

Online Bidding—It's not a "Brave New World"

Twenty-nine state DOTs are using online bidding.

By Scott Noble

When we use the figure of speech taken from Huxley's novel *Brave New World*, we are referring to a future that has uncertainty and an element of fear. So when we are embarking on implementing new information technology systems and new procedures for our staff, we often have some hesitation about how our work environment will change. Will we be more efficient? Can the costs be justified? Will our staff resist the changes? This is even truer when we have been extremely successful at managing the civil infrastructure. Why change what appears to be an efficient operation?

The simple answer is we do not execute the missions of our departments in a vacuum. Some major trends are now putting pressure on those of us in charge

of our country's infrastructure assets. The public is increasingly resistant to tax increases, even for capital infrastructure projects. Project timelines are compressed. The expectations of transparency, accountability, and the efficient use of public funds are rising. Basically we are expected to do more with dwindling and at best, level staffing and budgets.

Entering onto the scene is online bidding. Let's first define online bidding. We are talking about more than just project posting to our department or municipal procurement website. Online bidding must be much more. We need to fulfill the procedural requirements for secure sealed bidding that our current time stamped envelope and receipt system accomplishes. And, the contractor community has to be completely comfortable with the sys-

tem and its security. For acceptance there has to be certainty by the contractor that their bid will not be accessed or lost before the official bid open day and time. Otherwise you will lose bidders, and money by way of a reduced competitive bidding pool.

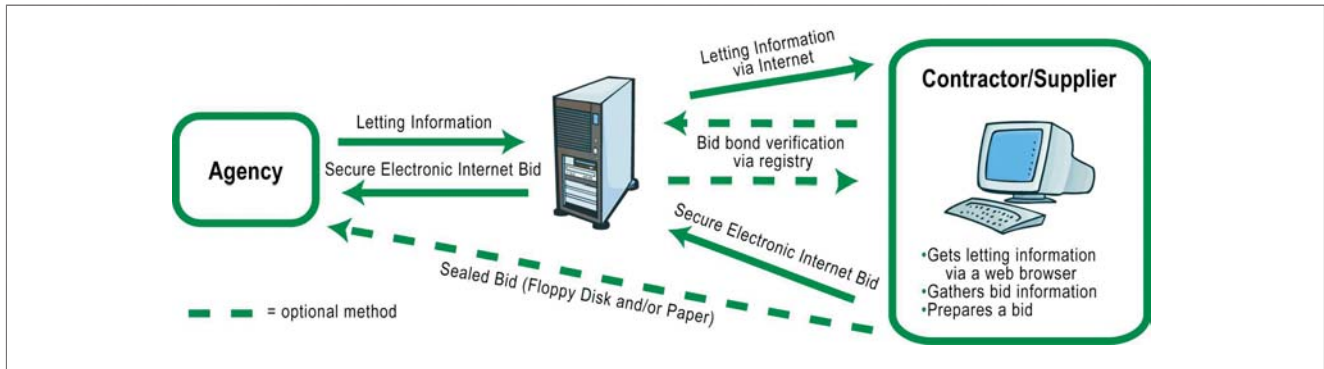
To put you at ease, the technology is not new. You will not be on the so called "bleeding" edge of innovation. Today 29 state departments of transportation are using online bidding, either in whole or in part. Some adopted the process as long as ten years ago. That base of users will push through over \$200 billion in processed bids some time early in 2008.

How does it work? First an agency posts the project data file to the site for viewing. The project data file contains the bid item or items for the project, along with the bid template for filling out bidder information that your agency requires along with the numerical bid. The contractor retrieves the project data file and completes the bid. The system verifies that all information required has been included in the project data file. All the blanks must be completed. This alone should practically eliminate non-responsive bid exclusions. The contractor posts the bid and receives a printable date/time stamp from the system. From the agency side, staff can see which contractors downloaded the project data file. This serves as the plan holders list. Addendums can be posted and bidder questions can be answered to the plan holders simultaneously. Up until the plan opening day and time, the contractor can modify the bid. Contractors literally are working with subs and suppliers up until the last minute of a bid opening, trying to get as competitive a bid as possible. At the bid opening time, the system unlocks the bids and now

The screenshot shows a web browser window displaying the Ohio Department of Transportation's online bidding portal. The page title is "List of Lettings December 15th 2004 Call Order E39". The main content area displays details for Proposal CHAM78617, including the date generated (December 2nd 2004), call order (E39), and a description of the project: "FOR IMPROVING IMPROVING HAM-27-VARIOUS, U.S. ROUTE 27 IN COLERAIN TOWNSHIP, HAMILTON COUNTY, OHIO, IN ACCORDANCE WITH PLANS AND SPECIFICATIONS BY LOOP DETECTOR REPLACEMENT." Below this, there is a table titled "Section 0001: ITEMS OF WORK" with columns for Line, Item, Alt Description, Units, Price, and Quantity.

