative overhead expenses plus profit excluding GST/HST. Costs are to be all inclusive, e.g. Environmental costs, but **shown as separate items on invoices.**

## BASIS OF PAYMENT

1. For the satisfactory performance of the work/tasks as specified in this agreement, the Contractor shall be paid as detailed in Annex D and defined as follows:

**1.1 In-Plant Repair:**

For all authorized repairs performed in-plant (in-house), the Contractor shall be paid for the actual hours incurred times the applicable Firm hourly rates specified in the Contract. These rates include the time spent inspecting, evaluating and estimating the cost of repairs as well as management, logistics, administrative activities. The Firm hourly rates are subject to the "Not to Exceed" amount specified as the Maximum Repair Cost (MRC) for the item as detailed in the SOW.

**1.2 Repairs Beyond Economical Repair (BER)**

For authorized evaluation or reduction to spares of BER items at the Contractor's plant or subcontractor's plant, the Contractor shall be paid for the actual hours incurred, times the applicable firm hourly rates as specified in the Contract.

**1.3 Technical Investigation and Engineering Support (TIES), Special Investigations and Technical Studies (SITS), Field Service Representative (FSR), and Mobile Repair Party (MRP)**

For authorized TIES, SITS, FSR, and MRP's when tasked to do so by a duly signed and completed DND 626, the Contractor shall be paid for the actual hours incurred times the applicable firm hourly rates as specified in the Contract.

**1.4 Storage as and when required**

For Storage, as and when required, the rate is to be negotiated with the Contracting Authority on a case by case basis. The Contractor shall supply a detailed estimate.

**1.5 Contractor Supplied Spares (CSS) and Material**

For authorized direct materials embodied in-plant, Contractor Supplied Spares (CSS) and material, the Contractor shall be paid the actual Laid Down Cost of the embodied material plus a firm mark-up as specified in the Contract. Outgoing transportation charges to the consignee is at actual cost and is excluded from this mark-up.

**1.6 Contractor Furnished Spares**

For authorized requests to provide spares for emergency/operational requirements, when tasked to do so by a duly signed and completed DND 626, the Contractor shall be paid the actual Laid Down Cost of the material plus a firm mark-up as specified in the Contract. Outgoing transportation charges to the consignee is at actual cost and is excluded from this mark-up.

**1.7 Subcontracting**

In the event any work is subcontracted, the Contractor shall charge Canada actual Laid Down Cost of the subcontractor plus the applicable mark-up as specified in the contract. Invoices shall clearly show the labour rate being charged by the subcontractor. However, at no time shall the Contractor charge rates for subcontracting which are in excess of the rate showing under any resulting Contract's Basis of Payment.

**1.8 Overtime Work Authorization**

Emergency repairs/work which is specifically requested to be performed at other than normal working hours shall be charged at the rate of 1.5 times normal time for overtime on normal days and weekends. Emergency repairs required on statutory holidays shall be charged a

two times the normal rate. NO premium overtime shall be charged unless authorized in writing by the Requisitioning Authority.

### **1.9 Travel & Living (T&L)**

The Contractor shall be paid actual T&L costs without any allowance for mark-up or profit. T&L shall be calculated and charged in accordance with TB Guidelines except for in-flight rate.

## **2. OPTION YEARS**

If the Option Years are exercised, the labour rate will be established as detailed below. The decision to exercise Option Year 1, 2 and 3 will be determined by the following conditions being met: there is no significant change in the scope of the work and there is a continuing need for the work to be performed.

The labour rate for each Option Years must be determined using the following formulae:

### **2.1 Option year 1**

Increases or decreases for labour costs must be adjusted to reflect the average change in the Consumer Price Index (CPI), CANSIM Table 281-0039 Fixed weighted index of average hourly earnings for all employees, excluding overtime, customized to the Region/Province in which the majority of the work is performed and limited to industrial aggregate excluding unclassified businesses. The average monthly increase/decrease for the 12 months-period six months prior to the contract end date is the factor that must be used. This change must be applied to the Period 2 labour rate to arrive at the Option Year 1 labour rate.

### **2.2 Option Year 2**

Increases or decreases for labour costs must be adjusted to reflect the average change in the Consumer Price Index (CPI), CANSIM Table 281-0039 Fixed weighted index of average hourly earnings for all employees, excluding overtime, customized to the Region/Province in which the majority of the work is performed and limited to industrial aggregate excluding unclassified businesses. This change must be applied to the Option Year 1 labour rate to arrive at the Option Year 2 labour rate.

### **2.3 Option Year 3**

Increases or decreases for labour costs must be adjusted to reflect the average change in the Consumer Price Index (CPI), CANSIM Table 281-0039 Fixed weighted index of average hourly earnings for all employees, excluding overtime, customized to the Region/Province in which the majority of the work is performed and limited to industrial aggregate excluding unclassified businesses. The average monthly increase/decrease for the 12 months-period six months prior to the contract end date is the factor that must be used. This change must be applied to the Option Year 2 labour rate to arrive at the Option Year 3 labour rate.