

**Alternative Forms of Delivery - New Procurement
CONTRACT AWARDS - ANNOUNCEMENT**

Frequently Asked Questions

Q1. What is AFD?

Alternative Forms of Delivery (AFD), known as AFD, is a service delivery model whereby PWGSC partners with the private sector to deliver real property services, but retains full accountability for standards and performance.

Q2. Why is PWGSC pursuing AFDs?

The decision to replace the contracts was made after PWGSC commissioned several studies which demonstrated that AFD is cost-effective, and that clients are satisfied with the service. As a result, this new procurement was launched more than one year ago to replace existing AFD contracts, which are set to expire on March 31, 2005.

Q3. When did PWGSC first contract out some of its property management services, and why?

In 1997, PWGSC contracted out the responsibility for the operations and maintenance of PWGSC facilities in British Columbia and Saskatchewan to those provincial governments and, through a competitive process, assigned the responsibilities for some 300 office buildings to the private sector in 13 separate, provincially-grouped portfolios. PWGSC was pursuing three specific in procuring certain property management services from the private sector, namely: to obtain cost savings, to improve responsiveness, and to eliminate the perception that PWGSC was in competition with the private sector.

Q4. Which company won the first property management contracts?

Brookfield LePage Johnson Controls Ltd. (BLJC), of Markham, Ontario, was successful in winning all 13 private sector contracts under the 1997 procurement

Q5. Why was SNC-Lavalin ProFac Inc. awarded all new AFD contracts?

As in the previous contracts, this new competition was based on achieving overall best value for the Crown and Canadians. SNC-Lavalin ProFac Inc., a well recognized leader in the provision of real property management and project delivery services, presented the best value proposals,

- 2 -

offering to carry out the work specified in the Request for Proposals for \$50 million less annually than budgeted for these activities. They were the top-ranked bidder on each of the eight portfolios available through this competition.

Q6. When do the new AFD contracts take effect, and how long are they for?

The new AFD contracts awarded to SNC-Lavalin ProFac Inc. are for a fixed four year contract term, with options at the Crown's discretion up to an additional six years. The operational start-date of the new contracts is April 1, 2005, to allow for a transition period between now and then.

Q7. What happens to the Service Provider of existing contracts?

BLJC will continue to provide services to PWGSC, as per the terms of existing contracts, until March 31, 2005, at which time these contracts expire.

Q8. Why are there 8 contracts in this procurement when there were 13 in 1997?

PWGSC gained considerable experience from the previous procurement and built upon lessons learned for this second tendering process. To attract firms that can offer the full range of services required at the level of quality needed, we believed contracts would be more appealing if they contained sufficient square metres of space to generate the critical mass and infrastructure needed to support such an enterprise.

Q9. Are there other differences between the new AFD contracts and the initial ones?

Yes. Firstly, the new procurement features many enhancements designed to ensure the continuation of top quality service delivery, including:

- ✓ A more rigorous regime of performance indicators
- ✓ The implementation of ISO-certified quality management systems
- ✓ More flexibility for the Service Provider to innovate

PWGSC has also secured options from the Service Provider for project delivery services valued between \$200,000 and \$1 million, as well as for facilities management, lease administration and commercial operations services. Exercising these "optional services" is at the Department's discretion, exclusively, and will give PWGSC the flexibility in how it delivers these services into the future.

Q10. Who decides when, and under what circumstances, the optional services secured by the new AFD contracts will be used?

The decision to invoke the optional services of the new AFD contracts rests with PWGSC, exclusively.

Q11. How did PWGSC select the buildings for these AFD contracts?

The new procurement was designed to replace existing AFD contracts, but was expanded from 300 office buildings to 319 office buildings totaling 2.9 million square metres across the country, including buildings in Saskatchewan and British Columbia previously managed through agreements with the provinces.

PWGSC added office buildings to the new procurement's inventory only if its employees could be reassigned to similar work in-house, and if special security concerns at the building were not a factor.

Q12. Why weren't provincial agreements with British Columbia and Saskatchewan renewed?

In 2003, the government of British Columbia decided to outsource its first level property services. Consequently, properties previously included in PWGSC's agreement with the British Columbia Buildings Corporation were added this procurement's Pacific portfolio. Leaving our properties in their care would have created a situation of having the management of federal properties to a third-party provider, with the province as a go-between.

Earlier this year, the Government of Saskatchewan decided, by mutual accord with PWGSC, that it did not intend to pursue a second federal-provincial agreement to provide real property services in federal buildings. Federal buildings in the current agreement with the Saskatchewan Property Management Corporation were therefore incorporated into the competition's Western portfolio.

Q13. Will the transition to the new AFD contracts affect service delivery?

The change in Contractor for the provision of these real property services should be seamless to clients, and every effort will be made to ensure there is no service interruption to occupants of space in AFD buildings. Starting now, PWGSC will work closely with SNC-Lavalin ProFac Inc. to ensure a seamless transition to the new contracts' April 1, 2005 operational start date.

Q14. How is PWGSC ensuring that service standards are met by SNC-Lavalin ProFac Inc., beyond transition?

There are three main ways PWGSC ensures service levels are met, or exceeded, and that government workplace values – such as environmental sustainability and official languages – are upheld, namely:

- (i) *Managing the contract relationship effectively:*** As the AFD Service Provider, SNC-Lavalin ProFac Inc., is PWGSC's strategic ally in delivering the real property services under the terms of the new contracts. This relationship is managed through a shared governance structure featuring a common vision, values, and objectives, as well as aligned processes and management structures involving the most senior as well as operational levels.
- (ii) *Raising the bar with respect to service quality:*** In these new contracts, there is a more rigorous regime of performance indicators, together with a requirement for SNC-Lavalin ProFac Inc., to implement ISO-certified Quality Management Systems within two years of contract awards.
- (iii) *Rewarding good performance:*** Under these AFD contracts, a percentage of the Contractor's fee is tied directly to its service performance. To reward extraordinary creativity and innovation, this 'fee at risk' scheme allows PWGSC to award an additional bonus each year when service performance are sustained or surpassed.

Q15. Where do I go if I have a problem or want to access additional real property services?

Clients should continue to deal directly with their AFD property manager for building issues. Similarly, they should continue to feel free to use the National Service Call Centre for service requests, as service call response times and repeat calls are key ways PWGSC measures Contractor performance.