
PUBLIC WORKS AND
GOVERNMENT SERVICES
CANADA

ADDENDUM NO. 4

COMPLEX REAL ESTATE TRANSACTIONS
REAL ESTATE SERVICES DIRECTORATE

PROJECT NO. 5225-2-2020-5
599 TREMBLAY ROAD DEVELOPMENT PROJECT

DATE: June 24, 2020

The following changes to the Request for Qualification document are effective immediately and form part of the Contract Documents.

This Addendum consists of Two Parts:

PART 1: QUESTIONS AND RESPONSES

Question 1

Qualified Proponents – Section 6.2 envisions qualifying up to 5 proponents. Given the time and financial commitment envisioned for this procurement could PWGSC please revise this number to three (3) qualified proponents?

Response 1

No. To encourage greater competition, increase diversity of bidders and to ensure sufficient number of Proponents at the RFP stage, PWGSC intends to qualify, at a maximum, five (5) Proponents, in accordance with Section 6.2(1) of the RFQ.

Question 2

Can PSPC discuss the reason for choosing up to five (5) shortlisted bidders? Typically projects of this size/complexity would shortlist only three (3) Proponents.

Response 2

Please refer to Response 1 in this Addendum 4 of this day in answer to this question.

Question 3

The scope, commercial structure and payment mechanism outlined in Appendix B of the RFQ and Addendum 2, appear to suggest that the Project will combine elements of both:

- a real-estate development (i.e. reimbursement of actual operating costs and applicable property taxes; set property management fee; flow-through of maintenance and lifecycle costs to tenant; no energy consumption guarantee; credit enhancements required for special purpose entities) and
- a Public-Private Partnership design-build-finance-maintain model (i.e. facility ownership effectively retained by PWGSC in terms of lender security; handback/residual life obligations; design-build and facilities management performance specifications).

Recognizing that the intent of the development agreement and quadruple net sublease structure may be to obtain construction period certainty, while retaining operating period flexibility, would PWGSC please clarify if the following elements are included in the Project:

1. Key commercial clarifications:
 - a. Will the design-build works be bid at a fixed price? and a date-certain schedule?
 - b. Will the delivery of the operations, maintenance and lifecycle works be linked to performance indicators and payment mechanism deductions?
 - c. If a deductions regime is included, will it be comparable in nature/depth to a typical design-build-finance-maintain model, since even a limited deductions regime will trigger the need for a proportionate credit-worthy contractor and performance security for the facilities management services (which will also impact needed consortium members) that may not benefit the Project's value-for-money profile?
 - d. If a deductions regime is included, will any of the rent payments intended to repay debt be exempt from deductions?

Clarity on these points is of vital importance as Respondents are selecting appropriate Prime Members to best respond to the Project's technical and financing requirements. Given the complexity of the Project, it would be highly disruptive to the RFP process if Prime Members were to be changed due to incorrect assumptions at this stage.

Response 3

In the same numerical order as in the above question:

- 1.a: This is a Lease-Leaseback Project with base rent payments to commence after substantial performance and PWGSC will not be requesting in the RFP that the works be bid at a fixed price payable by PWGSC. This would be addressed at the RFP Stage.

In addition, please refer to Section 4 in Appendix B of the RFQ for a description of the Principal Agreements for this Lease-Leaseback Project and to Addendum 2 and Addendum 3 in answer to this question.
- 1.b: Non-performance of operations, maintenance and lifecycle obligations will have consequences. It is currently anticipated that if a deduction regime is included it would not apply against the base rent payments. This would be addressed at the RFP Stage.
- 1.c: Please refer to 1.a, 1.b. and 1.d of Response 3 of Addendum 4 of this day in answer to this question. It is also currently anticipated that under an event of default, as the circumstances warrant, PWGSC may set off from the management fee payable under the Property and Facility Management Agreement or any other amounts payable under that Agreement by PWGSC to the Preferred Proponent and all costs and expenses incurred by PWGSC in remedying any such event of default. This would be addressed at the RFP Stage.
- 1.d: It is currently anticipated that if a deduction regime is included it would not apply against base rent payments. However, non-performance of operations, maintenance and lifecycle obligations will have consequences, including being subject to default provisions. This would be addressed at the RFP Stage. In addition, please refer to 1.a, 1.b and 1.c of Response 3 of Addendum 4 of this day in answer to this question.

