

**SYDNEY TAR PONDS AND COKE OVENS CLEAN UP
ECONOMIC BENEFITS FRAMEWORK
Construction Projects
(Final 2 April 08)**

Background

The Sydney Tar Ponds Agency (STPA) has set out a framework to optimize economic benefits from the cleanup of the Tar Ponds and Coke Ovens sites.

Local Economic Benefits constitute a major component of all bids with a 15-point weighting in the evaluation process. Submissions will be judged on quantifiable benefit targets.

STPA Procurement Approach

A two-step model has been developed.

The process is as follows:

Step 1 - Interested Bidders are asked to submit a cost bid. The bid with the lowest Estimated Contract Price will receive 85 points. The bid with the next lowest Estimated Contract Price would receive a score that is inversely proportional to the lowest bid (lowest Estimated Contract Price / Estimated Contract Price x 85). The bid with the third lowest Estimated Contract Price bid would receive a lower score pro-rated against the lowest Estimated Contract Price and so forth. **STPA will reject bids with an Estimated Contract Price equal to or higher than the lowest compliant Estimated Contract Price +0.06 X lowest Estimated Contract Price.**

Step 2 – In addition to the cost bid sheet, interested Bidders are required to submit local economic benefits worksheets employing the format used herein. To be submitted is a description of the physical location and operating characteristics of the responding enterprise with clear indication of the amount of work performed by Cape Breton-Mulgrave area, Nova Scotia, Canada or Foreign residents in its employ; a breakdown of the value of labour inputs for the tender in question, including Subcontractors by type or category and by origin, that is Cape Breton-Mulgrave, Nova Scotia, Canada or Foreign; and a breakdown of contributions to community calculated as a percentage of aggregate payroll for the twelve months immediately preceding the date of submission of the bid as well as for the intended term of the Contract.

The local economic benefits portion of the bids will be scored out of 15 points. Highest local content will receive the highest score; the second highest content will receive the second highest score, etc.

Please see Appendix B for an example of overall bid scoring with economic benefits.

Bidders are asked to provide information on the following economic benefit criteria:

LEB-Instructions, forms and bid submission sample

A – LOCATION BUSINESS OPERATIONS:

5 points available

The Bidder's company will receive a maximum 5 points for local economic benefits depending on where business operations are located and the length of time there; relationship between the range of products & services offered and the Agency's needs/requirements as set forth in the tender call; the residence of staff engaged by the firm in conducting business and their overall contribution to annual revenue; and where the enterprise pays business related taxes. Employing the format (submission sheets) provided herein Bidders will provide information regarding location of their business operations. A Bidder would qualify for a maximum five points if it meets all of the following four criteria:

- i. For a minimum 3 years preceding the submission of the bid have had registered business operation(s) physically located in Cape Breton-Mulgrave area functioning in the field of endeavour for which services & products are being sought as specified in the bid documents;
- ii. 51% or greater of aggregate yearly revenue earned by Cape Breton-Mulgrave business operations in each of the three years preceding the submission of the bid must be attributable to work performed or services provided by persons resident in the Cape Breton-Mulgrave area for a minimum six months in each of the three reporting years in question;
- iii. 51% or greater of staff in the employ of Cape Breton-Mulgrave business operations in each of the three years preceding the submission of the bid were resident in Cape Breton-Mulgrave area for a minimum six months of each of the three reporting years in question; and
- iv. Paying property, occupancy or other business related taxes to any Cape Breton-Mulgrave area Municipality for each of the three years preceding the submission of a bid to provide services to the Agency.

A maximum 5 points will be available for business operations weighted by location, that is Cape Breton-Mulgrave = 5; outside Cape Breton-Mulgrave but within Nova Scotia = 2; and outside Nova Scotia but within Canada = 1.

B – LABOUR: 8 points available

The Bidder's company will receive a maximum 8 points for local economic benefits depending on the residence of the employees they engage on the project. Employing the format (submission sheets) provided herein Bidders will identify all anticipated direct labour inputs, including those of Subcontractors working as part of the contract team in the completion of required work and generally meeting the terms and conditions of the contract in question.

Labour not to be included:

- Labour related to the supply of any materials provided by Suppliers; and
- Labour related to the supply of any materials provide by Contractors or Sub-contractors associated with the design, manufacturing, and/or delivery of material not worked to a special design.

Bidders must provide estimated person-hours by type of profession, trade or occupational designation along with the hourly gross (wages, benefits, overhead & markup) rate being charged for each based on location (Cape Breton-Mulgrave, Nova Scotia, Canada or foreign).

