



**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 0B2 / Noyau 0A1  
Gatineau, Québec  
K1A 0S5 (or K1A0C9 if using FedEx)

**Amendment #1  
REQUEST FOR  
PROPOSAL**

**Amendement n ° 1  
DEMANDE DE  
PROPOSITION**

Proposal to: Public Works and Government Services  
Canada

We hereby offer to sell to Her Majesty the Queen in  
right of Canada, in accordance with the terms and  
conditions set out herein, referred or attached hereto,  
the supplies and services listed herein or on any  
attached sheets at the price(s) set out therefore.

Propositions aux: Travaux publics et Services  
gouvernementaux Canada

Nous offrons par la présente de vendre à sa Majesté la  
Reine du chef du Canada, aux conditions énoncées ou  
incluses par référence dans la présente et aux annexes  
ci-jointes, les articles et les services énumérés ici et sur  
toute  
feuille ci-annexée, au(x) prix indiqué(s).

**Comments - Commentaires**

Questions and answers/ Les questions  
et les réponses.

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

**Issuing Office - Bureau de distribution**  
Acquisitions Branch / Direction générale  
des approvisionnements  
Marine Systems and Small Vessels Sector  
Major Projects Directorate – Sea  
AJISS Project Office  
Gatineau, Quebec

<b>Title-Sujet</b> Arctic Offshore Patrol Ship (AOPS) and Joint Support Ship (JSS) In-Service Support/Le soutien en service (SES) du navire de patrouille extracôtier et de l'Arctique (NPEA) et du navire de soutien interarmées (NSI)	
<b>Solicitation No. - N° de l'invitation</b> W8476-133818/C/B	<b>Date</b> July 87, 2016/le 8 juillet 2016
<b>Client Reference No. - N° de référence du client</b> W8482-156698	
<b>GETS Reference No. - N° de référence de SEAG</b> PW-16-00738522	
<b>Solicitation Closes – L'invitation prend fin</b>  October 25, 2016 at 14 :00 /le 25 octobre 2016	<b>Time Zone / Fuseau horaire</b> Eastern Daylight Time (EDT) / Heure avancé de l'est
<b>F.O.B. – F.A.B</b>  Plant-Usine : <input type="checkbox"/> Destination: <input type="checkbox"/> Other-Autre: <input type="checkbox"/>	
<b>Address Enquiries to: - Adresser toutes questions à:</b> Ryan Gigliotti	
<b>Telephone No. - N° de téléphone</b> <a href="mailto:NPEANSISES.AOPSSJSSISS@tpsgc-pwgsc.gc.ca">NPEANSISES.AOPSSJSSISS@tpsgc-pwgsc.gc.ca</a>	<b>FAX No. - N° de FAX</b>
<b>Destination of Goods, Services and Construction: Destinations des biens, services et construction :</b>  Specified Herein Précisé aux présentes	

**Instructions : See Herein**

**Instructions : voir aux présentes**

<b>Delivery Required - Livraison exigée</b> See Herein – voir aux présentes	<b>Delivery Offered - Livraison proposée</b>
<b>Vendor/Firm Name and Address</b> Raison sociale et adresse du fournisseur/de l'entrepreneur	
<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 (type or print)</b> <b>Nom et titre de la personne autorisée à signer au nom du fournisseur/de l'entrepreneur (taper ou écrire en caractères d'imprimerie)</b>	
<b>Signature</b>	<b>Date</b>



This Amendment #1 is being issued to answer questions received against this solicitation.

## PART 1 – GENERAL INFORMATION

Q1. Part 1 Article 1.2) The "Best effort" requirement to use applicable CLCA businesses is a relatively high threshold. Goods and services procured in these cases may be more expensive, but it is difficult to assess how often such a situation would arise. We would suggest "commercially reasonable efforts" be substituted.

A1 The Comprehensive Land Claims Agreements are modern day treaties that Canada is obligated to follow when expending public funds (refer to Supply Manual 9.35.1). The obligation will flow down to the AJISS Contractor when also expending public funds to carry out AJISS business in land claims agreement areas. Best Efforts, which is the higher standard, is consistent with the obligations of the Agreements.

