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**Summary of Feedback and Outcomes**  
from the  
**Industry Engagement Process**  
for  
***Chemical Residue Testing of Food Products***  
**Solicitation No. 39903-150123/A**



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## 1. Introduction

On 18 November 2014, Public Works and Government Services Canada (PWGSC) published a Letter of Interest (LOI) on the Government Electronic Tendering Service (GETS) seeking to engage with the Commercial Laboratory Industry on behalf of the Canadian Food Inspection Agency (CFIA). As part of that engagement, Industry was asked to provide a written response to questions related to both the technical aspects of the Work to be undertaken and the procurement process. A draft Request for Standing Offer (RFSO) was provided, which included the Statement of Requirement, Evaluation Criteria and the Basis of Selection.

Canada also elected to hold one-on-one meetings with interested suppliers, which took place on December 3-4, 2014. This document represents a Summary of Feedback and Outcomes from that Industry Engagement process.

The purpose of the Industry Engagement was threefold:

- a) to provide Industry (hereinafter referred to as “Participants”) with general information about the requirement;
- b) solicit feedback from Participants about their capability to undertake the requirement based on the draft Request for Standing Offer (RFSO); and,
- c) consult with Participants on ways to improve the solicitation, and increase accessibility and fairness to all potential suppliers.

Participants were encouraged to ask questions and provide comments with the objective to receive feedback that may be incorporated into the solicitation document, creating a procurement that is fair and transparent to suppliers, enhances competition, and results in best value to Canada.

The publication of this document and resulting RFSO effectively concludes the Industry Engagement process. The information gathered through this process was considered when finalizing the procurement strategy and should meet the needs of the Government of Canada and be compatible with Industry standard practices.

## 2. Requirement

Canada requires the services of accredited laboratories for the testing of chemical residue contaminants of food, food crops and tissues of food animals for the Canadian Food Inspection Agency (CFIA). Testing is required for 6 food groups: Dairy, Eggs, Honey, Meat, Fresh Fruit & Vegetables, and Processed Products. Testing must be in accordance with analytical methods and standard operating procedures accredited by the Standards Council of Canada or under the Canadian Association for Laboratory Accreditation.

Services are required on an “as and when requested” basis through call-ups issued against authorized National Individual Standing Offers. The current standing offers are set to expire in March 2015.

## 3. Industry Engagement Process

<b>Industry Engagement Period</b>	<ul style="list-style-type: none"><li>• Posting of Letter of Interest (LOI): November 18, 2014.</li><li>• Responses to LOI requested: November 27, 2014.</li><li>• One-on-one meetings: December 3-4, 2014.</li><li>• Concludes with the publication of the Request for Standing Offer (RFSO).</li></ul>
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<b>Participants</b>	<ul style="list-style-type: none"> <li>• Seven organizations provided responses to the LOI: <ul style="list-style-type: none"> <li>➢ ALS Canada Ltd.</li> <li>➢ Caro Analytical Services</li> <li>➢ Maxxam Analytics</li> <li>➢ Pacific Rim Laboratories Inc.</li> <li>➢ SGS Canada Inc.</li> <li>➢ Silliker JR Laboratories</li> <li>➢ University of Guelph</li> </ul> </li> <li>• Six of the seven organizations participated in one-on-one meetings.</li> <li>• Government of Canada employees from CFIA and PWGSC attended one-on-one meetings.</li> </ul>
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#### **4. General Overview of the Industry Engagement Process Feedback**

The consultative process provided Industry with an opportunity to participate in the procurement process by providing comments, questions and recommendations for improvement of the Draft RFSO, as well as seek clarification on technical issues.

The level of response from Participants indicated strong interest in the requirement and in engaging with Canada on procurement issues. Overall, the majority of Participants indicated that the Draft RFSO contained many positive elements; however, additional clarification was sought on the requirement and some key issues emerged as a result of the feedback. As a result Canada has adjusted some specific requirements as necessary to address technical questions, and some changes have been made to the RFSO to address key issues.

This document summarizes the feedback received during the Industry Engagement Process and the outcome on the RFSO. The following items are the primary focus for this summary.

- Requirement;
- Evaluation and Basis of Selection;
- Basis of Payment and Funding.

