



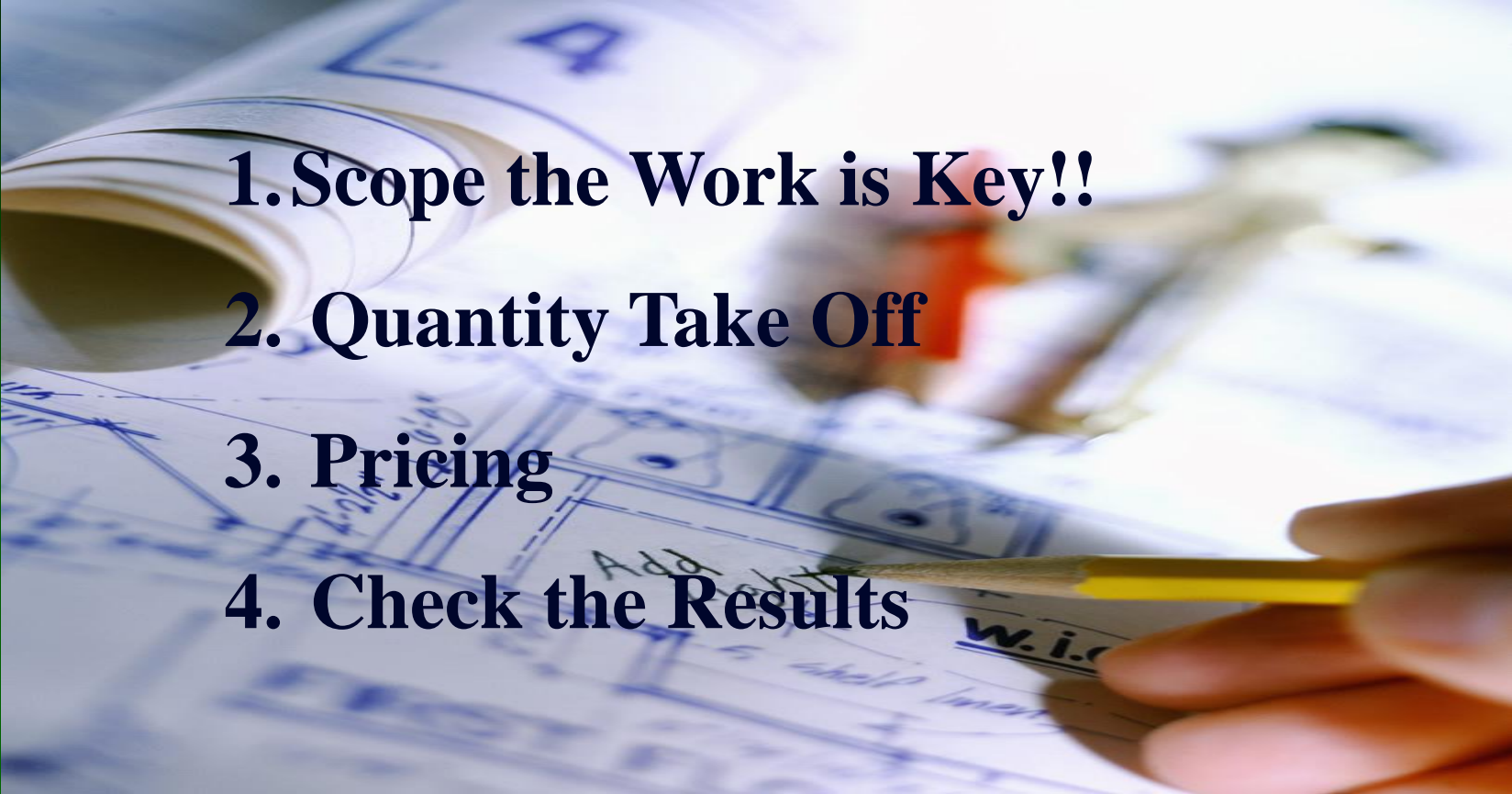
**Associated Builders
and Contractors, Inc.**

Western Washington

2015 Small & Emerging Contractor Webinar Series

Bidding

The Estimating PROCESS

- 
- 1. Scope the Work is Key!!**
 - 2. Quantity Take Off**
 - 3. Pricing**
 - 4. Check the Results**

How to Scope Construction

- Site visit
- Ask questions!!
- As-Builts (if they exist)
- Plans/Specs
- Think like a contractor
- Build it before you build it
- Organize!



Three Categories of SCOPE

- **AE Scope:** As defined by Architect and Engineer via plans and specifications.
- **Context Scope:** As defined by the context or environment in which the project will be built.
- **Execution Scope:** As defined by the processes necessary to construct the project in the context.