Q2. Part 1 Article 1.3. Request Clarification: How does Canada intend to ensure businesses listed as known OEMs / Tier 1 Contractors are able to complete as Primes or as AJISS bid team mates, while ensuring they do not gain unfair advantage through their involvement in the current Design and Build programs for AOPS and JSS?

A2. Having detailed knowledge of AOPS and JSS will not provide an unfair advantage to a Bidder involved in the design and build contracts for either of these classes in the evaluation of the Bids. The bid evaluation is designed to assess the experience and capability of a Bidder in the delivery of in service support of ships not in the design and construction of ships. The financial assessment is based on the cost of in service support management and not on the repair costs of ships that are not yet delivered.

## PART 2 – BIDDER INSTRUCTIONS

Q3. Part 2 Article 2.1. (2007-05-27) Legal Capacity under the Standard Instructions and (2010-01-11) Joint Venture of 2003 - Standard Instructions - Goods and Services. Could be interpreted as Canada having grounds to reject bids from bidders who submit a bid for the Project as a joint venture but have not formally incorporated the corporate body for the joint venture prior to bid submission. Would Canada reject bids from bidders who have agreed to incorporate the joint venture corporate body upon selection as the preferred bidder for the Project?

A3: Standard Instructions 2003 Article 10 "Legal Capacity" requires the Bidder to have legal capacity to contract. In respect of a joint venture, the Bidder is comprised of all the members of the joint venture. While a representative of the joint venture may act on behalf of the other members for the particular purposes outlined at Standard Instructions 2003 Article 17, should the joint venture Bidder be selected for contract award, all of its members will be required to sign the resulting contract as the Bidder, and therefore each one must have the legal capacity to do so. The Contract will exist between the Bidder and Canada.

The Bidder that submits the bid is the Bidder that is eligible to be awarded a contract. Canada is neutral regarding the way in which a Bidder chooses to organize itself. There is no requirement that a joint venture Bidder incorporate a joint venture corporate body in order to bid; however, Standard Instructions 2003 17 requires that the members themselves must be identified in the bid as an existing named member with their own Procurement Business Number upon bid submission. Because a joint venture will qualify for the contract by relying on the qualifications of its members, no change in membership from bid submission can occur. As per Standard Instructions 2003 05 08, Canada cannot permit a bid to be assigned or transferred to a new Bidder.



Q4: Can the members of a joint venture Bidder include a company that has been newly incorporated by two or more members of the joint venture as well as companies that are affiliates of the members that incorporated the new company?

A4: Canada is neutral regarding the way in which a Bidder chooses to organize itself. However, the members of a joint venture Bidder can include a company that has been newly incorporated by two or more members of the joint venture as well as affiliates of those members. Subject to Article 3.2.2 a) of the RFP such a joint venture Bidder would not have any experience to submit for evaluation as that joint venture and would have to rely on the experience of its members to meet any evaluated experience criteria in accordance with Article 3.2.2.b) of the RFP. Similarly the newly incorporated member of the joint venture would also not have any experience to submit for evaluation.

Q5. Is it possible for an affiliate of a joint venture member to be included in the bid as a subcontractor?

A5. Yes. Subject to the terms concerning the Evaluation of Technical Elements set out in Part 4 of the RFP, the relevant certification requirements and the payment provisions of Annex B, Article 5.6 Affiliates of joint venture members may be included as subcontractors in the Bidder's Team

Q6. Part 2 Article 2.3. Does not seem relevant to corporations. Please clarify if this section is intended to have any application to corporations that employ former public servants.

A6. This section is relevant to subcontractors who are individuals and who are former public servants or, to former public servants who have formed companies. It does not apply to former public servants who are employees of a Bidder or of a subcontractor.

Q7 Part 2, Article 2.4 and 2.5. How are enquiries and submissions to be submitted "in writing"?

A7 Enquiries may be submitted by E-mail to the Contracting Officer. The final RFP identifies the Contracting Officer and provides contact information in Article 2.4.