Benefits will be calculated by the Agency as follows: Aggregate value of labour inputs weighted by origin (Cape Breton-Mulgrave = 1, Nova Scotia = 0.75, Canada = 0.5 and foreign =0.25) as a percentage of Estimated Contract Price in relationship to the highest competitive score for local economic benefits calculated employing the same scoring methodology. See the attached sample scoring method for details (Appendix A).

A sample local economic benefits plan submission is provided (Appendix C) and responders are encouraged to review same to ensure the provision of required information in the form and detail required for evaluation.

Direct labour input will be categorized by the Bidders based on residency status - Canadian, Nova Scotian, Cape Breton-Mulgrave or Foreign, and percentages provided as to content by task, activity or undertaking. The following definitions will apply:

Canadian: A person born in Canada and who has not relinquished his/her Canadian citizenship; or, a person who has been granted Canadian citizenship; or, a person who has been granted permanent resident (landed immigrant) status in Canada and are, in fact, residents of Canada;

Nova Scotian: A Canadian (as defined above) who in order to be categorized as Nova Scotia labour content for the purpose of claiming benefits must have lived full-time in and been a resident of the province six consecutive months prior to starting work on the Contract, or has maintained a permanent residence for a minimum of six consecutive months prior to starting work on the Contract. In both cases he/she must be resident in

Nova Scotia throughout the term of his/her work on the Contract before such categorization can effectively be applied so that the individual will qualify as 100% Nova Scotia content. An individual who is not a Nova Scotian by this definition, but who works in Nova Scotia during the project, will qualify as 25% Nova Scotia content for his/her initial six months of work on the project after which the person in question may qualify for 100% Nova Scotia content for the remaining period of their work on the project provided they are resident in the province;

Cape Breton-Mulgrave: A Canadian (as defined above) who in order to be categorized as Cape Breton-Mulgrave labour content for the purpose of claiming benefits must have lived full-time in and, therefore, been a resident of Cape Breton-Mulgrave for six consecutive months prior to starting work on the project, or a person who has maintained a permanent residence for a minimum of six consecutive months prior to starting work on the project. In both cases he/she must be resident in Cape Breton-Mulgrave throughout the term of his/her work on the project before such categorization can effectively be applied so that the individual will qualify as 100% Cape Breton-Mulgrave content. An individual who is not a resident of Cape Breton-Mulgrave by this definition, but who works in Cape Breton-Mulgrave during the project, will qualify as 25% Cape Breton-Mulgrave content for his/her initial six months of work on the project after which the person in question may qualify for 100% Cape Breton-Mulgrave content for the remaining period of their work on the project provided they are resident in the Cape Breton-Mulgrave area; and

Foreign Other than above.

C – COMMUNITY SUPPORT

2 points available

Employing the format (submission sheets) provided herein, Bidders will identify initiatives and activities that have and will be undertaken during the term of the Contract for the purpose of enhancing or supporting community endeavours in the commercial and non-commercial sense. Initiatives may include but not necessarily be limited to the following:

- summer employment for students, special employment to provide work experience as part of a study program, mentoring and/or volunteer instruction in support of the Nova Scotia educational system;
- volunteer hours by company personnel provided to community non-profit organizations, for example; a minor hockey association, youth, production of a school play; and or
- cash or in-kind contributions to community non-profit organizations, support groups, school system and/or church groups.

Bidders will quantify the value of community support by providing the number of hours of volunteer input based on a \$15 per hour rate. In the case of in-kind contributions other than volunteer input, for example the donation of a computer to the local school or church group, Bidders will quantify the value of the contribution at fair market price. Cash donations made to community organizations and groups will be shown

Bidders will show as a percentage of aggregate payroll, that is wages plus benefits, the value of all cash, in-kind and staff volunteer contributions to the Cape Breton-Mulgrave area community for the twelve months immediately preceding submission of the bid. Payroll is to include aggregate payroll for all staff in the office referenced by the Bidder in their submission for location of business operations. As well, the value of all cash, in-kind and staff volunteer contributions to be made to the Cape Breton-Mulgrave area community throughout the term of the Contract will be shown as a percentage of aggregate payroll directly related to the execution of the Contract.

Benefits will be calculated taking the average of the two percentage calculations noted above in relationship to the highest such average of all bids and allocating a percentage of the maximum 2 points available for this category of benefit. See the attached sample scoring method for details.

