Chapter 6

CONSTRUCTION TENDERING

CE 420

November, 2006
6.7.1 INTRODUCTION

CONSTRUCTION TENDERING

1) __________________________________________________________________________
   __________________________________________________________________________

2) __________________________________________________________________________
   __________________________________________________________________________
   __________________________________________________________________________
   __________________________________________________________________________

“A GUIDE TO CONSTRUCTION TENDERING PROCEDURES”
CONSTRUCTION TENDERING

6.7.2 THE BID PACKAGE OR SET

PREPARED BY THE ARCHITECT/ENGINEER (CONSULTANT). DOCUMENTS EXAMINED TO DETERMINE WHETHER OR NOT TO BID

(1) ________________________________

(2) Form of tender

(3) Contract agreement and general conditions

(4) ________________________________

(5) Specifications

(6) Drawings, design details and schedules

(7) Construction scheduling requirements

(8) ________________________________
CONSTRUCTION TENDERING

6.7.2.1 INSTRUCTIONS TO BIDDERS

IT IS IMPORTANT THAT THE TENDER DOCUMENTS PROVIDE BIDDERS WITH AS MUCH INFORMATION ON THE SITE AS THE ARCHITECT/ENGINEER HAS AVAILABLE.

Not usually part of the Contract Documents
- Site investigation into sub surface conditions

Topographical and geological surveys

- Information on utilities, adjacent structures and installations

- Settlement of disputes

- Bid and performance security

- ______________
CONSTRUCTION TENDERING

6.7.2.1 INSTRUCTIONS TO BIDDERS

THE INSTRUCTIONS TO BIDDERS SHOULD INCLUDE THE FOLLOWING:

(1) Clear instructions as to the method, form and completeness of the tender

(2) [Blank]

(3) Owners legal name and address

(4) Architects'/engineers’ name, address and telephone number

(5) [Blank]

(6) Time and place for receiving tenders

(7) Locations and conditions of availability of tender documents for general contractors and subcontractors

(8) [Blank]
CONSTRUCTION TENDERING

6.7.2.1 INSTRUCTIONS TO BIDDERS

THE INSTRUCTIONS TO BIDDERS SHOULD INCLUDE THE FOLLOWING (Con’t):

(9) Identification of the sealed opaque envelope containing the tender; giving name and full address of bidder and name of project

(10) Number of copies of the tender necessary (one copy only is recommended)

(11) Instructions concerning unit, itemized, alternative and separate prices

(12) Instructions stating the method of amending a tender prior to tender closing time.
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6.7.2.2 FORM OF THE TENDER

MUST BE IDENTICAL OF ALL BIDDERS

Duration of the contract work

- ____________________________
- ____________________________

Alternative and separate price provisions

- Complicate tender evaluation.

Bid depository

Only major subcontractors named in tender

- If all subcontractors are to be named, the contractor is usually given 48 hours after tender close

Contract 1) Stipulated price, 2) Unit price, 3) Cost plus a fee, etc.
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6.7.2.3 GENERAL CONDITIONS

APPLY TO ALL CONTRACTS
DEFINE THE LEGAL RIGHTS AND OBLIGATIONS OF THE PARTIES
RULES UNDER WHICH THE CONTRACT WILL BE PERFORMED

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6.7.2.3 GENERAL CONDITIONS

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6.7.2.3 GENERAL CONDITIONS

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7.0 ____________________

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9.0 PAYMENT/CERTIFICATES

10.0 PERFORMANCE PROTECTION

11.0 INDEMNIFICATION AND INSURANCE

12.0 WORKERS’ COMPENSATION

13.0 CASH ALLOWANCE
6.7.2.4 SPECIAL OR SUPPLEMENTARY CONDITIONS

MODIFY OR SUPPLEMENT GENERAL CONDITIONS

CONTAIN THOSE ASPECTS OF THE CONTRACTUAL RELATIONSHIP THAT ARE UNIQUE TO A GIVEN PROJECT

TAKE PRECEDENCE OVER GENERAL CONDITIONS

EXAMPLE – Typical Clauses

(1) Time allowed for execution of the contract
If the Contractor wishes to make a Claim for an increase in the Contract Time, written notice as provided in Subparagraph 4.3.2 shall be given. The Contractor's Claim shall include an estimate of the cost and probable effect for delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary. (uido.edu)

