

## 2.1 INSTRUCTIONS TO BIDDERS

AIA Document A701, *Instructions to Bidders* should be used, and the following considerations noted:

- Supplementary instructions may be necessary. AIA A701 requires that additional statements be made in regard to A701 Articles 3 through 9 if specific action on those items is required of bidders.
- Those supplementary statements should state the time limits for accepting requests for and for issuing clarification of documents by addenda. They should incorporate the recommendations of Blue Book, Section 2.10.
- Include a supplementary statement on how contracts will be awarded and indicate how alternates and unit prices will be used to rank bids. (See Blue Book Chapter 3)

## 2.2 MINIMUM ESTIMATING TIME

	To \$1M	\$1M to \$10 M	Over \$10 M
<b>Average buildings</b>	2 weeks	3 weeks	4 weeks
<b>Complex buildings</b>	3 weeks	4 weeks	5 weeks

For public projects, three weeks is the minimum bid time to allow for adequate notification in official publications. The times shown in the table above reflect 7 days for prior approval of products.

The Architect should take every aspect of the building into account when deciding whether to consider the building complex or average. Complex buildings may include such items as intensive site preparation, extensive mechanical or electrical equipment, or specified items with long lead times. In general, the best costs are obtained by allowing adequate time.

## 2.3 BIDDING DOCUMENTS FURNISHED

It is in the Owners' interest that bidders, sub-bidders and material suppliers be provided with adequate bidding documents to properly prepare a bid.

Additional bid documents may be needed when projects are complex or when the bid time is short.

While reproduction and handling costs for drawings and specifications can represent a considerable expense to the Owner or Architect, providing an inadequate supply to prime and sub bidders may reduce opportunities to obtain the best prices.

Bid documents may be provided in several ways:

- For a deposit to be refunded upon the documents return in good and reusable condition.
- For the reasonable cost of reproduction and handling. The documents so supplied become the holder's property and are not returnable nor is the amount paid refundable.
- Electronic or web based documents provided in "read-only" format such as Adobe® Reader®.

On projects where a single combined bid is requested, documents should be furnished to the prime bidders and to sub-bidders for deposits to be refunded. Documents sold to sub-bidders and material suppliers should be furnished at cost.

Plan rooms may make duplicate copies of bid documents available for cost of duplication.

Bid documents should remain in the bidders' possession until the results have been announced. Following announcement of bid results bid documents should be returned.

Since drawings and specifications are often interrelated, documents should only be distributed as complete sets and not divided by disciplines or into packages.

When practicable, it is advantageous to provide contract documents electronically. Such web-based technology should be easily read and printed by the simplest computer systems. The documents should be provided in read-only format so that they can not be changed or altered and so that the Architect's signature is preserved.

In the future, contract documents may become completely electronic and the construction industry will become paperless. But in the meantime paper documents remain necessary to the industry as a whole.

Electronic plan reproduction services require fees for storage and access. In order to receive the most competitive pricing and the easiest access, we recommend this cost be paid by the Owner. When documents are paid for by bidders, they often purchase partial sets, potentially leading to incomplete bids and a greater chance of change orders and cost escalation.

## **2.4 BID SECURITIES**

Bidders should be allowed to use either a certified check or a bid bond when a bid security is required, except where local government home rule charters may set forth a certain specific type of bid security.

Where governmental units require certified checks, such checks should be specified as a flat sum, rather than as a percentage of the bid.

Bid bonds should be specified as a stated percentage of the bid.

When bid security is required, bids should be opened and read publicly.

Bidders should be informed of which alternates should be included in the bid security (typically, add alternates.)

## **2.5 COMPLETION TIME**

The bidding documents should contain the date on which the Owner requires the project to be substantially complete in accordance with the conditions of the contract.

*or*

The bidders should be allowed to stipulate the completion date or number of calendar days required to complete the project as a part of their bid. In this case, the bid documents should contain the date on which the Owner desires the project to be completed as a guide to the bidders.

Supplementary conditions should direct bidders to the requirements of AIA Document 201, *General Conditions of the Contract for Construction*, paragraph 9.8, SUBSTANTIAL COMPLETION subparagraphs 9.8.1 through 9.8.5. See also Blue Book sections 4.2, 4.3 and 4.4.

## **2.6 ALTERNATES**

An alternate is defined as any separate quotation request prior to bidding for a specified change in the contract documents. Alternates should be requested only where believed to be of special importance to the Owner either as a means of (1) insuring a proposal within a limited budget, or (2) providing an opportunity to make an important determination in the material or process selection.

