



Northwest Territories Minister of Public Works and Services



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YELLOWKNIFE CENTRE

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PWS Contracting Methods

On January 30 and 31, and February 3, 1997, you had asked several questions (171-13, 192-13, 202-3) relating to the contracting procedures used by Public Works and Services (PWS). The attached overview of PWS contracting practices should provide you with the information you need to understand how we do business in this area.

I am also attaching a pamphlet which gives an overview of the project management process. It is provided to our clients when we undertake work on their behalf and you may find it useful.

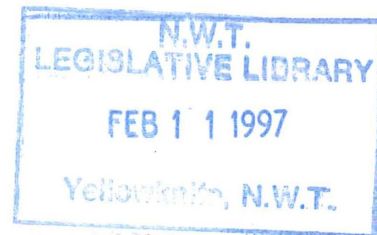
I can arrange a briefing for you if you would like to explore this in more detail. I have copied the Deputy Minister with this letter and Mr. Lovely would be happy to make whatever arrangements are necessary.

Goo Arlooktoo
Minister

Attachments

c: All Members of
the Legislative Assembly

Ken Lovely
Deputy Minister, Public Works and Services



OVERVIEW

PWS CONTRACTING PROCEDURES

TENDERS AND PROPOSALS

The public competitive process for contracting takes two primary forms which are governed by different rules. Justice Vertes expressed this difference in rendering his decision, *Socanav Inc and the GNWT et al.*, SCNT, Aug 5, 1993: "*When the government knows what it wants done and how it should be done (such as a construction project), it will already have its plans and specifications and is looking simply for the best price. On the other hand, when the government knows what it wants done, but not how to go about doing it, it seeks proposals on methods, ability, and price....*"

TENDERS

A tender is used when the government knows exactly what it is looking for, and is shopping for the best price to do that specific job. Provided the bidders meet the tender requirements in all respects, the contract will be awarded to the lowest bidder. Contract Regulations provide for formal tenders and informal tenders. Formal tenders must be in writing; they are required for all contracts exceeding \$5,000.

PROPOSALS

The proposal process is used when the government knows what it wants done but not how to go about doing it and is looking for the best value solution to resolve a problem or deliver a good or service. A Request for Proposals contains three main elements:

Instructions to Proposers

This includes information and instructions on the administrative parameters of the proposal call.

Terms of Reference

This section describes the details of the problem or project and the level of service expected to be delivered by the proposer. This section should typically include:

- project description or scope of work
- schedule
- mandatory requirements/minimum standards
- reports, submissions and reviews
- cost

Evaluation Criteria

Government Contract Regulations require that every Request for Proposals outlines the criteria to be used in evaluating the proposal. No other criteria may be used in evaluating the proposal. In the evaluation of proposals, PWS considers a minimum of two criteria which may include pricing, methodology used by the proposer, the project team, the past experience of the firm, Inuit content, northern and local content, etc. The evaluation criteria are provided to each proposer in the proposal documents, to allow them to know how the proposal will be assessed. A sample is attached which demonstrates how the evaluation criteria are normally outlined to proposers in the proposal documents.

TENDERING METHODS

Contract Regulations provide that the GNWT can ask for tenders and proposals from proposers through public advertisement or private invitation.

PUBLIC ADVERTISEMENT

PWS standard procedure is that all tenders for goods and services exceeding \$25,000 and construction contracts exceeding \$100,000 must be publicly advertised. Most Requests for Proposals other than consultant requirements are advertised. For consultant proposals, the Business Incentive Policy restricts invitations to northern firms where there are at least two northern firms capable of performing the contract.

PWS goods, service and some construction tenders exceeding \$5,000 are posted on the PWS Tender Notification Listing. This is a weekly listing of outstanding tenders and proposals that is provided to all Chamber of Commerce offices in the NWT as well as posted publicly throughout the NWT. All tenders for construction and services estimated to exceed \$30,000 are advertised in selected northern newspapers. In addition, public notices are posted in the appropriate municipal office. For construction contracts, the tender documents are sent to the NWT Construction Association. For contracts in Nunavut, Article 24 obligations provide for advance notice to NTI of tenders and proposals.

INVITATIONAL TENDERING

Invitational tendering means that tender requirements are not advertised in newspapers. Instead, the tender documents are sent only to suppliers or contractors who specialize in the work or goods required. Where practical, all qualified potential bidders in the area of the work are invited to tender. The Business Incentive Policy restricts tendering to qualified Northern businesses where the value of the contract is estimated to be less than \$30,000 and two qualified Northern businesses are available. While the tender documents are sent only to selected contractors or suppliers, in most cases any other contractor or supplier is free to request tender documents and submit a tender. Only under select circumstances will bidding be restricted to certain pre-qualified contractors.

REVIEW AND AWARD

RECEIVING TENDERS/PROPOSALS

All potential bidders and proposers must be treated fairly and equally. In order to ensure this, all tenders and proposals provide for a specific date and time for closing. Late submissions are rejected. The tender opening process is public, timely and conducted in a professional manner.

When tenders are opened, the name of the bidder, the tender price and whether or not bid security is provided are recorded and made public to those present. This information is also available upon request to any interested party. **For proposals, only the name and address of the proposer is made public. The dollar amount of proposals is not made public at the opening for several reasons:** (1)

- the cost is only one of the criteria used in evaluating the proposal;
- unlike tenders, the format of the proposal is not standardized, therefore the price is not readily apparent;
- the proposed price may not represent the final contract amount.

EVALUATING TENDERS

The tender review determines the lowest responsive tender submitted by a responsible tenderer. A responsive tender is one that meets the requirements of the tender in all material respects. A responsible tenderer (or proposer) has the capability to perform the contract requirements.

