

UNDERSTANDING THE BID CLIMATE

Kris M. Meyer



What is meant by “bid climate”?

- The term “bid climate” refers to the law of supply & demand in regards to:
 - Supply = Construction Projects
 - Quantity of projects
 - School projects
 - Private sector projects
 - Size of projects
 - Types of projects bidding & when
 - New Construction
 - Modernizations
 - Demand = Availability of contractors
 - To bid
 - To build

How can I assess my current bid climate?

- **Consult with:**
 - Your Construction Manager (if applicable)
 - Your Architect
 - Local contractors who have bid your school work before
 - General Contractors
 - Trade Contractors
- **Analyze bid results vs. budgets on recently bid jobs in your area:**
 - Plan Rooms
 - Trade publications & periodicals

Why is the bid climate important?

- **Budget**
 - Increased competition = lower bids
 - Lack of competition = higher bids
- **Quality**
 - “Good” contractors are usually busy when the supply of school work is high
 - “Bad” contractors are always available
- **Schedule**
 - During periods of “high supply”, contractors tend to risk acquiring more projects than they can properly staff which leads to the lengthening of schedules

What can I do to enhance my project's chances of making budget in today's bid climate?

- Increase competition!
- Create a good reputation for your District

How can I increase competition on my projects?

- Provide good quality bid documents that are easy to interpret & estimate
 - Provide drawings with adequate details & no conflicts
 - Provide concise specifications that are clearly drafted and applicable to the project
 - Avoid numerous & voluminous addendums
- Avoid proprietary specifications – list at least 3 equal products
- Do not require mandatory attendance at pre-bid meetings
- Allow submission of equals after bid date rather than before
- Contact numerous “desirable” bidders early
- Allow an adequate bid period & construction duration window
- Avoid bidding your project when local “like projects” or “larger projects” are bidding on the same day

Approximately how much variance can the “bid climate” make on the budget of my project?

- Under normal conditions:
 - +/- 10%
- Under abnormal conditions:
 - No limit

What constitutes “normal” conditions in a given bid climate?

- Good quality bid documents
- Adequate bid coverage
- Competitive bidding
- Routine bid & construction schedule

What constitutes “abnormal” conditions in a given bid climate?

- Conditions creating bids which may be outside of the +/- 10% range
 - Poor quality bid documents
 - Inadequate bid coverage (less than 3 qualified bids at any tier)
 - Proprietary specifications
 - Inexperienced bidder (generally too low)

How do I create a good reputation for my District?

- Treat contractors & consultants as you would want to be treated and insist that your consultants do the same
- Pay your contractors & consultants on time
- Avoid the temptation to make changes during construction
- Provide timely decisions & clear communication to contractors and consultants

How do I ensure that I get good quality construction in the current bid climate?

- Use “good” contractors & subcontractors

How do I attract good quality contractors to bid my work?

- Create & maintain a good reputation (as previously discussed)
- Contact “desirable” bidders early
- Allow an adequate bid period
- Try to coordinate your bid date with the bids of other districts in the area

How do I ensure that I will be able to complete my project on schedule in the current bid climate?

- Again.... Use “good” contractors
- By properly planning & maintaining the overall project master schedule milestones to maintain an adequate construction duration window
- Whenever possible, avoid construction schedules that:
 - Do not have at least 10% float
 - Have no contingency plans in the event of a late finish

QUESTIONS