REPORTING – OUTCOMES MEASUREMENT:

It should be clearly understood that prior to awarding of the Contract, the Bidder with the highest overall score (cost and local economic benefits) will be required to supply evidence to demonstrate compliance with certain conditions of his/her local economic bid submission. Failure to demonstrate compliance may alter the final scoring in the case of the local economic benefits submission and possibly affect a final Contract Award.

During the course of implementing the Contract, the Contractor will be required to meet the specific quantified targets for local economic benefits as described in his/her bid: i.e., local labour, business location and community support. For contracts of less than twelve-month duration, local economic benefits targets must be met upon the completion of the Contract. For contracts of greater than twelve-month duration local economic benefit targets will be met annually, that is beginning twelve-months following the date on which the Contract is deemed to have commenced. Failure to realize targets will be considered a breach of Contract. Therefore, reporting of labour content, business location and community support by the Contractor during the course of the Contract is vitally important to the overall integrity of the local economic benefits program, informed decision-making and compliance. Ten days after award the Contractor will submit a schedule of local economic benefits for approval by the STPA. Monthly Contractor invoices will include a local economic benefits report, which will measure outcomes and ensure accountability. Information should be derived through generally accepted accounting principles (GAAP). Vendors will report on benefits monthly and a formal determination of performance in relation to stated targets will be made by the Agency at regular intervals. Bidders should take note that monthly payments may be withheld if

local economic benefits reports are not provided or in being provided are found to be incomplete and therefore in breach of the Contract.

The STPA reserves the right to conduct spot checks and audits of the Contractor's books as it relates to economic benefits reporting.

Underperformance – Contract Breaches

STPA shall be entitled to specific performance (including injunctive relief, if appropriate) as a remedy for any breach by the successful Bidder of its economic benefits commitments, Specific performance shall not be deemed to be the exclusive remedy for any such breach but shall be in addition to all other remedies provided by law or at equity. In the event STPA takes legal proceedings to enforce its rights as aforesaid, STPA shall be entitled to payment from the successful Bidder of all legal fees and disbursements, on a full recovery basis, incurred by it in connection with such proceedings.

**LOCAL ECONOMIC BENEFITS
SUBMISSION SHEETS**

Name of Company leading the bid: _____

Main Contact: _____

Registered Address: _____

Phone:

Email:

Bidders will provide the information as stipulated in the following three sections regarding the location of their business operation, labour, and community support. Bidders may use additional sheets if the information does not fit on the following sheets, provided the format of the presentation remains the same. The following sections will be awarded a score to a maximum of 15 points. These 15 points will be added to the score awarded for Estimated Contract Price. The company with the highest overall score will be deemed the winning bid if found to be compliant. **Bidders should note that STPA will reject bids with an Estimated Contract Price equal to or higher than the lowest compliant Estimated Contract Price +0.06 X lowest Estimated Contract Price.**

LOCATION - BUSINESS OPERATIONS (5 pts)

Please provide the following information

The Company's registered address is _____ and the address of the company offices to be considered in the evaluation of local economic benefits is at _____

Business/Municipal taxes are paid at _____

This company has been in operation and physically located in _____ and engaged in the sales of professional services or related business pursuits in this location for _____ years.

51% or greater of yearly aggregate company revenue at the registered location above for a three year period immediately preceding submission of the bid is attributable to work performed and/or services rendered by persons/professionals resident in

LEB-Instructions, forms and bid submission sample

_____ for a minimum six months in each of the three reporting years in question.

51% or greater of staff in the employ of responder's business operations in each of the three years preceding the submission of a bid were resident in

_____ for a minimum six months in each of the three reporting years in question.

LABOUR (8pts)

Please provide the total estimated number of persons and the corresponding total estimated number of person-hours associated with this bid, categorized as follows:

	Cape Breton-Mulgrave				
Occupation	Number of Positions		Total Person Hours	Hourly Gross Rate	Total Cost of Labour (person hours x rate)
TOTAL					

	Nova Scotia				
Occupation	Number of Positions		Total Person Hours	Hourly Gross Rate	Total Cost of Labour (person hours x rate)
TOTAL					

Canada					
Occupation	Number of Positions		Total Person Hours	Hourly Gross Rate	Total Cost of Labour (person hours x rate)
TOTAL					

Foreign					
Occupation	Number of Positions		Total Person Hours	Hourly Gross Rate	Total Cost of Labour (person hours x rate)
TOTAL					

COMMUNITY SUPPORT/OTHER (2 pts)

Community support in the Cape Breton-Mulgrave area may include, but is not limited to cash, in kind, or volunteer person hours to community organizations, charities, extra curricular activities etc.

