

COMMON HEAVY EQUIPMENT REPLACEMENT PROJECT (CHER)

REQUEST FOR INFORMATION (RFI)

W8476-185840/C

BUNDLE 2

COSTING TABLE PROCESS

1. Costing Table Process – Bundle 2

- 1.1. In order to expedite the procurement process, Canada needs to obtain accurate financial estimates which will be used to obtain financial approvals prior to soliciting bids. If this is successful, it will enable Canada to reduce the bid expiry period and enter into contract earlier. If the financial estimates do not have sufficient fidelity, then Canada must revert to the traditional post-RFP financial approval process with a much longer bid expiry period. Your assistance in providing these estimates to Canada is appreciated.
- 1.2. Respondents to this Costing Table are also invited to provide advice and feedback to the project on any aspect separately.
- 1.3. Respondents are requested to submit their feedback in Excel format using the Costing Table spreadsheet provided.
- 1.4. Respondents are requested to provide the models of vehicles being offered to Canada in the Excel spreadsheet. In order to ensure fairness, Public Services and Procurement Canada (PSPC) staff will remove information identifying the respondent before forwarding to Department of National Defence (DND) staff for the costing review.
- 1.5. In some cases, Respondents may have other innovative attachments or alternative deliverables to what is listed herein, and they are invited to provide feedback on these potential additional deliverables so that they can be considered for the future Request for Proposal. Respondents are invited to provide cost information for these additional potential deliverables as part of this costing exercise.
- 1.6. During the solicitation phase, Canada will publish one Request for Proposal (RFP) for each bundle resulting in two contracts per bundle (acquisition and in-service support) to the same supplier. There will be a total of 16 contracts awarded, with potentially 8 different suppliers.
- 1.7. The In-service Support Contracts will be seeking parts (including a one-time Initial Provisioning Purchase), special tools and test equipment, Repair and Overhaul, Field Service Support, and Engineering Support on an “as requested basis”.
- 1.8. The Costing Table includes all costs associated to Acquisition and In-Service Support contracts. A Costing table is provided for each bundle.
- 1.9. The information provided below explains the proposed process and includes instructions on how to fill out the Costing Tables. It also details the contract elements, which provide an accurate indication of contractual risk to the Respondents.
- 1.10. Canada is interested in understanding Industry cost drivers. For that reason, although Rated Criteria are included in the published Vehicle System Specifications and Statements of Work, all Rated Criteria have been extracted and put into their own worksheets for the sole purpose of understanding what elements are “cost drivers”, which could have a disproportionate effect on project costs.

- 1.11. In addition, if there are other specifications or Statement of Work items which are cost drivers or are not cost-effective, Respondents are asked to provide written feedback as part of this exercise so that Canada can re-consider its specifications.
- 1.12. For the Costing Sheet, Canada is asking the Respondent for the costs estimated for these vehicles as they would be offered if the bid was closing on March 15th, 2022.
- 1.13. Although Canada will offer Economic Price Adjustments and Foreign Exchange Protection in any eventual RFP, for the purpose of this costing exercise, Respondents are requested not to provide prices which include any future, anticipated commodity price changes or currency changes. In order not to duplicate economic change estimates, Canada will use its own tools to calculate future cost risks associated with commodity and currency changes.
- 1.14. All prices must be in Canadian Dollars.

2. Confidentiality and Privacy

Canada will protect the information provided in the costing tables and will treat it as Commercial-in-Confidence. The identities of the companies in the costing sheet will not be revealed to potential evaluators. The information will be collected by PSPC and passed to DND after removing the company's name from the spreadsheet. The information will be encrypted and stored on qualified servers. None of the information submitted will be used outside of this information-gathering and costing exercise.

