A **LATE** BID IS **NO** BID
THE PROPOSAL

- Constitutes the first part of an “offer and acceptance”
- Submitted on a proposal form that is furnished to each bidder
- Permits the owner to more easily compare the bids that are submitted
THE PROPOSAL
Should include the following information:

1. Name and address of owner
2. Title of project
3. An opening statement
4. Date of proposal
5. Names, addresses, and signatures of the firm submitting bids
6. Receipt of addenda
7. Alternate bids
8. Time of completion
9. Subcontractor listing
10. Unit prices
Ethics and Bid Considerations

There is no right way to do a wrong thing!!!!
To Withdraw a Bid

A contractor must satisfactorily establish the following:

- A mistake was made
- Written notice given to agency
- Specify how mistake occurred
- Mistake made bid materially different than intended
- Mistake was made in filling out the bid and was not due to an error in judgment or carelessness in inspecting the site of the work or in reading the plans and specifications
Bid Errors

Bid errors can be divided into two categories:

Errors of fact

&

Errors of judgment

An error of fact is generally excusable:

An error of judgment is not
Contract Clauses - Frequent Disputes

- Work scope definitions
- Supporting & included documents
- Design changes
- Construction changes
- Definition of cost
- Price
- Cost reporting and control
- Schedule reporting and control
- Design rework
Attached Documents

A number of other documents are often required to be attached to the proposal.

These include:

- Prequalification statements
- Federal Government forms
- Listing of subcontractors
Important Steps in Preparing Bid Proposal

- Analyze the Contract Documents for items to be included in the bid
- Schedule site trip to investigate for potential problems
- Order bid bond early
- Schedule estimating properly
- Develop and use uniform estimating standard
- Do not bid to get job, bid to make $$$
Bid Substitutions

- A substitution is a suggested change to the base bid, which has been volunteered by the bidding firm, not the owner or the design professional.

- One disadvantage to substitutions is that there are no comparative prices available.
Low Bidder Determination

- Under a lump sum price process, a direct comparison of the base bids is all that is required.

- Under the unit price proposal system, the method used is that of “equivalent lump sum”
Opening, Acceptance, & Documentation of Bids

- Private Sector - No rigid procedures
- Public Sector - following “inflexible” rules apply:
  - Receipt of sealed bids at the designed time and place
  - Confirmation that all bids are responsive
  - Acceptance and logging of name and amount for all responsive bidders
  - Summary of all line and unit price items
Bid Alternatives

- Alternates and Substitutions are changes to the base bid.
- Used to compare different products or methods.
- Too many alternatives have a tendency to increase the chances of bid errors.
Lump-Sum Proposals

- Proposals under the competitive bidding system are usually submitted as a Lump-Sum or Unit-Price Bid
- Lump sum bids used for most building projects, where the scope and requirements of the project are well defined
- The Proposal form must provide spaces for only one amount to be given in words and figures
Unit-Price Proposals

- Requested when the scope of the work cannot be well-defined
- The project consists of a relatively small number of activities
- Bidders are given estimated quantities and asked to supply unit-price
One of the first actions that a general contractor takes after the decision to bid has been made is to send out quotations requests to various subcontractor and material supply firms.

The request should contain the following information:

1. The name of the project for which quotations are requested.

2. The place where plans and specifications and other bidding documents may be examined.

3. How quotations are to be submitted.
4. Any unusual requirements in the particular branch of the work that the general contractor is already aware of

5. Date by which quotations are desired

6. Whether or not the general contractor requests the use of a standard quotation request form
Methods Of Reducing The Practice Of Bid Shopping & Bid Peddling

Owner may require the general contractor to submit a list of all subcontractors and major material suppliers on the bid proposal form

The use of a bid depository
Bid Shopping

Two practices that cause a lot of ill will within the construction industry are bid peddling and bid shopping.

In practicing bid shopping, the general contractor takes the low bid in a branch of the work (which was used in the preparation of the bid) and goes “shopping for lower prices”
Bid Peddling

Bid peddling takes place during the biding phase and bid shopping after the general contract has been awarded.

The practice of bid peddling involves the disclosure of the quotations of other bidders to a favored subcontractor.

The net result of both of these practices, bid shopping and bid peddling, is to reduce the quality of the owner’s project.