



Materials 105 – Project Bidding: Avoiding the Common Pitfalls that Result in Higher Cost and Fewer Bids

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February 25, 2016

As we continue to advertise and bid projects here in 2015, it is our goal to work with agencies to maximize the benefit of the limited road improvement funding and work collaboratively to get as much money “on the roadway” as possible. Here are a few suggestions on what agencies can do to maximize investment in asphalt pavement projects.

Key Factors Affecting Project Costs:

- 1. Get the Work Out Early!** The single most effective way to ensure the best prices is to advertise and bid projects as early as possible. Costs of construction generally increase as the season goes on and as contractors schedules get full. Bidding early ensures the highest level of competition and allows contractors to build their backlog for the coming year. It’s a win-win.
- 2. Be Flexible in Start Times:** Not every project can start on June 1st.” Inflexibility of start dates can cause pricing increases due to limited number of crews. Bidding work with flex or floating start dates and mandatory completion dates is a great tool to attract more bidders and avoid contractors bidding higher prices for overtime and/or risking the costs of liquidated damages.
- 3. Utilize Recycled Asphalt Pavement (RAP):** Increasing the amount of RAP use is one of the most effective ways to reduce the cost of asphalt materials. The CDOT specification has been revised to allow 23% virgin binder replacement. Eliminating the bans of RAP on top mat paving and in development work should be implemented. On mill and overlay projects the agency should transfer the ownership of the millings (or a portion of the millings) to the contractor.
- 4. Uniformity and Consistency in Material Requirements:** Even minor variations in material requirements from agency to agency can lead to increased costs. These costs are associated with additional mix designs, additional aggregate crushing and stockpiles, additional storage for asphalt binder, production changes, etc. The most common mixes in Colorado are SX, 75 gyrations, 20% RAP and either PG 64-22 or PG 58-28. Agencies are encouraged to collaborate regionally so as to reduce the variation in mix requirements that do not result in quality improvements but do add cost.

5. **Maximize Work Hours:** Agencies and contractors work hard to minimize the traffic disruption of paving projects. However, shorter work hour windows and the more restrictive traffic handling requirements result in lower production, longer construction durations, and higher costs. Generally, the industry favors a higher amount of construction impact for a shorter overall duration.
6. **Accurate Engineer's Estimate:** Additional costs are incurred by both the contractor and the agency when projects have to be re-bid. Accurate engineer's estimates are critical to ensure that projects receiving competitive bids are awarded the first time without the need for a re-bid. Contractors are very willing to provide market condition information to agencies to prior to bidding so as to ensure accurate engineer's estimates.
7. **Prompt Payment:** Knowing an owner/agency is timely in progress payment and in releasing retention can only help an agency from a bidding standpoint.
8. **Project Teamwork:** A contractor's risk increase and project costs escalate when there is a lack of collaboration and teamwork. Two mutual goals are timely decision making and effective problem resolution. Agencies with a reputation of excellent teamwork will be noted as a preferred customer. Award winning projects are the result of a high level of project teamwork and collaboration.

General Information – Understanding Costs:

When discussing asphalt prices, it is important that we clarify the difference between liquid asphalt (binder), material (mix) costs and project costs. These are three different cost points. Asphalt binder costs may be down because crude oil prices are down. However, material costs may be up because labor costs, health care, trucking, subcontractor costs, are all up. Project costs maybe up or down depending on the Key Factors discussed above.

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