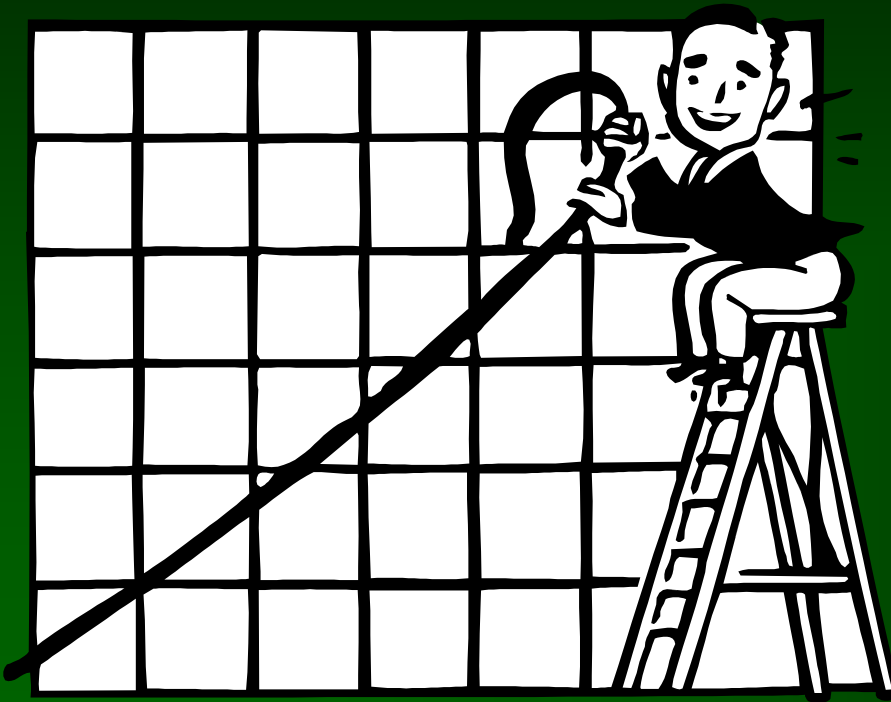
Pricing – The Directs and Indirects

- Direct Costs (bare costs)
 - Material
 - Labor (plus labor burden; futa, suta, fica, wci)
 - Equipment
 - Subcontractor
- Site Overhead (5% - 15% of project total)
- Home Office Overhead (5% - 10% of project)
- Profit (5% - 15%; a function of risk, market)
- Sales Taxes
- Bond
- Estimate Contingency (for budget estimating 2% - 20%)

What is Markup

Markup is a percent of cost needed to cover general and administrative costs and indirect costs.

The percentage of markup varies from business to business.



Prepare to Bid

- You must have specific information before you can prepare a bid. This information includes:
 - Project description
 - Specifications & drawings
 - Schedules and material lists
 - Bonding requirements
 - Submittal requirements
 - Applicable Government regulations

Bidding Check List

BIDDING CHECKLIST

Project _____ Head Estimator _____
 Bid Date _____ Bid Time _____

Hero	Task	Preferred Goal	Real Goal	Completed
	Bid Information Sheet	3 week prior to bid		
	Bond applied for	3 week prior to bid		
	Technical Proposal requested	3 week prior to bid		
	Bldr's Risk Quote requested	3 week prior to bid		
	Confirm Bid Deliverer	3 week prior to bid		
	Draft Spreadsheet	3 week prior to bid		
	Plans saved on network	3 week prior to bid		
	Plans available for all subs	3 week prior to bid		
	Bid invitation to subs	3 week prior to bid		
	Critical subs/suppliers called	3 week prior to bid		
	Sub/Suppliers confirmation	2 weeks prior to bid		
	Review and note General Conditions	1 day prior to bid		
	Site work Concrete Estimate	1 day prior to bid		
	Building Concrete Estimate	1 day prior to bid		
	Framing Estimate	1 day prior to bid		
	Siding Estimate	1 day prior to bid		
	Finish Carpentry Estimate	1 day prior to bid		
	Any Trade Estimate?	1 day prior to bid		
	Technical Proposal completed	1 day prior to bid		
	General Cond. Est. Completed	1 day prior to bid		
	Estimate Completed	1 day prior to bid		
	Estimate reviewed by 2nd party	1 day prior to bid		
	Addendums up to date on bid form	1 day prior to bid		
	Bid Form completed	1 day prior to bid		
	Bid form & Bond to Bid Deliverer	1 day prior to bid		
	Bid rough totals	1 hour prior to bid		
	Bid Finals	15 min. prior to bid		

Bid Proposal Components

- Scope of work
- Inclusions and exclusions
- Quoted price (lump sum, GMP, T & M)
- Timeframe to start and finish project
- Name of the documents used in preparation of the quote
- If the bid is Complete per Plans & Specifications it should be noted.
- Addenda

Scope of Work

A scope of work is a definition of the project, outlining in detail all work expected to be completed for the project. It will vary in length depending on the complexity of the project.



