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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

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Title - Sujet RFI - Naval Large Tugs	
Solicitation No. - N° de l'invitation W8472-185713/A	Amendment No. - N° modif. 005
Client Reference No. - N° de référence du client W8472-185713	Date 2018-02-21
GETS Reference No. - N° de référence de SEAG PW-\$SMC-017-26581	
File No. - N° de dossier 017mc.W8472-185713	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2018-02-22	
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: Lamothe, Brenda	Buyer Id - Id de l'acheteur 017mc
Telephone No. - N° de téléphone (819) 420-2916 ()	FAX No. - N° de FAX () -
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction:	

Instructions: See Herein

Instructions: Voir aux présentes

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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 #5 is raised to post the One-on-one Meeting Minutes from January 23rd to January 26th, 2018.

The following documents incorporates the major questions, comments and response that were received by Canada during the Naval Large Tug RFI industry One-on-ones held from January 23rd to the 26th 2018. As was explained at the start of each session, only general or generic questions and comments are being reported here, all commercially sensitive or specific identifying information has been removed. Presentations, corporate resumes, company overviews, etc. presented to Canada in these sessions are not included.

These meetings were attended by the following representative of Canada:

Representing PSPC: Brenda Lamothe (Department lead),
Luc Girard (part time), and
Allen Bilodeau (part time)

Representing DND: Norma O’Rielly (Department lead),
Gino Dionne,
Lt (N) Byrne Schneider,
Jameel Adam, and
Corwyn Moores (part time)

Representing ISED: Tanya Gadzos (Department lead) (in-person and on- line),
Nathalie Couture (part time), and
Melissa Hanna (in-person and on-line)

Fairness Monitor: Guy Crepeau, and
Gary Tim (part time)

The summary of the discussions compiled as questions/comments and group under common themes as follows;

1. Bidder Qualifications
2. Canadian Content
3. Bid Validity
4. Commercial-off-the-Shelf Procurement
5. Milestone Payments / Finacials
6. Vessel Delivery
7. Other Contractual Requirements
8. Propulsion Arrangement
9. Medium Speed Diesels
10. Other Technical Requirements

Where multiple respondents had identical or similar questions or comments these have been combined into one below.

1. Bidder Qualifications

1.1.

Question : The Bid Evaluation includes shipyard boat construction experience that a similar vessel had to be built at the shipyard within the last 10 years. Given the limited amount of boatbuilding in Canada in recent years, and the long delay between the announcement of NSS and DND's small boat contract, this is seen as very limiting. Would Canada consider relaxing this requirement? Also, does this requirement mean 'tug building' experience?

Response : Canada will review the 10 year timeframe for boatbuilding experience. The boatbuilding experience criteria is for a similar level of experience and not specifically tug building experience.

1.2.

Question : The Bid Evaluation includes shipyard boat construction experience that a 'similar vessel' had to be built at the shipyard. The criteria of 400kW installed power is not reflective of 'similar' complexity to the NLT. Would Canada consider increasing this value to 2000 kW to better reflect the complexity of a 40 tonne BP tug? Will Canada consider evaluating the shipyards capacity / capability beyond the requirements for construction of a 'similar complexity'?

Response : Canada will reconsider the requirements for 'similar complexity' and for shipyard qualifications.

1.3.

Question : Currently this procurement is evaluated as "lowest cost compliant". There is no technical benefit awarded to a bidder for shipyard capability, design capabilities or value proposition. Would Canada consider a point rated evaluation?

Response : Budget constraints and senior direction have lead Canada to identify only mandatory requirements for the NLT (there are to be no desired requirements), as such, Canada has selected 'lowest cost compliant' as the contractor selection method. As described elsewhere, Canadian Content applies to this procurement but value proposition does not. At this time Canada has no criteria that could be applied to a point rated evaluation that would still result in an open and competitive bidding environment.

1.4.

Question : Would Canada consider including in-service related aspects as part of the bid evaluation. For example, 'commonality with other DND equipment' and 'equipment references from existing Canadian users', etc?

Reponse : Budget constraints and senior direction have lead Canada to identify only mandatory requirements for the NLT (there are to be no desired requirements), as such, Canada has selected 'lowest cost compliant' as the contractor selection method.

2. Canadian Content

2.1.