Community Support Past Twelve Months

Input	Quantity/Amount	Rate	Aggregate Value
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Total

Per cent of Payroll

Estimate of Community Support in the Contract Period

Input	Quantity/Amount	Rate	Aggregate Value
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Total

Per cent of Payroll

APPENDIX A

Example of Local Economic Benefits Scoring to be completed by the Agency

Scoring Method					
Local Economic Benefits					
					SCORE
Contractor Name -	Origin of Input or Benefit				
	CB-Mulgrave	Nova Scotia	Canada	Foreign	
Labour Input	\$ 926,500	\$ 457,800	\$ -	\$ -	
Sub-Total	\$ 926,500	\$ 457,800	\$ -	\$ -	
Weighting Factor	1	0.75	0.50	0.25	
Total	\$ 926,500	\$ 343,350	\$ -	\$ -	
Percent of Estimated Contract Price (\$4,171,260**)	22%	8%	0%	0%	
Total Benefits as % of Estimated Contract Price	30%				
Ratio to Highest % of Other Bidders	30/43*** = 0.70				
Score (maximum of 8)	0.70x8 =				5.60
** Example assumes \$4,171,260 estimated contract bid					
*** Example assumes highest score was 43%					
Location-Business Operations (Maximum 5)					5.00
Community Input (Average of inputs for twelve months before bid submission and anticipated inputs for contract period: 2%+1%/2=1.5%)					
Ratio to Highest % of other responders	1.5%/3.2****=0.47				
Score (maximum of 2)	0.47x2=				0.94
****Example assumes highest score/percentage was 3.2%					
TOTAL SCORE (MAXIMUM 15)					11.54

Appendix B
Example of Bid Scoring to be completed by the Agency

	Contractor	Contractor	Contractor
	A	B	C
Estimated Contractor Price	\$ 4,350,306	\$ 4,287,900	\$ 4,207,455
Rank	3	2	1
% of low bid	103%	102%	100%
Points on Estimated Contractor Price (Max 85)	82.21	83.41	85.00
Local Economic Benefits			
Location-Business Operations (5)	5	5	0
Labour (8)	8	8	6
Community Support (2)	1	1	0.5
Points on Local Economic Benefits	14	14	6.5
Total Points Awarded	96.21	97.41	91.50
Rank	2	1	3

APPENDIX C

SYDNEY TAR PONDS AND COKE OVENS CLEAN UP SAMPLE LOCAL ECONOMIC BENEFITS PLAN SUBMISSION

Foreword

This bid submission will comprise two envelopes: (i) Cost bid in which the lowest Estimated Contract Price would receive 85 of a maximum 100 points: and (ii) Local Economic Benefits Bid which will be scored out of a maximum 15 points.

Components and Points Available

A local economic benefits bid will require that proponents provide information on the following with the maximum number of points available for each category noted.

CATEGORY	MAXIMUM POINTS AVAILABLE
Business Operations-Location	5
Labour Inputs	8
Community Support	2
Total	15 Points

Sample Project

To assist Bidders in the assembly and submission of information, in particular the completion of necessary tables that are required as part of a bid the following simplified hypothetical project has been developed.

a) Intent

The intent of this hypothetical bid call is to obtain an offer to perform work to complete a barrier for the Muggah Creek Remediation Project for a unit price contract in accordance with related documents. The project must be completed within six months of commencement.

Bidders agree to provide all necessary equipment, tools, labour, incidentals and other means of construction to do all the work and furnish all the materials of the specified requirements which are necessary to complete the work in accordance with the Contract.

b) Project Values

Item	Total Price
Materials	\$ 2,053,026
Labour	\$ 1,384,386
Equipment	\$ 286,000
Total Contract Price	\$ 3,723,412
HST	\$ 484,044
Total Price	\$ 4,207,455

c) Local Economic Benefits

Location-Business Operations – 5 points

Please provide the following information

The Company's registered address is 234 Prince Street, Sydney, Nova Scotia and the address of the company offices to be considered in the evaluation of local economic benefits is at 234 Prince Street, Sydney, Nova Scotia.

Business/Municipal taxes are paid at the Cape Breton Regional Municipality.

The company has been in operation and physically located in Cape Breton-Mulgrave and engaged in the sales of professional services or related business pursuits in this location for four years.

51% or greater of aggregate yearly revenue at the registered location above for a three year period immediately preceding submission of the bid is attributable to work performed and/or services rendered by persons/professionals resident in Cape Breton-Mulgrave for a minimum six months in each of the three reporting years in question.