Q8 Part 2, Article 2.4. If the bidder estimates that the enquiry is a proprietary nature, Canada can only edit the question with the bidder agreement.

A8 During the solicitation period Canada reserves the right to decide whether a question is in fact proprietary and to distribute the answer to all Bidders. In this case, neither the question nor the response will identify the name of the Bidder.

Canada may paraphrase questions received from Bidders for purposes of clarity, if these are duplications or to avoid identifying specific Bidders.

### PART 3 - BID PREPARATION INSTRUCTIONS

Q9. PART 3, Article 3.1: The RFP states, Prices must appear in the financial bid only. No prices must be indicated in any other section of the bid. The Contractor assumes that the cost information that pertains to other proposals, e.g., related to past performance, is permitted in Sections I, II, and IV of the bid response. Please, confirm this assumption.

A9. Yes, this is correct. Article 3.1 refers to pricing associated with the Financial Bid, and in this RFP, to the pricing associated with the Start-Up proposal.

Q10 Part 3 Article 3.2.2 Does the definition of a "member" include the shareholder of an incorporated joint venture? If any of the shareholders of the incorporated joint venture have affiliated entities with relevant experience, can the joint venture "Bidder" claim the experience of such affiliates within the submission of the RFP?



A10. No, the 'member' is the company that is a part of the joint venture (i.e. company A and company B create joint venture C.) This does not preclude joint venture C from naming the shareholders affiliates as a subcontractor and using their experience as a subcontractor in the Bid where it is indicated in the evaluation that it is allowed.

Q11 Part 3, Article 3.5.2 The categories covered by Attachment 1 to part 3 could likely be used to cover all work required by the PWS, with the exception of Production Services and Maintenance Support to Ships on Deployment. The implication is that the Bidder itself has these personnel and that these functions are not to be subcontracted, for both Core and Emergent work. If this is not the case, how will Canada compare the price for a Bidder that subcontracts some of these functions with a Bidder that has them itself?

A11. The Financial Bid evaluation is based on the management functions of the contract only. It is Canada's expectation that the Contractor will either use subcontractors to carry out various aspects of the Work, or will use its own labourers to do so. If subcontracting, the default position in the contract is that subcontractors will be procured competitively to ensure best value and fair and reasonable pricing to Canada, unless a business case is provided by the Contractor to demonstrate otherwise. An exception to the requirement for competitive subcontracting is that the Contractor has its own labourers available to perform some non-management functions of the work and that the Contractor can demonstrate to Canada that this work will be carried out at a fair and reasonable price.

Q12 Part 3, Article 3.5.3 What Emergent work in the PWS is the Bidder allowed to subcontract? If it is in categories covered by Part 3, Attachment 1 1.0, must it be performed at those rates?

A12. The contract calls for competitive subcontracting, whether for emergent or core work, unless the Contractor can demonstrate to Canada that best value and fair and reasonable pricing can be obtained otherwise. If an emergent work task will be performed on a time basis by personnel whose rates are covered under the Contractor's quoted personnel rates, these quoted rates will apply.

Q13. Attachment 1 to Part 3 – Financial Bid Presentation Sheet. Can Canada provide a specific example of how the escalation would be applied to a resource category over the period from Year 1 to Year 8?

A13. The rates quoted in the Bid for years 1-4 of the Contract will be firm rates and will not be subject to escalation. After year 4 the rates will be subject to annual retroactive Economic Price Adjustments in accordance with the published Statistics Canada consumer price index referenced in the contract.

Q14 Attachment 1 to Part 3 – Financial Bid Presentation Sheet. In order to provide an accurate financial proposal for evaluation it is important that the bidders have a clear understanding of the information that is required for evaluation. The weighting column appears to be used as a multiplier for the hourly rate. Can Canada explain how these weighting were derived and why they are the same across all years?

A14. The weightings do not represent an estimated level of effort for any period of the contract nor are they representative of a guarantee of any quantity of work. The weightings were included to allow Canada to compare different rates quoted by Bidders.

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

Q15 Part 4, Article 4.2. How long has the bidder to provide the missing information related to mandatory requirements after step 1?