#### **5. Summary of Feedback and Outcomes**

##### **5.1 Requirement (Annex A of RFSO)**

<b>Original Approach</b>
<p>The Statement of Requirement (SOR) was provided to Participants as part of the Draft RFSO. The SOR provided a description of the tasks that may be required under any resulting Call-up (contract), as well as reporting requirements and delivery timeframes. Appendix 1 to the SOR contained all of the potential Chemical Residues of Interest to CFIA covered under this procurement.</p> <p>Participants were asked to comment on their capacity and ability to meet the requirement, as well as to identify any aspect of the SOR that was unclear.</p> <p>Participants were also asked whether a process for incorporating a small number of new tests into the SOR before the optional extension periods were exercised would be beneficial to Offerors (as opposed to starting the RFSO process again). A clause was included in the Draft RFSO entitled "Additional Tests" to add this flexibility, and which would allow for a longer duration for the resulting Standing Offers. Canada's intended outcome of incorporating this process into the Standing Offers was to reduce time, effort and costs for both Canada and suppliers by extending the timeframe between new competitive procurements.</p>

### **Participant Feedback Overview**

Generally the SOR seemed clear to most Participants. Several Participants made requests for clarifications to specific Test Methods listed in Appendix 1 to the SOR. Canada has reviewed these requests. The Statement of Requirement will be updated to clarify aspects of the SOR that Participants identified as unclear. Offerors should thoroughly review the revised SOR once the final RFSO is posted if submitting an offer.

Key questions/issues are addressed below.

### **Participant Feedback #1**

Clarification was required for the definition of laboratory turnaround time (pages 60 and 65), as it was unclear whether this was from date of the Call-up or date of sample receipt.

### **Outcome #1**

The laboratory "turnaround time" is the period from receipt of the sample at the Offeror's laboratory until the completion of all tests assigned to the sample. The Statement of Requirement will be revised to clarify this.

### **Participant Feedback #2**

Will there be a measure of accountability added to the Standing Offers regarding the required laboratory turnaround time, specifically, the inclusion of performance measures for timely delivery?

### **Outcome #2**

Canada requires all tests assigned on a sample(s) to be completed within the timelines provided. The timelines provided in the Statement of Requirement are considered to be reasonable.

The 2005 General Conditions – Standing Offers – Goods or Services, referenced in the Standing Offers, allow for a standing offer to be permanently set-aside if the Offeror is in default. Not meeting the required laboratory turnaround times may put an Offeror in default. If a standing offer is set-aside no further Call-ups will be issued against the standing offer.

Canada is considering the addition of a clause that would allow for a temporary suspension of a Standing Offer if the Work is not performed as stated in a Call-up and in accordance with the Statement of Requirement. The Offeror will be notified in writing by the Standing Offer Authority of the default and will be provided 5 business days to implement corrective action. If the default is not corrected within 5 business days, the Standing Offer Authority may temporarily suspend the standing offer until the Offeror has demonstrated to the satisfaction of the Standing Offer Authority that it has resolved the problems causing the default. During the period that the Standing Offer is suspended, Canada will distribute all new Work among the other ranked Offerors.

Canada recognizes there may be external factors impacting the Offeror's performance of the Work, such as lack of capacity, therefore, Canada will also include a process in the Call-up Procedures – Method of Allocation that requires the Offeror to confirm their ability to take on the required Work or request a reduced number of samples.

**Participant Feedback #3**

A request was made to break down some of the larger food groups in Part A into sub-groups.

**Outcome #3**

This suggestion has some merit and Canada will consider this in future requirements. This change will require a significant amount of effort and is not achievable within the current timelines available for the proposed requirement, as the current Standing Offers expire March 2015.

As a precursor to this future change, the tests have been placed into specific classes for the proposed requirement.

**Participant Feedback #4**

With regard to Tiamulin testing, can a method based on the following reference be used?

Bohm DA, Stachel CS and Gowik P. (2011). Validated Determination of Eight Antibiotic Substance Groups in Cattle and Pig Muscle by HPLC/MS/MS. *Journal of AOAC International*, 4(2):407-19.

