



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 0B2
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
Clothing and Textiles Division / Division des
vêtements et des textiles
11 Laurier St./ 11, rue Laurier
6A2, Place du Portage
Gatineau, Québec K1A 0S5

Title - Sujet OCFC2 VP/ITB RFI #2	
Solicitation No. - N° de l'invitation W8486-137549/E	Amendment No. - N° modif. 001
Client Reference No. - N° de référence du client W8486-137549	Date 2017-01-05
GETS Reference No. - N° de référence de SEAG PW-\$SPR-756-72176	
File No. - N° de dossier pr756.W8486-137549	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2017-02-03	
Time Zone Fuseau horaire Eastern Standard Time EST	
F.O.B. - F.A.B. Plant-Usine: <input type="checkbox"/> Destination: <input checked="" type="checkbox"/> Other-Autre: <input type="checkbox"/>	
Address Enquiries to: - Adresser toutes questions à: Picco(PR Div.), Robert	Buyer Id - Id de l'acheteur pr756
Telephone No. - N° de téléphone (613) 410-1348 ()	FAX No. - N° de FAX () -
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction:	

Instructions: See Herein

Instructions: Voir aux présentes

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

Amendment 001 is issued to make the following changes to the slide presentation:

1) Page #1

Delete: December 2016

Insert: January 2017

2) Page #22

Add: Question #8



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Operational Clothing and Footwear Consolidated Contract

Draft RFP Engagement

January 2017



Building a prosperous and innovative Canada

Canada

Outline

- OCFC2 Strategic Objectives
- Industry Consultation Feedback
- Revised Economic Leveraging Approach
- Revised Value Proposition Framework
- Sample Scoring
- Questions for Consideration
- Next Steps

OCFC2 Value Proposition Strategic Objectives

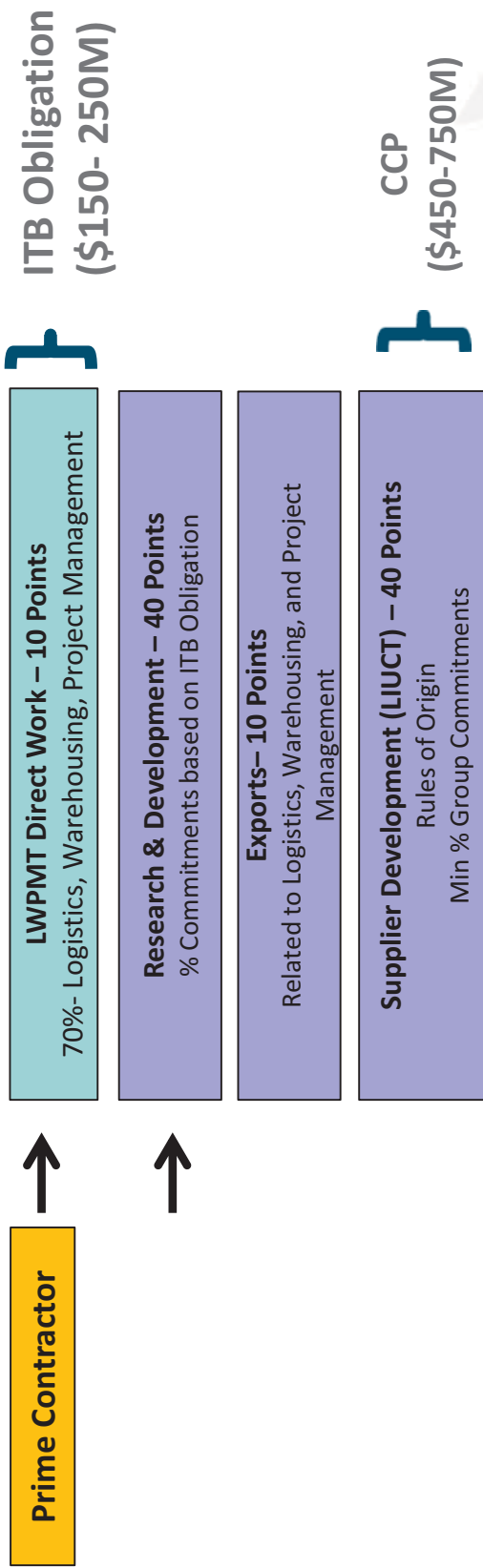
1. Keep current suppliers integrated in the operational clothing and footwear supply chain for OCFC2
2. Fully integrate textile supply chain
3. Promote and encourage research and product development in the entire supply chain
4. Balance Canadian content and flexibility of the contractor to source materials and manage its costs

