

A map of South Dakota is in the background, showing major roads and geographical features. The text is overlaid on this map.

Contractor Prequalification and Combination Bid Openings

SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION

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A large blue arrow graphic pointing to the right, containing the text "SDDOT Prequalification Process".

SDDOT Prequalification Process

DISCUSSION OUTLINE

- Authority
- Administrative Rules
- Work Classifications
- Application Process
- Notice of Decision
- Checks @ Bid Opening

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AUTHORITY

South Dakota Codified Law 31-5-10



Improvements to trunk system-Manner of advertising for bids-Letting of contract-Rules.

For a highway improvement on the trunk highway system, the work contemplated shall be delivered to contract by one of the following methods, in accordance with the provisions of this chapter:

- (1) Design-bid-build;
- (2) Indefinite delivery and indefinite quantity; or
- (3) Emergency procurement.

Contracts for all road and bridge construction performed on the trunk highway system shall be between the state and the contractor and shall be approved by the Department of Transportation and the Transportation Commission.

The Transportation Commission may adopt rules pursuant to chapter [1-26](#) regarding advertisement for bids; bidder qualification, classification, and rating; bid submission; and bid acceptance for highway improvements on the trunk highway system.

Source: SDC 1939, § 28.0214; SL 1987, ch 210, § 6; SL 2021, ch 124, § 1.



**ARTICLE 70:07
HIGHWAY CONSTRUCTION CONTRACTS**

Chapter

- 70:07:01** General provisions.
- 70:07:02** Classification and bidding capacity rating.
- 70:07:03** Bid proposals.
- 70:07:04** Suspension and debarment.
- 70:07:05** Highway construction contract requirements.

Administrative Rules

Work Classification

ARSD 70:07:02:08



- (1) Major grading;
- (2) Minor grading;
- (3) Portland cement concrete paving;
- (4) Portland cement concrete repair, including spall repair, joint repair, and pavement grinding;
- (5) Asphalt concrete paving and microsurfacing;
- (6) Asphalt surface treatment and asphalt crack sealing;
- (7) New bridge construction;
- (8) Bridge rehabilitation, including deck overlays, fatigue retrofit, steel and concrete repair, and rail retrofit;
- (9) Minor structure construction, including cast in place box culverts, pre-cast multi-beam deck bridges, and mechanically stabilized earth large panel retaining walls;
- (10) Lighting and signals;
- (11) Signing, delineation, and pavement marking;
- (12) Underground work and utilities, including storm sewer, sanitary sewer, waterline, drainage pipe, and precast box culvert;
- (13) Incidental construction, including fencing, guardrail, railroad crossings, mechanically stabilized earth modular block retaining walls, gravel surfacing, base course, landscaping, and erosion control;
- (14) Miscellaneous concrete construction, including sidewalk, bike path, multi-use path, and curb and gutter;
- (15) Bridge painting; and
- (16) High friction surface treatment and bridge deck polymer chip seal.

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Contractor Prequalification Statement

- Details of Organization
- Personnel & Experience
- Relevant construction projects completed (with references)
- Work classifications requested
- Construction Equipment
- Contractor's Financial Position (determines bidding capacity)
 - Audited Financial statement
 - Letter of Surety
- Committee Review

Application Process

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Notice of Decision

- Approved Work Classifications
- Maximum Bidding Capacity
- Per Contract Bidding Capacity



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Bid Opening Day

Example: Brookings County I-29 & 20th Street Interchange (PCN 020V)

- Specified Work Classifications
 - Work Type 1 (Major Grading), or
 - Work Type 2 (Concrete Paving), or
 - Work Type 7 (New Bridge Construction)
- Bid Opening
 - Actively prequalified for specified work classification(s)
 - Bidding Capacity
 - Max Bid Capacity - Uncompleted Bonded work under Contract
 - Per Contract Bid Capacity
- Additional Checks
 - Bid Proposal Guaranty (Bid Bond)
 - Federal Debarment
 - SD Contractor's Excise Tax License
 - Motor Fuel Tax



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SDDOT COMBINATION BID OPENINGS

DISCUSSION OUTLINE

- Bidder Instructions
- Potential Advantages
- Bidding Examples
- Agreements
- Optional Combination Bidding



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DEFINITION AND INSTRUCTIONS

Combination Bid Opening:

- Advertising multiple construction contracts (*two or more projects prepared as separate sets of construction plans*) in conjunction & awarding all contracts to a single contractor.