A15 Two (2) business days from receipt of the notification by Canada.

Q16 Part 4, Article 4.6. There is a risk that bidders will interpret and cost a different scope of requirement between the Financial Bid and Start-up Plan, resulting in skewed and widely diverse bid and start-up



costs. To help quantify this assessment, it is suggested that bidders be encouraged to list the assumptions they have incorporated in their plan.

A16. Assumptions provided in the Start-up proposal, which is not part of the financial evaluation of the Bid will be allowed. Assumptions linked to quoted personnel rates and emergent work markup rates that will be evaluated as part of the Financial Bid may result in disqualification of the Bid.

Q17 Part 4, Article 4.8. How much time between the written invitation and the negotiations beginning?

A17 the invitation to negotiate will identify start and end date.

Q18 Part 4, Attachment 2. Observation: The section 3.6.3.1 through to subsection 3.6.3.4 of the Attachment 2 to Part 4 that requests the Bidder to provide information outlining its "Value Proposition in relation to the Defence Sector" seems out of place within the Mandatory Requirements, ITB Management Plan section. This information does not relate to the 4 mandatory plans in any way, and represents distinctly separate requests for information. Recommendation: Move this "Value Proposition in relation to the Defence Sector" out and place it after the 4 mandatory plans section ITB Management Plan section, giving it a separate section number, as this requested information does not relate to the mandatory ITB Management Plan section in which it is currently placed.

A18. The purpose of the Industrial and Technological Benefit (ITB) management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed ITB obligation for the full duration of the Achievement Period. Value Proposition (VP) commitments put forward at bid will become part of the Contractor's overall ITB Obligation. The bidder's ITB management Plan will demonstrate its approach to meet its VP commitments over the duration of the project – potentially 35 years long.

Q19. The draft RFP requires the submission of four VP/ITB mandatory plans. Are bidders required to address the full 35 years in their plans or do their plans need only address the initial 8-year contract?

A19. Bidders are required to address the potential contract duration in their ITB plans, which may be 35 years, plus an estimated two-year close-out phase.

Q20. Bidders are required to commit to achieving Transactions, measured in Canadian Content Value (CCV), valued at an amount equal to the initial contract and all exercised options for a total period of 35 years and to a representative value of \$5.2B. Could Canada confirm that while this is the upper limit of the contract and indeed the magnitude of the commitment if all option periods are awarded, that at any given time, the bidder's commitment will be equal to the value of the signed contract (including any options currently in place)? In this fashion (in accordance with sub-article 4) of the Value Proposition Certificate of Compliance) the dollar value of the commitment would increase incrementally, potentially to 35 years, \$5.2B, as options periods are exercised in accordance with Canada's rolling wave contract model.

A20. The Bidder's Value Proposition will be expressed as a percentage of the Contract Value, including options, measured in CCV. As per Article 5.1 in Annex K, ITB Terms and Conditions, "in the event that Contract Value is increased or decreased, the Contractor's Obligations in 3.1 will be correspondingly be either increased or decreased."

For example, if the Contractor commits to achieve 50% of the Contract Value in Direct Transactions and the Contract Value (including options) is \$100 million, the Contractor's commitment to achieve Direct Transactions will be equal to \$50 million. If the Contract Value (including options) is increased to \$300 million, the Contractor's commitment to achieve Direct Transactions will correspondingly increase to \$150 million (50% x \$300 million).



Q21. Could Canada confirm that the rated ITB commitments that bidders include in their proposals are to be for the initial contract and any/all exercised options years (i.e. the commitment percentages bid with the proposal will need to be in effect for the duration of the contract)?

A21 The Value Proposition Commitments in the ITB Terms and Conditions will be based on the Contractor's Proposal. In its Proposal, the Bidder should express its Value Proposition Commitments as a percentage of the Contract Value, including options, and measured in CCV.

Q22. The draft RFP invites the submission of Transaction sheets that will be scored based on a total dollar value. Will transactions that entail work past the initial eight years be considered? Furthermore, given that all core-work may be task-based (authorized through DND 626), the development of transactions at this point will only be notional. As such, and considering that the estimated contract value will vary from bidder to bidder, how will Canada fairly compare and score the absolute dollar values that may be submitted as part of transaction sheets?

