

Contract Awarding

Contract may be:

formal (generally) and written
always for public work
informal, written or oral (!)
limited to private work

Who may bid?

"Pre-qualification" is a process whereby the credentials of potential bidders are evaluated and only those pre-qualified are allowed, or invited to bid (may be essentially like providing "references" or more formal)
Often called **"closed"** or **"invited"** bids

Open bidding is required in public work - fairness to all citizens

Public bidding may require a disclosure of credentials by potential contractors before the contract is awarded, however. (Indiana State Form 96A)

Public work, open bidding requires legal advertisement

Non-bid situations

Design-Build Firms
Private standing business relationships

What kinds of bids are there?

Lump sum - "just give me the bottom line"

Alternates - some aspects of the project may be added or deleted

Unit prices - if the owner wants to expand the project, how much will the contractor be willing to do each additional unit for?

What happens after the bid is submitted?

Can it be withdrawn prior to opening?

YES

Can it be withdrawn after the bid opening?

If you are the successful bidder, then only with forfeiture of the bid bond

What if you made a really ridiculous mistake (say all the bids were near \$100,000, and yours was ~\$10,000)

Concepts of "Fair and Reasonable" and "Obvious error"

Owner usually takes bids "under consideration" (to consider qualifications, etc.) and would probably throw such a bid out based on the likelihood that the bidder would not complete the work as bid

What if you made a small, or several small mistakes (you forgot to add in some plants, or forgot to add in your profit, say all the bids were near \$100,000, and yours was ~\$90,000)

You may have to live with your mistakes and do the work for the bid amount and try not to make the same mistakes again!

What can disqualify a bid?

The above (mistakes) in extreme cases.

Anything that is not exactly like stated and required in the contract documents, instructions to bidders, etc.

No bonds, late, ambiguous or illegible writing, etc.

Is the contract ever not awarded?

Yes, i.e. In public work, if the bids are more than 10% in excess of the estimate,

or,

If the contractor fails to come up with the performance bond,

or,

If the owner changes their mind, goes bankrupt, etc.