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**LETTER OF INTEREST**  
**LETTRE D'INTÉRÊT**

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<b>Title - Sujet</b> RFI on QBS and Social Procurement	
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## Request for Information Qualification Based Selection Model and Social Procurement

As part of its ongoing efforts to streamline procurement processes and explore using new approaches to methods of supply, Public Services and Procurement Canada (PSPC) is proposing new and innovative ways of contracting Architectural and Engineering Services. This Request for Information (RFI) is a consultation initiative that seeks feedback from the industry on the introduction of qualification based selection (QBS). Additionally, we are seeking information on how best to increase supplier diversity.

### OBJECTIVES

1. Public Services and Procurement Canada (PSPC) plans to pilot the Qualification Based Selection methodology for selected Architectural and Engineering Services (A&ES) design procurements. PSPC is seeking input into the following:
  - a. The industry's interest, capability, and willingness to participate in a Request for Proposals (RFP) and selection process using QBS as a means of identifying the winning proponent;
  - b. The Industry's assessment of the advantage that can be gained by Canada, in using QBS for the procurement of A&ES;
  - c. Opportunities, risks or suggestions with respect to using QBS for the procurement of A&ES.
2. Seek views on how to increase supplier diversity in procurement opportunities. As per the PSPC Minister's mandate letter, PSPC is expected to develop: *"initiatives to increase the diversity of bidders on government contracts, in particular businesses owned or led by Canadians from under-represented groups, such as women, Indigenous Peoples, persons with disabilities, and visible minorities, and take measures to increase the accessibility of the procurement system to such groups while working to increase the capacity of these groups to participate in the system"*.

The information collected will contribute to recommendations regarding the use of QBS by PSPC in A&ES procurements for Real Property projects and new approaches to increase supplier diversity in PSPC's tendering opportunities. Canada welcomes Industry feedback but does not commit to a response to any comments that may be received.

### 1. Background

PSPC is presently examining many of the concepts that form the basis of QBS, namely: selection of Architects and Engineers through a fair, open and transparent process; selection of the professional



should be based on the qualifications of the professional as opposed to the lowest price; and, effective designs can save significant money over the life of the real property asset.

Some international and provincial jurisdictions found that a QBS method is the best way of ensuring cost effectiveness, as projects that used QBS for procurement were shown to have both lower construction costs and schedule delays. Additionally, QBS has been promoted by professional associations to PSPC.

### **1.1 What is QBS**

In accordance with the best-practices document titled *Selecting a Professional Consultant*, developed by the Federation of Canadian Municipalities in 2006, QBS is a competitive process for the procurement of professional consulting services based on professional qualifications. Qualifications are submitted to an owner, who evaluates and selects the best-qualified firm or individual(s) for the proposed design, based on technical qualifications. The selected firm and the owner then jointly refine the final scope of work for the procurement. The consultant's fee is then negotiated based on the agreed-upon scope of work and the consultant's submitted rate schedule.

## **2. Current process**

Due to the qualitative nature of the architectural and engineering industry and in order to reduce the possibility of consulting firms spending large amounts of money preparing proposals, PSPC typically uses two phase RFPs for architectural and engineering services. In two phase RFPs, firms are initially invited to submit a proposal in response to the first phase of the selection procedure. Phase One proposals cover only the qualifications, experience and organization of the proposed Consultant Team. Following evaluation and rating of these proposals, proponents are advised of their competitive standing and have the opportunity to decide whether or not to continue their participation by submitting a Phase Two proposal. Phase Two proposals cover the detailed approach to the work, and the pricing and terms offered. A combination of the Phase One and Phase Two submissions constitutes the final proposal.

Technical components of all responsive proposals are reviewed, evaluated and rated. Proposals achieving the minimum technical score are further considered and the price envelopes of all responsive proposals are opened. When there are three or more responsive proposals, an average price is determined. All price proposals which are greater than 25 percent above the average price will be set aside and receive no further consideration. The lowest price proposal receives a Price Rating of 100, the second, third, fourth and fifth lowest prices receive Price Ratings of 80, 60, 40, and 20 respectively. All other price proposals receive a Price Rating of 0. Final scores are established considering a maximum of 90 points for technical and 10 points for price.

