



June 1, 2006

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Don Whitehouse, South Central Region  
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FROM: Don Nelson   
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SUBJECT: **Project Delivery Memo #06-01** Cumulative Alternates Bidding

### Purpose and Direction

Cumulative Alternates Bidding is a type of contract award process that may allow a contract to be awarded at a reduced scope if bids for the entire project exceed funds available. The purpose of this document is to describe this type of bidding and establish the terms of its use for WSDOT contracts. Underlined terms in this document are defined in the attached draft specification.

Use of Cumulative Alternates Bidding is a process that specifies the contract work in terms of a Base Bid and cumulative Alternates. The bidders submit pricing for the Base Bid as well as a segregated bid for each of the Alternates. The advantage of using this type of process is that it predetermines a process and priority to reduce the scope based on Available Funds.

Available Funds are announced just prior to bid opening. Bids are opened and, if necessary, Alternates are eliminated in a predetermined order until at least one bid proposal is within the Available Funds. If all Alternates are eliminated, award will be based on the Base Bid, provided at least one bid is within the Available Funds. Regardless, the contract will be awarded based on the lowest bid; if all Base Bids are greater than the Available Funds, bids will be rejected.

Cumulative Alternates Bidding should only be used when the work included in the Alternates is truly optional. Required safety elements in the applicable design matrix as documented in the Project Summary may not be deleted without consideration and approval consistent with the design process described in Design Manual Chapter 330. Revisiting and/or revising design documents and obtaining amended approvals will ensure that consideration has been given to safety and operational risks associated with the potential scope reduction.

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A disadvantage of this process is that there is no discretion once this award process is included in the project. This process may promote the unbalancing of bids due to the fact that the bidder does not want to distribute indirect costs into an Alternate that may be eliminated. The elimination of Alternates and award of the contract is systematic, and it is based on total project cost, not the cost of individual Alternates. This is essential to maintaining a credible ad and award process. A project will not be awarded unless there are adequate funds available to fund the project; however, deleting work by change order is allowed under contract.

**Action Requested**

**Project Development**

The Region Design Project Engineer shall convene a meeting prior to utilizing Cumulative Alternates Bidding in a project. The meeting shall include a discussion of the implications of eliminating scope from the project. The agenda shall be based on a review of the design documentation, funding constraints, and constructability. Attendees shall include Region and Headquarters managers with approval authority for the decision including:

- Region Project Development Engineer/Engineering Manager
- Region Program Manager
- HQ Assistant State Design Engineer
- HQ Construction representative

**Construction**

In conjunction with this direction, HQ Construction will develop the attached instructions to designers and specification for inclusion as a General Special Provision. This GSP will be available with the publication of the August 2006 Amendment and GSP update package.

DN:cd  
KJD/HJP  
Attachments

cc/att: John Conrad  
Kevin Dayton  
Harold Peterfeso  
Ted Trepanier  
Region Project Development Engineers  
Region Construction Engineers  
Region Traffic Engineers

## **Instructions to Designers:**

**(August 7, 2006)**

### **Cumulative Alternates Bidding**

Use in contracts when the award process is modified to include cumulative Alternates. The region shall determine and notify the Ad and Award Office of the Funds Available. The bid items shall be segregated into a Base Bid and Alternates as appropriate. Fill-ins consist of a brief description of the portion of the project or of the work that is included in the noted Alternates. The specification language may be adjusted to suit the number of Alternates.

Use of this GSP requires the approval of the HQ Ad and Award Manager and HQ Assistant State Design Engineer. When requesting approval, provide documentation of funds available, and that Approvals consistent with Design Manual Chapter 330 exist for the Base project and each potential combination of Base plus Alternates.

(1 or more fill-ins)

## **General Special Provision:**

**(August 7, 2006)**

### **Cumulative Alternates Bidding**

This Bid Proposal requires the bidder to bid cumulative Alternates as part of the bid. As such the bidder is required to submit a Base bid and a bid for each of the cumulative Alternate(s) A1, A2, A3, (etcetera).

### **Bid Proposal**

The bid proposal is composed of the following parts:

1. **Base Bid**

The base bid shall include constructing all items required to complete the project *except* those items contained in the Alternate(s) A1, A2, A3, (etcetera).

2. **Alternate(s) A1, A2, A3, (etcetera).**

a. **Alternate A1**

Based on constructing (\*\*fill in\*\*).

The bid items for Alternate A1 are as listed in the bid proposal.

b. **Alternate A2**

Based on constructing (\*\*fill in\*\*).

The bid items for Alternate A2 are as listed in the bid proposal.

c. **Alternate A3**

Based on constructing (\*\*fill in\*\*).

The bid items for Alternate A3 are as listed in the bid proposal.

### **Bidding Procedures**

To be considered responsive, the bidder shall submit a price on each and every item of work included in the **Base Bid** and all **Alternate(s)**.

### **Award Procedures**

The successful bidder will be the bidder submitting the lowest responsible bid for the preference, listed in the order below, which is within the amount of funds available for the project to be announced at the time of the bid opening. Funds available will be announced immediately prior to the opening of bids.

1. Preference 1: Lowest total for (Base Bid plus Alternate A1 plus Alternate A2 plus Alternate A3, plus (etcetera)).
2. Preference 2: Lowest total for (Base Bid plus Alternate A1 plus Alternate A2 plus Alternate A3).
3. Preference 3: Lowest total for (Base Bid plus Alternate A1 plus Alternate A2).
4. Preference 4: Lowest total for Base Bid plus Alternate A1.
5. Preference 5: Lowest total for Base Bid.

In any case, the award will be subject to the requirements of Section 1-03.