**Outcome #4**

For Tiamulin analysis, CFIA will accept screening methods for the parent tiamulin; however, all positives found greater than 0.05 ppm will be required to be confirmed using a method that includes the hydrolysis to 8-alpha-hydroxy-mutilin. Appendix 1 to the Statement of Requirement will be clarified.

**Participant Feedback #5**

Can a Glyphosate method without FMOC-Cl be used? The method is based on an EU method reference for food that does not use derivatization (EU Reference Laboratories, Quick Method for the Analysis of Residues of numerous Highly Polar Pesticides in Foods of Plant Origin involving Simultaneous Extraction with Methanol and LC/MS/MS Determination (QuPPE-Method), Version 7.1, November 2013, Authors: M. Anastassiades; D. I. Kolberg; D. Mack; C. Wildgrube; I. Sigalov; D. Dörk).

**Outcome #5**

Yes this method is acceptable. The Statement of Requirement has been updated.

**Participant Feedback #6**

A Participant expressed concern that all the PCB congeners requested cannot be resolved and reported as per the requirement.

**Outcome #6**

It is not a requirement that all the congeners be resolved. The scoring is rated to provide a higher technical score for those offering more technically complex analysis. As was illustrated in the evaluation criterion, up to 2 congeners may co-elute and still receive full marks.

Canada recognizes the increase in complexity will increase cost. Both cost and technical merit will be evaluated and the Offeror offering the best overall value will be rated higher.

**Participant Feedback #7**

The Draft RFSO included terms and conditions that would allow Canada to add tests to the Statement of Requirement if and when an Extension Period was authorized. The clause indicated that Canada would solicit offers for the new tests from existing Standing Offer Holders of the applicable food group only. Offers would be subject to technical and financial evaluation and verification by Canada in accordance with solicitation 39903-150123/B. If an offer for additional tests did not meet the requirements indicated in the solicitation, the Standing Offer would not be revised to add the new tests.

Different opinions were received from Participants about the process in the draft RFSO for the additional tests. Some Participants thought it was a good idea as it would result in less work for all parties involved and also allow flexibility to amend the Standing Offers to meet CFIA requirements. However, some Participants felt that it would not be open, fair and transparent because the process was limited to Standing Offer Holders only. Suggestions were made to keep the proposed process but allow for open bidding for all suppliers by posting a solicitation on the Government Electronic Tendering Service (GETS). This would allow for new suppliers to compete for the requirement and allow current suppliers to expand their laboratory testing services to a new food group. If a Food Group did not have four (4) standing offers (Part A), then allowing additional suppliers to bid on the Food Group would be beneficial to CFIA to increase laboratory capacity. It was unclear though how price would be evaluated, and how the ranking of Standing Offer Holders would be affected if the process was open to new suppliers.

**Outcome #7**

There was a difference of opinion among the Participants about whether Additional Tests should be incorporated into the Standing Offers, and if so, what that process should entail. It was decided that Canada would not include this optional process in this procurement. One of Canada's primary goals is to ensure an open, fair and transparent procurement process. Canada will reconsider a process to incorporate additional tests in a fair and transparent manner while also considering ranking for future procurements.

**Participant Feedback #8**

With the additional tests some Participants felt the seven (7) year time frame was reasonable; however, some Participants felt the seven (7) year time frame was too long and may harm suppliers who did not obtain a standing offer.

**Outcome #8**

It was determined that the seven (7) year period of services would function as a barrier to competition and impede new suppliers. The timeframe of the Standing Offers will be shortened to a three (3) year initial period with two (2) optional twelve month extension periods. It is anticipated that CFIA's laboratory testing requirements may change over the coming years, and this shorter timeframe offers greater flexibility to CFIA to change their requirements as needed, and allow for a new competitive bidding process after 3 – 5 years.

## 5.2 Evaluation and Basis of Selection

### Original Approach

The Draft RFSO incorporated both mandatory criteria and point-rated criteria which have minimum scores required for the Offer to be compliant. For Part A – up to four (4) standing offers may be issued in each food group. For Part B – up to two (2) standing offers may be issued for each test.

