


Memorandum

To: Executive Deans

Date: January 5, 1999

From: 
J. Patrick Drohan
Senior Director
Capital Planning, Design and Construction

Subject: Bid Overrun Analysis

Reformatted PPD Policy #2

PURPOSE

This policy and procedure establishes an automatic response by affected project administrative staff, without further instruction, in the event that the qualified, responsible low bid on a major capital outlay project exceeds the project architect/engineer's approved bid estimate. It has been formatted using generic titles commonly being employed in campus administration of projects. It is similar to PPD Policy #2 for Chancellor's Office administered projects.

PROCEDURE TO FOLLOW FOR A BID OVERRUN

1. The Construction Administrator examines the bids, security and other submittals to assure that the apparent low bidder is, indeed, the authentic, responsible, qualified low bidder.
2. The Construction Administrator notifies the low bidder that the bid is higher than the project architect/engineer's estimate, and that management will determine before bid expiration (normally 60 days) how to handle the situation.
3. The Construction Administrator informs the project administrative team: the Design Contract Administrator, Contracts Administrator, and Facility Planner of the bid overrun.
4. The Contracts Administrator reviews the disabled veteran business enterprise (DVBE) submittals of the two low bidders in accordance with normal procedures to further determine if the apparent low bidder is responsive per DVBE criteria.
5. The Design Contract Administrator immediately calls (and then writes) the project architect/engineer requesting that within two weeks, the project architect/engineer prepare a written analysis detailing reasons the job overran the estimate and to submit proposals for cutting costs on a

rebid to assure compliance with the approved budget for the project. Value engineering sessions may be required involving the Design Contract Administrator, Campus Facility Planner, Construction Administrator, and the appropriate campus representative with the project architect/engineer during this two week period to assure an adequate review of the plans and bid experience. The project architect/engineer should be directed by the Design Contract Administrator to contact the low bidder directly to examine all sub-components of the bid and to contact as many of the other bidders as warranted to formulate an analysis of the situation. (Do not allow extra services for this analysis since this is part of the basic paid-for services). The Design Contract Administrator fills out Bid Overrun Fact Sheet, Form 2 (attached).

6. The Construction Administrator examines the bid spread, from high to low, and researches the bid climate to determine if there was poor competitive circumstances in the region at the time of the bid. Construction Administrator fills out Bid Overrun Fact Sheet, Form 1 (attached).
7. Within two weeks of the bid opening, the Construction Administrator schedules a meeting with the Executive Dean, the Design Contract Administrator, the Campus Facility Planner, and the appropriate campus representative. (If the project involves nonstate funds, also invite the representative of Financing and Risk Management.) The Facility Planner or Construction Engineer from Capital Planning, Design and Construction (CPDC) may be invited as well, if they can be of service. The purpose of this meeting will be for the Design Contract Administrator to report on Item #5 above, and the Construction Administrator to report on Item #6 above. At this meeting, the Design Contract Administrator and Construction Administrator should come prepared with their completed portions of the Bid Overrun Fact Sheets so that the facts of the situation can be quickly comprehended.
8. The Executive Dean will render a decision based on the facts presented at the meeting concerning whether to recommend rebid, augment, or take another course of action, such as further value engineering sessions. This recommended decision will be transmitted to the Facility Planner in CPDC for review and action as appropriate, along with all normal submittals.

JPD:bn

Attachments: Bid Overrun Fact Sheet, Forms 1 and 2

Construction Administrator to Complete

BID OVERRUN FACT SHEET
FORM #1

Check if: State Funded _____ Non-State Funded _____

Campus: _____ Project: _____

Project Architect/Engineer: _____

1. *Approved Project Estimated Bid Price: \$ _____ at ENR _____
2. Actual Responsible Low Base Bid: \$ _____ at ENR _____
3. Low Bid Contractor's Name: _____
4. Actual Overbid Amount: \$ _____ and _____ % Overage
5. 'C' Fund Source: _____ Fiscal Year: _____
6. Date of Bid Opening: _____
7. Date that Bid Expires: _____
8. Number of Other Qualified Bidders Who Bid on Job: _____
9. % Spread of High to Low Bidders: _____
10. Were there regional influences affecting the bid? (Describe):

11. Was there sufficient competition among the Subcontractors and General Contractors?
(Describe):

12. Were the A/E Bid Specs and Documents coherent and lucid? (Describe):

13. Was there competition from other projects bidding on the same day which influenced
the bid?

Design Contract Administrator to Complete

BID OVERRUN FACT SHEET
FORM #2

14. Project Consultant A/E's proposals on value engineering ideas to bring project back into cost containment on a rebid. (Describe):

<u>Items</u>	<u>Cost Savings at ENR (Specify)</u>	<u>Design Contract Administrator Recommendation</u>	<u>Campus Recommendation</u>
a.			
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
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