3. Costing Table Instructions

- 3.1. The Costing Table is a spreadsheet with several worksheets each consisting of different deliverables.
- 3.2. The Respondents are asked to fill in the green coloured cells in each worksheet and the extended prices will be automatically calculated in the Total Price column.
- 3.3. The first worksheet consist of the Summary, and it collects the sum of the information from all of the worksheets and Respondents are asked to put a percentage beside the bid prices relating to the Bid Expiry risks, according to the section "Bid Expiry", which is explained below in section 4.4.
- 3.4. The second worksheet consists of Bidder & Equipment Information.
- 3.5. The third worksheet, Bundle 2 - ACQ consists of the Acquisition contract deliverables and Respondents are invited to input prices for each deliverable. For Canada Conducted Tests, the price should include any personnel the Contractor intends to have attend. It should also include a mobile repair party available upon short notice for repairs during these tests. The price for achieving Rated criteria as detailed in the Statements of Work and specifications are not to be included in this worksheet as these will be priced on the Rated Criteria – ACQ worksheet described in para 3.8.

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- 3.6. The fourth worksheet, Bundle 2 – ISS, consists of the In-Service Support contract deliverables. The price for achieving Rated criteria as detailed in the Statements of Work and specifications are not to be included in this worksheet as these will be priced on the Rated Criteria-ISS worksheet described in para 3.9.
- 3.7. The fifth worksheet, Options – ACQ, consists of Options which are associated with the Acquisition Contract. For clarity, an Option means an irrevocable option to acquire the goods, services or both, described within of the Contract under the same conditions and at the prices and/or rates stated in the Contract. The Bidder must provide a price for the Option and must provide it should Canada exercise it at Contract Award. A bidder not offering an Option would not be compliant with the Request for Proposal and its bid would not be considered.
- 3.7.1. It is essential that if Respondents cannot offer an Option to Canada, that they provide this feedback to Canada soonest.
- 3.8. The sixth worksheet, Rated Criteria – ACQ, consists of Rated Criteria which are associated with the Acquisition Contract. The additional costs associated with these Rated criteria as detailed in the Statements of Work and specifications are to be included in this worksheet.
- 3.8.1. Rated Criteria have been extracted from the Statements of Work and the Vehicles System Specifications (VSS) and put in the costing table under its own worksheet. Respondents are asked to provide a price representative of achieving this rated criteria. This price should include the sum of all vehicle upgrades and additional work required to achieve this criteria. Should this criteria require a model change, it is requested that Respondents indicate this to Canada through written feedback as part of this costing exercise.
- 3.9. The seventh worksheet, Rated Criteria – ISS, consists of Rated Criteria which are associated with the ISS Contract. The additional costs associated with these Rated criteria as detailed in the Statements of Work and specifications are to be included in this worksheet.
- 3.10. The eighth worksheet, Bidder Proposed Options, is a sheet which allows Respondents to suggest additional deliverables which could be of benefit to Canada. Other suggested labour categories may be offered here.
- 3.11. Annual Labour Costs for Predicted Maintenance (Technician Rate). In Section 12.2 of the Bundle – ISS spreadsheet, for each of the lines, the Respondents are asked to input the sum of the number of hours of maintenance that should be done to each vehicle over five years in accordance with the maintenance schedules (i.e. 50 hours for each year for the first five years (1-5 years) is 250 hours for the amount to be inputted. The spreadsheet formula used will then multiply it by a representative percentage of the actual amount of the overall maintenance the contractor will do, as DND will be doing the rest of the maintenance work. This amount will then be multiplied by the labour rate for the Labour Category “Technician” to arrive at the maintenance costs for each 5 year period.

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Example: Cost = (Technician labour rate)*[(Predicted hours for 5 year period)*(% of maintenance the contractor will do)]