Industry Consultation Feedback

- Consultations with industry were used to modify the approach for leveraging economic benefits from this procurement.
- Feedback from industry was used to develop a leveraging approach for inclusion in the revised OCFC2 Draft Request for Proposal.

Revised Economic Leveraging Approach

Previous Approach Industrial and Technological Benefits Policy / Canadian Content Policy



Revised Proposal - Modified ITB



LWPMT: Logistics, Warehousing, and Project Management Total
LIUCT: Line Item Unit Cost Total

Revised Value Proposition Framework

Value Proposition Pillar	Previous Proposal	Revised Proposal
Direct Work	10%	Mandatory
Supplier Development	40%	50%
R & D	40%	40%
Exports	10%	--
Skills Development	--	10%

Value Proposition : Direct Work

- **Previous Proposal**
 - 10% (2 VP Points)
 - Baseline commitment of 70% (CCV) of logistics, warehousing, and project management -- points awarded for direct work above this threshold.
- **What we heard from industry**
 - Minimum percentage for Direct Work should be increased given that the potential bidders anticipate undertaking the logistics, warehousing, and project management work in Canada.

Value Proposition : Direct Work

- **Revised Proposal**
 - Mandatory 100% Direct work commitment based on activities related to logistics, warehousing, and project management
 - No allocated VP Points
 - Direct work activities will form basis for ITB obligation
 - No SME requirements on this portion of work

Value Proposition : Supplier Development

- **Previous Proposal**
 - CCP – Modified rules of origin for textiles and apparel
 - 8 VP Points
 - 5 Groupings
- **What we heard from industry**
 - Industry stakeholders requested a high Canadian content requirement for textiles given significant Canadian capabilities.
 - Feedback stated that the modified rules of origin did not capture the entire supply chain.
 - The current operational clothing and footwear supply chain for the CAF is largely comprised of SMEs.

Value Proposition : Supplier Development

- **Revised Proposal**
 - Canadian Content Value – ITB method of calculation of Canadian Content in a product (see ITB Terms and Conditions).
 - Supply chain participation will be motivated through mandatory minimums in each of the 5 groupings.
 - A maximum of 10 VP Points will be allocated for commitments made above the minimum threshold.
 - 5 Groupings breakdown-
 - CADPAT Apparel (85%) = 2 VP
 - Non-CADPAT Apparel (85%) = 3 VP
 - Badges and Insignia (90%) = 1 VP
 - Footwear (75%) = 3 VP
 - Soldiers Personnel Equipment (70%) = 1 VP
 - Commitments will be pro-rated in the VP Evaluation
 - Commitments are to be met on a yearly basis.

Value Proposition : R&D

- **Previous Proposal**
 - 40% (8 VP Points)
 - 3 categories
 - Internal Prime R&D (2 VP)
 - R&D with Industry (2 VP)
 - R&D with Post-Secondary Institutions or Private Research Institutions (4 VP)
- **What we heard from industry**
 - The focus of R&D activities should be related to operational clothing and footwear as innovation will be undertaken by supply chain partners manufacturing the clothing, footwear, and textiles- not limited to only the contractor performing the logistics service.
 - Concerns over maintaining Intellectual Property rights for R&D activities undertaken in conjunction with the Prime Contractor were raised.