Participants were asked whether the evaluation criteria were clear and whether the Basis of Selection seemed fair and reasonable. Participants were given the opportunity to provide suggestions to improve the evaluation and offer selection methodology.

### Participant Feedback Overview

Overall Participants thought it was clear how Canada intended to evaluate the offers, and the Basis of Selection seemed fair and reasonable. Some questions were asked to clarify aspects of the mandatory and point-rated evaluation criteria. Revisions will be made to the evaluation criteria as a result of some of the questions raised during the Industry Engagement Process. Suppliers should review the evaluation criteria in detail once the final RFSO is released.

Key issues are addressed below.

### Participant Feedback #9

What evidence is required for the point-rated criteria *Laboratory Turnaround Time* (page 39)? To what sample volume must a laboratory demonstrate capacity? How does the point score for *Laboratory Turnaround Time* factor into the total evaluated score for a Food Group (page 41)?

### Outcome #9

The ability of Offerors to meet the Laboratory Turnaround time is an important factor in the performance of the Work; however, it is difficult to clearly define what would be required of Offerors to demonstrate this criterion as not all Offerors are bidding on the same Food Groups. This evaluation criterion will be removed. A process will be incorporated into the Call-up Procedures where an Offeror can request a reduced Work package if they don't have enough laboratory capacity.

### Participant Feedback #10

The Mandatory Criteria state that proof of accreditation for each test must be submitted with the offer. Can additional time be provided?

### Outcome #10

It is important that before the Standing Offers are issued the proof of accreditation for each SOP is submitted to Canada. In order to provide more time to Offerors to obtain proof of accreditation, the evaluation criteria in the RFSO will be revised to allow for proof of accreditation to be submitted after the RFSO closing date but before the standing offer is issued. A date will be provided in the final RFSO for which proof of accreditation must be submitted.

Canada cannot allow for proof of accreditation to be submitted after issuance of Standing Offer

because if the accreditation is not obtained it may affect whether the Offer is compliant and whether the standing offer should have been issued; or it could affect the Total Overall Offer Score, which determines the percentage of funds allocated to Standing Offer Holders. It would also affect the annual sampling plan prepared by CFIA.

**Participant Feedback #11**

How many controlled copies of SOPs are required?

**Outcome #11**

Only one original controlled copy of the SOP is required to be submitted. The evaluation criteria will be clarified to state this. Part 3 of the RFSO indicates that four (4) hard copies of the Technical Offer are to be submitted, therefore, one hardcopy will contain the controlled copy of the SOP and three (3) of the hardcopies can contain copies of the SOP. We suggest that each copy be numbered and that originals are included in Copy #1.

**Participant Feedback #12**

Can an example be provided of how a laboratory can demonstrate the detection limits for metals - in particular zinc (page 11 of RFSO).

**Outcome #12**

As zinc may be commonly found, it is being removed as one of the elements required to demonstrate detection limits. All other metals are not typically found in food and should not pose a problem.

**5.3 Basis of Payment and Funding**

**Original Approach**

The Basis of Payment in the Draft RFSO consisted of firm all-inclusive rates for each test, with one blended rate for the initial period, and one rate for each of the optional extension periods. The Method of Payment would be either one lump sum payment following delivery of the Work or monthly payments, depending on the Call-up. The estimated funding was not specified in the RFSO. Instead, the estimated number of samples to be tested per year was provided (in Annex B).

Participants were asked to provide comments on the Basis of Payment and Method of Payment; and whether annual rates or one blended rate was preferred.

**Participant Feedback Overview**

Participants indicated the Basis of Payment was reasonable. Mixed responses were received regarding the preference for one blended rate or annual rates.

Some of the key issues are addressed below.

**Participant Feedback #13**

Participants requested the total anticipated annual budget for the resulting Standing Offers.

**Outcome #13**

The estimated fiscal year funds are approximately \$10M per year for all Food Groups, based on the estimated number of samples identified in the RFSO.

The budgeted funds are identified as a good faith estimate; however, there is no guarantee that any Call-ups will be issued against the standing offer.

**Participant Feedback #14**

Some Participants indicated yearly rates were preferred and some Participants indicated one blended rate over three years was preferred.

A question was asked about how prices for the extension periods will factor into the evaluation.

