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Public Works and Government Services Canada -
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800 Burrard Street, Room 219
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Title - Sujet Highway Maintenance & Repair	
Solicitation No. - N° de l'invitation EZ011-172342/A	Amendment No. - N° modif. 001
Client Reference No. - N° de référence du client	Date 2017-01-31
GETS Reference No. - N° de référence de SEAG PW-\$PWY-025-7937	
File No. - N° de dossier PWY-6-39261 (025)	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2017-02-15	
Time Zone Fuseau horaire Pacific Standard Time PST	
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: Fung, Donna(PWY)	Buyer Id - Id de l'acheteur pwy025
Telephone No. - N° de téléphone (604) 671-9689 ()	FAX No. - N° de FAX (604) 775-6633
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction: PWGSC - km 133 to km 968 - Alaska Highway, BC	

Instructions: See Herein

Instructions: Voir aux présentes

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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

Request for Information (RFI) Amendment 001

Alaska Highway Maintenance Services, Km 133 to Km 589 & Km 589 to Km 968, Alaska Highway, B.C.

This RFI Amendment 001 is raised to provide minutes from the Industry Session which was held on January 6th, 2017.

Public Services and Procurement Canada welcomes any further comments from industry by February 15th, 2017.

Please contact Donna Fung at:

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Industry Meeting

Project: Alaska Highway Maintenance Services, Km 133 to km 968 Alaska Highway, BC

Date: January 6, 2017

Location: Pomeroy Hotel, Fort St John, BC

Time: 1:00pm – 4:00pm Mountain Time

PWGSC Attendees:	George Smith – Manager, Alaska Highway Donna Fung – Contracting Officer Carolyn Arthur – Jr Contracting Offer Darcy Cooper – Site Supervisor
Consultants:	Morrison Hershfield Ltd. - Marcus Schmeider - Stuart Masterman (webinar) Major Crown Projects Incorporated - Samuel Mok (webinar)

Introductions of PSPC and Consultant Completed

Non-Conformance Reports (NCRs) will be written into the specification. NCR is a tool for short-term improvement, to ensure contract requirements are being carried out. They are not a punishment.

There will be two types of NCRs:

- Safety related, immediate action required
- Non-safety related, longer lead time

Key Performance Indicators (KPIs) are intended as long term measures of contractor performance.

Periodic reviews of both NCRs and KPIs will factor into the decision whether or not to exercise option periods.

Industry Question:

Would you be analyzing the NCR throughout the contract and will they be used in analysis for the renewal, can the NCR be used as a positive, not a negative? This will record the good performance. Is there is a mechanism for recording and then closing the NCR so that it would not go against the KPI? Will PSPC let us know how the evaluations for contract extension up front or during the solicitation?

Response: We want to create achievable NCRs. We want to be fair. If you respond to the NCR in a timely manner this shows in the report as satisfactory and will be a positive. If the same NCR is repeated, it is a sign to begin discussion. We would work to discover the reason or root cause and fix it and also possibly adjust the NCR during the life of the contract. We want a measuring tool that is not subjective. This helps contractor and owner reduce the potential of subjective entries of the CPERF.

NCR is motivation to get the work done. Best is no NCR. Next is showing NCR addressed in a timely fashion. This shows QA capability of Contractor. NPRs can be issued by both sides. This could be an addition to the system. KPIs and NCRs are an analytical tool to see progress towards target. This is a tool for continuous improvement. George would like to see this done quarterly.

Industry Question:

Will internal NCRs be a KPI indicator?

Response: Yes, this will be shown upfront. Each unit in the specification will indicate the KPI.

Industry: We would like to see bonus points for finishing work early if demerits are applied for not meeting the NCR and the KPI.

RFI Questions:

Q1: Can your company provide labour, equipment and services to manage the entire length of the Alaska Highway in B.C. from Km 133 to Km 968? Please provide a statement of interest, capacity and ability. If not, please provide an estimate of the anticipated manageable lengths or sections and rationale.

A1:

No verbal comments in the room.

No comments from online participants

Donna: Is there a preference to keep it the same? No comments received

George: I want to emphasize that the new specs will be very different from previous contracts. Please ensure that you read this before bidding.

Industry Question:

How do you deal with aggregate? Will specs deal with locations of sources of aggregate?

