

Additional Bidding and Post-Bid Submission Issues in Landscape Contracting

Bidding Strategies:

Some **complicated** ways to compute best bids based on probability of getting bid and level of profit obtainable

i.e.: p is very high (=1.0) if bid has no profit - thus Price equals TC

p is very low (=0.0) if bid has huge profit - thus Price equals TC + large profit
50,000 = TC

Bottom line: keep records of bids, successes, failures, competition, etc. to help in future estimation of likely success of bids at various levels of profit

Bid Ethics - Subcontracting:

Often, the landscape contractor is a subcontractor to a g.c.

Bid Shopping among subcontractors by general contractors - especially divulging bids of one potential sub to others in an attempt to “chisel down” the bid to the g.c.

Results in last minute submission of “bid” to g.c. by sub

Depends on philosophical approach to subbing

Is a sub bid a competitive bid or

is a sub bid just like other materials costs. . . look for the low price

Ethically, most agree, subcontract bids should be treated as competitive bids and not as analogous to materials prices

Planning for execution of the work - Supervision - Project time management

We have discussed methods of plant installation, etc.

Coordination of activities for efficiency, low cost is crucial

Major issue with complex projects

Relevant to landscape work, especially if hardscape construction, or work of specific other contractors. is involved

Contract Changes during Prosecution of the Work

Generally permitted as long as within general scope of original contract

“Change Order” should be issued

Written - be sure the issuer has the power to make the change - and what is change in price to be paid to contractor

Project Safety

Job accidents are very costly to the company
 Federal legal requirements (OSHA, etc.)
 Think back to demos with P.U. Grounds - *dangerous equipment*
 Safety (accident prevention) comes as company philosophy from management down
 If you are cavalier about it - your people will be too
 If you are serious (time & \$) - your people will be too
 Company program should include:

- a safety plan & a designated safety person
- training in safety for employees, including fire prevention & first aid
- safety recordkeeping
- accident and hazard reporting procedures (that get used)

Tips:

- Insist on use of protective equipment when relevant (hard hats, eye shields)
- Periodic safety reminders
- Practice good “housekeeping” of supplies, refuse, etc.
- Include safety-feature maintenance in regular equipment maintenance
 - don't allow safety features to be short-cut

Resolving Disputes

Litigation is very expensive - the only profiteers are the lawyers
 Alternative is mediation and arbitration
 Construction industry works closely with American Arbitration Assoc. (non-profit organization that serves as impartial third party to resolve disputes - not a court of law, but if agreed to by the contracting parties, the resolution has the weight of law and can be enforced by a court in an appropriate jurisdiction)
 Fees are charged, but only administrative fees - relatively low
 Can be stipulated in Contract Documents or agreed to after the dispute arises
 Mediation comes early to attempt to resolve dispute through discussion
 Arbitration is more formal proceeding
 Arbitrators are presented with evidence by both parties
 Parties “state their case”
 Arbitrator decides on who wins / loses, who pays and who receives