

# Contract Documents

**ALL the documents which together form a contract for construction.**

## **Some Notable Characteristics:**

- Prepared by L.A. (design/planning consultant) for Owner
- Made available to potential contractors via invitation to bid, advertisements, personal invitations, etc.
- Usually a deposit required (ie: \$100-150)
- Contractors use them (following site analysis & job selection evaluation) to prepare cost estimates & bid (along with required other documents)
- **Once a contractor is selected by the owner, the contract documents become part of the Agreement/Contract!**
- Lots of Written *stuff* and Drawings: form, layout, sizes, grading
- Technical specifications: explanation, more info, how, materials, complete picture
- The organizational structure – CSI Format (Construction Specifications Institute)  
(*Show the CSI list*)

May include the following (or some thereof)

**(Discuss those in bold in lecture or show examples)**

Title page

Legal Notice (Invitation to Bid)

Index to Specifications

List of Drawings

**Information for (Instructions to) Bidders**

**Affidavits:      Non-collusion**

**Non-discrimination**

**Receipt of Addenda**

**Form 96-Bid Form + other qualification forms**

**Alternate Bid Forms**

**Unit Prices Form**

**Change Order Form**

Form of Contract (what the actual contract will be like)

**Performance Bond Form**

Certificate of Insurance

Payment Form

**General Conditions**

**Special Conditions**

**Supplemental Conditions**

**Schedule of Prevailing Wages**

Surface and sub-surface Data

Statement of Sales and Excise Taxes

**Bid Security (Bid Bond) Form**

**Drawings**

**Addenda**

**Technical Specifications**

## **Information for (Instructions to) Bidders**

*(Show an example)*

### **Affidavits**

(An **affidavit** is a formal sworn statement of fact, signed by the declarant (who is called the *affiant*), and witnessed (as to the veracity of the affiant's signature) by a taker of oaths, such as a [notary public](#). The name is [Medieval Latin](#) for *he has declared upon oath.*) (from *Wikipedia*)

### Non-collusion

- You say you have not worked together with other bidders to determine your bid and unfairly affect the outcome

### Non-discrimination

- You say you do not violate statutes prohibiting discrimination in hiring on the basis of race, religion, color, sex, national origin or ancestry.

### Receipt of Addenda

- You say you have received all addenda issued (perhaps they are listed by number and date. It is the responsibility of the contractor to check with the owner/representative to be sure they are in receipt of all addenda. It is not the owners responsibility
- 72 hours is the usual minimum cut-off prior to bid due time/date for issuance of addenda

## **Form 96-Bid Form + other qualification forms**

*(Show an example)*

- State of Indiana Bid Form including contractor questionnaire on experience, equipment and financial status
- Includes alternative bid directions
- Requires a plan for construction
- Must disclose sub-contracting plans
- Justification for prices used in calculation of bid
- Financial disclosure: "must be specific enough in detail so that said governing body can make a proper determination of the bidder's capability for completing the project if awarded."

## **Alternate Bid Forms**

- An alternate is a pre-specified change in the work to be done that may be invoked by the owner at his discretion to: 1) allow the work to be accomplished within a limited budget or 2) to provide an opportunity for the owner to make an important determination in the selection of materials or processes.
- They should be used with discretion by owner/designer
- The final bid for purposes of award to the low bidder is based on which alternates are chosen to be included in the project (at the Owner's discretion).

## **Unit Prices Form**

- Generally used to allow for "additions to" or "deductions from" the main planned work. This is another way of giving the owner additional flexibility in the scope of the project. These are not generally used in determining the "winning" bid.

### **Change Order Form**

- A change order is a change made to the project (and thus the contract) after the contract is signed and the project begun. It may be based on the aforementioned unit prices, or may be negotiated at the time, according to the process, usually specified in the general conditions.

### **Performance bond**

- Only required of the "successful" bidder who is awarded the contract
- This is insurance for the owner that the contractor will "perform" as the contract says (that is to say the project will be completed as designed at the price agreed to).
- In effect, it is a way of the bank, or insurer, saying you are likely to complete the work (they won't sell you a performance bond at a price you can afford if you are a terrible risk!)
- Must be provided at the time of contract signing
- May cover any portion (often 50-100%, sometimes 110%) of the bid
- Cost of performance bond is usually a small percentage (1-2) of bid and is built in to the bid

### **General Conditions**

#### **Special Conditions**

#### **Supplemental Conditions**

*(Show an example)*

- This is the heart of the "boilerplate" of specifications, the thick legal part that "spells it all out" in *lawyer-speak*, but is essential to defining the rights or obligations of the contracting parties. Basically, the owner keeps all the power and the contractor gets none!

### **Schedule of Prevailing Wages**

- On large federal government funded work, wage rates are determined by the government (Dept. of Labor), not by the free market
- A form is usually part of the contract documents stating those rates at the time of bidding.
- In Indiana, a local board sets rates for public construction work on projects over \$150,000

### **Bid bond (or Bid Guarantee)**

- Required of all bidders
- This is insurance (money to cover lost time and value) for the owner that each contractor who submits a bid is "serious" about wanting the project and will follow through with signing a contract and performing the work if they are selected as "successful" bidder
- Must be provided in the form of a certified check (or other means specified) at submission of the bid
- The bid bond is returned to all bidders at the time of contract signing (or thereafter), but is forfeited by the selected contractor if that contractor fails to sign a contract for the work.
- The money from a forfeited bid bond is used by the owner to cover costs of working with the next lowest bidder, to re-bid, etc.
- Generally is in the amount of 5-10% of bid amount
- Cost of bid bond is small (only the loan cost for the amount of money over the 30-60 days). It is usually built in to Fixed Costs (overhead) and not included in the bid amount separately.