WHY IS THIS IMPORTANT

- Competitive Biding is Fundamental
  - Predictable prices
  - Multiple bidders
- Strong Economy is upsetting the Balance
  - Un-predictable prices
  - Single or no bidders
- Uncertainty to Owners
- My Role
AGENDA

▪ Effect of economy on construction
▪ Pros and cons
▪ Risks to owners
▪ Contractor qualifications
▪ Understanding risk
▪ Prequalification
▪ Local vendor preference
AFFECT OF A GOOD ECONOMY

- Low unemployment
- Increased tax revenue/wages
- More competition for resources
- Higher material costs
- Higher consumption

- Greater need for solid waste management
AFFECT ON CONSTRUCTION

- Increased opportunities – contractors’ market
- Higher staff turnover
- Less likely to accept unbalanced risk
- Can be more selective bidding
- Fewer qualified bidders on specialty projects
WHY ARE CONTRACTOR QUALIFICATIONS NEEDED?

- Helps protect Owner and Contractor
- Sets minimum standards for experience
- Eliminates unqualified contractors
- Increases confidence for success
- Uses past performance as an indicator of future
Specific Experience - Solid Waste

- Specialized work
  - Liner and gas systems
  - Hazardous working conditions
  - Difficulty working in waste
  - Accuracy as-builts
  - Intensive quality control
MINIMUM QUALIFICATIONS

3 Projects of Similar Size and Scope in the Last 5 Years
- Minimum of 10 acres of 60-mil HDPE liner installation
- Minimum of 2,000 feet of landfill gas collection piping
- Installation of the soil drainage/protective layer

H&S-Based Qualifications
- OSHA 300 Log
- Experience modification rates
Unintended Consequences
Marginally qualified contractors
- Similar project experience
- Qualified subcontractor
Are the Qualifications

- Necessary
- Reasonable
- Achievable
- How many will qualify

Sarasota Venice HHW Facility Experience
UNDERSTANDING RISK

- Risk is the result of uncertainty
- Unquantified elements of work
- Which party can best control risk
- Risk can be balanced by cost
- Has the risk been equitably shared
- Unit price vs lump sum

Putnam County Experience
Goal: Select contractor with experience managing risk and uncertainty

Examples of uncertainty:
- Staffing
- Weather
- Material quantities/price
- Accuracy of as-built drawings
- Landfill - specific issues
Example:

- 10-acre cell requires ~50 acres of geosynthetics.
  - If material cost increases by 10%
    - = $200,000
- Slower production rates
  - 2 acres per day = 25 days
  - 1.5 acres per day = 33 days
  - = 30% increase labor
PROCUREMENT OPTIONS - PREQUALIFICATION

How it Works

- Done before the competitive bid
- Advertise description of project and qualifications
- Interested contractors submit qualifications
- Number of responses identifies bidder interest
- Pool of qualified contractors

Marion County Experience
Separates qualifications from price
More time to evaluate responses
Ask follow-up questions
Simplifies competitive bid
Can adjust the qualifications
Reduces uncertainty - both parties

However
Requires advance planning
Adds extra step to procurement
PREQUALIFICATION - BENEFITS TO BIDDER

▪ Show commitment on part of the County
▪ Identifies the competition
▪ Simplifies bid
▪ Provides more confidence
▪ Reduces uncertainty
▪ Identifies local preference contractors
**Intent:** By helping local business, it will stimulate the local economy and keep the public funds used for the project local

- Not many major contractors will be local
- Adds uncertainty to bidders
- May reduce number of bidders
LOCAL VENDOR PREFERENCE SUCCESS OR NOT?

Escambia County Experience
TAKEAWAYS

- The more unique the project, the more important the qualifications
- Best bids balance risk and minimize uncertainty
- Prequalification may be a good option for complex or unique projects
- Requires buy-in by procurement