Question 4

The scope, commercial structure and payment mechanism outlined in Appendix B of the RFQ and Addendum 2, appear to suggest that the Project will combine elements of both:

- a real-estate development (i.e. reimbursement of actual operating costs and applicable property taxes; set property management fee; flow-through of maintenance and lifecycle costs to tenant; no energy consumption guarantee; credit enhancements required for special purpose entities) and
- a Public-Private Partnership design-build-finance-maintain model (i.e. facility ownership effectively retained by PWGSC in terms of lender security; handback/residual life obligations; design-build and facilities management performance specifications).

Recognizing that the intent of the development agreement and quadruple net sublease structure may be to obtain construction period certainty, while retaining operating period flexibility, would PWGSC please clarify if the following elements are included in the Project:

1. Risks transferred to the Preferred Proponent during construction:
 - a. Will there be penalties for missing service commencement (e.g. per diem liquidated damages to PWGSC beyond a fixed substantial completion date)? or points-based system for construction period quality/safety failures?
 - b. Are the credit enhancements noted under Section 4.7 of Appendix B to the RFQ intended to apply if the entirety of the design-build obligations are dropped-down from a special purpose entity to a credit worthy contractor under a fixed price and date-certain agreement?
 - c. If the credit enhancements noted under Section 4.7 of Appendix B apply to design-build solutions that rely on multiple design and construction subcontractors, what type of credit quality or guarantee will PWGSC require (i.e. investment grade)?
2. Risks transferred to the Preferred Proponent during the operating period (excluding the retail spaces):
 - a. Will the set fee for property services be competitively bid (e.g. NPV becomes part of the bid evaluation) by Respondents as part of the RFP submission?
 - b. Will the set fee for facilities maintenance services be competitively bid by Respondents as part of the RFP submission? or will Respondents confirm ability to deliver services for a PWGSC set fee?
 - c. Will the operations and maintenance works require a helpdesk and CMMS to track performance against indicators?
 - d. Will any PWGSC set fees be provided with a benchmarking cost adjustment mechanism to protect against inflationary spikes or material cost increases?
 - e. Will lifecycle services (i.e. repair and replacement of building/system components) be included in a PWGSC set facility management fee? a competitively bid fixed price obligation? or an actual cost pass through, with work conducted at PWGSC's direction?
 - f. Will the delivery of the handback services be linked to Preferred Proponent fixed-cost lifecycle works and remaining useful life standards? as well as payment mechanism holdbacks or post operating term securities?
 - g. Will the Preferred Proponent be responsible for latent defects after the construction contractor's warranty expires? after a latent defect period?

- h. Will the facility be owned by the Preferred Proponent or PWGSC under the Ground Lease? Could a Preferred Proponent owned facility be used as part of a lenders' security package?
- i. Are the credit enhancements noted under Section 4.7 of Appendix B to the RFQ intended to apply to the facilities management obligations? If the facility management services are set fees or actual cost pass throughs? If they are dropped down from a special purpose entity to a credit worthy contractor under a fixed price agreement?

Clarity on these points is of vital importance as Respondents are selecting appropriate Prime Members to best respond to the Project's technical and financing requirements. Given the complexity of the Project, it would be highly disruptive to the RFP process if Prime Members were to be changed due to incorrect assumptions at this stage.