George: Yes, this will be shared. Maps have locations of aggregate. Options for more. Can have screening done by existing maintenance contractor or separate contracts.

Industry Question:

Is it up to the contractor to determine the number of camps? Or do we have to go with what is there? Do we have to use them all or what we choose to use.

Lead time of 8 months is not enough. Getting trucks will be tough.

Q2: From an operational perspective, does it make sense to have all the activities under one contract? Are there any services/components you consider to be better tendered and managed separately?

A2:

No comments online.

Industry: Is this question geared towards the BST element?

George: Yes, a possibility. The plan is not to put out the separate contract.

Q3: Canada is considering a contract term which may be up to eight (8) years. Is a 5 year contract with 3 one year options to extend a viable term for your company? What are the costs and benefits of shorter vs. longer terms? Please provide rationale in your response

A3:

Extensions would be from 5 to 8 to 11 years. Two extensions of 3 years each. Contractor can utilize and amortize the equipment. It would be a benefit to get the extensions and use the equipment longer:

Industry Response: The equipment requirement is substantial. It makes sense to have a longer initial term. Banks will not consider the option years, and would only this as a 5 year contract. There is no opportunity to recoup costs. This will be more expensive to the taxpayer. A fair term would be 8 – 10 years with possibility of extensions after that. You won't see financing past 8 years, so the 8 to 10 is ideal.

Donna: Any thoughts on being able to provide pricing that far into the future?

George: If we give you 5 years and you have poor service levels we can make a change. If it is 10 years of poor performance, the safety risk is too high. This demonstrates the perspective of government. Some items are already subject to annual price changes.

Industry Response:

If you went that route (optional extensions) you should have a mechanism to renegotiate some items. It is beneficial to have labour rate indexing in the contract.

No online comments

Q4: Please clearly identify any significant factors that may affect delivery of the proposed contract work over an eight (8) year period.

No comments in the room.

Industry Question & Response from Call-in participant:

Is this a unionized workforce? Is there successorship of the current collective agreement? A labour disruption or strike could affect delivery.

Response: South is unionized, but no successorship. North is not. It is in the best interest of the bidder to research this matter.

Industry Question:

What about a force majeure act, like a flood?

Response: There are multiple access points for contractor to get through and perform emergency work. If Contractor cannot respond, the owner would go to private sector.

Industry Question:

How would this be handled in the contract? Does Contractor have right of first refusal on all this provisional cost sum work?

Response: Yes, if the Contractor has the capacity.

Q5: Have you had to secure full or partial contract financial security, bonding and insurance on previous large projects (> \$40,000,000.00) for long durations (up to 8 years)? If so, what was the format/structure of the products?

Industry Response:

BC Ministry of Transportation contract has a requirement for \$3 mil performance and \$3 mil material bond annually. We can supply the details in writing. We are operating a 15 year contract, 5 year terms on the bond, must be renewed within a year of the maturity date.

The bonding company would not want to supply \$100 mil over the full term.

Industry Question:

When would the bonding have to begin? There should be a pay item for the bond if we have to supply the bond at time of award.

In BC we show the ability to get the bond at bid. The bond does not come into play until day 1 of the contract. You include the bond in the bid price. Insurance is \$10 mil. You have to prove eligibility for this insurance, but term starts when the work starts. If insurance costs are reduced > 20%, the province reduces from the payments.

Response: The standard is to provide at time of award, but we are looking at options. We understand that this will be significant. We are looking to see what is happening and then explore our options.

Q6: How would your company propose to provide and price for the services and equipment you would need to provide based on the Work Description? Describe, and provide an example if possible, of your pricing model for the services and equipment you provide. Please review the attached pricing grid which was used on a previous contract (for information only).

Q6 b) what works better? Lump sum, unit

Industry Question:

What about standby situations for equipment?

Response: Depends on where it falls. Could be provisional

Industry Question:

I have struggled with asphalt delivery in the past. Are you looking for unit price? **Response:** NO. This is a throughput cost with no markup (applies to salt, asphalt), based on Contractor getting multiple quotes annually.

Industry: If no markup, why doesn't PSPC purchase it themselves? This is a cost to the contractor. It is a lot of work.

Response: Yes, we would like to you to include this cost in your bidding.

