

# Plant Establishment Minimum Bid Guidance

## May 13, 2015

### Summary

Historically, the Plant Establishment item is underbid by Contractors because it is money that is paid late in the contract and because as a lump sum item it is easily adjusted late in the bidding process to increase the Contractors chances of winning the bid. In 2001, the Landscape Architecture Program developed special provisions to address this issue, which continued to be in effect until 2008, when they were cancelled due to changes in the Public Contract Code 7202 (SB 593).

After cancellation of the SSPs, underbidding of PEW and unbalancing of the bid was prevalent and severe on several awarded projects. PEW was incomplete on some of these contracts when they were terminated, requiring the Department to maintain planting that had a high risk for failure.

With feedback from District Design and Construction staff, a pilot program was created in 2013 to revisit the underbidding of the plant establishment and look at the potential for the contractor to poorly perform the work due to inadequate funds bid for the item.

With data collected from the pilot program, new SSPs were developed to address the problem of unbalancing the bid with the plant establishment bid item. A paragraph was added to Section 20-4 Plant Establishment to allow the districts to choose when they would like to use a minimum bid requirement on their contracts.

To ensure the District Office Engineer checks that the minimum bid amount has been met before recommending award to DES-OE, an instruction was added to the Award Recommendation letter attached.

### Implementation

Only contracts with more than one year of plant establishment should use these special provisions. **This specification should only be used when the plant establishment bid item represents 15 percent or more of the total estimated cost of the entire contract.** It is important that the project designer conservatively and accurately estimate the amount of plant establishment work to set the appropriate value necessary to ensure completion of the work by the Contractor. It is recommended that the District Landscape Architect and District Construction review the value before advertisement of the contract to industry.

The three SSPs that are needed are as follows:

**SN-312** This is a special notice that will give notice to the contractor that a minimum bid will be required on that contract.

**2-1.09** The minimum amount required for the plant establishment to be performed is inserted on this SSP.

**20-4** The plant establishment SSP in which the designer chooses a paragraph to establish a minimum bid.