Question : With respect to Canadian Content, companies get and then have to calculate Canadian content value on a purchase order of X million and then apply it to IRB / ITB. Managers have to check it, asking if Canada Revenue recognizes the face value of the purchase order as X million as revenue that comes to Canada. Why do we have to go through these unnecessary steps or come up with a number that supposedly means this is the Canadian portion of that purchase order when at the end of the day when this is money that a Canadian company recognizes as revenue in Canada.

Response :

Canadian Content Value is a fundamental element of the ITB policy. Those departments involved in the NLT procurement are not in a position at this point in time to speak to the comparison to what the Canadian Revenue Agency would be reviewing with respect to 'revenue'. The economic leveraging approach Canada is proposing right now is a 30% minimum for materials and a 75% minimum for labour. Canada will retain the right to contact the prime contractor when verifying these calculations.

2.2.

Question : Canada is requesting a Canadian Content of 30% on material and 75% on labour. These are accurate for direct contract value but does VP comes into play to make this 100%? There is no provision to encourage a bidder to do 40% or 35%.

Response : For this particular procurement, Canada is not looking to apply the standard ITB policy. Canada is proposing a hybrid/light version to safeguard socio-economic benefits. As you can see from the draft documents provided, there are no specific terms and conditions associated directly with the ITB Policy, as such, we are proposing two mandatory minimums (a 30% minimum for materials and a 75% minimum for labour). Through industry consultation, we will take all feedback into consideration. Currently in the draft documents we have asked industry questions and one of those questions is specific to the possibility of weighting the percentage of the materials that the shipyards could supply.

2.3.

Question : With respect to the 30% Canadian content for materials and equipment it is assumed that this is for the vessel in its entirety, as there will be some components that are not available with any Canadian content or minimal Canadian content.

Response : That is correct. The 30% minimum for materials is for the overall project.

2.4.

Question : Clarification on Canadian Content, material vs. labour. An engine which is assembled outside of Canada has labour involved in the assembly, when you buy that engine and it is brought into Canada it is included under the Canadian Content calculations as material. Would the same assumption apply to the hull or superstructure of the ship if it were made overseas, would this count against material and not labour.

Response : The NLT must be 100% built on Canadian soil. The fabrication and assembly of the NLT hull and superstructure, as well as the outfitting of the NLT, are included in the “build” of the ship and are not allowed to be purchased or acquired from outside of Canada as material. The material used in the fabrication of these modules may be purchased from outside of Canada but will be subject to the Canadian Content calculations as described in the LOI. Under the RFI Part 1 Section 1.2.2, all Government of Canada policies as applicable apply to this requirement, including, in particular, the Shipbuilding Policy Framework: “A New Policy Framework for the Canadian Shipbuilding and Industrial Marine Industry – Focusing on Opportunities 2001”.
[https://www.ic.gc.ca/eic/site/sim-cnmi.nsf/vwapj/framework-cadre01_eng.pdf/\\$file/framework-cadre01_eng.pdf](https://www.ic.gc.ca/eic/site/sim-cnmi.nsf/vwapj/framework-cadre01_eng.pdf/$file/framework-cadre01_eng.pdf).

2.5.

Question : When Canada says 30% Canadian content is that 30% of the total value of all material used in the NLT or 30% in each weight group or systems area. For example steel will probably be purchased outside Canada and not made in Canada. Would 30% of the value of the steel need to be procured in Canada? Further, in terms of the steel, once the steel is procured, there is some preparation, pre-blasting, lofting, etc. Does that count as Canadian Content in terms of value added to the material?

Response : 30% is based on the total value of all material for the overall project, not individual elements. Preparation to the steel, and similar work for other material done in Canada, would fall under labour and would be subject to Canadian Content for labour and the build in Canada requirements.

2.6.

Question: When you calculate labour is it on a per head basis or value basis?

Response : It is calculated based on value. Canadian labour includes Canadian citizens or permanent residents working in Canada. The NLT must be 100% built on Canadian soil.

2.7.

Question: Why do you request 75% Canadian Labour? Does it mean we can do 25% of the structure or the work outside Canada?

Response : The 75% Canadian labour is a proposal to elicit feedback and comments. We expect the entirety of the vessels to be built in Canada. We wanted to provide bidders with some flexibility should there be shortage of Canadian citizens or permanent residents to do the work given the uprise of shipbuilding activities throughout Canada. Should 75% be unnecessarily low, please let us know what would be an acceptable Canadian labour percentage.