EVALUATING PROPOSALS

Proposals are evaluated by a committee consisting of at least three personnel familiar with the services to be provided as well as applicable policies, directives and contractual procedures.

(2) All proposals are to be evaluated to determine which proposal appears to offer the **best overall value**. Only the criteria established in the Request for Proposals may be used. The criteria must include cost plus at least one other relevant factor. In Nunavut, a minimum of 15 percent of the evaluation criteria must be for Inuit content. Each criterion is assigned a weight by relative importance.

Each proposal is then rated by each member of the evaluation team according to the degree of satisfaction apparent for each criterion. The weighted points for each criterion are totalled to establish the overall degree of satisfaction with the specific proposal. The final evaluation and rating of the proposals and the recommendation for award will represent a consensus reached by the committee.

NOTIFYING UNSUCCESSFUL BIDDERS

When contracts are awarded, unsuccessful bidders are advised. For tenders on contracts exceeding \$25,000 a letter of regret is sent which advises the name of the successful bidder and the contract amount. **For proposals, regret letters are sent to unsuccessful proposers. Proposal regret letters may name the successful proposer and briefly discuss the strengths and weaknesses of the unsuccessful proposal.** In addition, PWS officials are available to discuss issues with unsuccessful proposers and provide feedback on areas where proposers may be able to improve on future proposals. Detailed discussion of how each rating was determined or discussions relative to other proposals are not permitted.

As the evaluation is a subjective process relating to the degree of satisfaction provided by each proposal, and the determination of what constitutes **best value** represents a consensus of the evaluation team, ~~detailed rating sheets are not made public.~~

NON-COMPETITIVE CONTRACTING

Government Contract Regulations require all contracts be issued through a competitive process unless they meet the strict regulatory requirements for sole source contracting. The only exceptions to this competitive contracting process are those that meet the regulatory requirements for ~~sole source contracting which are:~~

- it is urgently required and delay would be injurious to the public interest;
- only one party is available and capable of performing the contract;
- the contract is less than \$1,000 or less than \$25,000 for architectural or engineering services.

PWS only has the authority to enter into contracts through a competitive process. Cabinet may, for a variety of reasons, waive the requirement for a competitive process and allow the direct negotiation of a contract with a specified party.



Final Documents

During the construction period, the contractor shall update the working drawings and specifications and provide and maintain the Maintenance and Operations manual in a current state.

Prior to the issuance of any Certificates of Completion by the GNWT, the contractor must supply the following:

- four sets of as built drawings
- four sets of Maintenance and Operations Manuals

Proposal Evaluation

Selection Methods

When an alternative is proposed regarding any specific requirement, it will be evaluated to ensure that the desired results will be achieved.

Rating

The evaluation team will utilize specific criteria to rate each proposal. Ratings will be confidential and no details will be released to any of the other proposers.

Each proposal will be evaluated using the following criteria:

Cost

The proponents lump sum proposal will be evaluated against the project budget and against all other proposals.

Building Quality

Proposals will be evaluated to determine how well they meet the spatial, functional and technical requirements while at the same time, provide for the lowest capital cost and life cycle cost.

Proposals should indicate whether all requirements outlined in the Request will be met. Alternatives proposed by the proponent may be taken into consideration with higher points given to proposals offering changes that will save time or money and still provide an

acceptable product.

Project Team

Experience, qualifications and contributions of the proponent, sub-contractors and Architect/Engineering consultants; both the firms and assigned personnel.

Schedule

How closely the proponents schedule meets the requirements including occupancy date. As variations may affect the established financing or operations aspects of the project, it is recommended that proponents offer any adjustments to the schedule as "Options" or "Alternate Proposals".

Training

Training programs proposed. Are they attainable, provide proper instructions and are they appropriate to the project and the community?

Methodology

Proposed means of working with design consultants, sequence of events outlined in schedule. i.e. we expect the schedule to demonstrate how proponent will proceed; how much time each stage is expected to take; demonstration of a good understanding of how the work is to be done; time allocated for different tasks.

Local/Northern Involvement

The proponents Local/Northern Involvement as indicated in the proposal and in accordance with the Business Incentive Policy will be evaluated in relationship to other proposals.

Proposer Response Guidelines

The following information should be provided in each proposal. This information will be utilized in evaluating each proposal submitted.

Proposal Content

Each proposal submitted should describe, in detail, the proposed design concept. More than one concept may be provided for consideration. Each such concept will be evaluated

PROPOSAL RATING SCHEDULE

PROPONENT: _____

ITEM	DESCRIPTION	ASSIGNED WEIGHT	POINTS AWARDED (A)	WEIGHTED SCORE (B)	COMMENTS
1	Cost				
2	Building Quality				
4	Project Team				
5	Schedule				
6	Training				
7	Methodology				
SUB-TOTAL WEIGHTED SCORE (C)					
LOCAL/NORTHERN BONUS POINTS					
PLUS: (C) _____ X (D) _____ X (E) _____ X 15% =					
PLUS: (C) _____ X (D) _____ X (F) _____ X 5% =					
TOTAL SCORE:					

<p>LEGEND:</p> <p>C - Sub-Total Weighted Score D - % of Work to be done by Registered Northern Consultants E - % of Work to be done by Northern Residents including Local Residents F - % of Work to be done by Local Residents of Registered Northern Consultants</p>	<p>RATING POINTS:</p> <p>Poor 1 - 3 points Fair 4 - 6 points Good 7 - 8 points Excellent 9 - 10 points</p>
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Committee Member: _____

Date: _____