

**Policy and Procedure**

Title:	<b>Bidding and Award of Construction Tenders</b>
Policy Number:	01.021
Effective Date:	December 12, 2016
Revised Date:	
Approving Body:	President and CEO
Authority:	CancerCare Manitoba Act
Responsible Officer:	President and CEO
Delegate:	
Contact:	
Applicable to:	

**1.0 BACKGROUND:**

- 1.1 CancerCare Manitoba is committed to aligning itself with Manitoba Health policy and procedure related to Capital Projects.
- 1.2 A competitive, fair, and transparent process is required to secure construction services for all healthcare capital projects in excess of \$25,000 that are funded by Manitoba Health (MH) Capital Finance.

**2.0 PURPOSE:**

- 2.2 This policy is intended to inform CCMB on policy and procedures governing the bidding and award of construction tenders required to secure a contractor for construction of all healthcare capital projects, at a known fixed cost established by the open market.

**3.0 DEFINITIONS:**

- 3.1 **Award of Contract:** The awarding of a Construction Contract by the CCMB Board to a general contractor, on the architect's recommendation, and Manitoba Health's formal approval.
- 3.2 **Bid Bond:** A bond acquired by a general contractor when submitting a tender, to provide insurance against faulty bids or retraction of a bid after tender opening.
- 3.3 **Call for Tenders:** A public advertisement to secure a contractor for construction of the project.
- 3.4 **Client/Architect Agreement:** A written contract between the CCMB Board and the architect.
- 3.5 **Consent to Surety:** An indication of willingness by a bonding agency to provide a performance bond for a general contractor, if he is the successful bidder on a given project.
- 3.6 **Healthcare Capital Projects:** Those construction projects which require approved borrowing authorization by Manitoba Health.

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- 3.7 **Letter of Intent:** A letter written by the CCMB Board to a general contractor, confirming the intent to enter into a contractual agreement. This permits the contractor to commence construction, even if the legal documents are not prepared and executed prior to the expiry of the 60 day tender price acceptance period. This letter should reference the specific contract to which it applies.
- 3.8 **Performance Bond:** A bond purchased by the general contractor to protect the owner in the event that the general contractor fails to complete the contract.
- 3.9 **Pre-qualification:** A process whereby contractors interested in tendering on a project are invited by a public advertisement to submit their qualifications for review by the architect and CCMB Board for pre-screening prior to submission of tenders.
- 3.10 **Prime Consultant:** The architect selected in the Design Stage.
- 3.11 **Stipulated Sum or Lump Sum Contract:** The type of construction contract utilized by Manitoba Health, in which general contractors submit tenders that include all the work required to complete the building in a single base bid amount.

#### 4.0 **POLICY:**

##### 4.1 **Call for Tenders**

- 4.1.1 Manitoba Health policy requires that all healthcare capital projects costing more than \$25,000 shall be tendered publicly. The call for tenders shall be by public advertisement with a specified deadline of date, time, and place for closing. An exception may be granted where a number of appropriate contractors are selected by the Prime Consultant to submit bids. The utilization of selected contractors must have prior written approval from Manitoba Health.
- 4.1.2 Healthcare capital projects costing less than \$25,000 do not require a public tender. These projects shall not be “sole sourced”, but shall require a minimum of three (3) bona fide quotations.
- 4.1.3 CancerCare Manitoba shall provide a report to Manitoba Health at the end of each fiscal year that identifies all health capital projects by the Manitoba Health assigned project number that were awarded by the quotation process in that year.

##### 4.2 **Stipulated Sum Contracts**

Manitoba Health funded healthcare capital projects shall utilize a Stipulated Sum or Lump Sum contract for construction, with general contractors submitting bids that include all the work required to complete the building in a single base bid

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amount. Tenders may also require the contractors to identify alternate or separate prices for specific components within the project. A condition of bidding on Manitoba Health funded healthcare capital projects shall be that the General Contractor is able to obtain a Performance Bond and a Labour and Materials Bond in the amount of 50% of the value of the construction contract.