Instructions:

- Bidders must submit proposals for all contracts designated
- Award of all contracts is made to a single contractor who's bid proposals for each designated contract sum to the lowest combined total

Bidder Instructions

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Combination Bidding

ADVANTAGES OF COMBINATION BIDS



SDDOT

- Working with one Prime Contractor
 - Simplifies Coordination (one point of contact, traffic control, haul routes, etc.)
- Less Impact to the Traveling Public
- Possible Cost Savings (economy of scale)
- Improves bidding competition (in certain cases more work = more appealing)

Contractor

- Secures more work (better use of equipment, resources, etc)
- Eliminates potential conflict with another contractor on an adjacent project



EXAMPLES OF TYPICAL PROJECTS BID IN COMBINATION

State Highway Reconstruction Project within City Limits

- Contract 1: State Highway Reconstruction
- Contract 2: City Water and Sewer Improvements

Multiple Projects of Similar Nature in Close Proximity

- 2 Asphalt Resurfacing Projects in same vicinity

Combination Bidding

Combination Bidding

BID OPENING EXAMPLE



Bid Results:

	<u>Contract 1</u>	<u>Contract 2</u>	<u>Combination Bid</u>
Bidder A	\$9,500,000	\$500,000	\$10,000,000
Bidder B	\$9,250,000	\$620,000	\$9,870,000
Bidder C	\$9,300,000	\$525,000	\$9,825,000

Award of both contracts would go to Bidder C.



COMBINATION AGREEMENTS WITH MUNICIPALITIES

Bid Differential

- If the overall low combination bidder does not present the lowest bid for the State contract the City must pay the difference.
- 23 CFR 635.114 – Must award to the lowest responsive bid

Bid Results:

	<u>DOT Contract</u>	<u>City Contract</u>	<u>Combination Bid</u>
Bidder A	\$8,000,000	\$500,000	\$8,500,000
Bidder B	\$8,100,000	\$350,000	\$8,450,000

Award of both contracts would go to Bidder B. City would pay \$100,000 difference to the State.

Combination Bidding

PROPORTIONAL MOBILIZATION



The State and CITY agree to fairly apportion the mobilization costs in effort to avoid a disproportionate share of the mobilization costs on the CITY contract.

Example:	<u>Estimate</u>	<u>Share</u>	<u>Estimated Proportional Mobilization</u>
DOT Contract	\$9,300,000	93.0%	\$837,000
City Contract	\$700,000	7.0%	\$63,000
Total	\$10,000,000		\$900,000

Estimated Mobilization \$900,000
Note – 9% historical average



POTENTIAL NEW BIDDING PRACTICE

Optional Combination Bidding

- Advertising contracts for bidding in combination or separately, so that bids may be submitted either on the combination or on separate units of the combination. Award of the contracts will be based on the bid proposal(s) that result in the lowest cost to complete the work.

Combination Bidding

OPTIONAL COMBINATION BIDDING-cont.



Example:

Contract 1: Amount	Bidder	Bid
Bridge Replacement Site 1	A+ Bridge	<u>\$1,400,000</u>
	BH Bridge	\$1,600,000
	East River Bridge	\$1,700,000
Contract 2		
Bridge Replacement Site 2	East River Bridge	<u>\$2,800,000</u>
	BH Bridge	\$2,900,000
Contract 3:		
Bridge Replacement Site 1 & 2	East River Bridge	\$4,400,000
	BH Bridge	\$4,450,000

- Contract 1 and 2 Combined Low Bid Total = **\$4,200,000** which is less than the bid for contract 3
- Award to A+ Bridge for Contract 1 and East River Bridge for Contract 2



Questions?

Thank You!

Prequalification & Combination Bidding