## **3. Proposed QBS Model**

### **3.1 Phases**

The following are the phases PSPC are considering for the QBS Model.



### 3.1.1 Phase I, Request for Proposal (RFP)

The RFP will be posted on Buy and Sell as a competitive RFP for 40 days. The Terms of Reference will form part of Phase I.

In Phase I, the past experience of the proponents and their consultant teams will be evaluated at the Phase I submission stage. Only the top 3 ranked firms will move on to Phase II of the RFP.

### 3.1.2 Phase II, Request for Proposal (RFP)

The RFP Phase II will be sent to the 3 highest responsive bidders only and will evaluate the criteria presented in the below table. Phase II provides the proponents the opportunity to describe what they intend to offer PSPC in terms of their understanding of the project, scope of services, management of the project, etc.

<b>Current process and QBS process criteria</b>
Achievements of the Proponent, key sub consultants and key personnel
Understanding of the project (technical, schedule & cost)
Scope of Services
Management of Services
Design Philosophy, Approach and Methodology
<b>Additional QBS process criteria as necessary</b>
Innovation
Green Technologies
Sustainability
Social Procurement

The bids will be exclusive of costs. RFP Phase II will be used to determine the highest technically responsive proponent. Debriefs will not be conducted until a contract is awarded.



### **3.1.3 Phase III, Negotiate with highest responsive bidder.**

#### **3.1.3.1 Phase III, Stage 1, Terms of Reference**

The Phase III Stage 1 is to refine the Terms of Reference (TOR) once the highest technically responsive proponent is selected. The TOR will be discussed with the proponent and the scope of work thoroughly reviewed including work plan, scheduling, and other project related issues. This process may also allow for the discussion of innovative ideas, alternative approaches, and new technologies which may reduce initial costs and/or long-term maintenance. Other factors that can affect the design may also be identified. Once the well-defined scope of work is fully understood and accepted by Canada and the consultant, an appropriate fee can be established through negotiations.

#### **3.1.3.2 Phase III, Stage 2, Fee**

In Phase III Stage 2, the highest technically responsive proponent now prepares and submits a fee proposal for the scope of work that will be undertaken.

Note: The process may have to be adjusted in a way to be competitive as per TB Contracting policy and in line with existing trade agreements.

Canada may request price certifications and price support from the proponent. See section 3.3 Price Certification.

If negotiations with the highest technically responsive proponent are unsuccessful, negotiations with second highest responsive bidder will be initiated by PSPC.

### **3.1.4 Contract Award**

After contract award, this process may result in significant cost savings and a reduction in changes.

## **3.2 Payments**

The following sections describe current Architectural and Engineering Services terms of payment, to be used for QBS procurements.

### **3.2.1 Fee Arrangements for Services**

The fee to be paid to the Consultant for the Architectural and Engineering Services, shall be determined by one or more of the following arrangements:

a. Percentage Fee

The calculation of the total fee recognizes the variability of the Construction Cost Estimate as the Project develops. The fee for the various Services of the Project development shall be calculated on the basis of the following formula:

An amount equal to  $F \times A$

Where F = the percentage specified in the Agreement Particulars , and A = as follows:



- i. At Analysis of Project Requirements and Design Concept:  
A = the Construction Cost Estimate at the time of signing the Agreement.
  - ii. At Design Development:  
A = the accepted preliminary Construction Cost Estimate prepared on completion of the design concept documents.
  - iii. At Construction Documents:  
A = the accepted updated Construction Cost Estimate prepared on completion of the design development documents.
  - iv. At Tender Call and Tender Evaluation:  
A = the accepted final Construction Cost Estimate prepared on completion of the construction documents.
  - v. At Construction and Contract Administration and Post Construction Warranty Review:  
A = the Construction Contract Award Price.
- b. Fixed Fee  
The fixed fee may be in the form of a fixed lump sum or an amount made up of fixed unit prices multiplied by a number of units of deliverables in the amount(s) specified in the Agreement Particulars.
- c. Time Based Fee
- i. Principals and executives, and other personnel approved in that capacity by the Departmental Representative shall be paid at the hourly rate specified in the Agreement Particulars.
  - ii. Staff approved by the Departmental Representative shall be paid at the Hourly Rate specified in the Agreement Particulars.
  - iii. Normal Working Hours  
The normal working hours per day for principals, executives and Consultant's employees, shall be deemed to be seven and a half (7.5) hours of any day during which they are actually engaged in the performance of the Services.
  - iv. Travel Time  
Travel time during normal working hours, that is related to the Project and authorized by the Departmental Representative, shall be chargeable as time worked.  
Travel time outside normal working hours, that is related to the Project and authorized by the Departmental Representative, shall be chargeable up to a maximum of three (3) hours per day, unless otherwise authorized.