Response 4

In the same numerical order as in the above question:

- 1.a: Yes. There will be consequences for missing service commencement, and it is currently anticipated this may include liquidated damages and/or penalties. It is currently anticipated that the Preferred Proponent will provide a letter of credit, which PWGSC may draw upon if the circumstances warrant. This would be clarified at the RFP stage.
- 1.b: Yes.
- 1.c: Please refer to Response 15 of Addendum 3 in answer to this question. Also, it is currently anticipated that the Preferred Proponent will be required to obtain performance security (e.g. performance bonds and/or letters of credit). This would be addressed at the RFP stage.
- 2.a: It is currently anticipated that the management fee in the Property and Facility Management Agreement will be set by PWGSC. Please also refer to Response 4 of Addendum 2 in answer to this question. This would be addressed at the RFP Stage.
- 2.b: Please refer to 2.a of Response 4 of Addendum 4 of this day in answer to this question.
- 2.c: It is currently anticipated that PWGSC will use the National Service Call Centre of PWGSC to report service calls to the Preferred Proponent. The Preferred Proponent will be expected to use an electronic maintenance management system to facilitate the delivery of maintenance management services and maintain and update maintenance management data to ensure that the information on its system is current and complete. Performance requirements will be described in the Property and Facility Management Agreement at the RFP Stage.
- 2.d: The management fee will be adjusted for inflation. This would be addressed at the RFP Stage. Please also refer to 2.a of Response 4 of Addendum 4 of this day in answer to this question.
- 2.e: This would be addressed at the RFP Stage. Please also refer to 2.a of Response 4 of Addendum 4 of this day in answer to this question.
- 2.f: This would be addressed at the RFP stage.
- 2.g: The Preferred Proponent will be responsible for defects including latent defects. This would be addressed at the RFP Stage.
- 2.h: PWGSC will retain ownership of the ground and lease it to the Preferred Proponent with a reversion of the land and improvements to PWGSC at the end of the term at no additional cost to the PWGSC. It is currently anticipated that the Preferred Proponent will

retain a leasehold interest in the Facility and would be entitled to all rights of depreciation pursuant to the *Income Tax Act* (Canada). This would be addressed at the RFP Stage. Please also refer to Response 10 of Addendum 2 in response to this question.

- 2.i: Yes. Section 4.7 of Appendix B of the RFQ applies to all the Agreements, including the Property and Facility Management Agreement. Please refer to Response 4, 2.a of Addendum 4 of this day and Response 15 of Addendum 3 in answer to this question.

Question 5

Would Canada consider 2 projects, executed with concurrent timelines, with a total value in excess of \$350M as a qualifying submission for project evaluation?

Response 5

The Financial Capability and Financing Experience demonstrated by Respondents will be evaluated based on the Evaluation Criteria E.1, E.2 and E.3 as identified in Appendix D – Package 2. The reference projects will be evaluated individually against these criteria, not collectively.

Question 6

E.1.1 Financial Capacity asks for the financial information and audited financial statements for all Prime Team Members, including Design Prime Members.

The Design Prime Member's performance and obligations are typically the responsibility of the Construction Prime Member and it is the Construction Prime Member's responsibility to put security packages and guarantees for the performance of the whole design-build contract. Can Canada please confirm that audited financial statements will only be required from Development Team Prime Members, equity providers, the Construction Prime Team Members, and Financing Prime Member?

Response 6

Please refer to Response 12 of Addendum 3, and Part 2, Revision 10 of Addendum 3 in answer to this question.

Question 7

Please clarify if submitting our proposal through EConnect, should we include two separate packages (files) for Package 1 (Appendix C) and Package 2 (Appendix D), or will the Packages separated by a divider suffice?

Response 7

Both methods are acceptable. Please also refer to Part 2, Revision 1 of Addendum 1 for delivery of Responses using epost Connect Service.

Question 8

Appendix D – B. Design Capability and Experience.

Given the Evaluation Criteria is geared towards building projects (Architecture), will PSPC consider providing a different set of evaluation criteria for Urban Design projects separately?

Response 8

No.

Question 9

Attachment 1 to Appendix D. Form D-1 – Project Template

Will PSPC consider construction management delivery as an acceptable alternate delivery model for project evaluation purposes?

Response 9

Projects delivered under construction management are acceptable and will be evaluated from a comparability and capability perspective in accordance with the evaluation criteria detailed in Appendix D - Package 2 and the Applicable Scales detailed in Appendix E.