The Owner should select alternates, acting upon the Architect's recommendations and considering available funds. Alternates should be substantial enough to make a significant impact on project cost. The use of numerous small alternates complicates the bidding process and should be discouraged. Low bidders should not be required to hold alternate prices beyond the award of contract unless specifically requested.

Historically, better value has been received by the use of additive alternates. However, some owners require that alternates be deductive. Alternates should be easily described, and have little or no impact on other contract conditions.

Alternates should not be used to determine prices for informational purposes only. Price breakdowns where required for bookkeeping or funding purposes may be required of the low bidder.

The alternates selected should be included in determining the low bid. The selection of alternates should not be manipulated to favor any bidder over another. Some owners require that alternates be accepted in the order that they appear on the bid proposal form.

## **2.7 SUBSTITUTIONS**

The Architect should be as specific as possible in product description. To encourage competition the Architect should name more than one acceptable product, except where the design is based on a particular product's special characteristics.

The words "or approved substitution" should be used throughout the specification in lieu of the words "or equal" or "or approved equal". This will maintain continuity of terminology.

Time limits for receiving and approving substitutions should be specified in Advertisement for Bids and the Instructions to Bidders to permit the Architect to comply with Blue Book recommendations. (See Blue Book section 2.10).

When a brand name is specified the brand is used to set a standard. Another brand may be used if in the Architect's opinion and stated in writing, it is an acceptable substitution.

The criteria used by the Architect to form an opinion of whether a material or article is an acceptable substitute may include, (but is not limited to) performance qualities and characteristics to fulfill the design function without decrease in quality, durability, and longevity, and where exposed to view, aesthetics. The Architect may take into account the supplier's reputation and service availability.

## **2.8 PRIVATE OPENING OF BIDS**

If bids are received and opened privately, the award should be made to the lowest responsible bidder and bid tabulations should be published as soon as possible.

## **2.9 DISCLOSURE OF PROJECT FINANCING**

The Instructions to Bidders, should contain information pertaining to project financing if a financing program has been arranged by the Owner. If a financing program has not been arranged, or is in the process of being arranged, at the time bidding documents are released, a statement to this effect should be included.

## **2.10 ADDENDA TIME LIMITS**

For addenda amending the contract documents and which affect the bid amount and/or completion time, the Architect should allow a minimum of seven calendar days between any addenda issuance and the bid opening time.

For addenda describing only approved substitutions of materials, methods and equipment for projects, requiring product approval prior to bid opening, the Architect should allow a minimum of five calendar days between addenda issuance and the bid opening time.

If addenda for changes described in the two preceding subparagraphs cannot be issued in compliance with the recommended time limits, the bid receipt time should be postponed.

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## 2.11 BUILDERS EXCHANGES, PLAN ROOMS AND WEB-BASED PLAN SERVICES

Builders exchanges and other construction document viewing services are an integral part of construction industry bidding procedures. These services provide in most cases a physical plan room. They provide member firm estimators access to information on construction projects out for bids, including drawings, specifications, addendas and other pertinent information.

Internet plan services are increasingly becoming available through builders exchanges and other construction information services. They provide subscribers the ability to view similar construction project information on line and to download and print hard copies to scale using personal computers.

To obtain the broadest exposure to construction estimators, architects should take advantage of as many of such services as practical. In order to get maximum value from them they should:

- Provide plan services copies of bid invitations, advertisements and lists of bidders as soon as they are available. Notices to bidders should identify the documents issued, including addenda.
- Expedite delivery of construction documents to the plan services, including addenda.
- Provide drawings in full scale. If reduced size drawings must be furnished, lettering size and scale of details should be increased.
- Provide an adequate number of plans to the plan services. Having optimum exposure to bidders ensures the maximum number of bids and the better competition will likely to offset the costs of providing more documents.

To provide the best value to users, including those providing construction documents, plan services should:

- Insist that users refrain from marking on the construction documents and in general exercise care of the documents.
- See that documents are retained in the form submitted. They should not be taken apart without permission of the Architect.
- They should promptly notify the Architect about comments received as to drawings and specifications completeness.

## 2.12 UNIT PRICES

Unit prices are intended to be a useful method whereby specific categories of work may be priced fairly for both the Owner and the Contractor and total project costs may be adjusted at the project's end to reflect any differences between actual quantities and estimated quantities. Proper unit prices usage can minimize prolonged cost negotiations.