- v. **Maximum Amount(s) Payable**  
The maximum amount(s) that applies (apply) to the Services to be carried out at time rates shall be as specified in the Agreement Particulars, which amount(s) shall not be exceeded without the prior authorization of the Departmental Representative, with the approval of Canada.

### **3.2.2 More information on Terms of Payment**

More information on current Terms of Payment can be found at the following link, referring to clause R1230D of the Standard Acquisition Clauses and Conditions (SACC) Manual, issued by Public Works and Government Services Canada (PWGSC):

<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/5/R/R1230D/5>

### **3.3 Price certification**

In accordance with the Treasury Board Contracting Policy, in order for PSPC to ensure that the a QBS process, which entails soliciting bids to select a consultant with whom the price is negotiated afterwards, is competitive, PSPC will have to include some specific provisions in the RFP to ensure that Canada receives a fair and reasonable price for the proposed service. PSPC is considering the inclusion, in all or in part, of the following price support clause in the RFP

The proponent provide, on Canada's request, one or more of the following price support, if applicable:

- a. a current published price list indicating the percentage discount available to Canada; or
- b. copies of paid invoices for the like quality and quantity of the goods, services or both sold to other customers; or
- c. a price breakdown showing the cost of direct labour, direct materials, purchased items, engineering and plant overheads, general and administrative overhead, transportation, etc., and profit; or
- d. price or rate certifications; or
- e. any other supporting documentation as requested by Canada.

## **4. Implementation of Social Procurement Pilot**

As per the PSPC Minister's mandate letter, PSPC is expected to develop *"initiatives to increase the diversity of bidders on government contracts, in particular businesses owned or led by Canadians from under-represented groups, such as women, Indigenous Peoples, persons with disabilities, and visible minorities, and take measures to increase the accessibility of the procurement system to such groups while working to increase the capacity of these groups to participate in the system"*.



PSPC intends to implement a social procurement approach to leverage the government's buying power through procurement to support socio-economic objectives and to generate positive societal impacts.

#### Social enterprise

A social enterprise is currently defined as an enterprise that seeks to achieve social, cultural or environmental aims through the sale of goods and services in which the majority of net profits must be directed to a social objective (e.g., reducing environmental impacts of its products or including local training in the community).

#### Diverse supplier

A diverse supplier is currently defined as a business owned or led by Canadians from underrepresented groups, such as women, Indigenous Peoples, persons with disabilities and visible minorities. Each business is usually defined as being owned, operated and controlled by 51% of a given group (e.g., women-owned business, Indigenous-owned business, persons with disabilities-owned business, or visible minority-owned business).

PSPC is considering various models to confirm that a supplier meets the definition of a diverse supplier. One option is that suppliers self-certify with an attestation, which would be verified by PSPC through audits throughout the life of the contract. A second option is to make use of third party organizations which verify that suppliers meet the diverse supplier definition and provide a certification for a fee.

- <https://www.buysocialcanada.com/suppliers>
- Canadian Aboriginal and Minority Supplier Council
- WBE Canada, Certified Women Business Enterprises
- Canadian Council for Aboriginal Business
- Inclusive Workplace Supply Council of Canada
- Social Purchasing Project (for social purpose enterprises)

PSPC would like industry to provide recommended approaches for incorporating social procurement measures in A&ES procurements.

### **5. Nature of the Request for Information (RFI)**

This RFI is neither a call for tender nor a Bid Solicitation. No agreement or contract will be entered into based on this RFI. The issuance of this RFI is not to be considered in any way a commitment by Canada, nor as authority to potential respondents to undertake any work that could be charged to Canada. This RFI is not to be considered as a commitment to issue a subsequent solicitation.