4. Contractual Risk Items

- 4.1. The following items address elements of Contractual Risk and can add cost to the contract. Respondents are asked to comment on those items with which they wish to suggest improvements.
- 4.2. Basis of Payments Information (All Bundles)
 - 4.2.1. Prices are not to include any of the following taxes, duties or levies.
 - 4.2.2. All prices would be Taxes Extra, Customs Duty Exempt, Environmental Levies (filters, tires) Extra.
 - 4.2.3. All CHER procurements are Defence Contracts and are therefore Customs Duty Exempt.
 - 4.2.4. The Contractor will be responsible for the administration effort clearing the Work through Customs.
 - 4.2.5. Environmental Levies are established provincially.
 - 4.2.6. Labour Rates - Personnel Hourly Rates (For Taskings)
 - 4.2.6.1. Respondents are asked to provide hourly rates for each of the Labour Categories listed in section 12 of the spreadsheet. These rates are solely for taskings done under Additional Work Requirements (AWR) or Task Authorizations (TAs). The Technician category rates will be used to calculate the cost of maintenance in the section "Annual Labour Costs for Predicted Maintenance". These rates will be multiplied by the estimated number of hours of work anticipated over 25 years, the anticipated life these vehicles.
 - 4.2.6.2. For the purpose of these estimates, Labour Rates will be all inclusive of all Project Management (Acquisitions Contract only), administrative support, overheads, and profit. Project Management costs will be allowable for the In-Service Support Contract.
 - 4.2.6.3. There will be a line item identifying any discounts for Labour offered to Canada.
 - 4.2.6.4. Contractor mark-up on subcontractor Work should be identified in the Costing spreadsheet. If the manufacturer or Authorized Dealer in Canada is the subcontractor, no Subcontractor mark-up will be allowable.
 - 4.2.6.5. Contractor mark-up on material Work will be identified in the Costing Spreadsheet.
 - 4.2.6.6. Travel and Living will be in accordance with the Joint Council Travel Allowances, but without Incidentals and there will be no mark-ups on travel by the Contractor or its subcontractors. <https://www.nic-cnm.gc.ca/directive/d10/en>
 - 4.2.6.7. Published Price Lists may be used for parts and tools procurements. A line item is included for Respondents to identify any discounts offered to Canada from the Published Price Lists.

4.2.7. Project Management Labour Rates will include all Project Management activities including Financial Analyst, Procurement, Legal and Contracting, Planning, and Administrative Services.

4.2.8. Labour Rates will be firm for 5 years, and afterwards escalated through negotiation by either a discount from a Published Price List, using PSPC Negotiated Rates, or through an escalation using economic indicators.

4.3. Contract Security

4.3.1. Canada intends to have the Contractor provide Contract Security in accordance with this standard clause below. In summary, In determining the Bidder's financial capability to fulfill this requirement, Canada may consider any security the Bidder is capable of providing, at the Bidder's sole expense (for example, an irrevocable letter of credit from a registered financial institution drawn in favour of Canada, a performance guarantee from a third party or some other form of security, as determined by Canada).

4.3.2. SACC Reference [A9033T](#) (2012-07-16) Financial Capability

4.4. Bid Expiry

Due to the uncertainty in the time required to obtain financial approvals, Canada is seeking estimated price increases by percentage relating to increasing Bidder risks associated with longer bid expiry periods. The Costing Sheet entries to be provided should be based on a 90 Day Bid Expiry Period, and Respondents are requested to provide the estimated percentage increase on the spreadsheet for 6 month, 12 month and 18 month Bid Expiry Periods.

4.5. Excusable Delay: Canada intends to use the clause from [2030 11](#) (2014-09-25) Excusable delay of the [2030](#) (2020-05-28) General Conditions - Higher Complexity – Goods.

4.6. Dispute Resolution: Canada intends to have various levels of dispute resolution including Mediation and Arbitration.

4.7. Insurance Requirements and Limitation of Liability Proposal

The proposed Limitation of Liability and Insurance requirements for this procurement are detailed below.

4.7.1. Limitation of Liability [2030 26](#) (2008-05-12) Liability of the [2030](#) (2020-05-28) General Conditions - Higher Complexity – Goods. The Contractor is liable for any damage caused by the Contractor, its employees, subcontractors, or agents to Canada or any third party. Canada is liable for any damage caused by Canada, its employees or agents to the Contractor or any third party. The Parties agree that no limitation of liability or indemnity provision applies to the Contract unless it is specifically incorporated in full text in the Articles of Agreement. Damage includes any injury to persons (including injury resulting in death) or loss of or damage to property (including real property) caused as a result of or during the performance of the Contract.