(2) Damages payable for late completion – liquidated damages
Contract Documents. The Contractor and the Contractor's surety shall be liable for and shall pay to the Owner the sums hereinafter stipulated as liquidated damages for each calendar day of delay until the work is substantially completed: _______________$( ) (uido.edu)

(3) The defects liability following completion
Whether real or imagined, the threat of construction defects litigation has burned through the residential contractors liability insurance market like a California wildfire. (S.K. Jones, July 19, 2004)

(4) The use of owner supplied materials
CONSTRUCTION TENDERING

6.7.2.4 SPECIAL OR SUPPLEMENTARY CONDITIONS (Con’t)

EXAMPLE - Typical Clauses

(5) Environmental Protection – Archaeological and historical findings

If subsurface structural features, concentrations of artifacts, rubble, bone/shell, or burnt material are uncovered or otherwise discovered, immediately notify the PMC Archaeology/Historic Preservation Coordinator, through the COTR. Prompt reporting will avoid potentially severe problems resulting from the destruction of significant resources and may limit the impact on construction operations and schedules. (u.delawr)

(6) Labour

- Mandatory wage rates
  The Construction industry wage act (Manitoba)

  (b) The contractor shall, for a period of three (3) years following the date of acceptance of the work, maintain records that show (i) the name and occupation of each worker employed by the contractor in the construction of the work provided for in this contract; and (ii) the actual per diem wages paid to each worker. These records shall be open at all reasonable hours for inspection by the City. The provisions of Section C-1, L. Right to Audit (Rev. 9/30/02) pertain to this inspection. (Fortworth Tx.)

- Source of labour
  80% of skilled and common labour must be residents of Colorado – (Littleton public schools)

- Minority Subcontractors
  Upon request, Contractor agrees to provide to Owner complete and accurate information regarding actual work performed by a Minority Business Enterprise (MBE) and/or a Woman Business Enterprise (WBE) on the contract and payment therefore.

(7) Safety

Safety and Fire Precautions and Programs: The Contractor shall be responsible for initiating, maintaining and supervising all safety and fire precautions and programs in connection with the Work. (New York University)
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6.7.2.5 SPECIFICATIONS

CONVEY THE REQUIREMENTS OF THE PROJECT
ESTABLISH A LEGALLY PRECISE PICTURE OF THE
TECHNICAL ASPECTS AND OF
THE WORK

Visual – Plans                        Verbal – Written

May be divided into trade sections following the uniform construction index format.

TYPE OF SPECIFICATION      Method/Performance
                          -Many specifications involve both method and performance aspects.

CONTAIN

(1) Description of work, (2) Materials 3) Procedure or final product requirement, (3)
(4) Measurement and 5) Method of payment
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6.7.2.5 SPECIFICATIONS (Con’t)

TESTING
At A/E’S discretion - 1) Preferably carried out by an independent testing organization
2) Paid for separately by owner

- Soil Compaction
- Concrete Strength and air-entrainment
- Placement of reinforcing steel
- Structural Steel, roofing, etc.

Product Testing – should be arranged for separately by the owner
- provided for under cash allowance to the contractor

The level of assistance from the contractor to carry out the tests should be specified
Can testing be carried out under “Cash Allowance” provisions of the contract??

INSTRUMENTATION ?
Cash Allowance ??
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6.7.2.6 DRAWINGS AND PLANS

Best known and understood documents in the construction industry
Primary means of designing and building

Drawings

1) Plans (HORIZONTAL SECTIONS)
2) Elevations, sections, diagrams, details, etc.

