



## TIP SHEET

# Common practices during the bidding/RFP process

The competitive-bidding/open procurement process ensures your organization receives the lowest price and best value while providing contractors/consultants/vendors a level playing field on which to compete for your project's contract.

This tip sheet has been prepared for information only and is not intended to be legal advice. The Minnesota Historical Society (MHS) does not assume any liability or responsibility based on this information. If you have any questions, please contact the grants office directly.

### PREPARATION

Preparation of bid specifications (generally construction): before seeking bids prepare project plans and specifications. The specifications should provide bidders a reasonable basis on which to bid; a basis that treats all of them fairly. Advertising and publication.

#### What is a Call for Bids?

The goal of a bid request is to receive competitive bid offers from multiple contractors/vendors in order to get the best value based on pricing alone. A bid request is used when the project is very specific and the designs/ specifications accompany the call for bids.

#### What is an RFP?

A request for proposals (RFP) is a formal invitation to a potential contractor/professional to submit a proposal to provide a specific material or service. The RFP provides a structured evaluation tool to judge a contractor's experience, qualifications, and approach to the project. This tool is used when the project is well understood; however, there is the potential for alternate approaches for completing the project. (See sample outline at end)

A **formal RFP** is a comprehensively written document that, when released for bid, is publically announced. This public announcement/notice informs the public that public funds are being spent for a specific purpose, informs potential contractors/consultants that RFPs are available, and invites interested parties to submit proposals.

An **informal RFP** is not publically announced, but the level of detail of the tasks to be accomplished and outcomes should have the same comprehensive approach as a formal RFP.

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Your organization may have a purchasing and contracting procedure already in place. If so, you can follow their guidelines. Note: the dollar threshold established by the MHS takes precedence over and supersedes all individual applicant procurement policies.

You should not discuss the contents and requirements of a pending RFP with any potential bidders prior to the actual publication date of the RFP. This provides an unfair advantage to those responders. Also, avoid using a clause that could limit competition. For example, "Contractor must have worked on this building within last five years."

### **Solicitations should include the following information/requests:**

- Due date (give enough time for bidders to create a competitive bid; 21days is common).
- Expected completion date of service.
- Name and telephone number of the internal staff member responsible.
- Description of goods/ services and scope of work.
- Technical specifications and drawings, if applicable.
- Special administrative requirements (prevailing wage requirement, if applicable).
- General provisions and addendum(s).
- Samples or descriptive literature, if required.
- Date of the site visit/bid meeting clause that could limit competition if scheduled.  
A site visit/bid meeting helps to avoid performance, production, and construction problems.
- Request for a Certificate of Liability Insurance from the vendor.
- Details on how proposals will be reviewed and evaluated. If criteria other than price are used, the solicitation must state the weighted importance of price and other factors.

## EVALUATING RESPONSES

Criteria for reviewing RFPs and selecting a contractor will differ depending on your project needs. Staff should review all responses, checking for compliance with the specifications and consistency with the stated project goals. It may be useful to create an actual evaluation form listing criteria and weights. Additionally, you may want to use a selection panel that will independently review and evaluate proposals. Below are some suggested approaches to evaluating the proposals you receive:

### **SELECTION TYPE: Competitive Bidding**

Involves publication of an advertisement to solicit sealed bids and the award of the contract goes to the "lowest responsible bidder."

### **SELECTION TYPE: Best Value.**

The selection and ranking of the responses is made by a committee. This committee bases their selection on an analysis of the contractor/consultant qualifications listed in the proposals and the proposed cost. Best value contracting provides an alternative to the competitive-bidding process that requires a contract to be awarded to the lowest responsible bidder. In addition to price and performance, factors that may be considered include, but are not limited to: (continued on following page)

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### **SELECTION TYPE: Best Value** (continued)

- Quality of performance on previous projects.
- Timeliness of performance on previous projects.
- Level of customer satisfaction with the performance on previous projects.
- Previous project budget performance and ability to minimize cost overruns.
- Ability to minimize change orders.
- Ability to prepare appropriate project plans.
- Technical capabilities.
- Qualification of key personnel.
- Personnel possess qualified professionals that meet the Secretary of the Interior's Professional Qualification Standards
- Demonstrated ability to successfully complete a project that met the Secretary of the Interior's Standards and Guidelines

NOTE: Some committees ask for the price to be submitted separately in a sealed envelope so the performance/experience evaluation can be done independently from the cost.