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4.7.2. Insurance for Both Acquisition and In-service Support

G2001C (2018-06-21) Commercial General Liability Insurance

1. The Contractor must obtain Commercial General Liability Insurance, and maintain it in force throughout the duration of the Contract, in an amount usual for a contract of this nature, but for not less than \$2,000,000 per accident or occurrence and in the annual aggregate.
2. The Commercial General Liability policy must include the following:
 - a. Additional Insured: Canada is added as an additional insured, but only with respect to liability arising out of the Contractor's performance of the Contract. The interest of Canada should read as follows: Canada, as represented by Public Works and Government Services Canada.
 - b. Bodily Injury and Property Damage to third parties arising out of the operations of the Contractor.
 - c. Products and Completed Operations: Coverage for bodily injury or property damage arising out of goods or products manufactured, sold, handled, or distributed by the Contractor and/or arising out of operations that have been completed by the Contractor.
 - d. Personal Injury: While not limited to, the coverage must include Violation of Privacy, Libel and Slander, False Arrest, Detention or Imprisonment and Defamation of Character.
 - e. Cross Liability/Separation of Insureds: Without increasing the limit of liability, the policy must protect all insured parties to the full extent of coverage provided. Further, the policy must apply to each Insured in the same manner and to the same extent as if a separate policy had been issued to each.
 - f. Blanket Contractual Liability: The policy must, on a blanket basis or by specific reference to the Contract, extend to assumed liabilities with respect to contractual provisions.
 - g. Employees and, if applicable, Volunteers must be included as Additional Insured.
 - h. Employers' Liability (or confirmation that all employees are covered by Worker's compensation (WSIB) or similar program).
 - i. Broad Form Property Damage including Completed Operations: Expands the Property Damage coverage to include certain losses that would otherwise be excluded by the standard care, custody or control exclusion found in a standard policy.
 - j. Notice of Cancellation: The Contractor will provide the Contracting Authority thirty (30) days prior written notice of policy cancellation or any changes to the insurance policy.
 - k. If the policy is written on a claims-made basis, coverage must be in place for a period of at least 12 months after the completion or termination of the Contract.
 - l. Owners' or Contractors' Protective Liability: Covers the damages that the Contractor becomes legally obligated to pay arising out of the operations of a subcontractor.

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- m. Non-Owned Automobile Liability - Coverage for suits against the Contractor resulting from the use of hired or non-owned vehicles.
- n. Sudden and Accidental Pollution Liability (minimum 120 hours): To protect the Contractor for liabilities arising from damages caused by accidental pollution incidents.

4.8. Intellectual Property

- 4.8.1. For the purpose of obtaining cost estimates, although not final, the Intellectual Property clauses linked here to apply as specified below. For modified equipment or attachments, Canada intends to have sufficient Intellectual Property rights to ensure Intellectual Property created as part of Work under this Contract such as minor modifications to Canada's own equipment or to OEM equipment does not preclude Canada from having a 3rd party make these modifications without infringement. Canada will have a licence to the Foreground information, meaning all Intellectual Property first conceived, developed, produced or reduced to practice as part of the Work under the Contract.
- 4.8.2. Also Canada will forbid any Contractor re-numbering OEM parts and demanding Canada source all parts through them.
- 4.8.3. Canada intends to have sufficient Intellectual Property through a Conditional Licence to have parts manufactured by a third party should they become unavailable or unreliable through events, for example obsolescence, supply chain issues, a supplier which presents security issues to the supply chain, etc.
- 4.8.4. [2030 27](#) (2008-05-12) Intellectual property infringement and royalties of the [2030](#) (2020-05-28) General Conditions - Higher Complexity – Goods will form part of every Acquisition and In-service Support Contract

NOTE: OEM equipment unmodified (SACC Clause 4001, 4003 and 4004)

SACC Manual Clauses

| SACC Reference | Section | Date |
|----------------------|--|------------|
| 4001 | Hardware Purchase, Lease and Maintenance | 2015-04-01 |
| 4003 | Licensed Software | 2010-08-16 |
| 4004 | Maintenance and Support Services for Licensed Software | 2013-04-25 |

4.9. Warranty Provisions

Canada is seeking as a minimum, a 12 month Warranty Period. Canada intends to use the clause [2030 22](#) (2014-09-25) Warranty of the [2030](#) (2020-05-28) General Conditions - Higher Complexity – Goods

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