3. Bid Validity

3.1.

Question : The bid-phased (two –phase bidding) approach for the evaluation is welcomed. In commercial work ninety (90) days is normal for bid validity, four to six months is a long time for a shipyard to hold its bid price for Canada to complete its evaluation. This timeframe can cause problems for the shipyards as they will need to negotiate with suppliers to hold prices for materials for an unusually long time. Note: While industry all agreed the bid validity period specified was significantly longer than normal the ‘longest acceptable validity period’ identified ranged from 4 (120 days) to 6 months (180 days). It is expected that further clarification on these periods will be received with the written responses from industry.

Response : Given the approval processes that all Government of Canada Contracts are subject to the 6 months is likely the shortest acceptable validity period Canada can accept. Comments on this period are welcome through written feedback.

4. Commercial-off-the-Shelf Procurement

4.1.

Question : Within the RFI, Canada identifies that the NLT is to be a Commercial-off-the-Shelf (COTS) procurement. Similarly, in the proposed bid evaluation Canada refers to a proven parent design. Canada then goes on to specify a large number of mandatory requirements in the Systems Requirements Documents. This implies that there will be changes to that COTS design, more in line with Militarized-off-the-Shelf (MOTS). Is it Canada’s intention to purchase a COTS platform or to have a platform designed that is based on a COTS design? If it is a real COTS (i.e. build to print) procurement then how will the Contractor be expected to meet all the specific criteria in the SRD?

Response : Canada now recognizes that the SRD as written is not appropriate for a COTS procurement. Canada is committed to a COTS procurement process for the NLT and will make the necessary changes to the SoW and SRD to reflect industries comments on this issue.

4.2.

Question : Would Canada consider separating the procurement into two separate contracts, a Design Contract and a Build Contract?

Response : The NLT is approved as a single “Design and Build” Contract. At this time Canada is not considering separating these phases.

5. Milestone Payments / Financials

5.1.

Question : The milestone payments, as specified in the RFI, will likely result in a negative cash flow situation for the shipyard. For example, to place orders for Long Lead Items, such as the propulsion system, the yard will likely require up to 50% of the system cost upfront as a down payment, in the current milestones the majority of this cost would not be billed until system delivery, many months after the order is placed. Is this Canada’s intention?

Response : Canada will review the milestones and would consider changes. Industry is invited to submit suggestions in writing in their RFI responses.

5.2.

Comment : As written the RFI requests a very detailed cost breakdown. The level of effort to provide this detail in some areas is significant and industry fails to see how it would provide value to Canada. It is recognized that visibility into the costs for material and labour are important to verify what you are buying but the detailed tracking of the Project Management activities appear to be excessive.

Response : Canada will take the comment under advisement and review its requirements with respect to cost reporting for the Contract.

5.3.

Question : Foreign exchange how the project is to handle that fluctuation?

Response : The exchange rate fluctuation clause is in the RFI at Part 3 section 3.1.3.5 it is a form that would be filled out at time of bid submission.

6. Vessel Delivery

6.1.

Question : The delivery schedule for the NLTs appears too aggressive, 24 – 28 months after completion of the design phase for the first 2 NLT would be more appropriate. Also, given the time to sail from one coast to the other (approximately 900 hours) would Canada consider relaxing the requirement to receive the NLT with less than 500 hours on the main engines to allow delivery under their own power?

Response : Canada will take the build schedule and delivery comments under advisement and review its requirements for these elements.

7. Other Contractual Requirements

7.1.

Question : Can Canada clarify the use of data rights, Question 6?

Response : When the boats are in-service Canada needs the rights to use, change or modify all aspects of the NLT and associated data packages through to disposal. Canada requires the rights to operate, maintain, repair, modify, upgrade or for the disposal of the NLTs on its own, and the right to have a third party complete any or all of the same activities on Canada's behalf.

7.2.

Question : Are there penalties in the contract if the delivery or requirements are not met?

Response : Yes, described under section 7.29 Failure to Deliver in the RFI.

7.3.

Question : Can anyone shipyard submit more than one proposal?

Response : Yes, however each bid submission(s) must meet all of the criteria outlined in the Request for Proposal to be compliant.

7.4.

Question : Compared to a commercial construction it is noted that there are quite a few meetings specified. Is this Canada's intention?

