



# States Turn Onto Web for Highway Bidding

**L**ate one night last year, a Kentucky specialty contractor bidding a \$2-million guardrail job in Georgia learned that one of its suppliers had dropped a key price. The bids were scheduled to be opened in just a few hours in Atlanta, and the contractor had to act fast. The company president didn't sweat it. He went on the Internet, recalled his bid, changed it and won the work.

The Ruth Co., Lexington, was an early user of the country's first—and so far only—Internet-based bid submission system implemented by a state department of transportation. But Georgia's pioneer status won't last long. DOT officials in Iowa expect to launch a similar system in April, and South Carolina plans to start taking online submissions this summer. Systems in Virginia and Indiana should be up by the end of the year and many other states have plans in the works or tests under way. But everywhere, caution is the byword.

"We still have contractors who fill out their bids longhand," says Don Silies, contracts engineer with the Virginia Dept. of Transportation. The agency already has conducted three mock bid lettings as tests of the system. "The contractors who have been part of the tests are real hot to go for it. They love it, but some of the smaller contractors are not being very receptive. It's pretty scary, taking your life's blood and putting it out on a wire," he says.

The rollout of electronic bidding for highway work is a work in progress. Thirty-four DOTs are now building systems using software licensed from the American Association of State Highway & Transportation Officials, according to the Washington, D.C.-based group.

One part of the AASHTO package is an electronic bidding system called Expe-

dite. DOTs licensed to use it may distribute its bid management portion for free to contractors so they can import bid packages from agencies and prepare electronic bids. Expedite was created in 1993 by software developer Info Tech, Gainesville, Fla., for the Georgia DOT.

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## Georgia pioneered the concept and others are close

a paper backup. All contractors can get bid packages from the Web, including free downloads of Expedite.

Contractors that want to submit over the Web must subscribe to *Bidx.com*, which costs \$25 a month, and must have a digital signature on file at the exchange site. They submit bids as encrypted files to be held in an electronic lockbox until the deadline.

When the time comes, the box contents are downloaded to the DOT, which uses electronic keys provided by registered contractors to open the bids. Until the moment of delivery, the DOT does not have access to the bids and the exchange service does not have the ability to decode them. Only contractors who have filed bids can modify them. As Ruth Co.'s bid in Georgia demonstrates, bids can be pulled back and amended right up to closing.

Iowa, South Carolina and other nearby states also are planning to use Bid Express. A few others, including Texas and Pennsylvania, are developing bid

submission systems on their own. Thomas Bohuslav, director of the construction division

at the Texas Dept. of Transportation, says his state was moving on the project two years ago, but resources were side-tracked when staff had to address Y2K concerns. He says the agency intends to launch in about a year, keep the

Tech retained ownership of the program and sold it to AASHTO.

Info Tech has a second company called Bid Express that operates the online document and bid transmission service at *Bidx.com* that is being used by Georgia for its Internet bid submission system. Georgia now requires that all bids of more than \$500,000 be submitted in electronic form. Contractors have the choice of submitting them over the Internet, or delivering them on disk with

by Tom Sawyer





**IOWA ROLLOUT** Some contractors are hesitant about trying Internet bid submissions.

entire system in-house and provide it to contractors for free. It's difficult to assess where states are in their exploration of the electronic submission process because budget cuts and priority changes easily disrupt schedules.

**NO PAPER CHASE**

One-way electronic bidding systems already are in wide use. These allow bid packages to be downloaded from a Website, with bids returned on paper, sometimes with a requirement that they be accompanied by files on disks. Most state DOTs, including Georgia, say they plan to continue to accept hand-prepared paper bids for small contracts, but are encouraging use of software to prepare them.

Lem Dobbs, Georgia's state transportation office engineer, says electronic bidding is reducing errors at several steps along the way. Using software to prepare bids heads off mistakes because the program takes care of calculations and will flag missed entries. Filing bids on disks eliminates the chance for keying errors during DOT tabulation, while filing over the Web ensures that the latest documentation is used because the system will kick back bids missing addenda.

Dobbs says The Ruth Co.'s long-distance reduction of its bid on the guardrails contract provided savings for the state and pleased the con-

tractor as well. "I think it's the greatest thing ever," says Leonard Ruth, company president. "We bid in so many states, and to have to transport a bid to each letting makes it difficult. We've had cases where our bid didn't get there in time. So to be able to actually pull your bid back off the Web and make changes prior to opening time, that's a huge benefit."

Dobbs says 50 to 70% of the Georgia DOT's bids are now coming in via the Internet. The state has been using the system since September 1999 and let \$986 million in construction contracts in the last fiscal year. The total value of bids voluntarily submitted over the Internet during the first year of operation was \$2.25 billion, according to Randy Ewald, project manager for Bid Express.

Ewald says the only operational problems have been computer issues on the

contractor side. The system won't accept incorrect passwords or bids with missing documentation. This gives contractors a chance to correct errors before bids are opened. "The only weird problem we had was a contractor who had the clock on his computer set two years in the past," says Ewald. "He could submit bids fine with one PC and couldn't with the other." The contractor's digital signature was dated in the year 2000 and wouldn't work with a computer that thought it was still 1998. "You're going to get the normal technical issues," Ewald says.

After more than a year of use, however, some Georgia contractors still hesitate because of security concerns, lack of computers or from reluctance to change, Dobbs says. "We don't bid on the Internet," says Ken Lewis, vice president of Pittman Construction Co., a grading and paving firm in Conyers, Ga. He hand-delivers his bids to the DOT office, about a half hour away. "We just have concerns about security and everything," he says.

**RISKY BUSINESS?**

Even contractors who are not eager to use electronic bid submissions, such as Dennis Herberger, treasurer for Herberger Construction Co. Inc., Indianola, Iowa, say they are less concerned about losing competitive advantage to early adopters than they are about risks of using a new system. Herberger does \$4 million to \$6 million in bridge construction in the state each year. "Until we feel more comfortable with the system, we're going to turn ours in the way we do now on paper, fill it in by hand or computer and just take them in," Herberger says. "We might become more interested, but we'll stick with what we're doing and see how it plays out."

Andy Wyckoff, an engineer with paving contractor Fred Carlson Co. Inc., Decorah, Iowa, is more enthusiastic. His company does about \$50 million a year of work, and delivering bids to Des Moines, 3½ hours to the south, in winter can be an issue.

"We've driven through some pretty nasty stuff," he says. "We've always made it, but I won't miss it a bit." Wyckoff says that when Internet bidding goes live in Iowa, the firm will set up dual service with separate providers just for safety. And he will probably send someone with a hard copy to the bid drop as a backup—at least for awhile.



**WEB BID** The e-bid was \$14 million for this Georgia highway job.

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