Question 10

Appendix J – Administrative Checklist does not include the requirements for Appendix H – Integrity Provisions. Please confirm if we are to include requirements for Appendix H – Integrity Provisions, item 3 (a) as part of our RFQ submission.

Response 10

Form C-1 – Master Response Form requires that the Respondent and its Affiliates are in compliance with the Integrity Provisions and with the Code of Conduct for Procurement set forth in Sections 7.10 and 7.11. Therefore, Appendix H – Integrity Provisions is not to be included in the Response.

Question 11

Please clarify if the subconsultants, engaged on the Design Prime Member's team, are required to fill out Form C-2?

Response 11

All Team Members, in accordance with the definitions of Team Member and Prime Member provided under Appendix A of the RFQ, are to sign and date a Form C-2. To be clear, a Form C-2 is to be submitted by the Respondent for each of its Team Member(s) and Prime Member.

Question 12

Question A

Please confirm that the submission requirements in Appendix D are per category as a whole (i.e., Development; Design; Construction; Property and Facility Management; or Financial), without regard to how many members may form part of each category. For example, whether there is a single Design Prime Member or multiple Design Prime Members forming a team, only three comparable project examples will need to be submitted under requirement B.1.(1) in total,

rather than every member of the Design category submitting each three comparable project examples.

Question B

Please confirm that the joint experience of two Prime Members will meet the requirements of each criteria of Appendix D. For example, if two members form the Construction Prime Member and they each have two comparable project examples that meet the requirements of C.1.(1), their combined experience will meet the requirements of C.1.(1).

Response 12

Response to Question A

Yes, the submission requirements are per category. For the example cited, yes, only three (3) projects would need to be submitted.

Response to Question B

Please refer to the Response to Question A above regarding the maximum number of referenced projects per criteria. In accordance with Appendix D, Section 2 (4) of the RFQ, the referenced projects will be evaluated collectively against the Comparability evaluation criterion. The reference projects will then be evaluated individually against the Capability evaluation criterion, with an average score awarded for Capability.

Question 13

Please confirm that depending on the category, only the applicable section needs to be completed. For example, when completing Form D-1 for the Construction and Capability Experience category, only the section addressing "For Development and Construction" needs to be completed.

Response 13

Yes.

Question 14

Subsection 4.11(11) provides that "Respondents shall prepare Responses in either English or French" (emphasis added). Please confirm whether it is acceptable for some financial statements to be submitted in French even if the remainder of the Response is submitted in English, or if an official translation must be provided.

Response 14

Yes, it is acceptable for some financial statements to be submitted in French even if the remainder of the Response is submitted in English.

Question 15

In accordance with the Request for Qualification instructions for PROJECT NO. 5225-2-2020-5 (599 TREMBLAY ROAD DEVELOPMENT PROJECT) I would like to request the opening of an epost Connect conversation for the purposes of the submission of our RFQ response. My understanding is that I do not need to have my own epost license to make the submission in this

way, but please advise if this is incorrect. Please let me know if you need any further information to open the epost Connect conversation and/or to receive our response package.

Response 15

In accordance with Part 2, Revision 1 of Addendum 1, Section 4.4.3, please contact the PWGSC Bid Receiving Unit at the following email address to initiate an epost Connect conversation:

tpsgc.dgareceptiondessomissions-abbidreceiving.pwgsc@tpsgc-pwgsc.gc.ca

More information can be found under the PWGSC's Standard Instructions 2003 (<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/1/2003/25>). Note that this link is updated from the version included in Addendum 1 as the page was archived on May 28th 2020.

PART 2: REVISIONS TO THE REQUEST FOR QUALIFICATIONS

Revision 1 of this Addendum identifies additional Ineligible Persons to be added to Section 7.14(6) of the RFQ.

Revision 2 of this Addendum provides information related to the Proposal Design Fee.

Revision 3 of this Addendum provides a correction to Addendum 3 to include the entirety of Question 16.

Revisions 4 and 5 of this Addendum are made to update the description of the Evaluation Criteria related to the regime of performance indicators linked to a payment mechanism.