Value Proposition : R&D

- **Revised Proposal**
 - 40% (8 VP points)
 - R&D can be undertaken by Prime Contractor and its Eligible Parties
 - Commitment based on LUICT.
 - 3 categories
 1. R&D with Industry (4 VP)
 - Up to 20% of the commitment can be fulfilled by work related to Logistics, Project Management and Warehousing.
 2. Investments in Machinery and Equipment (2 VP)
 3. R&D with Post-Secondary Institutions or Private Research Institutions (2 VP)
 - Activities undertaken in R&D must be related to OCFC2.
 - To receive credits for R&D on the OCFC2 contract, bidders must propose transactions for new R&D activities (incrementality applies).
 - Commitments will be pro-rated in the VP Evaluation.

Value Proposition : Skills Development

- **Previous Proposal**
 - No skills development component
- **Revised Proposal**
 - 10% - 2 VP
 - Commitment based on LIUCT
 - The Bidder's Skills Development Value Proposition proposal for the OCFC2 Contract will demonstrate how the Contractor and Eligible Parties will contribute to the development of a highly trained and skilled workforce in the apparel, textile, and footwear sectors that will meet the current and future needs of the CAF.
 - Skills Development activities, within the market segment, will be in the areas of: skilled apprenticeships, skills upgrades, including cash or in-kind investments in post secondary institutions.
 - Activities undertaken in the Skills Development pillar must be related to OCFC2
 - To receive credits for Skills Development on the OCFC2 contract, bidders must propose transactions for new Skills Development activities (incrementality applies).
 - Commitments will be pro-rated in the VP Evaluation

Value Proposition : Exports

- **Previous Proposal**
 - 10% - (2 VP)
 - Export potential limited to logistics, warehousing and project management.
- **What we heard from Industry**
 - Challenges related to export of warehousing, logistics, or project management services.
- **Revised Proposal**
 - Export pillar eliminated.
 - Exports related to the OCFC2 contract are not being directly incentivized through the VP.

Value Proposition : Revised Definition of Eligible Donor

- Based on the unique nature of this contract, the Eligible Donor definition will be expanded to better reflect the industrial landscape. The definition of eligible donor will be expanded to allow the opportunity for suppliers below the Tier1 level to be included.
- The suppliers that do not fall within the traditional definition of Eligible Donor will be subject to the following additional eligibility criteria:
 - Supplier must be involved in the manufacture of a good, or a part thereof, directly related to the OCFC2 contract; and,
 - Supplier must sign attestation affirming its commitment as an Eligible Donor.
- These Eligible Donors may be identified at bid time or, with Innovation, Science and Economic Development Canada approval, be added later in the contract.
- There is no minimum or maximum number of Eligible Donors.

Sample VP Calculations: Supplier Development

		Bidder 1		Bidder 2		Bidder 3	
Supplier Development Groups	VP Points	Commitment	VP Score	Commitment	VP Score	Commitment	VP Score
Group 1: 85%	2	85%	0	100%	2.00	90%	0.67
Group 2: 85%	3	85%	0	100%	3.00	90%	1.00
Group 3: 90%	1	90%	0	100%	1.00	95%	0.50
Group 4: 75%	3	75%	0	100%	3.00	85%	1.20
Group 5: 70%	1	70%	0	100%	1.00	75%	0.17
Total VP Points Awarded	10 (Max)	--	0	--	10.00	--	3.54

E.g. Pro rating calculation - Group 1(2 VP):

- Bidders 3 Commitment - 90% (5% over minimum requirement)
- Highest Commitment - 100% (15% over minimum requirement)
- $5/15 \times 2 = 0.67$ VP Points

Sample VP Calculations: Research and Development

Research and Development Categories	VP Points	Bidder 1		Bidder 2		Bidder 3	
		Commitment	VP Score	Commitment	VP Score	Commitment	VP Score
R&D With Industry	4	24%	4	19%	3.16	10%	1.66
Investments in Machinery and Equipment	2	5%	2	--	0	--	0
R&D with PSI or PRI	2	5%	0.5	3%	0.3	20%	2
Total VP Points Awarded	8 (Max)	--	6.5	--	3.46	--	3.32