Although the information collected may be provided as commercial-in-confidence (and, if identified as such, will be treated accordingly by Canada), Canada may use the information to assist in refining the requirement (which is subject to change).





Participation in this RFI is encouraged, but is not mandatory. Participation in this RFI is not a condition or prerequisite for the participation in any potential subsequent solicitation. Respondents will not be reimbursed for any cost incurred by participating in this RFI.

**6. Submission of Responses and Questions:**

The respondents should respond to the questions included under Annex A via email to:

Brigitte Loignon  
Acquisitions Branch  
Public Services and Procurement Canada  
Government of Canada  
E-mail Address: [brigitte.loignon@tpsgc-pwgsc.gc.ca](mailto:brigitte.loignon@tpsgc-pwgsc.gc.ca)  
Telephone: 873-469-4928

Because this is not a bid solicitation, Canada will not necessarily respond to enquires in writing or by circulating answers to all potential suppliers.

**7. Format of Responses**

Respondents are requested to respond to the questions at Annex A, including any additional comments they may have.

Responses may be provided in either English or French.

Respondents should submit only pertinent information in response to this request. The inclusion of general marketing or technical manuals is discouraged, unless they provide specific information that has been requested in this document. A point of contact for the Respondent should be included in the package.

Changes to this RFI may occur and will be advertised on the Government Electronic Tendering System. Canada asks Respondents to visit [Buyandsell.gc.ca](http://Buyandsell.gc.ca) regularly to check for changes, if any.

**8. Closing Date:**

Responses to this RFI will be accepted until 02:00 PM Eastern Standard Time (EST) on March 13, 2018. Canada may, at its discretion, review and consider responses received after the RFI closing date.

Canada may, at its discretion, contact any respondents to follow up with additional questions or for clarification of any aspect of a response. PSPC may decide to hold one-on-one meetings with specific stakeholders if PSPC believes it will add value to the outcome of the engagement process.



**ANNEX A  
QUESTIONS**

#	Question	Response
Q1	Please provide a brief description of your organization (100 words or less). Your response could also include any experience you have in responding or working with QBS RFP's. Also, based on the definition of a diverse supplier (see section 4.), do you meet the criteria to qualify as a diverse supplier? Include the name, mailing address, phone number, and email of a designated contact.	R1
Quality Based Selection Model		
Q2	What advantages or disadvantages does the QBS method present in the selection of a Design Consultant? What advantages or disadvantages does the current model (using 90% technical and 10% cost) present in the selection of a Design Consultant? Would you recommend any other options?	R2
Q3	Is there potential for QBS to have a positive/negative impact on the ability to support small and medium enterprises in the real property design Industry?	R3
Q4	PSPC's intention is to only issue Phase 2 of the RFP to the three highest responsive bidders. The highest responsive bidder would provide PSPC a fee proposal to initiate negotiations; if this negotiation fails PSPC then begins negotiations with the second highest responsive bidder. What are your views? Or would you prefer to eliminate Phase 2 in its entirety and have a single phase QBS process?	R4
Q5	How would the initial cost of design, due to innovations and improvements to Scope/TOR, be outweighed by final project performance	R5



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	that results from good design solutions (costs, schedule and quality)?	
Q6	What type of project (or project characteristics) would most benefit from the QBS method? What type of project (or project characteristics) would benefit the least from the QBS method?	R6
Q7	How could this process allow for the discussion of innovative ideas, alternative approaches, and new technologies which should reduce life cycle costs? Could you provide an example and explain to which extent? Furthermore, In the event that three firms bring forward very different solutions, how can we fairly assess proposals?	R7
Q8	Would oral presentations be valuable to validate the content of the submissions presented in Phase II? How do we ensure this is a success?	R8
Q9	To what extent would the scope and schedule need to form part of the negotiations in order for QBS to be of value in the selection of a Design Consultant?	R9
Q10	Under NAFTA and other trade agreements, Canada may not be allowed, under the QBS context, to negotiate the Terms of Reference resulting in a change or deviation from the scope, project description, etc., set out in the solicitation document.  Do you think that QBS could be achieved without negotiating the TOR?	R10
Q11	How could PSPC conduct fee negotiations in the framework of QBS? How could Canada support best value as a result of these negotiations?	R11