A22 Yes, a Bidder may submit a transaction sheet that entails work past the initial 8 years. For more information on the details of identifying a transaction, please refer to Article 5.6.5 in Attachment 2 to Part 4.

In addition to identify transactions directly related to AJISS, bidders can receive value proposition points for identifying indirect transactions in the defence sector and transactions involving skills development. For the evaluation methodology of transactions, please refer to Section 6 of Attachment 2 to Part 4.

#### PART 5 - CERTIFICATIONS

Q23 Part 5, Attachment 1. The references to August 17, 2012 in the certificate do not seem to relate to this RFP.

A23 The Achievement Period recognizes that complex procurements, like AJISS, require significant effort by Bidders to engage with suppliers to develop partnerships and arrangements in advance of bid submission /contract award. The Achievement Period start date of August 17, 2012 corresponds to the date the initial Letter of Interest was posted on buyandsell.gc.ca.

Q24 With respect to sub-articles 5 and 6 of the Value Proposition Certificate of Compliance, should the timeframe for achieving the stated Transactions be specified as the "ITB Achievement Period" vice the "...period beginning August 17, 2012 and ending 2 years after the Effective Date of Contract."?

A24 The Value Proposition Certificate of Compliance has been amended accordingly.

Q25. How will Canada ensure a subcontractor is not selected for the sole purpose of winning the bid with no intention of utilizing the subcontractor named in the Bidder's Team during contract execution?

A25. See Part 5.2.4 Bidder's Team – Subcontractor Experience

#### PART 6 - SECURITY, FINANCIAL AND OTHER REQUIREMENTS

Q26. Part 6, Article 6.1a). If the Bidder is an incorporated joint venture must the joint venture itself hold a valid organization security clearance?

A26. An incorporated Joint Ventures is not called for in the bid, nor is it required for contract award or to perform the contract.

Q27 Part 6, Article 6.4. Can a certificate evidencing coverage be provided in lieu of a letter?



A27 Insurance Certificates are required to perform the contract and must be forwarded to the Contracting Authority 10 days after contract award. The referenced Article 6.4 calls for the Bidder to provide a letter with the Bid from the Insurance Broker/Company indicating that the Bidder is able to be insured if awarded the contract.

## PART 7 – RESULTING CONTRACT CLAUSES

Q28 Part 7, Article 7.1. If the Economic Indicator becomes unrepresentative of the costs of the labour being used for the work (e.g. extreme regional variation), is there another mechanism to affect changes in the rates after the initial 4 year period?

A28. There is no mechanism in either the Bid or the Contract to identify the region of work of an individual. Therefore the quoted rates are to be blended rates and will be treated as such in the contract.

Q29 Part 7, Article 7.7. Authorities: 5 POC for authorities and one for the contractor. Who is the leader among the 5?

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A29. The roles and responsibilities of each of Canada's representatives in the Contract are identified within each Article.

Q30 Part 7, Article 7.8.3. May the contractor send the monthly invoice of fee management before the acceptance?

A30 Invoices for the Management Fee may be submitted monthly, in arrears, for the management functions. The request for payment of the Management Fee may be included as a separate line item in a monthly progress claim for payment of Core and Emergent services, or it could be submitted as a separate invoice.

Q31. Part 7, Article 7.8.3a) i. How long does Canada have to verify the documents? A maximum delay to payment should be respected.

A31. Refer to 2035 16 Payment Period and 2035 17 Interest on Overdue Accounts.

Q32. Part 7, Article 7.9.2. The paragraph requires timesheets and invoices to support each claim for payment. Confirm that this is not required for the Management Fee or for other FFP, milestone paid, and work.

A32. Correct. Monthly management fee for Start-up to be paid in accordance with agreed firm Milestone payments and equal monthly installments thereafter during transition and steady state. The bases and methods of payment for Emergent work may vary depending on the detail available in the Statement of Work provided for pricing purposes.