Response : While Canada cannot comment on the commercial norm for meetings and monitoring during construction the meetings defined within the build process are what is expected for a DND construction project of this magnitude.

8. Propulsion Arrangement

8.1.

Question : Hybrid propulsion is mentioned in passing in the RFI package but not explicitly as an option. Tugboats are well suited to hybrid propulsion as their operating profile likely leads to cost savings during operation. Based on the lowest cost compliant evaluation hybrid propulsion would not likely be considered by a yard because it costs more. Why was hybrid not mentioned as more than an option?

Response : Canada recognizes that there is more than one propulsion solution that can meet the operational performance required. It is not Canada's intent to specify the solution. In the interest of fairness we have to leave the field open to other possible installations. Budget constraints and

senior direction have lead Canada to identify only mandatory requirements for the NLT (there are to be no desired requirements), as such, Canada has selected 'lowest cost compliant' as the contractor selection method.

8.2.

Question : Some aspects of the SRD contained in the RFI appear to indicate a preference for one type of propulsion arrangement. Is this Canada's intention?

Response : Canada recognizes that there is more than one propulsion solution that can meet the operational performance required. It is not Canada's intent to specify the solution. In the interest of fairness we have to leave the field open to other possible installations. Canada will be reviewing the SRD and rewording any statements that conflict with this approach.

9. Medium Speed Diesels

9.1.

Question : In the RFI medium speed diesel engines are specified. Canada has identified 1000 running hours a year, the majority of tugs worldwide with that type of operating profile are using high speed diesels. Hence the majority of potential proven designs would not have medium speed diesel engines. High speed diesels are lighter, smaller and cheaper to operate. Would Canada consider relaxing this requirement to include the possibility of high-speed diesels?

Response : Canada will review the requirement for medium speed diesel.

10. Other Technical Requirements

10.1.

Question : Reference to "FiFi III" capacities on a "FiFi I" tug is confusing. It is unlikely any existing tug design will meet this requirement. How does this requirement work with respect to the pumping requirements? Is there a contradiction?

Response : This will be reviewed and clarified.

10.2.

Question : Industry identifies a gap with each coast losing Glen Tug for service for up to 15 weeks a year, if you are out that long what do you do in that interim? Can you get a commercial tug? Recommend that Canada complete the disposal within the NLT contract. Why isn't this aspect of supportability included in this Contract? For example Life Cycle Cost or operator cost?

Response : Disposal and comments on the usage schedule for the eventual NLTs are beyond the approved mandate of this project. Budget constraints and senior direction have lead Canada to identify only mandatory requirements for the NLT (there are to be no desired requirements), as such, Canada has selected 'lowest cost compliant' as the contractor selection method.

10.3.

Question : Existing designs of tugs of the size of NLT have rescue boats, not life boats. Lifeboats are not required as they are too big for the size of the vessel. This size of tug would normally have life-rafts and rescue boats. Similarly the requirements to meet SOLAS are likely excessive for a tug of the size of NLT. Would Canada consider re-writing these requirement to reflect similar commercial tugs?

Response : Canada will review the requirements for lifeboats and SOLAS.

Question : The SRD makes reference to using ‘Small tugs’ to effect some of the moves specified. What are the capabilities of this small tugs?

Response : Reference to DND’s small tugs will be removed from the NLT RFP documentation.

10.4.

Question : One of your design criteria is to work under the flare of Canadian warships. Is this a hard requirement?

Response : Yes.

10.5.

Question : As written the SRD requires exactly two (2) engines and two (2) thrusters. Would Canada consider rewording this to “a minimum of two (2)” thrusters and engines ?

Response : Canada will reconsider the requirement.

10.6.

Question : Currently the SRD specifies that the propulsion system not cause erratic thrusts or movements. This requirement is too vague, any tug will have the ability to change thrust vectors and so what is erratic, how do you measure it, what do you expect? It is assumed that Canada means when a tug changes direction it does not make any strange moves or manoeuvres.

Response : This interpretation is correct, the statement means no spikes or unpredictable thrust vectors are generated when the movements are being completed. Canada will clarify the requirement.

10.7.

Question : The response time of a Tug is normally based on manoeuvrability, designers should be able to read the RFI and understand the manoeuvrability requirements for both towing and firefighting modes. Can Canada clarify the manoeuvring requirements for NLT?

Response : Canada will review these requirements.