E.g. Pro rating calculation - R&D with Industry (4 VP):

- Bidders 1 Commitment - 24%
- Highest Commitment - 24%
- $24/24 \times 4 = 4$ VP Points

Sample VP Calculations: Skills Development

		Bidder 1		Bidder 2		Bidder 3	
	VP Points	Commitment	VP Score	Commitment	VP Score	Commitment	VP Score
Skills Development	2	7%	1.4	9%	1.8	10%	2

E.g. Pro rating calculation – Skills Development(2 VP):

- Bidder 2 Commitment - 9%
- Highest Commitment - 10%
- $9/10 \times 2 = 1.8$ VP Points

Questions

1. The ITB Policy aims to encourage research and development and skills development activities throughout the entire supply chain. In this regard, do you foresee any complications relating to the augmented definition of Eligible Donors?
2. To support the apparel, textile, and footwear sectors in Canada, mandatory minimum levels of Canadian content have been established, which are measured using the definition of Canadian Content Value included in the Industrial and Technological Benefits Terms and Conditions of the Request for Proposals. What are your views on the following minimum Canadian content values for each commodity grouping?
 - a. Group 1 - 85%
 - b. Group 2 - 85%
 - c. Group 3 - 90%
 - d. Group 4 - 75%
 - e. Group 5 - 70%

Questions

3. One of the strategic goals of this procurement is to ensure that an optimum distribution of benefit occurs within the apparel, textile, and footwear sectors in Canada. What are your views on the following Value Proposition point distribution for each commodity grouping?
 - a. Group 1 – 2 VP Points
 - b. Group 2 – 3 VP Points
 - c. Group 3 – 1 VP Points
 - d. Group 4 – 3 VP Points
 - e. Group 5 – 1 VP Points

4. New investments in the apparel, textile, and footwear sectors are a key component of this procurement. As a contractor, what new investments (in dollar value) are anticipated from your organization and your supply chain partners in the following areas through this fixed 6-year contract?
 - a. Skills Development
 - b. Post-Secondary Investment
 - c. Innovations in Manufacturing Processes

Questions

5. Specific to Skills Development, we outlined 2 potential areas of investment, namely, skilled apprenticeships, and skills upgrades. Are there any other aspects within Skills Development that would be beneficial to the future of the industry?
6. Activities within the Industry R&D bracket related to Logistics, Warehousing, and Project Management have been capped at 20% of the commitment to encourage innovation in this sector. Does this provide sufficient incentive for innovation within the textile, apparel, and footwear industry while creating further efficiencies in the delivery of the contract?
7. Market analysis shows that investments in machinery and equipment are beneficial to the growth and sustainability of the apparel, textile, and footwear industry. The definition, as found in the Terms and Conditions, was developed to motivate investments in these areas. Does this definition fully encompass the types of investments your company plans to undertake in the near future to create further efficiencies in your business ?

Questions

8. The length of the Contract is currently established as six firm years with 14 one year options. Is six firm years sufficient to achieve an acceptable return of investment from Industry? At what year in the Contract does Industry believe the risk is acceptable of meeting desired return of investment from the Contract? Does declaring “steady state” during Phase 2 of the Contract change the time at which an acceptable return of investment is achieved?

Next Steps

- Stakeholders interested in meeting with the Government of Canada may request individual one-on-one meetings, in person or via teleconference, with Public Services and Procurement Canada (PSPC) for the period of January 23 to 27, 2017.
- Written feedback to the economic leveraging questions is to be submitted to the PSPC Contracting Authority and is requested by February 3, 2017.
- Information provided to the Government of Canada will be considered in the development of the economic leveraging approach for this procurement.
- For more information on Industrial and Technological Benefits as well as the Value Proposition Guide, please visit: www.canada.ca/itb

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