Q33 Part 7, Article 7.10.4. We do not understand why there is a need to pay retroactively on an annual basis.

A33. Economic Price Adjustments are calculated and paid retroactively because we do not have the published rates to make annual economic price adjustments until the following year.

Q34 Part 7, Article 7.12.2. What if there is underpayment by Canada?

A34. There is nothing that would prevent a Contractor from claiming for an underpayment.



Q35 Part 7, Article 7.14. The reference clause indicates that subcontractors for work in excess of \$25k must be approved by Canada and that these must normally be competed. Please confirm that for subcontracts that are identified in the bidder's proposal, these are deemed to be approved on acceptance of the proposal, and that further competition for that work is not required.

A35. Correct – But, unless the sub-contractor's pricing is included in the Bidder's quoted personnel rates for Management, the Contractor will still have to demonstrate to Canada that Canada will receive "fair and reasonable" pricing for the subcontracted work (see A28 below).

Q36 Part 7, Article 7.14.4. Is a business case required for each Docking Work Period? What about Preventative and Corrective Maintenance work when the AJISS Contractor is a Canadian Shipyard?

A36 For all sub-contracts where pricing is not part of the Bid (Attachment 1 to Part 3), the Contractor must demonstrate to Canada that we will receive fair and reasonable pricing for the work. Fair and reasonable pricing could be demonstrated through competitive bidding, using the personnel rates as quoted in the Bid to deliver the work, providing Price Support to Canada in accordance with the 7.15 of the Contract, or by using PWGSC negotiated labour rates for the work.

Q37. Part 7, Article 7.16.3. Request Clarification: Is Canada in a position to advice on the implications and requirements associated with the signing of an End Use Certificate?

A37. The End Use Certificate is related to JSS design rights. Canada has provided a copy of the required certificate as an Annex in the RFP.

Q38. Does Canada have a minimum expectation regarding the post contract award for subcontractors selected to support a Bidder's Team response?

A38. See Part 7 Section 7.37 Changes in the Contractors Team.

#### ANNEX A – PERFORMANCE WORK STATEMENT

Q39 PWS – 82. "The work performed by the Contractor will be divided into one of three categories: Management Functions, Core Work and Emergent Work." Please clarify how will R&D Value Propositions be funded? They do not appear to fit under any of the 3 categories.

A39 R&D activities are funded by the Contractor or its Eligible Donor. R&D activities can also include contributions or investments from other parties (i.e. government), however these contributions are not eligible for ITB credit.

Q40 PWS – 289. Request Clarification: Are Canada able to advise if all AJISS platforms and associated data will be developed with English as the core language or has it been defined that certain platforms will use French as the core language (both onboard and for all associated technical data)?

A40 The AOPS platforms have been assigned as English language units. As such, the associated technical data developed by the AOPS Build Contractor will be delivered to Canada in English. The Build Contractor will also translate and deliver to Canada a subset of the English technical data that will be used by supporting units that operate in French and English. The subset is as follows:

- a. Manual of Trim and Stability;
- b. Ship Characteristics Book;
- c. Know Your Ship Book;





- d. System Manuals;
- e. Maintenance Documentation; and,
- f. All Training Courseware

The JSS platforms have been assigned as English language units. As such, the associated technical documentation for JSS will be English only with the following exceptions which will be offered in both English and French language:

- a. All training courseware;
- b. Publications specifically related to health and welfare (e.g. WHIMS);
- c. Some chapters of Ship Characteristics Book (chapters releasable to the public);
- d. Signage (labels and warnings) on board of JSS related to safety, security and health. This excludes operational displays (computer screens), as these will be English only.

Q41 PWS – 382. Has the ship builder been given these same requirements to ensure adequate storage space for this material?

A41 Usage of ship builder storage space will not be available unless the ISSC negotiates this into their Start up plan.

#### ANNEX B – BASIS OF PAYMENT

Q42. ANNEX B, Article a. When does the financial value for management have to be provided?

A42. The mutually agreed value of the Monthly Management Fee for Start-up will be negotiated with the selected Bidder within the 45 day negotiation period. If agreement is reached and the Bidder selected for contract award, the negotiated value will be entered into Annex B of the Contract when Canada receives government approval to award the contract.

