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FROM: 
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Ensuring Bidding Competition
Policy Memo 21

Guidelines for Ensuring Bidding Competition

The CDOT is currently trying to reduce the number of Project Extensions on our projects. Managements philosophy is, "If we have the opportunity to bid work, we should". This assures competitive bidding on our entire program, provides opportunities for smaller contractors, and assures that we do not receive complaints from Contractors now that the market is becoming very compressed.

Following are Guidelines to provide consistent decision making in managing projects to ensure Bidding Competition.

Definitions and Basic Instructions

- Project Budget – The budget in the Project at the time of Advertisement
- Commission Budget – The approved Commission budget. Note that resurfacing, bridge and safety projects are examples of projects that do not have Commission budgets since they are pool projects.
- Commission Max – 15% over Commission Budget
- Pool Budget – The current Budget for Projects from Pools
- Alternate A – The original planned project before cuts are made to meet budget (Largest Project).
- Alternate B – The reduced project limits/scope.
- Alternate C – Possible project reduced even more (Smallest project when there are 3 alternatives).

General Considerations – The Guidelines below best reflect conditions when the Project Budget and the Commission Budget are the same. Good Engineering and Budget management are needed when making project related decisions when the Project Budget and Commission Budget are not the same.

Step 1 – Carefully Manage Budgets

Each Region should review cost estimates and carefully manage their budgets for the overall program during the Design Process. For some programs, such as Surface Treatment and Safety, Commission approval is for a pool of projects each year, which allows the Regions the opportunity to move funds between projects without Commission approval. If necessary, Contingency Projects can be identified that could use excess funds.

NOTE: *If resolution is not obtained in Step 1 above, the Region is to proceed either to Step 2 “OR” Step 3 below. The Regions may use some discretion on the <10% or >10% guidelines for choosing between Step 2 or Steps 3 & 4.*

Step 2 Project has a final total cost estimate from the Cost Estimating Unit <10% over Commission Budget, Project Budget or Pool Budget after Step 1.

- ❑ Note: If current Project Budget is greater than Commission Budget, the controlling factor is 10% over Commission Budget.

The Program Engineers have the option of going to Ad over budget, or a decision can be made to cut back the project before advertising and then add work back in if good bids are received.

Guidelines to Cut back Projects

- ❑ Get all clearances for the original length of work and show original length of work on plans.
- ❑ Instead of deleting portions of the plans, line out items in the plans and tabulations which were in areas cut back, or for work eliminated. Other options such as separate tabs or clearly identified footnotes are also acceptable. Add notes in the plans at each location cut back that “Work may be added if funds become available”. This assures that all bidders are aware at the time of bid that work may be added in later. Lined out items should be similar work as in remainder of plans. The Region must submit a request to retain funds in the Project by the Monday following the bid opening if good bids are received. This request should document that cut back locations/items were clear on the plans, and the note about work being added if funds become available was in plans.
- ❑ ***Project extensions at a later date are Highly Discouraged. If pursued, project extensions must meet the criteria laid out in the Construction Manual.***

Step 3 Project has a final total cost estimate from the Cost Estimating Unit >10% over the Commission Budget, Project Budget or Pool Budget after Step 1

The RTD may approve the option to reduce the Project Scope to fit within budget

OR

The RTD may seek approval (Commission, MPO, or transfer funds as appropriate) to amend the budget

OR

Prepare a set of plans with multiple schedules (see attached Specifications). ***Contractors would be asked to provide bids for all schedules.***

- ❑ Schedule A would be for the entire original project.
- ❑ Schedule B would be for the project after project reductions are identified.
- ❑ Schedule C (if used) would be for a third even smaller project when bids are unpredictable.
- ❑ Include the specification attached below to identify that the project has “Multiple Schedules”.

- ❑ The maximum estimate spread between schedules should be 15% for 2 schedules, or 30% for 3 schedules. Greater deviations must be approved by the Chief Engineer before advertisement. In no case shall more than 3 schedules be allowed.

Examples of cut back projects

- ❑ Overlay project with bid schedules for 2 miles and 2.5 miles
- ❑ Bridge project with and without landscaping
- ❑ Shouldering project with embankment only and with surfacing included

Step 4 – Award Procedure when the “Multiple Schedules” process in Step 3 is used.

If the Multiple Schedule process is used, the bid should be the last bid of the day since the contractors may not know immediately which Schedule meets budget criteria for the low bid. Often Contractors pull their following bids if they are the apparent low bidder on one project.

At the bid opening, the total bid will be read for all Schedules for each bidder. If a bidder does not bid on all schedules, his bids will be rejected and set aside. After all bids have been opened and read, the apparent low bidder for each Schedule will be announced.

- ❑ The Design Project Manager must contact the Engineering Estimates Manager (currently Gus Bieber) prior to bid opening to determine the highest bid that would meet the established Maximum Budget. For Example:
 - Maximum Established Budget minus Force Account, MCR, CE, PE, ROW, Utilities and any other non-bid items = Maximum Bid
 - This Maximum Bid will be announced immediately prior to Bid opening.

The Project Selection Process shall use the following Guidelines unless otherwise established in the Project Special Provisions:

Note: For Pool Projects, Assume the Budget at Advertisement is Project Budget

Schedule A Original Project	Schedule B Smaller Project	Project Selection
Under Project Budget	Under Project Budget	Schedule A
Between Proj & Comm Max	Under Project Budget	*Sched A if <110% of Budget
Between Proj & Comm Max	Between Proj & Comm Max	*Sched A if <110% of Budget
Over Commission Max	Under Project Budget	Schedule B
Over Commission Max	Between Proj & Comm Max	Schedule B or Readvertise
Over Commission Max	Over Commission Max	Comm Action or Readvertise

** Use 110% unless otherwise specified in Project Special Specifications.*

Note 1: If three schedules are submitted the following criteria is suggested for use:

- ❑ Use largest project which meets both of the following criteria:
 - Bid is <110% of Budget (or as otherwise established in the specifications).
 - Bid is below the Commission Max

Transport Note – When using Multiple Bids and requiring the contractors to bid on all of the schedules, separate Prime Contracts must be set up in Transport i.e. 14980ALT-A & 14980ALT-B. Contact Janie Valdez at 303-757-9540 if you have any questions.

Maintenance and Safety Pool Projects (Striping, etc)

Use same procedures as have been used in the past.

Specifications which must be used for Step 4 - Multiple Bid Schedules:

Multiple Bid Schedules



MBS.doc

One of these ***Commencement and Completion of Work*** project special provisions must be used. Do not use the standard worksheets listed on the Specifications website.



c&cmbs.doc



c&cmbs2.doc



c&cmbs3.doc

The most recent copy of these documents will also be available on the CDOT Construction Specifications Web Page under the hyperlink titled Innovative Contract Provisions:<http://www.dot.state.co.us/DesignSupport/Construction/1999innov.htm>

Since these Specifications may undergo change through use, it is suggested that the link above be used at the time Plans are finalized.

I Concur

Craig Snawse
Chief Engineer

8/13/04
Date