



# SEALED BIDS

When the cost of goods and services, including construction, exceeds the small purchase threshold, sealed bids are used to competitively secure the lowest price from vendors, whose qualifications must be demonstrated. At their discretion, Public Housing Authorities (PHAs) may also use this method when the cost of goods and services falls below that threshold.



## Invitation for Bids (IFB)

**Invitation for Bids (IFB)** are issued and advertised to begin the bid process. Prospective responders receive a bid package that includes:

- **Cover:** The name of the PHA, its address and phone number, deadline for submission, contact person, and IFB number.
- **Bid Form:** Used to ensure that formats are consistent among bidders. This standardized form must be used by all responders and have space for them to include the qualifications of their company, a description of goods and services they will provide, and a place to submit prices, with alternates if called for.
- **Specifications and statement of work:** A statement of work must be in writing. For larger construction projects, this is typically written by a design professional.
- **Method of solicitation and time period:** PHAs typically advertise a minimum of once per week for two consecutive weeks.
- **Bidder registration:** Required so that all bidders can be notified of any addenda, pre-bid conferences, or changes in schedule.
- **Pre-bid conferences:** May be held to clarify expectations for potential bidders. PHA may make them mandatory, but that might limit competition. All information provided at a pre-bid conference must be given to all registered bidders.
- **Addenda:** All amendments must be delivered to all prospective bidders who received the IFB package.
- Include **HUD Standard Forms:** There are separate sets of forms for construction and non-construction projects. A Davis–Bacon HUD wage decision must be included if the bid involves either construction or maintenance wage rates.



## Bid Openings

Bids must be date- and time-stamped. Late bids must be set aside unopened. Pursuant to HUD-5369, Item 5, or HUD-5360B, Item 6, late bids may be opened in limited circumstances (for example, if the bidder can prove postal service or PHA mishandling).

- Bids are read aloud.
- Awardee is not identified until after the bids have been evaluated for price, responsiveness, and responsibility.



## Basis of Contract Award

- **Price:** The base bid is the price given by the bidder for the full scope of work. Deductive alternatives are elements of the scope of work that can be deducted, if necessary, to reduce the cost.
- **Responsiveness:** The bidder must have addressed the minimum requirements of the IFB in a satisfactory manner.
- **Responsibility:** The bidder must be deemed responsible by demonstrating:
  - Adequate financial resources
  - Organizational capacity
  - Access to the required equipment
  - Satisfactory performance history
  - Not be debarred
  - Not subject to HUD-imposed Limited Denial of Participation



## Other Factors:

In the case of equal bids, the selection will be random, as by drawing lots. Minor informalities in a bid that have no effect on price, schedule, or quality may be waived by the Contracting Officer (CO). Bids may be rejected if determined by the CO to be unreasonable in whole or in part. In such cases, the reasons for the rejection must be documented and preserved in case of appeal. Bids may be rejected if they are determined to be “materially unbalanced,” as occurs when prices are suspected of being front loaded or otherwise manipulated in a way that could raise the ultimate cost to the PHA.

### Types of Bid Bonds

- **Bid bonds** ensure that, if awarded a contract, the bidder will accept and perform the work. These are typically required as a component of the bid.
- **Performance bonds** guarantee that if the awardee cannot finish the work, the surety company will step in to take over the project.
- **Payment bonds** ensure that the contractor will pay its subcontractors and suppliers, and they prevent mechanic's liens from being filed on any PHA property, which is specifically prohibited by HUD.
- Performance bonds and payment bonds are often combined.



## Points to Ponder

- **Rule #1: Don't limit competition!**
- A well-crafted statement of work brings clarity and answers many questions bidders may have.
- Give bidders reasonable time to respond.
- Inform all registered bidders of any changes.
- Open bids in public, but award bids after private evaluations of bids.
- Notify all bidders of the awardee.
- The lowest responsive and responsible bidder wins the bid. Bidders should be informed about decisions, debriefed if requested, and given an opportunity to enter a protest.
- The CO/Evaluator determines if the bidder has the capacity to perform the work.
- Alternate Deducts (never adds) must be taken in order if bids are more than budgeted.
- Alternate Adds = Bid Tampering! Never allowed.