

NNI EXAMPLE: SERVICES

This scenario is for a solution of services where a small amount of goods may be required to deliver the service. Instead, a substantial amount of labour is required to complete the contract and the costs for any materials necessary for delivering the service are ancillary¹, and therefore included in the Contractor’s Administration or General Expenses line item in the bid. For this example, we are using the hypothetical value of \$1,000,000 dollars for the proposed total contract price from a company called Local Inuit Nunavut Company (LINC). The contract price is arrived at based on the volume of work to be completed. Note this value was chosen for this example only and is not based on any real prices or a specific volume. It is for illustrative purposes only.

Total Proposal Price of Local Inuit Nunavut Company (LINC): **A \$ 1,000,000**

The proposal is further broken down to separate the Proponent and sub-contractor labour values from the non-labour portion of the services, and for the purposes of applying bid adjustments, the status of each company is verified.

Total Proposal Price of LINC		\$ 1,000,000
<u>Labour Component</u>	<u>Worker Status</u>	<u>Payroll Cost</u>
LINC Labour	Inuit, Nunavut, Local (Local Inuit are Nunavummiut)	\$ 200,000
LINC Labour	Non-Inuit, Nunavut based, not Local	\$ 300,000
Sub-Contractor A Labour	Not-Inuit, Not-Nunavut, (Montreal)	\$ 100,000
<u>Other Services Components</u>	<u>Firm Status</u>	<u>Other Service Component Costs</u>
LINC Materials	Inuit, Nunavut, Local	\$ 200,000
Sub Contractor A	Not Inuit, yes Nunavut, yes Local	\$ 100,000
Sub Contractor B	Yes Inuit, not Nunavut, yes Local	\$ 100,000

For the Proponent Company: Local Inuit Nunavut Company (LINC)

- ✓ Inuit ownership – Included on the NTI Inuit Firms Registry – Yes Inuit
- ✓ Nunavut based and owned – Included on the GN NNI Secretariat Nunavut Business Registry – Yes Nunavut
- ✓ NTI or NNI Registered and based in the community where the Services are required – Yes Local

For the Sub-Contractor “A”

- ✓ No Inuit ownership – Not on NTI Inuit Firm Registry – Not Inuit
- ✓ Nunavut based and owned – Included on the GN NNI Secretariat Nunavut Business Registry – Yes Nunavut
- ✓ NNI Registered and based in the community where the Services are required – Yes Local

For the Sub-Contractor “B”

- ✓ Inuit ownership – Included on the NTI Inuit Firms Registry – Yes Inuit
- ✓ Nunavut based & owned but NOT listed on the GN NNI Secretariat Nunavut Business Registry – Not Nunavut
- ✓ NTI Registered and based in the community where the Services are required – Yes Local

This example is given to illustrate two things:

- 1) How Bid Adjustments are Applied; and
- 2) How Inuit Content (Labour and Firms) is Evaluated

¹ Minor, subsidiary, supporting.

1) How the Bid Adjustments are Applied

Calculate Allowable NNI Adjustments to Determine NNI Adjusted Bid Price – this is a 2-Part Step

Table I. This analysis is based on the Proponent’s identified workforce, and workers to be used by its subs.

Proponents must indicate in their bids the dollar value estimates for workers and indicate if they are Inuit or not, if they are working in Nunavut or not, and which community they’re based in. This level of detail is needed to accurately calculate adjustments. For each value component and status category of labour, the value of the labour will be multiplied by the total allowable adjustment percentage factor.

Estimated Labour/Payroll Expenditures Breakdown Table							
Employers and Labour Forces	Value of Labour (\$)	Nunavut Residents 7%	Inuit Residents 7%	Local Residents 7%	Other Residents 0%	Total Adjustment (%)	Value of Adjustment (\$ x %)
LINC: Inuit based in service community <i>(Local Inuit are considered Nunavummiut)</i>	\$200,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	21%	\$ 42,000
LINC: Nunavut workers based outside service area <i>(not LCA beneficiaries)</i>	\$300,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7%	\$ 21,000
Sub-Contractor A: Non-Inuit & not working in Nunavut <i>(not Inuit or Nunavut)</i>	\$100,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0%	\$ 0.00
Total Estimated Labour							\$600,000
Total Estimated Inuit Labour							\$200,000

Value of Adjustments on Total Labour (\$42,000 + \$21,000) = B \$ 63,000

Table II. This analysis is based on the Proponent’s identified Value of Services to be provided by the Contractor and Sub-Contractors. Bidder must have provided all ‘Own Forces’ amounts and Name(s) and Dollar Values of all intended Sub-Contractors in their bid. To calculate the adjustments, multiply the Value of Services by the Total Adjustment Percentage factor.