Line	Item	Alt Description	Units	Price	Quantity
0001	202E30000	WALK REMOVED (WT: NR)	SF		182.00000
0002	608E10000	4" CONCRETE WALK (WT: 38)	SF		182.00000
0003	625E25400	CONDUIT, 2", 725.04 (WT: 44)	FT		340.00000
0004	625E29000	TRENCH (WT: 44)	FT		340.00000
0005	625E30700	DI.II. ROX 725.08 18" (WT: 44)	FACH		7.00000

The bid screen provides all pertinent information necessary for contractors to place their individual bids.



Workflow shows the type of information that is electronically exchanged between the agency and contractor/supplier.

allows the agency staff to review the tabulated bids. Awarding can happen in just a few minutes. Some state DOTs have mandated that online bidding is the only accepted way to submit a bid. For those states, the bid opening room is empty! The contractors can also see the bid tabulation from their office as well.

How Do You Start?

So what does your agency have to gain from using an online bidding system? Well for starters, online bidding eliminates practically all bidding errors. Disqualifying low bids because of careless bid submission errors costs taxpayers real money. One middle sized city found that it disqualified low bidders and lost over \$600,000 by being forced to use the next lowest bidder in just a five-year period. Your staff will have a significantly reduced paperwork burden. Pre- through post-letting task time should be reduced by 30 to 50 percent. Additionally, if your state DOT is using online bidding, you will probably be able to expand your bidding pool because it will be much easier for contractors to bid on your projects. This may allow reduction of bid advertising expenses to the legal minimum.

Contractors are readily accepting online bidding. They are finding that they are eliminating travel time and expenses attending lettings. They know immediately if there is a careless error in their bid submittal and can correct a potentially costly mistake prior to opening. Contractor staff can access the bids from any internet connected computer. And for some agencies, paperless electronic bid bond verification is available. Subcontractors and Disadvantaged

Business Enterprise (DBE) contractors have easier access to item packages and can submit bids to the prime bidders, facilitating more "good faith" efforts for attracting DBE participation. At first many contractors initially resisted. But after realizing the benefits, they have quickly changed their stance. In a recent brochure published by the Ohio Contractors Association, they state, "The Ohio Contractors Association supports and recommends the use of Internet and Electronic bidding by its members and all Ohio contracting agencies."

So where to start? We recommend always doing your homework and educating yourself about information technology systems that are available. For an easy start, do a Google search for "online bidding." Next, contact your state and neighboring state DOTs. They should be able to provide a wealth of information. Roger Bierbaum at Iowa DOT said, "I was surprised by how quickly

the contractors started bidding over the Internet and quit going to the central 'letting' hotel. ...Our contractors are very happy with...Internet bidding." New Mexico DOT started early and simply with one-way, diskette submissions. "The NMDOT has seen savings of \$10,000/year since...loading bids with a diskette." stated Ron Trujillo of NMDOT.

While state departments of transportation have "paved" the way for online bidding, all agencies, or their consultants that bid capital projects, can benefit from the efficiency of online bidding systems. It is not a *Brave New World*, online bidding has arrived and is available with ease of implementation and use. GE

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Apparent Bid Results for Letting of June 17 th 2005				Also Available
Letting ID: 05061701				These results as Comma-Separated Values
				These results as Tab-Separated Values
Call Order	County	Vendor Name		Bid Amount
Call 001	BALDWIN	REEVES CONSTRUCTION COMPANY (2RE390)		\$ 1,902,748.88
Call 002	BIBB	GEORGIA ASPHALT, INC. (2GE360)		\$ 2,559,875.90
		DOUGLAS ASPHALT COMPANY (2DO600)		\$ 2,635,934.50
		REEVES CONSTRUCTION COMPANY (2RE390)		\$ 2,711,654.59
Call 003	BRYAN...	PEEK PAVEMENT MARKING, LLC (2PE100)		\$ 75,397.00
		THE L. C. WHITFORD CO., INC. (2WH350)		\$ 117,283.24
		JHC CORPORATION (2JH002)		\$ 129,150.50
Call 005	CALHOUN	OXFORD CONSTRUCTION COMPANY (2OX270)		\$ 1,239,163.78
		REEVES CONSTRUCTION COMPANY (2RE390)		\$ 1,305,746.07
Call 006	CARROLL...	JHC CORPORATION (2JH002)		\$ 224,435.00
		SURFACE PREPARATION TECHNOLOGIES, INC. (2SU730)		\$ 279,040.00
Call 007	CARROLL...	APAC-SOUTHEAST, INC. (2AP200)		\$ 781,265.59

Bid results shown on the screen include letting ID, the call order, the county, bidder, and bid amount.