### **SELECTION TYPE: Single Source as the Only Reasonable Source**

This is applicable when the services or materials necessary are only available from a single source and the price has been reasonably established. A documented explanation should be kept on file illustrating that they are legitimately the only source reasonably available.

### **Unusually Low or High Bid Amounts**

When evaluating a proposal that is at least 30 percent higher or lower than other bids, you may want to investigate the circumstances. You may want to request verification of the proposal in writing to confirm the bidder understands the technical requirements. If the bidder confirms an understanding of the requirements, the proposal can be evaluated as submitted.

### **Technically Not Acceptable Bids**

Proposals for services that involve specifications, drawings, or statements of work should be evaluated for technical adherence to the award criteria in the solicitation. The results of the technical evaluation should be documented in writing, indicating which proposals are technically acceptable. Reasons for disqualifying a proposal as "technically not acceptable" must be stated clearly and without bias and those reasons must be documented.

## **AWARDING THE CONTRACT**

After evaluating the offers and a final decision is reached (and documented) the award is made to the lowest responsible bidder or to the bidder with the most advantageous proposal. This award should be in the form of a written acceptance of the bid or proposal to provide goods or services. Upon acceptance of the award by the selected vendor, notify the unsuccessful bidders that the award has been made.

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## SAMPLE OUTLINE

### REQUEST FOR PROPOSAL (RFP)

Release Date: \_\_\_\_\_

Staff member contact : \_\_\_\_\_ Staff member phone: \_\_\_\_\_

REQUEST FOR PROPOSAL FOR: \_\_\_\_\_  
(Project title)

#### I. INTRODUCTION:

\_\_\_\_\_ is seeking proposals from qualified firms who are  
(your organization name)  
interested in providing \_\_\_\_\_ services.  
(type of service, i.e. consulting, construction, etc.)

#### II. SCOPE OF SERVICES:

*(This section should contain a detailed description of goods/services and scope of work being sought along with Professional Requirements. Expected final product should be described)*

#### III. Instructions to proposers

Proposals must be in writing and must be received by (time) on (date), (year). All proposals, questions, and correspondence should be directed to: (name staff and address) In order to ensure a fair review and selection process, firms submitting proposals are prohibited from contacting any other organization members regarding these proposals.

Address or deliver proposals to:

#### IV. Statement of content of RFP (A proposal must contain the following)

- A. Title page (name, address, phone, contact person, date)
- B. Table of contents
- C. Statement of the proposal (work, timetable, availability)
- D. Consultant's/firm's profile/history/experience (client references)
- E. Resumes of Staff demonstrating how they meet professional qualification standards (if a construction project)
- F. Fees and method of payment
- G. Any other information deemed helpful in demonstrating the proposer's ability to successfully complete the project.

#### V. Proposal evaluations

*(This section should provide details on how proposals will be reviewed and evaluated. If criteria other than price are used, the solicitation must state the weighted importance of price and other factors.)*

#### VI. Agreement terms

*(This section can outline the negotiation procedures, any ethics policies and other terms that the proposals must meet, and expected date of project completion. Special administrative requirements such as prevailing wage requirements or Certificate of Liability Insurance.)*

#### VII. Timetable

*(This section can address such things as the day that the proposals will be opened, if/when a site visit is scheduled, when interviews will be scheduled, and when the selection will be made.)*

#### VIII. Other information

*(This section can cover background information on the organization or other information that might be important for firms to know when submitting their proposals.)*