Q43. ANNEX B, Article 2.2). There needs to be some objective basis for the application of a performance holdback rather than at the discretion of Canada. Without an objective basis, this could become a source of conflict. If there is to be "measurable improvement", then there needs to be objective measures set out for a defined period of time.

A43. The Contractor and Canada will agree on the KPI's to be measured and the Contractor's performance will be measured against these KPI's. If the Contractor's performance fails to achieve the minimum KPI score as agreed between the Parties, the performance holdback may be applied at the discretion of Canada until performance improves as measured by the KPI's.

Q44. ANNEX B, Article 4. Canada is proposing to use the Cost Reimbursable Incentive Fee (CRIF) method to determine payment for the "Core" work. Has this method been employed on other Canadian government projects, and if so, could you provide a list of them, and any available information on how this method has worked in practice?

A44. CRIF is not uncommon in National Shipbuilding Strategy contracts. CRIF has been a PWGSC acceptable payment strategy in accordance with the Supply Manual – Chapter 4.70.20.15 "Cost Reimbursable with Incentive Fee". A cost reimbursable with incentive fee basis of payment reimburses the contractor for costs incurred in performance of the work, as determined by government reconciliation or audit, and adds profit, which is adjusted by pre-determined formula, in accordance with the relationship that the total actual costs bear to a pre-determined target.



Q45 APPENDIX E, 1029 08. It is suggested that the Contractor should not be liable to replace the Vessel

A45 The *Limitation of Liability* clause 7.24 of Part 7 – Resulting Contract, supersedes 1029 08 in the order of precedence of the contract as stipulated in 7.18. Based on the order of precedence of these documents the Contractor's liability is limited.

#### ANNEX D – GENERAL CONDITIONS

Q46, Annex D, 2035 06 (2). We also suggest that an additional subparagraph should be added with a dollar threshold below which consent is not required. This reduces administrative burden.

A46 The dollar threshold is identified in the 7.14 *Competitive Selection of Subcontractors*, the threshold is \$25,000.

#### ANNEX E – SUPPLEMENTARY GENERAL CONDITIONS

Q47. APPENDIX E, 1029 08. It is suggested that the Contractor should not be liable to replace the Vessel

A47. The *Limitation of Liability* clause 7.24 of Part 7 – Resulting Contract, supersedes 1029 08 in the order of precedence of the contract as stipulated in 7.18. Based on the order of precedence of these documents the Contractor's liability is limited.

#### ANNEX K – ITB TERMS AND CONDITIONS

Q48 General Value Proposition. Some systems for both AOPS and JSS will be sourced outside Canada and will be most effectively supported by the OEM. This will result in limited scope for indigenous Canadian industrial capability to be involved in the AJISS service delivery. Will Canada consider excluding the value of the provision of these foreign OEM spares and maintenance from the bidders overall ITB obligation?

A48. No, the provision of foreign OEM spares and maintenance will not be subtracted from the bidder's overall ITB obligation. As with all ITB Obligations, the achievement of ITB Credits can be met with both Direct and Indirect work activities performed in Canada, measured in Canadian Content Value.

Q49 ANNEX K, Article 2.1.2.2. Indirect Transactions should not be limited to the Defense Sector. This will limit Industry's ability to offer high quality indirects

A49 Indirect Transactions can still be identified to count towards the Contractor's overall ITB Obligation; however they will be awarded VP points.

#### REFERENCE DOCUMENT – RELATIONSHIP CHARTER

Q50 Relationship Charter, Parties to the Charter. We suggest that the Contractor's representative be the CEO or President, to afford flexibility. As well, we note that Canada has three representatives. You may wish to leave flexibility in the composition so that a more balanced representation could be developed. A similar constitutional point arises under the section Executive Governance Committee (EGC) Membership

A50 Bidder will propose representation in the RMP with their bid. Balance occurs at the chair level RC 4.1.1.2. All other members in addition to co-chairs will be represented as required and will be mutually agreed upon.