



Pete K. Rahn, Director



2007 Missouri Quality Award Winner

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SPECIAL NOTICE TO CONTRACTORS: Annual Bid Bonds and Electronic Bidding

With the passing of Senate Bill 930 by the General Assembly in the 2008 legislative session, Section 227.103, authorizes the Commission to accept an annual bid bond for construction and maintenance projects. Senate Bill 930, Section 227.102, specifies that the Commission may elect to receive both electronic and paper bids, or the Commission may specify electronic bidding exclusively for any proposed contract. MoDOT is currently evaluating various options for implementing the annual bid bond and mandatory internet bidding for specific projects and is soliciting your input. We anticipate having both implemented within the next 6 months. The below information proposes the direction MoDOT intends to proceed.

Annual Bid Bonds

Bidders will have the option to submit a bid bond for each project bid or an annual bid bond that would cover all projects bid for a twelve-month period. Bidders shall submit the annual bid bond forms one time a year to MoDOT, or the annual bid bond form may accompany the bid. The Commission will notify the bidder by letter that the annual bid bond is approved to form. Any bidder who has an approved annual bid bond filed with MoDOT may also submit a supplemental bid bond for a specific project.

MoDOT considered requiring all contractors submit the annual bid bond at the same time each year, or allowing the contractor to submit the form at the same timeframe as the annual contractor questionnaire. Submitting the annual bid bond with the contractor questionnaire provides a convenience to the bidder to submit all bidding paperwork to the agency at one time, however, places an additional burden on the contractor to verify that the bidder has an effective annual bid bond prior to each bid opening. This creates a greater risk of bids being declared irregular due to expired annual bid bonds.

To avoid any risk of irregular bids due to expired annual bid bonds, MoDOT is proposing the bidder submit the annual bid bond on July 1 of each year that would cover all projects bid for a twelve-month period ending June 30 of each calendar year.

Also, MoDOT will offer bidders the option to submit either paper annual bid bonds or electronic annual bid bonds through internet bidding. To implement the electronic annual bid bonds, MoDOT will be coordinating with BidX to update our internet bidding

program, given that currently no other states offer this feature. Overall, the electronic annual bid bond is a great benefit due to the extra verification measures in place. In addition, it's an efficient process for the contractor, MoDOT and the bonding companies. Since June of 2008, 53% of the bidders using internet bidding submit electronic bid bonds. For the electronic annual bid bond, bidders would obtain one bond ID number from the surety, and this number would be input into each electronic bid for the twelve month period.

Mandatory Electronic Bidding

MoDOT is currently evaluating whether to make electronic bidding mandatory for projects exceeding a specific dollar value. Electronic bids greatly improve the efficiency in processing the bids for the letting. The average percent of contractors submitting bids electronically from August 2007 to July 2008 is approximately 75%. This percent increases significantly for projects of greater dollar value. History shows that approximately 82% of bids are submitted electronically for any projects exceeding \$250,000. At this time, MoDOT is considering requiring mandatory electronic bidding for projects exceeding \$250,000. Ultimately, MoDOT would like to make electronic bidding mandatory for all projects.

We appreciate your input as we continue to develop new bidding processes to improve efficiency for both our contracting partners and MoDOT. Please contact Natalie Roark (573-751-3726: natalie.roark@modot.mo.gov) or Kenny Voss (573-526-2923: kenneth.voss@modot.mo.gov), within the next 45 days, if you have any questions or comments regarding the above information.

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