Other Services (Excluding Payroll Estimates) Fees/Price Breakdown							
Contractors Names & Line Items	Value of Services (\$)	Nunavut Businesses 7%	Inuit Firms 7%	Local 7%	Other Business 0%	Total Adjustment %	Value of Adjustment (\$ x %)
LINC: Materials & Administration <i>(Nunavut, Inuit & Local)</i>	\$200,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	21%	\$ 42,000
Sub-Contractor A: Specific Services <i>(Nunavut and local, but not Inuit)</i>	\$100,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14%	\$ 14,000
Sub-Contractor B: Specific Services <i>(Inuit and Local, not Nunavut)</i>	\$100,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14%	\$ 14,000
Total of Other Services							\$400,000
Inuit Portion of Total Other Services							\$300,000

Value of Adjustments on Other Services excluding Labour (\$42K + \$14K + \$14K) = C \$ 70,000

To determine the Total Value of Adjustments, add the total adjustments under the Payroll Breakdown Table (B) and the total adjustments from under the Other Services table (C) to find the Total Value of Adjustments:
(\$63,000 + \$70,000) = D \$ 133,000

III. To determine the Total Adjusted Proposal Price, subtract the Total Value of Adjustments (D) from the Total Proposed Price (A) \$1,000,000:
(\$1,000,000 - \$133,000) = E \$ 867,000

**This is the proposal price value that will be used to determine score in the pricing evaluation.
See Rate/Price explanation on page 4.**

2) How Inuit Content (Labour and Firms) would be Evaluated

Labour Component:

In order for Proponents to maximize points available for Inuit Labour, they will need to clearly outline their estimates for labour required to deliver the contract. This will include the value of the labour directly engaged by the Proponent company, and the value of labour provided by sub-contractors. Proponents should also be sure to identify the beneficiary status and location of the workers (i.e., Inuit or not, based in Nunavut and if any will be working in any of the communities within the Sealift Area they're bidding on (this will determine Local adjustments). The GN may request a description of the job title (Laborer, Account Representative, Sales Agent, Customer Service etc.), and the value of the labour to deliver the service to that Area; however this information should be included somewhere in the proposal submission.

Note that the Sub-Contractor labour values can only be included if they are part of the Proponent's proposal price, and part of the payroll. If they are charged to the GN separately by another company or contractor, they are not to be included.

Other Expenses Component:

The 2nd pricing breakdown table provided on page 2 (Other Services – Excluding Payroll) is provided for the Proponent to identify other expenses and who they're being provided by. This includes all of the other components and costs of delivering the service, including any sub-contracted services, supplies, fuel, administrative costs, overhead, profit margin, hotels, insurance, advertising, transportation costs, maintenance, depreciation, etc. For the purposes of providing pricing, Proponents should present their pricing in a format similar to the table provided in the RFP. Costs or components that are internal to the Contractor such as profit margin, insurance, overhead etc., should be listed under the Proponent's name and will be considered as 'own forces'. Other components that may be broken out and identified as Inuit and or Nunavut and or Local companies should be listed separately. If the services are being delivered by a Local Inuit or Nunavut firm, they should be listed separately.

Note that Sub-Contractor work values can only be included if they are included in the proposal pricing as part of the overall expenses. If they are charged to the GN separately, they are not to be included.

Proposal Scores and Inuit Content:

From the RFP document, the chart entitled Proposal Rating Schedule; we see that the Inuit Content Rating Criterion includes Inuit Employment (10%) and Inuit Firms (5%). From the information proponents submit on the chart entitled "RFP NNI Adjusted Price Calculation Information", we will complete the scores for Inuit Employment, Inuit Firms and the Bid Adjustment.

How Inuit Labour is Evaluated:

To determine the score for Inuit Labour, the GN will award points for the percentage of payroll dollars that is outlined as Inuit Labour. In this example, the total value of Inuit Labour is \$200,000. The total value of all labour is \$600,000. Therefore the score for Inuit Labour is calculated as follows:

$$\begin{aligned} \text{Inuit labour Score} &= \$ \text{ Inuit labour} / \$\text{Total Labour} \\ &= \$200,000 / \$600,000 \\ &= .33 \\ \text{Inuit Labour score} &= \mathbf{3/10} \end{aligned}$$

How Inuit Firms is Evaluated:

To determine the score for Inuit Firms, the GN will award (approximately) 1 point for each 10% of Inuit Content to be provided for delivering the contract in comparison to the total overall proposal value for the contract. This includes Inuit Labour.

In our example, the total value of Other Services (Supplies/Materials, Contractor or Sub-Contractor) is \$400,000, and the total value of proposed labour is \$600,000. This is a total overall proposes contract value of \$1,000,000. The Inuit portion of the Total Labour component on Table 1 is \$200,000, and the Inuit Portion of the Other Services component on Table 2 is \$300,000. This makes the total Inuit Content \$500,000: (\$200,000 for LINC Inuit Labour + \$100,000 for Sub-Contractor B Labour + \$200,000 for LINC Materials & Admin, etc.)

Accordingly, from our example the proponent LINC would score the following:

$$\begin{aligned} \text{Inuit Firm Score} &= \$\text{Total Inuit Content} / \$\text{Total Contract Value} \\ &= \$500,000 / \$1,000,000 = .5 \\ \text{Inuit Firm score} &= \mathbf{5/10} \end{aligned}$$

Bid Adjustments - In terms of NNI Adjustments, our Example Company LINC would have achieved the following adjustments (as illustrated on page 2):

$$\begin{aligned} \text{Adjusted Price} &= (\$ \text{Total Contract Value}) - (\text{Total Adjustments}) \\ &= \$1,000,000 - 133,000 = \mathbf{\$867,000} \end{aligned}$$

$$\begin{aligned} \text{Bid Adjustment Rate} &= \$\text{Total Adjustments} / \$\text{Total Contract Value} \\ &= \$133,000 / \$1,000,000 = .133 \\ &= \mathbf{13.3\%} \end{aligned}$$

Rate/Price The proponent with the least costly price, after bid adjustments are applied, for the geographical area, receives a score of 10/10. The next least costly bid after adjustment, receives a score relative to the best score.