

Step 19

Prepare the Com- mercial Conditions

The Commercial Conditions part of the Request for Proposal can usually be divided into the bidding requirements and contract matters. In this section the intent and contents of each of these divisions are discussed.

19.1 Bidding Requirements

Full instructions regarding the content and format of proposals should be provided. The following sections are typically covered:

- Invitation to Bid,
- General Instructions,
- Special Instructions,
- Bid Form, and
- Price Tables.

Invitation to Bid. The invitation to bid should include at least the following:

- name and location of the project,
- brief description of the work (type of contract, application, technologies, approximate scale, etc.), and
- time and place for receiving bids.

Instructions to Bidders. The instructions to bidders provide details on requirements pertaining to the submission of bids. Often these instructions are divided into general and special. The special instructions concern the preparation of the management proposal, the technical proposal, and the price proposal.

The following is a checklist of items to include in the bidder's instructions:

- bidder qualifications or eligibility,
- visits to site,
- examination of, and familiarity with, the contract documents,
- submission date, place, number of copies, and means, if applicable (for example, hand-delivered),
- bid opening (public or private),
- right of rejection,
- partial and/or complete bids,
- right of partial acceptance,
- bid validity period,
- pricing (currency, foreign exchange, escalations, lump sums, unit costs, taxes, duties, shipping),

- substitutions,
- alternatives,
- enquiries and clarifications (contacts, deadlines, meetings),
- evaluation,
- proposed schedule of dates (bid invitation, bid closing, contract award),
- bid bond,
- bid form,
- proposal preparation (management, technical, cost, use of forms and tables),
- compliance (define the meaning of compliance statements to be used).

Price Tables. The price tables should include sufficient cost breakdowns to enable the bid to be adjusted during negotiations and to enable the contract to be adjusted after the contract has been awarded. Therefore, price breakdowns should reflect the contractor's tasks stated in the Scope of Work as well as unit costs for equipment and services.

19.2 Contract Forms and Conditions

A pro forma contract should be included for the bidder to review and comment on. The procurement or purchasing department should make available general contract conditions along with sample supplemental conditions.

Verify that the standard conditions are applicable to the type of contract being contemplated (for example, turn-key).

- Supplemental conditions usually need to be reviewed and amended as required to suit the specific contract needs. In particular, terms of payment should reflect the appropriate contract milestones.