Inclusions and Exclusions

- Keep your exclusions as brief as possible
- Inclusions should be pertinent to the project
- The less detail on the drawings, the MORE detail should be included in your proposal

Types of Proposals

- There are three common proposal types:
- Lump Sum
 - All the risk and all the reward is with the Bidder
 - Lump sum = Fixed Price
- Time and Materials
 - All the risk and all the reward are with the Owner
 - T&M = Hourly rates plus material receipts, plus overhead and markup
 - Check the Bid Documents for limits on OH&P

Types of Proposals Cont'd

- Guaranteed Maximum Price (GMP)
 - Risk and reward are shared between the Bidder and the Customer
 - Essentially a T&M job with a ceiling on the price
 - Typically include a shared savings clause
 - Example: 60/40 split on savings between Customer and Bidder

Identifying Proposal Type

- The bid proposal should indicate if the quote is preliminary or final
- Final quote:
 - A final quote is a fixed amount for which the work will be performed.
- Preliminary Quotes are often used for budgeting. Example:
 - “ROM” = Rough Order of Magnitude
 - Square Foot Costs

List the Documents Used

- Every bid proposal must:
 - Reference the drawings and latest revision date
 - Reference the specifications and latest revision date
 - Clearly note receipt of ALL addenda

Addenda

- Addenda are documents issued to add specific details not included in the original bid documents or to indicate changes.
- The addendum should be referenced in the bid proposal.

Subcontractors and Suppliers

- Building a reliable network of subcontractors and suppliers will enhance your ability to succeed as a contractor.
- Certain basic steps will help to select these partners.
 - Ask for and check references
 - Speak with industry peers who have dealt with them
 - Ask your colleagues for recommendations
 - Chart their response time, quality, safety, ethics and honesty

Selecting Subs and Suppliers

- After you have evaluated prospective subcontractors and suppliers
- Ask for bids on projects: A Bid Invitation Form is a useful tool for alerting them of upcoming projects.
- Compare bid sheets and select the best fit.

Sample Bid Invitation From GC to Subcontractor / Supplier

**ABC
BUILDERS INC.
INVITATION TO BID**

PROJECT: Dr. Judy Chen (CBI 050)

LOCATION: 12356 80th Ave NE
Los Angeles, CA 90212

WALK-THRU: Tuesday, June 19th 8:00am

BID DATE:- Friday, June 22, 2012 10:00am

PROJECT DESCRIPTION: Work consists of a new 1,591sf orthodontic clinic tenant improvement. TI is located on the 1st floor of an existing commercial building. Slab on grade concrete.

SCOPE OF WORK: Included in the saw cutting for electrical & plumbing, cabinetry, interior sound insulation, pre-finished interior wood doors, door hardware, GWIL, metal studs, flooring, painting (1 prime (USG First Coat) and 2 coats with the final coat to be applied after flooring installed), acoustical ceding, toilet accessories, HVAC, plumbing (Including Medical Gasses: Air & Vacuum), and electrical. The MEP work is design build.

PLANS & SPECIFICATIONS ARE AVAILABLE FOR VIEWING:

ABC'S MAIN OFFICE: 18486 Baker Way NE, Los Angeles, CA 90235

THE BUILDER'S EXCHANGE: "SELECT PROJECTS"

PROJECT- Chen 0065

USER NAME- abc

PASSWORD - redpark

IF YOU HAVE ANY QUESTIONS OR REQUIRE SOME ADDITIONAL INFORMATION REGARDING THIS PROJECT, PLEASE CONTACT

Joe Smith (216)-957-8321 OR cell (406) 390-0390

Email Joe@abcbuilders.net.

RESPOND: _____ PLEASE INDICATE IF YOU WILL BE BIDDING THIS PROJECT: WITH A CHECK AND REFAX
THIS SHEET BACK TO OUR OFFICE:
-WILL BE BIDDING THIS PROJECT -WILL NOT BE BIDDING THIS PROJECT

COMPANY NAME: _____ CONTACT: _____

SCOPE OF WORK: _____

PHONE NUMBER: _____ / FAX NUMBER: _____

Sample of a Poor Sub Proposal

11 APRIL 2012

FAXED BID QUOTATION

PROJECT: BUILDING RENOVATION - CCEC BUILDING

BID SECTION: 09220 PORTLAND CEMENT PLASTER

BID FIGURE: \$27,493.00 **



** NOTE: BID EXCLUDES: WEATHER PROTECTION
METAL FLASHINGS
SALES TAX

ADDENDA SEEN: ONE, TWO, THREE AND FOUR

Sample of a Better Sub Proposal

April 11, 2012
Attention: Project Estimator
Regarding: CCEC Building, Everett Community College

We are submitting to you our price of Forty Three Thousand Eight Hundred Ten Dollars (\$43,810.00). This price includes all material, labor, and equipment as necessary for modifying the wet fire sprinkler system for the CCEC Building project per contract plans and 15300 specifications.