However improper unit prices usage can have precisely the opposite effect. Unit prices based on poorly defined specifications or those improperly applied can often cause problems greater in number and magnitude than they could have possibly corrected. In order to most effectively utilize unit prices, the following procedures should be followed:

- Unit Prices should not be used in a manner or that they determine the low bidder, except for highway construction, earthwork and landscape projects where estimated quantities are specified. The Minnesota Department of Transportation's *Standard Specifications for Construction* should be used as a guide for these types of projects.
- The basic work and the estimated quantities must be clearly defined in the bid documents.
- The basic work covered by a unit price must be reflective of the proper sequencing of the work tasks.
- The Owner must be willing to modify unit prices to take into account unusual conditions not anticipated when the prices were derived. For example, the Owner should be willing to modify unit prices if the project has taken significantly longer to complete than was originally estimated through no fault of the Contractor. It may be appropriate to stipulate that prices are good for a specific period of time.

- If the Owner wishes work to be done on an overtime basis and this was not originally anticipated when the prices were established, the Owner must be willing to modify the unit prices.
- Unit prices should not be used to change the scope of the work defined by the bid documents.
- Bid proposals for unit prices should provide a unit price for adding to the estimated quantity and a unit price for deducting from the estimated quantity.

Superficially, unit prices give the appearance of a quick and easy way to determine the cost of additional work. There is, however a greater potential for abuses to develop. Bidders will unquestionably protect themselves from unknown conditions. It is therefore important that the Owner and Architect provides an explicit description of the work and its sequence so that unit prices may be established on a firm basis.

The experience of bidders, owners, and architects is that unit prices have useful and legitimate place in the construction process. Problems associated with the use of unit prices are not inherent in the unit prices themselves, but rather are the product of poorly defined specifications and/or inappropriate application.

### **2.13 ALLOWANCES**

AIA A201 Article 3.8, *Allowances*, specifies procedures to be used if cash allowances are to be used.

The scope of work of allowances should be completely defined in the bid documents including:

- Finished hardware should be fully scheduled, designating the number and types of hardware in enough detail so the Contractor can estimate the cost of installation.
- Face brick should be specified in detail including type and size, and special shapes.
- Light fixtures should be defined sufficiently to determine the complexity of installation.

The Owner or its representative should determine if SAC (sewer availability), WAC (water accessibility) and PAC (power/park accessibility) costs are chargeable to the project. This will ensure that the Owner has received all the credits due them. Further:

- The allowance amount of the SAC, WAC, PAC charges should be stated if they are to be included in the bid.
- The Owner should pay the above charges in advance of the Contractor obtaining the building permit.

The Owner or its representative should determine whether the utility companies will charge for service extensions or relocations to the building or site. If such costs are to be included in the project they should be stated as an allowance.

### **2.14 BID DAY**

Bid day is the most important day of a construction project. The bid process is lengthy and time consuming, not to mention expensive for all parties concerned. All parties make considerable investments in the preparation of a bid. If the parties are informed, and understand the needs and problems of others, contractors ultimately deliver a better quality product with more competitive prices, with fewer errors and with fewer claims.

#### **2.14.1 ARCHITECT RESPONSIBILITIES**

The Architect (including consulting engineers and consultants) should be adequately compensated for their work and, in turn, must be responsible for preparing complete, accurate, and thorough bidding and construction documents on a realistic schedule. The Architect can help the Owner and the Contractor by issuing complete, clear, and concise documents.

The following specific recommendations should be considered prior to bid day:

- Documents that are "not for construction" should not be issued for bidding, thus eliminating concern about changes, what's missing, or what may be meant to be understood.
- The Architect should insist that the Owner provide ample time to prepare complete and accurate documents. Architects should not agree to unrealistic or impossible schedules for a project, or issue incomplete product to meet a promised deadline.
- In establishing the bid period one should consider what other jobs in the area are out for bid and the effect a crowded bid schedule can have on good competitive pricing. Sometimes advance information on pending projects can be obtained from plan rooms or other plan services.
- If the Owner or the Architect has a concern about specific subcontractors, either pre-qualify acceptable subcontractors or make a requirement that a complete subcontractor list by the apparent low bidder is due a predetermined time after the bid opening. Subcontractor prices change up until the last minute and a requirement for a contractor to list a number of low subcontractors bidders on an envelope or bid form is almost impossible with regards to complete accuracy.
- Complications can arise on bid day when excessive and unnecessary information is required in conjunction with a bid. This information may include subcontractor listings, cost breakdowns, disadvantaged or targeted business participation programs, and unit prices. Information required to be submitted at bid time may be inaccurate and misleading due to the last minute nature of pricing proposals by subcontractors. If only the truly essential information is required with a bid, a construction company can focus on its price and provide additional information on a timely basis after the bid day.
- Fax and E-mail are methods of transmitting quotes on bid day that are gaining acceptance in the industry. Bid documents should indicate if electronic transmission of bids is acceptable

