



Viewpoint

The Sealed Bidding Process

One bad apple can spoil the batch for the rest of the Property Managers in the industry. Board members who have experienced or read about an unfortunate situation during the procurement process in another building may distrust their manager and make accusations of price-fixing or receiving a kickback. Don't take it personally.



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My suggestion is to work with your board to determine the purchasing threshold they are comfortable with obtaining bids via email or fax. For a small building, it might be a value of \$2,000, and for a larger building, it might be up to \$10,000. Once the threshold is determined, put a policy in place to obtain sealed bids for purchases over this amount.

A bid received via fax or email gives someone the potential to edit the proposal without the approval of the vendor or share the pricing with another vendor, so they are the successful bidder. A sealed bid means that the proposal is delivered and opened in the presence of a witness. Typically, once opened, the witness initials the pages with the pricing. There usually is a single date for submission, and all contractors are given the same information. The manager would then put them on a spreadsheet to make a comparison. If there is a significant variance in pricing, they may speak to the vendor to understand if the project's scope was misunderstood. Should an opportunity be given to modify the pricing, it must be given to all bidders and resubmitted in a sealed envelope.

Prepare a bidder's package to ensure all contractors provide a price for the same project. Invite the vendors to tender, give them an overview of the site and what you are looking for, and where possible, include pictures of what you have in mind. I would highly recommend that you hold a tender meeting with all the bidders coming at the same time (obviously being COVID compliant) - this saves you time and avoids multiple interruptions in your day.

In most cases, vendors may provide you with suggestions and alternatives during a site walk-through, and all can contribute and bid accordingly. Depending on the scope of the recommendations, you may want to revise the package. Provide a tender closing date with time and method of submission, i.e. sealed, faxed or emailed, and ensure each vendor completes your tender package, submitting the quotes based on the same scope of work. If it is a maintenance/service contract they are bidding for, have them give you short and long-term costs (1, 3 or 5 years), as this may provide better pricing. In addition, long-term contracts mean that you do not need to tender the work annually, and you can stagger the years to avoid an excessive workload. Provide them with a copy of the actual contract they will sign so there are no hidden clauses.

Send your bid package out to 10-15 companies, and you will likely receive at least three proposals back. Also, plan to give them 2-3 weeks to review the work, allowing them time to attend the bidders' meeting, revisit if necessary, and put their proposal together by the deadline. If you are going to provide an extension, you need to give the same notice to all bidders.

Transparency helps build trust. A board member should be the witness when the tenders are opened. Provide all board members with a summary to make their decision and give them the option to receive copies of the bids.

Lastly, don't forget to thank the unsuccessful bidders for their time in the process; this is the number one complaint of contractors in our industry. ■

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