



*This technical bulletin has been prepared jointly by the Manitoba Association of Architects and the Winnipeg Construction Association, and intended as guidelines to increase awareness of recommended practices*

## TECHNICAL BULLETIN #5

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### **SUBJECT: ALTERNATIVE AND ITEMIZED PRICES**

Alternative, Itemized and Unit Prices complicate the preparation and evaluation process of base bid; therefore, they should be carefully considered, and the Procurement Authority's attention should be directed to a clear and concise base bid package definition. However if such prices are still required for information, the Bid Documents should clearly identify these prices and specify that they should be provided by all Bidders within 2 hours after bid closing, *in which case, all base bids received shall remain sealed until 2 hours after bid closing.*

#### **Definitions:**

**Alternative Price** - Price for a substituted item or section of the work, to be added to or deducted from the base bid price. An alternative is understood to be a product, material, methodology, design, requirement, scope of work, etc. that differs from those included in the base bid. Soliciting alternative prices forces bidders to provide competitive prices for an alternative (or alternatives) that a Procurement Authority particularly desires. Where the Procurement Authority does not solicit alternative prices, there is a risk that the lowest compliant bidder's price will be higher than anticipated, however, the Procurement Authority will have little choice but to accept the price submitted in the bid. However, as stated, soliciting alternative prices should generally be avoided as it complicates as well as creates potential for manipulation of the evaluative and selection process. See CCDC 23-2018, section 5.6.3 for more on the advantages and disadvantages of alternative prices.

**Itemized Price** - Price for a specific item or section of the work included in the base bid, required for information purposes only (e.g. accounting, funding or cost coding) and not to be used to adjust the scope of the Work or added to or deducted from the base bid price. Given that they are informational only, itemized prices cannot be considered in the bid evaluation and selection process. Consequently, the Procurement Authority should not require bidders to submit itemized prices as part of the bid submission before bid closing. When the Procurement Authority deems it necessary that the Itemized Price be included on the bid form, it must be noted on the form that they are for accounting purposes only and will not be considered in the bid selection process.

**Contract Award** - The awarding of contracts should be based on the lowest base bid or – only if specified in the bid documents - on the lowest combination of base bid and acceptable alternative prices. Unsolicited alternative prices shall not be considered in the contract award.

**Reference:**

*CCDC 23 2018 – A Guide to Calling Bids and Awarding Construction Contracts*

*CCA 51 2008 – Guide to Calling Bids and Awarding Subcontracts*