51% or greater of staff in the employ of the Bidder's business operations in each of the three years preceding the submission of the bid were resident in Cape Breton-Mulgrave for a minimum six months of the year in each of the three reporting years in question.

Labour – 8 points

As shown below the primary Contractor charged with executing the contract in question shall estimate by trade or occupational designation the total number of persons to be engaged in the fulfillment of the contractual obligations as per agreed upon specifications as well as the total person-hours of work by each along with the gross hourly rate being charged for each and the aggregate value or cost of each position to complete the contract in question. The estimate provided in respect of labour inputs should include those inputs by any and all Subcontractors engaged in discharging the contract in question as per the primary Contractor's tender submission.

Labour not to be included:

- Labour related to the supply of any materials provided by Suppliers;
and
- Labour related to the supply of any materials provide by Contractors or Sub-contractors associated with the design, manufacturing, and/or delivery of material not worked to a special design.

Cape Breton- Mulgrave				
Trade or Occupational Designation	Number of Positions	Total Person Hours	Gross Hourly Rate	Aggregate Value
Supervisor	2	3,500	\$ 45.00	\$ 157,500
Operators	8	10,000	35.00	350,000
Labourers	12	9,800	25.00	245,000
Ironworkers	4	5,800	30.00	174,000
Total	26	29,100		\$ 926,500

Nova Scotia				
Trade or Occupational Designation	Number of Positions	Total Person Hours	Gross Hourly Rate	Aggregate Value
Divers	2	500	\$ 200.00	\$ 100,000
Engineers & Technologists	12	14,312	25.00	357,800
Total	14	14,812		\$ 457,800

Canada				
Trade or Occupational Designation	Number of Positions	Total Person Hours	Gross Hourly Rate	Aggregate Value
				-
Total				-

Foreign				
Trade or Occupational Designation	Number of Positions	Total Person Hours	Gross Hourly Rate	Aggregate Value
				-
Total				-

Community Support – 2 points

In the format stipulated indicate the support provided to the community by your company, co-venture or consortium for the twelve months immediately preceding submission of your bid as well as anticipated community support to be provided through the course of the work for which you have bid. As shown below, calculate the percentage of your aggregate payroll that this support represents for each of the periods in question.

Community Support Past Twelve Months			
Input	Quantity/Amount	Rate	Aggregate Value
Staff Volunteer Hours	375	\$15 per hour	\$ 5,625
Cash Donations	\$ 3,750	\$ 3,750	\$ 3,750
In-kind Contributions (Note 1)	8 hours	\$ 125	\$ 1,000
Total			\$ 10,375
Per cent of payroll (example assumes \$450,000 payroll)			0.02%
Note 1 - Supply of 8 hours Backhoe time to local boys club			

Estimate of Community Support the Contract Period			
Input	Quantity/Amount	Rate	Aggregate Value
Staff Volunteer Hours	200	\$15 per hour	\$ 3,000
Cash Donations	\$ 2,000	\$ 2,000	\$ 2,000
In-kind Contributions (Note 1)	10 tonnes gravel	\$150 per tonne	\$ 1,500
Total			\$ 6,500
Per cent of Payroll (\$790,750)			0.01%
Note 1: Gravel donated to local food bank			

d) Scoring

As earlier indicated local economic benefits is scored by the Agency out of a maximum 15 points. Below is an example of the scoring method employed by the Agency in the calculation of aggregate benefits as per this sample benefits plan.

Scoring Method					
Local Economic Benefits					
					SCORE
Contractor Name -					
	Origin of Input or Benefit				
	CB-Mulgrave	Nova Scotia	Canada	Foreign	
Labour Input	\$ 926,500	\$ 457,800	\$ -	\$ -	
Sub-Total	\$ 926,500	\$ 457,800	\$ -	\$ -	
Weighting Factor	1	0.75	0.50	0.25	
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Total Benefits as % of Estimated Contract Price	30%				
Ratio to Highest % of Other Bidders	30/43*** = 0.70				
Score (maximum of 8)	0.70x8 =				5.60
** Example assumes \$4,171,260 estimated contract bid					
*** Example assumes highest score was 43%					
Location-Business Operations (Maximum 5)					5.00
Community Input (Average of inputs for twelve months before bid submission and anticipated inputs for contract period: 2%+1%/2=1.5%)					
Ratio to Highest % of other responders	1.5%/3.2****=0.47				
Score (maximum of 2)	0.47x2=				0.94
****Example assumes highest score/percentage was 3.2%					
TOTAL SCORE (MAXIMUM 15)					11.54