1. The following names are added to the list of Ineligible Persons under 7.14(6):**INSERT**

- e) Suzanne Boyd
- f) Louis Facchini
- g) Emmanuel Massunken
- h) Steve Morse

2. Section 6.7(1) of Appendix B is replaced with the following:**DELETE**

- (1) PWGSC is considering paying a Proposal Design Fee to each Proponent that has submitted a compliant Proposal but has not been identified as the Preferred Proponent. PWGSC will confirm its decision at the RFP stage. The amount, if applicable, will be identified in the RFP.

INSERT

- (1) A Proposal Design Fee of \$750,000 (exclusive of applicable taxes) will be provided to each Proponent that has submitted a compliant RFP Proposal but has not been identified as the Preferred Proponent, under terms and conditions that will be set out in the Request for Proposals (RFP) documentation. For clarity, there are no proposal design fees being contemplated for participation by Respondents at the RFQ stage.

- 3. Question 16 in Addendum 3 is corrected and presented below in its entirety. No change has been made to the Response:**

DELETE:

Question 16

Can PWGSC confirm the security requirements for the RFP Stage and at Contract Award?

Response 16

Please refer to Response 23 of Addendum 2 in answer to this question.

INSERT:

Question 16

Can PWGSC confirm the security requirements for the RFP Stage and at Contract Award? Appendix G, RFQ Security Guide is not definitive about the company and individual clearance levels required:

- Appendix G states - "It is expected that Proponents will require the following clearances..."
- Appendix G also states that Proponents are to become knowledgeable about the Facilities Security Clearance (FSC) which is at the secret or top secret level (and takes longer to achieve clearances than the RFP period)

Response 16

Please refer to Response 23 of Addendum 2 in answer to this question.

- 4. Package 2: Technical and Financial Capability and Experience, E. Financial Capability and Financing Experience, point 3 of E.2 and point 4 of E.3 Evaluation Criteria are replaced with the following:**

DELETE

A regime of performance indicators linked to a payment mechanism;

INSERT

A regime of performance indicators;

5. Form D-1, Part C, the criteria descriptions of 'For Property and Facility Management' and 'For Financing' are replaced with the following:

DELETE

For Property and Facility Management: Property and Facility Management Prime Member's role in the project. Property and Facility Management execution, including (where applicable) a description of the scope of maintenance, responsibility for the safe-functioning of building system, monitoring and inspection, preventative and corrective maintenance, life-cycle and rehabilitation planning and works, and end-of-term considerations for asset handback. Description of any performance regime linked to the payment mechanism of the project to achieve clearly defined service levels. Certification standards for existing building operation and maintenance such as ISO, BOMA, LEED or other(s) as applicable.

For Financing: Summary of amounts and types of financing raised by the Respondent (including risk capital contributed). Details regarding any incidents of default. Project Description including type of assets financed, type and amount of financing raised (including the term, financial instruments used, capital structure, any innovations or variations from the normal financing) and project capital cost in nominal dollars and total project cost in present value dollars. Relevance to the past project to this Project, including if there was a regime of performance indicators linked to the payment mechanism

INSERT

For Property and Facility Management: Property and Facility Management Prime Member's role in the project. Property and Facility Management execution, including (where applicable) a description of the scope of maintenance, responsibility for the safe-functioning of building system, monitoring and inspection, preventative and corrective maintenance, life-cycle and rehabilitation planning and works, and end-of-term considerations for asset handback. Description of any performance regime of the project to achieve clearly defined service levels. Certification standards for existing building operation and maintenance such as ISO, BOMA, LEED or other(s) as applicable.

For Financing: Summary of amounts and types of financing raised by the Respondent (including risk capital contributed). Details regarding any incidents of default. Project Description including type of assets financed, type and amount of financing raised (including the term, financial instruments used, capital structure, any innovations or variations from the normal financing) and project capital cost in nominal dollars and total project cost in present value dollars. Relevance to the past project to this Project, including if there was a regime of performance indicators.

The remainder of the Request for Qualifications shall remain unchanged.