

## **DANIEL J. MACDONALD (DJM) BUILDING**

### **Renovation project**

- The Daniel J. MacDonald Building is located in Charlottetown, Prince Edward Island, and serves as the national headquarters for Veterans Affairs Canada.
- Analysis by Public Services and Procurement Canada (PSPC) confirmed that the building needs extensive renovations to address the operational needs and aging building systems.
- The Government of Canada (GC) is committed to investing in its buildings to ensure the effective delivery of programs and services to Canadians, while increasing accessibility, environmental efficiency and sustainability.
- PSPC is leading a major renovation project to that will modernize the building.
  - Construction began in July 2023 with completion planned for 2026.
- Throughout the renovation, the delivery of programs and services for Veterans and their families will not be impacted.

- VAC is maintaining its presence in Charlottetown with no interruption to operations or services.
- The VAC project teams are actively planning and coordinating logistics for relocating groups back to DJM, including reviewing requirements for furniture, IT equipment, commemorative displays, and communications and change management.

## **WHEN PRESSED:**

### **Q1 – What is the Daniel J. MacDonald (DJM) building and why is it being renovated?**

Built in 1984, the Daniel J. MacDonald (DJM) building in Charlottetown was originally meant to accommodate approximately 450 employees, occupying about 13,600 m<sup>2</sup> of space. More than three decades later, the structure needs extensive renovations to address the needs of an expanded workforce, changes to operational needs and aging building systems. The building is undergoing major renovations which began in July 2023.

### **Q2 – Isn't this money that should be put toward increased benefits and services for Veterans and their families?**

The Government of Canada, through PSPC, will be responsible for the majority of the costs. The building modernization costs do not impact in any way, shape, or form funding available to Veterans and their families. VAC will continue to pay benefits to any Veteran who is entitled to that benefit. Over 90 percent of VAC's budget flows directly to those we serve, while the remaining is used to support departmental operations and corporate functions.

### **Q3 – Who is in charge of this construction project and the construction contract?**

As the custodian of this Crown-owned building, PSPC is responsible for the project and the construction contract.

### **Q4 – If employees won't use the building during renovation period, won't this impact the local economy?**

During the renovation period VAC will continue to have an onsite presence in Charlottetown by occupying space in nine facilities including additional temporary spaces that were acquired for VAC by PSPC for the duration of this project. We have adapted our workspaces to ensure efficient use of our facilities, maximizing our spaces. As well, while employees worked almost exclusively from home during the pandemic. In accordance with the Treasury Board Secretariat's Common Hybrid Work Model which was announced in December 2022, VAC employees have been regularly working in our facilities.

### **Q5 – What happened to all the items that were in the building?**

As part of the process to prepare the building for construction, VAC identified surplus equipment, furniture and supplies to be reallocated, sold or donated. Approximately 1,100 computers were donated to 40 schools in Atlantic Canada and many other eligible groups received donations. VAC undertook these efforts in accordance with the

Daniel J. Modernization Building Renovation Project

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Government of Canada's applicable material management policies and directives and to ensure that as little material as possible ended up in landfills.

**Q6 – On Feb 17 2023, the Government announced the award of a contract valued at \$98 million to Ellis Don Corporation for DJM renovation. Why on April 28th has a new contract been awarded to Pomerleau Inc? What happened?**

On April 28, 2023, Public Services and Procurement Canada (PSPC) awarded a \$93.1 million contract to Pomerleau Inc. for construction services related to the modernization of the Daniel J. MacDonald Building in Charlottetown, Prince Edward Island.

A contract for these services had been previously awarded to EllisDon Corporation on February 17, 2023, following a competitive procurement process. That contract was subsequently terminated after PSPC determined that the department had inadvertently and unknowingly erred during the procurement process. The error resulted in Pomerleau Inc.'s bid being incorrectly considered non-compliant.

The bid submitted by Pomerleau Inc. meets all the requirements of the procurement, presenting the highest combined rating for the Indigenous Participation Plan and price, as required under the solicitation.

PSPC and Pomerleau Inc. began construction activities in July 2023. Construction is still expected to be completed in 2026.

PSPC has initiated an internal review to identify potential improvements that can be made to its policies and procedures in order to prevent a similar situation from occurring in the future.

A Canadian International Trade Tribunal (CITT) complaint had been filed by the EllisDon Corporation in response to the contract which the CITT has ruled in favor of EllisDon. Impacts of this ruling are still in discussion, however it is not expected to impact work on the building construction.

## **BACKGROUND — DANIEL J. MACDONALD BUILDING** **Renovation project**

The Daniel J. MacDonald Building is located in Charlottetown, Prince Edward Island and has served as the national headquarters for Veterans Affairs Canada since it opened in 1984.

Analysis by Public Service and Procurement Canada (PSPC) determined that the building requires a multi-million dollar renovation which will occur between 2023 and 2026. PSPC is responsible for the majority of the costs for the project.

VAC's employees will not work in the building during the renovation. Keeping the building empty of employees eliminates construction-related disruptions to operations, and any health and safety risks to our staff.

Spaces in our other buildings were converted to provide the most flexibility for our employees and optimizes efficient use of our facilities. During the renovation, VAC will occupy space in 9 facilities including new temporary facilities that we were acquired for the department's use during the renovation period. This ensures that VAC will continue to have a strong presence in Charlottetown during the renovation.

Through Office Portfolio Reduction Plan (OPRP), PSPC's plan is to maximize occupancy in crown spaces, including DJM. PSPC proposed a new Charlottetown accommodation scenario for 2026 as a first step in that direction noting OPRP targets may necessitate further densification at DJM down the road.

The modernization project will provide economic and job opportunities across many business sectors in the region. The work will include new initiatives to support the Government of Canada's Greening Government Strategy to reduce carbon emissions.

This project demonstrates the Government of Canada's commitment to continuing operations of Veterans Affairs Canada's national headquarters in Charlottetown, and also ensures that Veterans Affairs Canada staff are able to provide important services and programs to Veterans and their families, in a safe and healthy facility.

### **Timeline of Contract Award/Subsequent award:**

On February 17, 2023, Public Services and Procurement Canada (PSPC) awarded a contract for construction services valued at \$98,010,563 (including HST) to EllisDon Corporation for the Daniel J. MacDonald Building (DJM) modernization project in Charlottetown, PEI. The contract was announced publicly by the Minister of Veterans Affairs on February 17, 2023, and a [news release was issued](#).

As part of the procurement process for that contract, two bids were received: one from EllisDon and one from Pomerleau. Pomerleau's bid was determined to be non-responsive during bid evaluation because the bid bond could not be verified by PSPC. Otherwise, Pomerleau's bid met all other requirements of the solicitation, and would have presented the highest combined rating for the Indigenous Participation Plan and price as required in the basis of selection.

On March 7, 2023, Pomerleau filed a complaint with the Canadian International Trade Tribunal (CITT). The notice of inquiry was published on the [CITT website](#). After reviewing the evidence presented by the complainant for the purposes of preparing its response to the CITT complaint, PSPC determined that it erred in deeming Pomerleau's bid non-responsive. PSPC undertook the necessary steps to correct the error, which entails terminating the contract with EllisDon, and awarding to Pomerleau.

On April 28, 2023, Pomerleau accepted the offer for the contract, and informed the CITT that it had reached an acceptable resolution with PSPC. Pomerleau has withdrawn its complaint and the CITT has ceased its inquiry.

The new contract awarded to Pomerleau Inc. was posted on CanadaBuys on May 12, 2023. PSPC will also issue a statement on the GC newsroom to update the status of the contract.