- Fair, clear, accurate, comprehensive, good-looking, dimensioned, coordinated, numbered and dated
- Elevations clearly indicated
- For grading, initial and final contours and grading limits
- Work not in Contract or to be done by others clearly indicated

6.7.2.7 CONSTRUCTION SCHEDULING

Desired duration of the construction work and milestones
Scheduling of the work to meet the Contract time agreed upon by the parties to the Contract – sole responsibility of the contractor
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6.7.2.8 ADDENDA - (Critical documents – Issued during the bidding period to make changes)

EXTREME CARE NEEDED TO ENSURE THAT BIDDERS ARE SUPPLIED WITH IDENTICAL INFORMATION

Used to accommodate any changes in
1) Additions
2) Deletions
3) Corrections or clarifications,
4) Etc.

No new information provided on questions, other than in writing to all bidders

Note: After Contract signed - changes handled by “Change Orders”

Addenda – ________________________________
______________________________
______________________________

All bidder plans rooms should receive addenda not less than four working days

If changes need to be made to the drawings, they should be revised and reissued under cover of numbered addenda – with revisions circled and numbered.
CONSTRUCTION TENDERING

6.7.3 TENDER CALL

TENDERS SHOULD NORMALLY BE SOLICITED BY:

(1) public advertisement in newspapers and trade publications, or

(2) _______________________________________________________________________

(3) a pre-qualification process with applicants notified by public advertisement in newspapers and trade publications.

ADVERTISEMENT TO BIDDERS - SHOULD STATE

- owners name, location
- general description of the work
- _______________________________________________________________________
- time and place for the receipt of tenders
- the locations and conditions of availability of tender documents
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6.7.3 TENDER CALL (Con’t)

ADVERTISEMENT TO BIDDERS - SHOULD STATE

- Adequate time to prepare tenders -- essential for sound and effective Price/competition.
- It is usually unwise to attempt to save a few days by limiting the time allowed to bidders for the preparation of their tenders.
- It is also important that bidders fully utilize the time available.
- However, this may be reduced to two weeks for small projects.
- If an extension of the tender closing date becomes necessary, bidders, plans rooms and bid depositories should be notified by addendum at least four dates prior to the original closing date.
- The architect/engineer should consult with the local constriction association before setting or changing the closing date to determine if the closing dates for other projects conflict with the proposed tender closing date.
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6.7.4 RECEIVING TENDERS

1. 

2. Preferred days and times are: Tuesday, Wednesday or Thursday at: 3:00 p.m. local time.

3. Subcontractor submit 48 hours earlier to bid depository.

4. 

5. Tenders may be amended prior to time Of tender closing - must be in accordance with instructions to bidders - letter - telex - telegram.

6. Tenders should be opened immediately after tender closing - affords bidders the opportunity of being in attendance.

7. 

_____________________________
6.7.4 RECEIVING TENDERS

8. If tender is not opened in public, a list is sent out.

Dept – Bid Record - 2001

1. H. M. Construction $ 8,824,100.00
2. K.P. Construction $ 6,884,870.59
3. S. Northern $ 9,197,468.64
4. T. Construction $ 7,588,880.00
5. E. Construction $ 8,972,031.00
6. A Joint Venture $ 8,107,729.00
7. E. Construction $ 8,256,704.76

Bids Opened By ________________
Witness ____________________
Note: Preliminary Bid Prices only, tenders subject to review for completeness

- Tenders not submitted on prescribed form or qualified should be rejected.
- Requirements respecting signature, seal, security deposit, etc., should be strictly enforced.
- Mistake.
- One bid.
- Unbalanced.
- Rejecting all bids.
- Tender recall.
6.7.5 AWARDING TENDERS

1. Bidders deserve a prompt Award - Within 10 days if possible
   (Special circumstances only - 30 + days, reasons should be made known to the bidders)
2. If tenders received from invited or pre-qualified bidders - award to lowest bidder!
3. If scope of work changes after tender closing and prior to award - negotiations.
4. Tenders received exceed owners budget - negotiate scope with lowest tender.
5. ____________________________________________
   ____________________________________________
6. Prior to award, architect/engineer reviews with owner the list of proposed subcontractors.
7. ____________________________________________
8. Subcontractors should be awarded immediately by contractor after contract award.