The following specific recommendations should be considered on bid day:

- Bid openings should be held from 2:00 PM to 4:00 PM on Tuesday through Thursday excluding legal holidays and the day before or following legal holidays. Monday bids create a rush of mail and telephone subcontractor bids without adequate time for evaluation. Friday bids are problematic due to staff attrition. Late afternoon bids allow more time and a better evaluation of subcontractors' bids.
- Only single copies of the bid documents should be required to be submitted. Bid documents are filled out at the last minute and outside of the bid room door. Multiple copies can only increase the risk of an error.

#### **2.14.2 CONTRACTOR RESPONSIBILITIES**

As they accumulate information and assemble their bid, responsible contractors in our industry will adhere to ethical practices including:

- The bid amount of one competitor should not be divulged to another before the award of the subcontract or materials order. Nor should it be used by the contractor to secure a lower proposal from another bidder on that project (bid shopping). Neither should the subcontractor or supplier request information from the contractor regarding any other bid in order to submit a lower proposal on that project (bid peddling). Bid shopping and bid peddling are abhorrent business practices that threaten the integrity of the competitive bidding system.
- When receiving proposals or related materials prior to bid day with or without bid amounts, the recipient should respect the confidentiality of the material and not divulge it to other competitive bidders.

### 2.14.3 SUBCONTRACTOR RESPONSIBILITIES

Bid day has been forever changed due to the flourishing of fax machines and e-mails. Electronic transmission has alleviated some of the problems on bid day while exacerbating others. When bid proposals are delivered electronically, certain procedures can enhance the Contractor's analysis of proposals, diminish the chances for error and misunderstanding, and increase the level of communication between the Contractor and potential subcontractors:

- Lengthy, detailed, and/or complicated bids (scope letters) should be transmitted a minimum of one day in advance of the bid date to afford the Contractor an opportunity to analyze and coordinate the overall scope of work.
- Quotes for material, equipment, and items not required to be listed by the Contractor in their bid, should be transmitted prior to bid day. The sender should recognize the Contractors' need to have fax and on-line resources available as the bid deadline approaches
- When proposals are transmitted in advance of the bid date without the bid amount, the sender should telephone the bid amount to the recipient in lieu of retransmitting the entire proposal. Retransmitting ties up the recipient's fax and on-line resources. In addition, a retransmitted proposal forces the Contractor to reread the entire proposal, checking for changes in wording or scope. A telephone call conveys bid amount information faster, and allows the Contractor to ask questions. Corrections to the quote can be flagged, not requiring the entire quote to be re-read.
- Scope, including specification sections and bid amount, should be stated on the first page of the proposal. Quotes should plainly state what is included and excluded (taxes, installation, freight, etc.) and whether or not the item quoted is per plans and specifications or varies from requirements. Lack of a thorough scope can lead to the unfair evaluation of subcontractors' bids and mistakes in the overall bid proposal. Whenever a quotation is not in exact compliance, or a proposer is quoting on a substitution, the proposer should plainly state the variance and be willing to make necessary guarantees of a product's ability to meet the requirements.
- A phone number and contact should be clearly printed on the bid form. Phone numbers incorporated in the letterhead are often illegible once faxed. Be sure you are transmitting your bid to the correct party. Check the fax number or e-mail address.
- When submitting by fax, cover sheets should be incorporated into proposal forms to eliminate one page from the transmission.
- Addenda should be acknowledged in the quotation as specifically as possible
- Projects should be quoted as specified and/or detailed. Proposals contrary to the plans and specifications lead to confusion and misunderstandings or elimination.
- In bidding public works projects, the subcontractor should acknowledge and accept the same agency terms and conditions of the contract as the Contractor. Lengthy payment terms and conditions generally are not accepted by the Contractor. Special conditions proposed by the subcontractor should not be considered accepted merely because the subcontractor was listed by the successful bidder. Special conditions are best worked out with the Contractor prior to bid day. If the proposer must transmit company standard terms and conditions, it should be summarized on the first page of the proposal, and transmitted prior to bid day.
- Type size smaller than 10 point should be avoided when faxing proposals. Small printing is often illegible when faxed. Also, proposals should be prepared and transmitted only on 8½ x 11 inch size paper or forms.
- Remain available up until bid time, including the lunch hour, to answer questions about your quote on bid day.
- Respond to alternates.