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A Guide to Standards and Practices in the Construction Industry

Maximizing Competitive Bidding

Given the environment for bidding in these busy times, we believe that owners are competing with each other for the strained resources of the industry. To attract contractors to bid your project and to ensure you are maximizing the competition, we recommend the following:

- Whatever system of project delivery, solicit interest early from the contractors that you want to bid your project.
- Consult with the Construction Associations to ensure that your bid closing does not compete with other projects for the available contractors.
- Spend the necessary resources on creating a reasonable budget. Contractors will be put off by low budgets that will possibly lead to lengthy over budget negotiations.
- Ensure a wide distribution of bid documents using the physical planrooms, electronic planroom and avoiding non-refundable deposits.
- Clear and accurate drawings and specifications are essential with the use of a limited number of addenda during the bidding. Arduous addendum can dissuade contractors from bidding.
- Do not include onerous front end bidding conditions that either add risk or limit the contractor's possibility of being successful after having gone to the cost of preparing a bid.
- Use standard industry documents with a limited use of supplementary conditions. For stipulated sum bidding consider the use of the AIBC Working Group Standard Stipulated Bidding Documents for Use on Publicly Funded Projects.
- Allow sufficient time for the contractors to prepare bids and limit the bid acceptance period to no more than thirty (30) days. Longer periods of acceptance will only increase the potential for contractor contingencies to cover for potential rising costs. Longer periods will only discourage contractors from bidding.
- Attract contractors to your project by using Bid Depository;
 - The transparency of the process and standard contract form requirements are very desirable to the trade contractors.
 - For the general contractors, receiving the bids early avoids the last minute panic which can lead to possible mistakes and, the bonding helps them manage their risk and may extend their own bonding capacity.
 - For construction managers, it ensures the contractors that there is transparency, illustrating an owner's commitment to being fair.
- During the construction phase;
 - Be expedient with processing claims and changes to the work (the longer you wait the more the price goes up).
 - Consider using the services of a Conflict Resolution Consultant to deal with issues expeditiously.
 - Allow a reasonable mark up for overhead and profit on changes to the work.
 - Make progress payments in a timely manner and allow progress payments for changes to the work.
 - Be open to suggested material and equipment changes.
 - Understand reasonable schedule issues.

The owner, contractor and design professional relationship is built on trust. Producing a positive environment for bidding and construction will build a culture of trust that will attract contractors to bid on your projects.