



## **Make Sure Your Construction Projects Pass the “Will They Bid?” Test**

Increasing and uncertain material costs coupled with the shortage of skilled workers requires those tendering projects to be aware of issues that will affect competitive bidding of your project. Contractors have become selective about which projects they will bid and your goal is to ensure your project is one that will generate competitive bidding. The industry is seeing material pricing increases bi-weekly and a supply quote often is only valid for 1 to 5 days. To help ensure that contractors select your projects to bid, we recommend the following:

- Avoid a large number of similar contracts out to tender at one time – consult with industry to see what is out for tender that may compete with your project. Contact the range of typical contractors for your style of construction to see who is actually going to provide a price on your project. Don't just assume they will bid.
- Spend the necessary resources on creating a sound budget and consider hiring pre-construction services to address constructability and scope issues. Most general contractors can assist in the planning stages to recommend efficiency and effectiveness to ensure the best value for the dollar. The costs for this service ranges from 1-5% of project costs. For a list of contactors, contact the Southern Interior Construction Association (SICA).
- Make sure that there is the broadest distribution of drawings possible. Use the physical planrooms, the electronic planroom and avoid non-refundable deposits.
- Select the best consultant team for clarity and accuracy of drawings.
- Use standard industry documents (ie CCDC2, New Standard Document for Publicly Funded Construction, MMCD) with minimum changes to the standard contract. Changes force the contractor to seek legal advise for clarification of the clauses. This advice will need to be compensated in their tender.
- Create fair allocation of risk in insurance and indemnification clauses. Contractors cannot get insurance for onerous clauses which means they can't bid or bid without the insurance and then the project may not protected at all.
- Make the tender acceptance period as tight as possible (ie 30 days or less). Many small trade quotes now arrive with a 7-day acceptance period.
- Be prepared to progress payment for onsite materials due to material costs fluctuating. The contractors now must purchase and pay for their materials immediately so they need to request, often times prior to installation, their payment.
- Make attractive terms of payment by ensuring that the contractor is paid consistently on the contracted date.
- Use conflict resolution consultants to deal expeditiously with issues such as discrepancies in which trade is responsible for unclear portions of the work.
- Minimize changes to the project during construction or develop an expedient system to process them and pay them.
- Use the Bid Depository (a sealed tendering system) to attract qualified bidders to a transparent project closing.
- Minimize the number of alternative prices. Don't have a wish list that you want the contractor to price at the time of closing ie another room, slate roof. It complicates the bid process and makes it difficult to determine who is the low bidder.

Given the opportunities to bid that exist today, contractors will NOT choose to tender those projects that unduly transfer the risk to them or else they will bid high to cover for the risk. This of course is not the result you wish.

As an Association, one of our roles is to assist owners to get the best possible product and price through a competitive tendering process. If you have any questions on how to ensure that your project attracts the best tenders, please give the Southern Interior Construction Association a call.