Industry: BST treatment is also a struggle. Patches less than 500 square metres but does not specify the distance in between. Could be 20-30km distance between spots? With new contract there is 980km. Can this be specified better?

Response: We are trying to maximize productivity of Contractor's equipment. We want to structure schedule for specific areas so there isn't so much travel.

Industry: The pulverizing, is it the same treatment?

Response: Pulverizing is included in the patching.

Industry: Setting up for winter deployment. Is there a minimum for hours?

Response: Yes, we are looking at it, comparing history to annual hours. 0 – 3000 price; 3000 to 5000 price; 5000 + etc. We are trying to guarantee a certain number of hours. We are trying to give room for amortization and fixed costs over winter. If bigger winter, you have a different pricing.

Industry: Any issues with payments for stat holidays and overtime to the contractor?

Response: PSPC does not pay for these. That is the Contractor's responsibility to arrange.

Industry Question:

Do you require Contractor to work more than 40 hours per week? Can you set a rate for OT? If we have a rate it will be easier.

Response: Difficult to determine. We leave it up to the Contractor. We hope that the bidders build it into camp costs, or their schedule etc.

Online: Lump sum pricing will remove the risk with this OT rates. The government will know exactly what they are getting.

Response: The rates per hour will help this.

Industry Question:

What if they are sitting around in camp with nothing to do?

Response: There is always something to do; up to Contractor to coordinate.

Industry: Is there details for requirements on bridges?

Response: Yes.

Q7: What incentive strategies have you encountered, in previous or other highway maintenance contracts, to encourage cost or schedule reduction without adversely affecting the quality of the end product

Industry Response:

In BC we have a bonus program to improve the product. If we go above and beyond the contract there is bonus program. There is no penalty for poor performance, only for default. There was a penalty program removed in 1996. 2002 to 2004 reward program to earn up to 2% of program for above and beyond work.

Q7b) Do you believe 2% is adequate?

Industry Response:

It does not always cover costs, but we believe it is worthwhile in improving reputation and provides stakeholder value. Winter and Summer Combined rate.

Q7c) Any other strategies you are aware of or would like to see? This is a wish list discussion.

BC highways has bonus for paving systems.

Q8: Provide any suggestions that, in your opinion, could assist Canada in the development of Key Performance Indicators (KPIs) that would measure quality and provide for service excellence.

Industry Question:

Do you have detailed production standards for each activity or item? Quality, process, what end product would look like, and timeline. We write our own production standards and ministry has specification.

Response: key dates are in Specs.

Industry Question:

A detailed work process and quality management system would help with this. QMS is expensive. This should be included in the unit prices.

Is there a requirement to have a quality control manager on staff?

Response: superintendent and manager can do that. We do not specify. Currently the southern contractor has a quality manager, but that is contractor choice. This is not the case with the northern contractor.

Q9: Provide any suggestions that, in your opinion, could assist Canada in the development and implementation of Non-Conformance Reports (NCRs) or of different severity.

Industry Response:

From experience they can be judgemental. I have received them after an argument. They should be objective. They can work if you issue them yourself, but the subjective and personal can screw it up. If it used as a way to improve, they are effective. If used as retaliation, it is not effective.

OFI (Opportunity for Improvement) can be used as a warning/precursor to NCR. Not as big a hammer. Less significance. But if not corrected or repeated, they can become an NCR. NCR affects bonus. This is a big hammer.

Examples: Same crew, same work process, different ministry officials will be completely different in NCRs given.

Contractors are defensive about NCR and feel that OFI is the better way to go.

Response: The two types of NCR we are proposing would be similar to the OFI and NCR. These would be used as DATA for NCR development. NCRs lead to discussion and are to be used for improvement, not punishment. Maybe OFI to NCR.

Q10: Do you have any thoughts or suggestions regarding First Nations engagement in the scope of work?

Industry Response:

It is good to encourage it, but not include percentage of work or exclusive engagement as mandatory. We use a tracking log. We have had jobs with 60% First Nations that were voluntary and it worked.

When it is mandatory it has been bad. When you sit down with a band and work with them, it goes well.

We do a lot of work with First Nations. However lots of training involved. Does the Federal government provide funding for the training?

Q11: Please substantiate, if it is not possible for you to satisfy some or all of the requirements as per the Work Description

Industry Response:

There is nothing in the description that they haven't seen before.