Q12	Would the price support clause, referred to in section 3.3, be valuable or the most difficult during fee negotiations to support best value? Please explain your response.	R12
Q13	<p>In your experience, would the use of Engineering or Architectural Association fee guidelines such as the following, be appropriate to support price during fee negotiations? How would this ensure best value for taxpayers? Could it serve better than the current process?</p> <p><u>Association des firmes de génie-conseil du Québec</u> Schedule of Fees 2015-2016 edition <a href="http://www.afg.quebec/uploads/AFG_Bareme_honoraires_2015_EN.pdf">http://www.afg.quebec/uploads/AFG_Bareme_honoraires_2015_EN.pdf</a></p> <p><u>Ontario Society of Professional Engineers (OSPE)</u> Fee Guideline 2015 <a href="https://www.ospe.on.ca/public/documents/general/2015-fee-guideline.pdf">https://www.ospe.on.ca/public/documents/general/2015-fee-guideline.pdf</a></p> <p><u>The Royal Architectural Institute of Canada © 2009</u> A Guide to Determining Appropriate Fees for the Services of an Architect <a href="https://www.mbarchitects.org/docs/guide_architectservicefees(e).pdf">https://www.mbarchitects.org/docs/guide_architectservicefees(e).pdf</a></p>	R13
Q14	<p>Please see previous question: do you know of any other supporting documentation that could be used to support best value during fee negotiations?</p> <p>What other documentation or supporting method would you propose?</p>	R14
Q15	The QBS Model in the United States has a maximum on the professional AES fees of 6% (of the construction costs) relating to the production of tender drawings and specifications. All remaining costs are	R15



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	negotiated. Is this 6% cap deemed fair in the Canadian marketplace?	
Q16	How appropriate would it be to apply a percentage cap to the Consultant's fees for the entirety of the services? If appropriate, what % cap would be considered fair and reasonable?	R16
Q17	It would be Canada's plan that the basis of the price negotiation could include as an option an "open book" approach to negotiation. Under this scenario, potential consultants could be required to provide Canada with the necessary supporting costing details of its operations and the planned project costs. How would this condition affect your firm's decision to participate in the RFP process?	R17
Social Procurement		
Q18	<p>Could you recommend approaches for incorporating social procurement measures along with A&amp;ES procurements?</p> <p>For example, one approach could be to include a rated criterion in the RFP Phase I to award 5-15% of the total technical score to diverse suppliers. A diverse supplier is currently defined as a business owned or led by Canadians from underrepresented groups, such as women, Indigenous Peoples, persons with disabilities and visible minorities. Each business is usually defined as being owned, operated and controlled by 51% of a given group (e.g., women-owned business, Indigenous-owned business, persons with disabilities-owned business, or visible minority-owned business).</p>	R18
Q19	With respect to increasing supplier diversity what measures would you propose PSPC consider?	R19



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Q20	What approaches could PSPC undertake to increase accessibility and capacity of diversity in the procurement system?	R20
Q21	Are you aware of any other organizations, besides those listed in section 4 of this RFI, that certify diverse suppliers or social enterprises?	R21
Q22	Certification bodies typically charge a fee to certify a business as a diverse supplier or social enterprise. Are you willing to pay an extra fee to be certified? Do you think it is fair or creates a barrier for your entry?	R22
Q23	Should PSPC use attestation (self-certification) followed by audits, or certification by established certification organizations to qualify diverse suppliers and social enterprises? What other methods would you propose we use to verify diverse suppliers?	R23
Q24	Do you anticipate the government of Canada's commitment to increasing the diversity of businesses owned or led by Canadians from underrepresented groups will have an impact on your participation in A&ES procurements?	R24
Q25	What other measures could be incorporated into this method of supply to leverage the government's buying power to support the objectives of the Minister's mandate letter stated in 4.2 of the RFI?	R25
Q26	Do you have any other comments or recommendations?	R26