



COLORADO Transportation Commission

4201 East Arkansas Avenue, Room270
Denver, CO 80222-3406

DATE: August 20, 2014
TO: Transportation Commission
FROM: Joshua Laipply P.E., Chief Engineer
SUBJECT: Mitigation to improve bidding environment

Purpose

This memo is intended to inform the Transportation Commission of the actions and mitigation strategies that staff has identified to reduce the number of construction project bid rejections.

Action

Informational Item

Background

At the June Transportation Commission, Scott McDaniel presented information related to the increased trend of bid rejections on CDOT's construction projects. A bid rejection is when there are fewer than three (3) bidders and the low bid is more than 10% over the Engineer's Estimate (EE) on projects larger than \$1,000,000, or more than 25% on project's less than \$1,000,000. The Transportation Commission directed staff to develop a plan to best ensure we are able to deliver the program at a justifiable cost, and to identify mitigation measures to reduce unfavorable bids.

Related to project bidding, our contractor partners have also identified a number of key elements that are limiting their ability to meet our needs:

- DBE availability
- Constructability/ Project schedules
- Contractor workforce shortage
- Competing project scope for Prime contractors
- Bid cycle and timing of project advertisements

Details

CDOT has a number of processes in place to ensure that contractor bids are fair and reasonable, two of those processes are also intended to account for current market conditions :

Cost Justification Letters - Enigeering Estimates and Market Analysis prepares a Cost Justification analysis for projects when there are at least 3 bidders and the low bid is more than 15% over or more than 20% below the Engineer's Estimate. If the analysis proves that the project bid can be justified, the Cost Justification is then sent to the Chief Engineer for final approval. In calendar year 2014 to date, we have had 28 cost justifications and bid rejections compared to a total of 24 for the entirety of 2013.

Bid Review Meetings - In addition to the above, Bid Review meetings are held on a quarterly basis with participation from CDOT staff, FHWA, and the Attorney General's Office. Contractor bidding patterns are reviewed and evaluated for further action, where appropriate. Since June we have also been conducting monthly internal Bid Review meetings with the Chief Engineer to keep pace with the rapidly changing construction market.



Immediate Action

- Return to the normal bidding cycle by advertising the majority of our project from October through March instead of January through July as we did this year. This will allow us to better take advantage of market conditions and advertise while our contractors workload is still uncertain.
- Assess project scope for work type that is conducive for Prime Contractors
- Increase transparency of what a Good Faith Effort (GFE) means to contractors
- Increase contractor access to Region Civil Rights Managers

90 Day Actions

- Create a 4 year program of projects to enhance contractor confidence to grow their business
- Consider more constructability reviews for complex projects to gain contractor feedback
- Adjust duration of projects to be user impact driven instead of a fixed completion (More A+B bids, lane rental specifications and fewer working day projects)
- Increase project size to attract more contractor interest

Attachments

Bid history for calendar year 2013 and calendar year 2014 to date.



Monthly Bids Processed, (RATs+CJs), and Biddable Amount for CY 2013 and 2014YTD