#### 4.3 **Pre-qualification of Bidders**

Pre-qualification of contractors is a process by which contractors interested in bidding on a healthcare capital project submit their qualifications and experience for review by CancerCare Manitoba, in response to a public advertisement. If their qualifications and experience are acceptable, these contractors are then invited to submit bids. The procedure is also applicable to sub-trades (Mechanical and Electrical) for very complex healthcare capital projects and/or for specialized components of the work. Utilization of this process shall have prior written approval from Manitoba Health. Manitoba Health staff shall be present for the review of submissions.

#### 4.4 **Submission of Tenders**

The Prime Consultant advises CancerCare Manitoba as to the recommended time period that contractors will require to complete their bids. Up to the prescribed deadline, the Prime Consultant receives sealed bids from contractors. The bids shall be date and time stamped by the Prime Consultant, and the time of receipt recorded. Upon completion of the tender period, the bids shall remain valid and fixed for a minimum 60-day award period to permit review and acceptance, and approval by Manitoba Health.

#### 4.5 **Minimum Number of Bids**

For all healthcare projects, a **minimum of (3) general contractor bids must be received**. If three (3) bids are not received, the bids are NOT to be opened. Contact Manitoba Health for direction.

Returning the unopened bids and re-tendering the project to seek the minimum number of required bids is at the discretion of Manitoba Health.

#### 4.6 **Tender Opening**

Manitoba Health, CancerCare Manitoba and the Prime Consultant shall be in attendance at the tender opening. Manitoba Health staff are present as observers and to assist as required. Representatives of the contractors may also attend.

The envelopes are opened one by one with all representatives present, and only the following information is read out to the group:

- the name of the firm/contractor;
- the inclusion of a 10% bid bond;

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- the inclusion of consent to surety;
- the base bid price;
- alternate and separate prices;
- confirmation that all addenda have been considered in the bid; and,
- the duration of construction in weeks.

At this point, the contractor representatives shall leave and a preliminary review of the apparent low bidder and others is undertaken. The Prime Consultant shall provide Manitoba Health staff with copies of all bids for their review.

#### 4.7 **Review of Bids**

The Prime Consultant reviews all bids in detail according to the following guidelines:

- a. The lowest compliant bid shall be recommended for acceptance unless there is written, documented evidence that the contractor cannot perform the work. Alternate and separate prices received as part of the bid shall be subject to review for acceptance.
- b. Responsible principals have signed the bid form.
- c. A 10% Bid Bond and Consent to Surety is included in the bid package.
- d. The base bid amount is not qualified or altered in the bid form.
- e. A complete list is given of sub-trades used to compile the base bid amount.

At this meeting, copies of the three (3) lowest bids shall be provided to the Manitoba Health staff representative for review and Department files.

If the lowest acceptable bid is higher than the construction budget as established by the Class "A" construction estimate, the Prime Consultant and CancerCare Manitoba shall negotiate cost reduction with the contractor providing the lowest bid. If the budget overrun is significant, CancerCare Manitoba shall instruct the Prime Consultant as per the Client Architect Agreement, Article 4, to either:

- revise the design to reduce cost;
- revise the project scope (programs) to reduce cost;
- re-tender the project; or,
- defer the project to a later date.

In all instances, Manitoba Health staff shall review and approve the alternatives proposed to bring the project within the approved budget.

#### 4.8 **Tender Disputes**

In the event of a tender dispute, the guidelines of the Manitoba Association of

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Architects and the Winnipeg Construction Association shall be followed.

**4.9 Award of Contract**

The Prime Consultant submits to CancerCare Manitoba and to Manitoba Health a final recommendation for the award of contract. CancerCare Manitoba formally accepts the recommendation and submits to Manitoba Health a written request to award a construction contract. This request shall be directed to the Executive Director of the Capital Planning Branch, Manitoba Health, and shall include a copy of the Prime Consultant's recommendations.

