

Idle contractors create favorable bidding climate for school projects

By Allen Young

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The slowing economy and collapse of much of the California housing market has caused contractors to flock to one of the few buyers of building services – public schools and many districts can't believe their luck.

The tense competition is shaving down cost estimates and saving badly needed money for other projects. The flood of bidders, however, comes with a word of caution about unqualified contractors and unrealistic estimates.

Corona-Norco Unified in Riverside County recently released a request for bids on improvements to the Norco High School athletic stadium that included a makeover of the bleachers, the field, and the concession stands.

"In plumbing, we had over 10 bidders, in electrical, we had 13," said Ted Rozzi, assistant superintendent of Corona-Norco Unified School District. "It speaks to the lack of work out there."

The extended pool of contractors dropped the project's price tag \$600,000, savings that didn't have to be drawn from a local bond measure approved by voters in 2006. The extra money was reinvested into other planned infrastructure projects, like the rebuilding of an aging elementary school.

"When you pass a bond, you're always concerned that you won't be able to get to all the projects you list on the ballot," said Rozzi. "This helps us do more."

Tim Marsh, president of Harris Construction Company, a Central Valley construction firm, said bids on school projects are as much as 10 percent cheaper than a year ago.

"Eighteen months ago the average number of bids for schools was in the three-to-four range. Now bids are coming in the 12-to-16 range," he said. "Districts are probably pinching themselves."

Marsh advises districts to proceed with caution, as there can be an unfortunate flipside by signing low-end deals. With an exodus of contractors filing away from the housing market, he says, there may be some builders who are unprepared for the different format of institutional work, with its added specification criteria and constant inspections by the Division of the State Architect.

"They may not be ready for prime time," said Marsh.

Marsh advises facility administrators do background checks on bidders and to only hire bonded contractors that could be bailed out if something were to go awry. He also recommends districts hire a construction manager to oversee various aspects of the estimating and planning process before negotiating a guaranteed maximum price. The construction manager can also then prequalify all trade subcontractors and share cost information with the district throughout the process, ensuring that the project cost never goes over budget.

Hemet Unified uses the construction manager method and has enjoyed the low bid wave since 2007.

"I think it's a far better bidding environment than when things were skyrocketing a few years ago," said Richard Beck, assistant superintendent of business services at Hemet. "We're getting 20 bidders where in the old days we'd get three. You get more for your buck."