

Lantana Procedures

Approved Date: October 17, 2016

Revision Number: Rev 1

Table of Contents Number: 3a

Title: Procurement Cycle thru the Solicitation of Bids

Purpose: The intent of this procedure is to define the Lantana Association procurement cycle from the development of specs and/or RFP thru the solicitation of bids. The following items are included in this procedure:

1. How to procure services
2. When are specs required?
3. What is a RFP and when is it required?
4. Standard terms and conditions
5. When are multiple bids required?
6. When is legal review required?
7. Management Company Purchase Authority
8. President of the Board of Directors Purchase Authority

Procedure:

1) How to Procure Services

Generally speaking, the approach used to procure services is based on the estimated cost, complexity of the procurement, length of service agreement and the desire (or not) to obtain multiple bids.

Less complicated procurements are considered those where expected cost is less than \$10,000, the term is not for multiple year periods, requested products and services are considered straight forward and the "vendor of choice" may already be known. The process:

- i. Any procurement with an expected cost of \$10,000 or more requires an RFP (see procedure 3b) and a minimum of three bids. The board must approve all exceptions.
- ii. Procurements with an expected cost of less than \$10,000 and are considered less complicated are done without a RFP. However, per

paragraph 2 – “When are specs required?” procurements and contracts with a cost over \$1000 require written specs.

Lantana, in conjunction with the management company, is expected to create the specs and/or RFP. The management company is responsible to solicit, analyze and negotiate the contracts. This is explained in more detail in Procurement section 3c – “Process to Review Proposals and Award Contracts”.

2) When are specs required?

Written specs are required for any procurement with a cost of >\$1,000. Specs convey specific tasks, materials and processes to the vendor that must be met in order to receive final payment. They should clearly communicate Lantana expectations in order to avoid any surprises and/or miscommunication with the vendor.

For example, “cut down dead trees in the North end of Lantana” is not adequate. More appropriate is something like: “Cut down three dead palm trees marked by Lantana in the North end. Remove all trees and limbs, grind stumps to below ground level, remove all wood chips and cover stumps with sod. Affected areas should be clean, level and ready for lawn cutting equipment”.

These specs are part of the contract that is signed by both Lantana and the vendor.

3) What is a RFP and when is it required?

A request for proposal (RFP) is a solicitation by an entity interested in procurement of goods or services. It is sent to potential suppliers asking them to submit proposals for the scope of work contained in the RFP. It is submitted early in the procurement cycle, and should include specifications of the procurement. The more detailed the specifications, the better the chances that the proposal provided will be accurate. The RFP is broader in scope than a list of specs and may address items such as company information and history, company financials, technical capability, proposed solutions and materials and customer references. Bidders are required to return a proposal by a set date and time.

Any procurement with an expected cost of \$10,000 or more requires an RFP and a minimum of three bids. The board must approve all exceptions. A well written RFP gives potential bidders a clear understanding of what they are bidding on, what is expected of them and is the primary driver of a cost proposal.

Procurement section 3b - “How to write and issue an RFP” provides additional details.

4) Standard Terms and Conditions

Standard T&C's are very important, are used to protect Lantana and must be included in any final contract signed by Lantana. They help both parties understand their duties, rights, roles and responsibilities. They should be clear, simple, and in easily-understood language. Consider the following T&C's for all contracts:

1. A clear definition of what products or services will be provided
2. Payment amount
3. Payment terms – when is payment due. Strongly consider holding back at least 10%-20% until all work is complete and accepted
4. Final work acceptance process and criteria
5. Guarantees and/or warranties periods
6. Estimated start and completion dates or delivery expectations
7. Termination language - specify what happens if either party doesn't deliver or pay or wants to end the relationship
8. The term of the agreement
9. Lantana responsibilities in order for the vendor to complete contract (i.e. provide roof access between 8:00 – 5:00)
10. Information that should be included on vendor invoices (business name and address as a minimum)
11. Request price proposal to include material vs labor detail or breakouts.
12. Recovery for damage to Lantana premises or equipment
13. Vendor insurance requirements
14. Miscellaneous – add others as needed

5) When are Multiple Bids Required?

As previously noted in “How to Procure Services”:

Any procurement with an expected cost of \$10,000 or more requires an RFP (see section 3b) and a minimum of three bids. The board must approve all exceptions.

The management company maintains all bids for at least one year past the project completion date and makes them available for board review upon request.

6) When is Legal Review Required?

Legal Approval is required on:

1. Procurements of \$10,000 or more.
2. Contracts that contain unusual language

Any exceptions require board approval.

7) Management Company Purchase Authority

Per the contract dated March 1, 2012 and amended August 1, 2015, the management company may spend up to \$500 on ordinary repair and maintenance items without prior board approval. In addition they can make emergency repairs that exceed \$500.

8) President of the Board of Director Purchase Authority

Per the Board of Director Job Description, “day to day operational decisions (along with the VP or Treasurer as a secondary approver) that are minor in nature, cost \$500 or less and in the President’s and VP/Treasurer’s judgement, do not require board approval. All such decisions will be communicated to the Board via email or the CAM’s weekly report.

Glossary of Terms:

| | |
|------------------|------------------------|
| CAM | Community Area Manager |
| RFP | Request for Proposal |
| Specs | Specifications |
| T&C’s | Terms and Conditions |