Q11b) Is there anything you are not comfortable with?

No comments

Q12: Ensuring a very high level of equipment reliability during the full period and potential extension(s) of the contract is being considered. Describe any concerns or impediments to a requirement for the supply of brand new equipment at the outset of the contract.

Industry Response:

Lead time is a concern for having new equipment delivered within the 8 months. Also the supply of maintenance camps. Now we have to negotiate the takeover with two existing contractors. If that is not possible, how can we build and install new camp at time of contract start? I think PSPC is being careless in this regard. Should supply lead time and have leave date for outgoing contractor. Would appreciate some wording to get this settled up front.

Some new equipment is not as reliable as the old stuff. Remote location is a concern. Sometimes it is easier to get parts for older equipment. New equipment is not always the best answer.

Response: Contractor will have to discuss with PSPC for timing. We can provide room for simultaneous set up and tear down of sites at all maintenance yards.

Industry: what about cleanup of the sites? What about fresh water at the sites? Do you have contamination reports?

Response: Please use form to submit questions on these.

Q13: The use of additional technology is being considered as a tool for use in the Alaska Highway maintenance.

- Do you have experience using digital reporting in the field?
- What tools have you used?
- What is useful?
- What works?
- What does not work?
- What are the benefits?
- What are the disadvantages?

No comments

Q14: Have you used RWIS (Road Weather information systems)?

Is it useful?

What are the benefits?

What are the disadvantages?

Has anyone used the west system? Used in Alberta. Great system, but internet access is a detriment.

Industry Response:

We have been looking at mobile system on the pickup truck. Alberta government is going to buy it for use by the contractor.

ICOM system. Forestry is using it.

ROS systems are great.

Response: No repeater system on Alaska Highway. Only reasonable system is MSAT. We are experimenting with GEOSAT system. Dead spots on the highway makes technology not useful. An option is Offline data connection and then upload at camp.

Industry Question: Is there telephone access at the camps?

Response: Yes

Q15: What are other technologies and systems that you consider effective for data collection, management and reporting for use in maintaining the Alaska Highway?

Industry Response:

Nothing that is 100% implemented. The systems do not tie together very well. Perhaps government can supply the system for reporting and contractor uses it. BC Daily Reporting and is effective.

Most use Explorer package. Challenges to contractors if that system not used. Another company got rid explore because it was not effective.

Suggestion for cloud sharing program

Paperless system

Response: What if Industry develops the system? Look at options to develop together between contractor and owner.

Industry response: Costly.

Q16: What, in your opinion is the potential for implementation of performance based parts in the contract?

No comments in room or online

Q17: Canada is committed to greening its supply chain. In April 2006, Canada issued the Policy on Green Procurement to direct federal departments and agencies to take the necessary steps to acquire products and services that have a lower impact on the environment than those traditionally acquired.

The policy strives to enable government to procure, operate and dispose of its assets in a manner that protects the environment and supports sustainable development objectives. It applies to the procurement of goods, services and construction across all stages of the procurement process, from planning and acquisition through use, maintenance and disposal. PSPC must incorporate environmental performance considerations, taking into account each stage of the lifecycle, into the procurement process. How would you incorporate Sustainability concerns in your approach to maintaining the Alaska Highway?

No comments

Q18: How would you propose Canada evaluate the technical requirements of the offers?

Q18a: Financial evaluation has been used in the past. It is not always the best way. We would like to see other ways to evaluate.

Industry response: In BC the split is 60% Price and 40% in QMS (Quality, Safety, and Performance). Consider safety, performance, willingness to improve.

Q19: Do you have any other recommendations that would support the overall success of a long term maintenance contract for Km 133 to Km 968 of the Alaska Highway in B.C.?

Synergy with equipment, BST contracts, reducing unit costs when combining full length of highway into one contract.

Would like to see fuel adjustment paid throughout year, not just in winter. Summer months have lower fuel prices, but equipment is dedicated to contract year round. Will take a lot of risk out.

Q20: Please identify any other issues, concerns, recommendations not addressed in any of the other questions.

The more risk is out of the tender process, the cheaper the price. If the risk is not clear, the contractor will price risk into bid. Also, each contractor has their own way of determining risk. I suggest doing what you can to make the playing field even. PSPC should clarify what is important.