**Outcome #14**

Canada has decided that Offerors would be requested to provide annual rates per test for the initial period and the optional extension periods.

For evaluation purposes the annual rates for all five years will be averaged, and the average will be used in the calculation of the Price Score, which is detailed in Attachment 1 to Part 4 of the Draft RFSO. A statement will be added indicating the price cannot vary by more than +/- 10% from the previous year.

A Financial Offer Presentation Sheet in Excel format will be available to download from the Buy and Sell website once the final RFSO is posted. Offerors can input their annual rates and the average rate will be calculated in the spreadsheet. A completed Financial Offer Presentation Sheet should be included in the Offer.

**Participant Feedback #15**

A question was asked whether the cost for repeat testing could be charged or if it was to be built into the cost.

**Outcome #15**

The Offeror is to provide an all-inclusive firm unit price per test. This includes any repeat testing if required for confirmation. No other costs outside of the all-inclusive firm unit price will be paid to the Offeror.

**Participant Feedback #16**

Testing for several residues can be consolidated into one method. There is an opportunity for cost savings for Canada. How should the pricing for this be shown in the Basis of Payment?

**Outcome #16**

Where an Offeror elects to offer a multi-residue method that meets the requirements of another Chemical Residue of Interest, for the purposes of evaluation, Canada will allocate full points for the Price Score if there is no charge for the additional Chemical Residue(s) of Interest. This will remove the disadvantage of a potentially higher price on the multi-residue method and evaluate it against simpler and potentially less expensive method on technical merit alone.

**5.4 Other****5.4.1 Canadian Content Policy****Participant Feedback #17**

Regarding the application of the Canadian Content Policy, how will this be quantified?

**Outcome #17**

Canada will send samples only to an accredited Canadian laboratory that can perform the test(s). Canada will not export samples outside of Canada.

**5.4.2 Historical Data****Participant Feedback #18**

Can Canada provide historical positive rates for tests listed in the Statement of Requirement of the Draft RFSO?

**Outcome #18**

Historical information for the rates of positives from previous years can be found at the following web address:

<http://inspection.gc.ca/food/chemical-residues-microbiology/eng/1331960432334/1331962151945>

**5.4.3 CFIA Contact Information****Participant Feedback #19**

Can contact information be provided in order to obtain methods from CFIA laboratories?

**Outcome #19**

If a supplier requires a copy of a CFIA test method listed under "Reference" in Appendix 1 to Annex A the supplier must send the request for information in writing to the Standing Offer Authority, in accordance with the RFSO.

**5.4.4 Call-ups – Distribution of Samples****Participant Feedback #20**

Comments were made that the method of allocation of Work for Call-ups would not be fair and

reasonable if the Work was distributed based on percentage of samples. It is possible that a lower ranked Offeror has a much higher firm unit price. The table on page 53 of the Draft RFSO shows the lower ranked Offeror would receive a smaller percentage of samples. However if the lower ranked Offeror has a much higher firm unit rate they would receive a higher proportion of funds.

It was suggested that an incentive be added to the RFSO to encourage a more competitive pricing strategy.

**Outcome #20**

Canada acknowledges that the example above is possible. However, an Offeror may price themselves out of the ranking and not receive a Standing Offer. It is agreed though that the “Call-up Procedures – Method of Allocation” clause on page 52-53 of the Draft RFSO should be revised to show a percentage distribution of Work based on funds instead of samples.

**Participant Feedback #21**

If an Offeror receives a Call-up for more samples than their laboratory can handle, will the Offeror be in default if the laboratory turnaround times aren't met.

**Outcome #21**

When a delivery date is not met an Offeror may be considered to be in default.

Refer to 5.1 - Requirement, Outcome #2 above.

**6. Conclusion**

Overall, the feedback from industry was positive and the approaches put forth in the Draft RFSO were supported. Industry feedback has informed Canada of areas of potential concern for some Participants which resulted in improvement of the procurement process through the implementation of changes to the final RFSO that address the key concerns.

PWGSC and CFIA would like to thank all Participants who provided responses and/or attended the one-on-one meetings. The two-way dialogue and information that resulted was invaluable in assisting Canada in finalizing the procurement strategy.