



CANADA MORTGAGE AND HOUSING CORPORATION

TENDERING CONTRACTS

Analyzing a Bid

Bid reviewers should check for completeness and accuracy, compliance with bid security requirements and inclusion of the names of subcontractors. Reviewers should ask themselves the following questions:

- Does the proposal make sense?
- Is the information in the bid complete according to tender requirements?
- Does the proposed work meet tender requirements for prequalified subcontractors, local labour, contractors and suppliers of goods and services?
- Has the bidder identified feasible alternatives for completing the work?
- Does the contractor have adequate equipment for the work?
- What are the results of the organization's previous use of the contractor (if applicable)?
- How does the price compare to other bids of similar quality?
- Is the delivery date suitable?
- Is after-sales service satisfactory?

- Is the contractor capable of successfully taking on and completing the project?

A bid may be substantially lower than the others because the bidder has made a significant error. In this case, advise the bidder of the situation and ask for confirmation of the bid price. If the bidder confirms having made an error, allow the bidder to withdraw the bid without losing the bid security.

Sometimes a bidder is asked to describe and provide a quote on (or suggest) the work using specific equipment, material or installation as an alternative to the tender specifications. In some other cases, a contractor may propose to use something other than what is specified, with or without an adjustment in the contract price. Proposals for alternative equipment, materials or methods must be evaluated to establish whether they are:

- the precise equivalent to the specified item;
- an acceptable alternative to the specification; and

- an acceptable increase or decrease in the project cost.

The financial situation, reputation and experience of the contractor who is the lowest bidder, among all of the acceptable bids, should always be verified. A basic credit check should be conducted with the contractor's bank. Also, the contractor's work, reliability and experience should be discussed with his or her previous customers, suppliers and subcontractors.

Although price is an important consideration, expertise and previous experience are also significant considerations and, along with the technical merit of a bid, are more important than price. Generally, the bidder's price is weighted at 15 per cent to 30 per cent, depending on the project requirements. The other criteria in the bid or proposal are also given relative weights.

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Here is sample scoring grid illustrating how to weigh the various selection criteria. In this example, three different selection criteria categories are used: technical, expertise/experience, and price. For the first two categories, a distinct scoring sheet for each category was created. A total of 100 points may be awarded in each of the technical and expertise/experience components of the grid. Once the evaluation is completed, the total points for each category are then weighed according to the weighing method that was retained:

	Technical (40%)	Expertise/Experience (30%)
Contractor A	78 pts x 40% = 31.2 pts	85 pts x 30% = 25.5 pts
Contractor B	66 pts x 40% = 26.4 pts	55 pts x 30% = 16.5 pts
Contractor C	89 pts x 40% = 35.6 pts	79 pts x 30% = 23.7 pts

With respect to price, one method is to score by comparing to one another the prices submitted in the bids. In this method, the lowest qualifying bidder is awarded 100 points, while the others are scored in relation to the lowest bid, as follows:

	Price Submitted	Total Points	Price Weighed at 30%
Contractor A	\$58,650	$(\$47,500 \div \$58,650 = 0.81) \times 100 = 81$ pts	81 pts x 30% = 24.3 pts
Contractor B	\$47,500	100	100 pts x 30% = 30 pts
Contractor C	\$62,250	$(\$47,500 \div \$62,250 = 0.76) \times 100 = 76$ pts	76 pts x 30% = 22.8 pts

	Technical (40%)	Expertise and Experience (30%)	Price (30%)	Total
Contractor A	31.2 pts	25.5 pts	24.3 pts	81.0 pts
Contractor B	26.4 pts	16.5 pts	30 pts	72.9 pts
Contractor C	35.6 pts	23.7 pts	22.8 pts	82.1 pts

The contract is then awarded to the bidder who meets all the mandatory requirements of the tender or proposal and has the highest total score for all of the rated criteria.



Rejecting a bid

A bid can be rejected without undertaking a complete analysis if the bidder:

- does not use the proper tender documents;
- does not fully complete all the mandatory tender forms;
- does not provide mandatory information;
- does not bid in accordance with the requirements of the tender documents;
- does not supply proper bid security;
- does not submit the bid on time;
- did not accomplish satisfactory work for the organization in the past;
- is known to be in severe financial difficulty—a credit check should always be done before awarding a contract; and
- has in the past withdrawn a bid after the bids were opened.

For more information, please visit CMHC's website at www.cmhc.ca/affordablehousing