**4.10 Construction Contract**

Once Manitoba Health approval is granted in writing, the contract shall be signed. The contract for construction is an agreement between CancerCare Manitoba and the selected Contractor. The standard form of contract used is the *Canadian Construction Document Committee – Standard Construction Document 2 (CCDC-2-2008)*, with certain modifications as prescribed by the Prime Consultant in the specifications.

In order to allocate construction costs for final audit purposes, and to establish depreciation rates for that facility, a cost breakdown of the contract shall be provided to Manitoba Health by the Contractor. The requirements and format of the contract are included in the contract specifications.

**4.11 Letter of Intent**

When time does not permit the preparation and execution of the legal contract prior to expiry of the 60-day acceptance period, it is considered legally acceptable for CancerCare Manitoba to issue a "Letter of Intent" to enter into a contractual arrangement with the Contractor. This letter should reference all contract documents. The Contractor can then commence construction.

**4.12 Line of Credit**

CancerCare Manitoba tenders operating and capital finance requirements on a periodic basis to financial institutions. The tender for financing services is normally sent out by CancerCare Manitoba to financial institutions every three or four years. The capital portion of the tender is reviewed by the Capital Finance Branch of Manitoba Health to ensure competitiveness with other RHA negotiated rates. It is also reviewed to ensure that the tender with the lowest overall cost to Manitoba Health is obtained for operating and capital financing needs, and the Bank with the lowest tendered costs is selected. Individual tenders do go out on an exception basis when the funding is especially significant. Manitoba Health approved borrowings continue to be secured by a "Letter of Comfort" provided by Manitoba Health specific to the capital construction, information technology, or specialized equipment approval.

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**4.13 Approval**

All tenders and recommendations for the award of contract are to be reviewed for conformance to this policy by the assigned Project Manager of the Manitoba Health Capital Planning Branch, and approved by the Executive Director of the Branch prior to any CancerCare Manitoba commitment for the services tendered.

**5.0 PROCEDURE:**

As per policy statements.

**6.0 REFERENCES:**

- 6.1 Manitoba Health Policy HCS 200.16, Bidding & Award of Construction Tenders, January 10, 2012.
- 6.2 Capital Project Planning Manual, Manitoba Health, Capital Planning Branch, 1<sup>st</sup> Edition 1992.
- 6.3 Canadian Construction Document Committee – Standard Construction Document 2 (CCDC-2-2008).
- 6.4 Manitoba Association of Architects guidelines.
- 6.5 Winnipeg Construction Association guidelines.

**Policy Contact:**

All enquiries relating to this policy should be directed to:

Name:	Dr. S. Navaratnam
Title/Position:	President and CEO
Phone:	Office of the President and CEO, 204-787-2186
E-mail:	
Address: (if required):	ON4025j, Executive Offices, CancerCare Manitoba

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**DOCUMENTATION**

**Policy Location:**

This policy is located (hard and e-copy formats):

1. The original signed and approved policy is on file in the Executive Office, CCMB
2. The e-copy is on file in the CCMB Governing Documents Library, SharePoint
- 3.

**Revision History:**

Date	Version	Status	Author	Summary of Changes
dd/mm/yyyy	#	Initial, Draft Final Minor/Major revision		
12/12/2016	1	Initial	MB Health	New policy for CCMB; adopted from MH policy. Approved by the CCMB Board Nov 17, 2016.
26/03/2018	1	Minor revision	S.Friedenberger	Reformatting of new template

**Approvals Record:**

This Policy requires approval by:

Approval	Date	Name / Title	Signature
		Not required.	

**FINAL APPROVAL:**

Date	Name / Title	Signature
Jan 4, 2017	Dr. S. Navaratnam President and CEO, CCMB	<i>Original signed by Dr. S. Navaratnam</i>