



CANADA MORTGAGE AND HOUSING CORPORATION

TENDERING CONTRACTS

Procurement

The key to a successful procurement is to choose an approach that works best for the organization. There are different procurement techniques and the one that will be used will depend on:

- the scope and nature of the project;
- the organization's long- and short-term goals;
- the location of the project;
- the timing of the project;
- funds available for the project; and
- the organization's resources, knowledge, skills and experience with similar projects.

Negotiated contract

This approach involves negotiating directly with a contractor. For example, a housing organization could work with

one contractor to develop a project design and budget. The contract would reflect the agreement that both parties reached on the project design and budget. Negotiated contracts often are used when a specific contractor or a consortium is the only one available or willing to complete the project or the only one with the skills or experience for the project.

Turnkey contract

This approach results in a complete project with everything ready for immediate use. A modified turnkey approach may sometimes be used to have a housing project developed in return for a specific fee.

Service and regular maintenance contracts

Service contracts are for ongoing services, such as electrical, plumbing, carpentry, mechanical and heating.

Regular maintenance contracts are for services that include snow removal, grass cutting, etc. Usually, service and maintenance contracts are awarded for a year at a time. Contracts can also be issued as standing offers (see below).

In some cases, contracts for small maintenance services or work can be awarded without tender. This usually happens when the housing organization has established a dollar limit for awarding contracts without a tender. For example, a housing organization can establish policies allowing the housing manager to award contracts under a specified dollar amount.

Contracts for major maintenance work, such as major roof repairs or painting several dwellings, are awarded separately and usually tendered. Competitive pricing is required to ensure cost efficiency. The only exception to competitive pricing is emergency repairs.

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Service contracts should describe the work in detail, as well as the cost and the time during which the contractor provides the service. More details about the work may be needed for maintenance. A contract for snow removal, for example, might specify when snow removal is to start, where the snow is to be dumped and the type of equipment required for removing the snow. The type of equipment must be identified since snow removal contracts are usually based on an hourly rate for front-end loaders and trucks. By identifying the equipment to be used, the housing manager can determine if the quote is accurate and that the equipment is the most effective and efficient.

Standing offer agreement

A “standing offer” is a contract call on the supplier to supply goods and services on demand under conditions set in advance at an agreed-upon price and stipulated terms and conditions. The process for creating a standing offer is the same as for a contract. Standing offers are often used for:

- general, electrical and mechanical maintenance;
- snow removal;
- grass cutting and landscaping;
- minor housing repairs and renovation;
- legal services;
- road maintenance;
- janitorial services; and
- safety and operational inspections.



Standing offer agreements are most useful when:

- most of the terms and conditions of the work can be clearly defined; the only exception is the quantity of work cannot be determined in advance;
- the service or product is needed over and over again;
- general price ranges have been established as the result of competitive bids;
- prices can be set for the term of the standing offer;
- the service or product can be delivered on an “as and when required” basis during the life of the contract;
- a limit on the total expenditure can be set;

- payments can be made for actual work performed in a satisfactory manner or products delivered; and
- the services or products are commercially available.

Once a standing offer has been signed, the organization must authorize someone (often the housing manager) to approve call-ups against the standing offer. The authorized person cannot allow the collective amount of the call-ups to exceed the total of the standing offer. Call-ups should be specific on what needs to be done, including scope of work, terms of payment, estimated cost, start and finish dates and reporting milestone dates as required.

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