

BIDDING GOVERNMENT JOBS

Q: I am going to bid on installing a new slate roof on a large state building. I have never been involved in a government job. How about a top ten list of things to know if you are bidding on a big government job?

A: You should be aware that the cost of scaffolding a building can be \$150,000.00 or more, plus you will have a lot of hoops to jump through and this will eat into your time — meetings, pre-meetings, submittals, change orders, not to mention the aggravation of dealing with architects and engineers. Don't forget per diem costs for your workers including hotel, food and travel expenses. And keep in mind the scheduling requirements, fixed deadlines, elevated insurance levels, performance bonds, and the warranty term.

How long will it be before they pay you? Are you going to need a credit line for this job? Is there retainage? When does the retainage get released? Some government jobs pay their first payment after 150 days. Your money may be held for nearly a year, because the retainage doesn't get paid until the whole project is complete. That means all the other trades are complete and inspected before you see the full payment.

Companies who bid these jobs often have employees who do nothing but bids, supervisors who don't even get on the roof, and bosses, partners, owners, etc., who are sitting in offices and who all get a piece of the pie. The small contractor doesn't bid these jobs so the government has little choice but to pay big bucks.

The bonds can be burdensome. The project may require a 10% bond paid in advance by cashier's check included with the bid. If you are awarded the bid, you do not get the money back until months after the job has been completed. The job is often awarded to the low bidder, which is crazy when you think about it, but it's why so many roofs are in litigation — the low bidder was the wrong contractor for the job.

There will be many meetings, submittals and other contingencies that will eat up someone's time. Make sure you have carefully covered all details in the bidding, add for profit, add for your time at meetings etc., add for any permits, insurances, and other unforeseen expenses, make sure you have calculated labor at "prevailing wage," make sure you have a detailed contract, etc.

If you get into this arena, you can make some pretty good money. This is where the money is that makes people rich in the contracting business. It's also where people go bankrupt, get sued, etc.

Traditional Roofing Magazine contributor John Chan of The Durable Slate Company suggests ten things to consider when bidding government work:

1) ALLOWABLE HOURS FOR WORK. Some Government buildings will only allow for work during certain hours and often times not on weekends. One courthouse only allowed work from 9-2:30 Monday-Friday with a one hour break between 11:00 and 12:00.

2) LIQUIDATED DAMAGES. Contracts that involve the exchange of money or the promise of performance may have a liquidated damages stipulation. The purpose of this stipulation is to establish a predetermined sum that must be paid if a party fails to perform as promised. For example, one job required a liquidated damages clause for \$500.00 per day. This can get extremely costly if you miss reading that in the construction documents. What do the construction documents say about situations out of your control regarding liquidated damages? On one project, a roofing company was asked to pay \$500/day liquidated damages for being 110 days over, because the particular slate that was requested for the job was unavailable. The quarry didn't deliver in the time they were told they would. The problem was compounded by pushing the job from fall into winter time.

3) OSHA. High profile jobs such as government buildings are a serious threat of OSHA inspections. This means scaffolding, harnesses, safety meetings, and safety monitors. You have to make sure you get accurate scaffolding prices, and enough money for what else may be necessary for that particular job. Some jobs may require a safety monitor. This is a person who does NO work, but only watches everyone for safety regulations. This is a lot of extra man hours on a job.

4) SUBMITTALS. Submittals are shop drawings, material data, and samples required primarily for the architect and engineer to verify that the correct products will be installed on the project. They also give the architect and sub-consultants the opportunity to select colors, patterns, and types of material that were not chosen prior to completion of the construction drawings. If submittals are required after the project starts, you have to assign some money to cover time to provide the submittals and also you have to set some money aside for time tied up with architects or consultants that may be difficult to deal with. Unfortunately, some of these professionals feel like they aren't serving their client if they aren't changing things. You may have something bid in one manner, and be asked to do it in a different manner that can cost much, much more.

5) BONDS. A performance bond is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor. For example, a contractor may cause a performance bond to be issued in favor of a client for whom the contractor is installing a roof. If the contractor fails to install the roof according to the specifications laid out by the contract, the client is guaranteed compensation for any monetary loss up to the amount of the performance bond. Check with your bonding company what a bond will cost. Is it a bid bond, a performance bond, a warranty bond, etc? How much does this cost? What does your bonding company charge if there are change orders? Will your bonding company even write such a bond? You may be asked to bid on jobs that no bonding company will write. Once you bid, you're usually bound to that bid.

6) JOB MEETINGS. How many job meetings are there going to be? How long are they going to last? Who is required to be present at the job meetings? There are jobs where a meeting was every Monday for two hours. The job foreman and the salesman had to be present. That's two people on payroll four hours every week on top of the length of the job. Is your crew going to be self-sufficient without the foreman present? How much slower is the crew going to operate every Monday morning with no foreman?

7) UNUSUAL REQUESTS. One Government job had a clause for an off duty fireman to be present at all times when the workers were soldering or using anything heated, including electric soldering irons.

8) PER DIEM AND HOTEL. Make sure you have enough in for these items, because if you get bad weather and the job goes longer than expected, those costs can magnify very quickly.

9) LOG BOOK. Keep a detailed log book of every conversation, meeting minutes, safety meetings, etc. This can save your behind. For instance, you can have an architect say go ahead and change something verbally at a job meeting. Later on, he claims he never said it, but you have it documented in writing from him or in the meeting minutes with other people present to witness it.

10) CONSTRUCTION DOCUMENTS. After reading the construction documents and before bidding the project, have someone else look it over for anything that was missed. This little step could save you lots of money. The key is knowing *exactly* what the construction documents state. 