Public Works and Government Services Canada / Travaux publics et Services gouvernementaux Canada

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.

Title - Sujet Non-Operational Clothing & Footwear	
Solicitation No. - N° de l'invitation W8486-174014/C	**Amendment No. - N° modif.** 004
Client Reference No. - N° de référence du client W8486-174014	**Date** 2019-01-02
GETS Reference No. - N° de référence de SEAG PW-$$PR-756-75835	
File No. - N° de dossier pr756.W8486-174014	**CCC No./N° CCC - FMS No./N° VME**
Solicitation Closes - L'invitation prend fin **at - à** 02:00 PM **on - le** 2019-02-21	**Time Zone** **Fuseau horaire** Eastern Standard Time EST
F.O.B. - F.A.B. **Plant-Usine:** ☐ **Destination:** ☐ **Other-Autre:** ☐	
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:**	

Comments - Commentaires

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

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**

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

Canada

This Amendment 004 is raised to publish bidder's comments or questions and answers:

Question/Comments #1:
In regards to Appendix 1 to Annex C, section 4. Rated Value Proposition Criteria, 4.1.1 sets the Research & Development (R&D) expenses limit at no more than 5% of the Management Fee Total (MFT). Assuming a hypothetical price structure of $50M/year for line item unit cost (LIUC) and $15M of MFT, this will represent $750K of R&D expenses per year, for $65M in total sales. Based on total sales, the R&D expenses percentage would be 1.154% per year. Considering that the Canadian Gross Domestic Expenditures in R&D (GERD)[1] is around 1.74% while other countries are higher (e.g. South Korea : 4.29%, Israel: 4.27%) and that the average OECD country represents 2.74%, we would like to know the reasons for such low R&D expenditures limit. ISED main promotion of the Industrial and Technological Benefits (ITB) was to foster R&D across the defence industry, by setting a maximum of around $750K would eliminate any incentive to do more as well as any reason to be distinctive.

Answer #1:
Canada has considered the request to change the Value Proposition commitment levels and has determined that the requirement will remain unchanged. For the NOCFC Value Proposition, input received from industry engagement was considered to ensure that the commitment levels were fair and achievable, while continuing to motivate high-quality investments in the Canadian economy.

Question/Comments #2 :
Point 4.3.3.4 of the bid evaluation process mentions that the total Request for proposition (RFP) price will be determined by multiplying the total LIUC by twice the MF. We sincerely believe that the method of calculation offers a clear advantage to one type of ''Modus operandi'' over another one. Assuming that the total price of the LIUC is $50M and the total MF is $15M, for a total of $65M. The total RFP price for evaluation in this case would be $80M and a perfect score will mean that the price per point will be $800K. Assuming a completely different scenario where all functions are subcontracted at the same price of $65M with an added MF of 10%, the total price will then be $71.5M and total RFP price for evaluation would be $78M or $780K per point. We had previously pointed out the magnifying factor applied to LIM (the 2X multiplier) represents a distortion of true cost to Canada and motivates a loss of integrity in the bid process. Bidders seeking to maximize ranking may simply shift their planned remuneration from the LIM to the LIUC accounts leaving Canada the unintended consequences:

- Skewed bid ranking;
- Greater cost to the taxpayer,
- Loss of Canada's planned visibility into the two accounts.

We have not been aware of a response to this issue and notes the same formula has been maintained in the recent RFP. In the interest of bid integrity, it is recommended that the formula revert to true cost through elimination of the multiplier or that Canada provides greater instruction to prevent the process degrading to tactical bidding. With the RFP now issued, time is of the essence.

Answer #2 :

As per the RFP, Section 8.1 Prices and MF Certification, the contractor will certify that the firm unit prices are not in excess of the lowest charged to anyone else for the like quality and quantity. This certification is subject to verification by government audit at the discretion of Canada. Therefore, the LIUCs proposed by bidders are expected to be in the same range. If there is a significant discrepancy between the unit prices proposed, then Canada would rightly question those prices to verify they are in accordance with the RFP. In other words, there is little opportunity to skew the ranking by arbitrarily increasing LIUC prices.

Question/Comments #3:

Could Canada consider extending the RFP Closing date further, granting bidders a 5-month period from the day that the new Closing date is communicated?

Answer #3:

Though the closing date for the request for proposal was recently extended to February 7, 2019, Canada has further extended the closing date by an additional two weeks to February 21st 2019. An extension beyond this date may have operational impacts on DND.

Question/Comments #4:

Could Canada reduce the security deposit to $1M?

Answer #4:

The $5M Security deposit requirement will remain. This amount is considered to be fair and reasonable given the anticipated overall Contract value.

Question/Comments #5 :

Similar to the Canadian Content Requirements, could Canada simplify the approach to the ITB-VP by requiring only mandatory minimum requirements?

Answer #5:

Canada has considered industry's request to transform the rated Value Proposition criteria into mandatory requirements and has determined that the rated criteria will remain unchanged.

Question/Comments #6 :

Could Canada consider indexing the Management Fee annually and reviewing it at 5-year intervals?

Answer # 6 :

The request for indexation of the Management Fee (MF) is not accepted. As detailed in the RFP, Canada will adjust all firm unit prices set out in the LIUC, Appendix 1 to Annex B, on an annual basis in accordance with Statistics Canada's annual average Consumer Price Index (CPI). Canada will also review all firm unit prices in 5 years from date of Contract award, and every 5 years thereafter, for the duration of the Contract (5th, 10th, and 15th years of the Contract). As the MF is a percentage of the LIUC, indexation is already captured each time the LIUC is adjusted.

All other terms and condition remain unchanged.