Addendum = 1-4
ALT 1, 2 & 3 = No Cost

We have included the following:

1. Material
2. Labor
3. Equipment
4. Engineering
5. Permits

We have excluded the following:

1. Painting of pipe
2. Fire Alarm & panels
3. Electrical work
4. Sales tax
5. Relocating and/or raising branch lines and mains
6. Corrections of existing deficiencies including seismic upgrades
7. Backflow upgrades including current backflow certification
8. Under access floor sprinkler protection

Sincerely,

Qualifying Bids

- Use the following steps to qualify bids submitted.
 - Use a checklist to ensure that all necessary components are contained in each bid.
 - Eliminate incomplete or late bids from the process
 - Compare bid scope of work to verify bids are equivalent.
 - Ask for clarification of any unclear information
 - File unsuccessful bids for reference.

Select Projects Carefully

- Avoid
 - Complicated contract terms
 - Unreasonableness concerning price and change order process
 - Broad or vague contracts
 - Owner safety requirements
 - Dual signatures on checks
 - Contracts with liquidated damages
 - Substantially increased liability insurance

Potential problems

- Financial loss
- Damaged Reputation
- Legal Liabilities

Job Acceptance Criteria

- Does the Job
 - Meet your company's operational abilities
 - Meet your company's design abilities
 - Meet your company's financial abilities

Collect and Analyze Data

- Just as you collect and analyze data on financial operations, you should do the same for estimating and bidding operations.
- Your goal is to increase accuracy of bids and takeoffs, increase profitability, and streamline your estimating and bidding process.

Types of Data

Collect the following types of data to analyze your estimating & bidding operations.

- Budget to actual cost comparisons
- Historical data from past estimates & bids on similar projects.
- Productivity rates.

Pricing Sources

- BNI
- RS Means
- The Guide
- The Gordian Group CTC
- Trade Service
- Marshall Swift
- Engineering News Record

Pricing Sources Cont'd

- Design Construction Data
- Own Cost Records
- Suppliers, supplier catalogs
- Vendors
- Subcontractors quotes
- Commodity pricing- tied to Unit Costs

General Contractor Bidding Overview

The Decision to Bid

- Be Neat & Organized
- Know Companies Abilities:
 - Available Manpower
 - Available Experience
 - Location of Jobsite:
 - Competitive/Responsible Subs /Suppliers
 - Familiar Owner or Design Team
 - Look for Edge on Competition
- Review specification section “Scope of Work” (01010)
- Check for Advantages of job
- Decide to bid or not bid!

General Contractor Bidding Overview

Yes – Let's Bid

- Fill out Estimating Checklist
- Start a Project Data/Question Sheet
- Fill out “Information Sheet” for Bonding Co.
- Draft Spread Sheet
- Contact Subs/Suppliers
- Read & Mark Contract
- Read General Conditions
- Start Takeoffs Section by Section:
 - Read Specifications same time as pricing
 - Transfer “Bottom Line” to spread sheet
- Visit Jobsite: (Pre-bid Meeting)
 - Ask Questions!
 - Confirm copy of attendance list
 - Know your competition
- Follow up with Subs/Suppliers:
 - Confirm Bidding,
 - Confirm plans & specifications OK

General Contractor Bidding Overview

Final Countdown

- Day prior to Bid:
 - Complete draft of bid documents
 - Confirm who will deliver bid
 - Total Estimate
 - Confirm Scope with major subs
 - Check Checklist

General Contractor Bidding Overview

Bid Day

- Record Bids on Spread Sheet & File per Specification Division
- Have someone help with contacting subs/suppliers with questions
- Send Blank Bid Documents & Bond with Delivery person
- 1 Hour prior, Total Bid, Check with yesterday's estimate
- ½ hour prior, call in alternates and list of subs
- 15 min. prior, call in final number
- 10 min. prior, get off the phone or as delivery person allows
- H. Delivery person delivers bid prior to bid time
- I. If within three bids of being low, ask specific questions:
 - 1. Architects/Engineers Estimate?
 - 2. Within Budget?
 - 3. When Awarded?

Final Thoughts

- Most business is relationship based.
- We all do business with individuals.
- All things being equal, most people will do business with their friends.
- All things not being equal, most people will still do business with their friends.
- Do not bid the competition!
- Bid the job.

Contact Information

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