

# Iowa DOT Phases In Internet Bidding with Bid Express®

For contractors, bidding on highway construction projects for the Iowa Department of Transportation used to involve a great deal of logistics. Contractors would bring a small army to the letting hotel, along with various sundries, such as fax machines, computers, and printers. They would set up camp for a few days and prepare their bids.

“Over the years, this monthly pilgrimage was getting more difficult,” said Roger Bierbaum, Contracts Engineer for Iowa DOT. “Then one time a blizzard hit the day before a letting. Many of Iowa’s larger contractors, especially those from the far corners of the state, began to push Iowa to allow Internet bid submission. ”

Since 1994, Iowa’s contractors had been able to use the American Association of State Highway and Transportation Officials’ (AASHTO) Expedite™ software to submit their bids. This is referred to as one-way bidding, since contractors download bidding files from Bid Express® and then submit their bids either on paper or on a disk. Iowa started testing two-way electronic bidding with Bid Express in January 2000.

Bierbaum saw two potential obstacles and quickly made efforts to overcome them. The first was the submission of the proposal guarantee or bid bond. Bid bonds were still being submitted on paper, which meant that even if the bid were paperless, there would still be a requirement for an actual bond document to be submitted each time.

“After reviewing the options, Iowa DOT implemented annual bid bonds in January 2001,” Bierbaum said. Therefore, one annual document covered all bids a contractor would make in a year. Bierbaum further explains that this was a popular option in itself. “Now, almost all of our contractors who bid routinely with the Iowa DOT have an annual bid bond, even if they do not submit electronic bids.”

The annual bid bond has other benefits, too. “Prior to using annual bid bonds, we used to have several bids each letting where the bid bond was incorrect. With annual bid bonds, the bond is checked weeks or even months prior to the letting and we never have a incorrect bid bond causing us not to read a bid.”

The second obstacle was the issue of the validity of digital signatures. In the winter of 2001, the Iowa legislature passed the “Electronic Commerce Act,” which allowed digital signatures to be used as legally binding signatures on documents. Once this was on the books, Iowa DOT sprung into action. Digitally signed Internet bids were first accepted during the April 2001 letting.



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Iowa Department of  
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“At the first letting, ten contractors submitted a total of 52 bids over the Internet. By October 2001, approximately 40% of the bids in the letting were submitted over the Internet. Through our February 2002 letting, 793 bids were submitted over the Internet for bids that totaled over \$1.1 billion. For each subsequent letting, we were getting more contractors submitting bids over the Internet for the first time.”

In calendar 2003, the Iowa DOT received 2501 bids over the Internet (81% of the bids submitted) for a value over \$2.5 billion. These days, the only non-Internet bids they receive are for the small, non-highway projects, or unique projects that attract new contractors.

Most agencies that implement electronic bidding see benefits quickly in terms of error reduction and an easier, more streamlined letting process. Bierbaum can point to an instance where Internet bidding literally saved the state millions of dollars.

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Another advantage of Bid Express is the speed at which projects can be set up and bid.

“We’ve had several times where we needed to take bids under ‘emergency’ conditions. We receive information from our field offices and send a fax to the contractors that we think are qualified, informing them of the special letting. We tell them when the letting documents will be posted on Bid Express and when the letting will be. Using Bid Express, we have been able to compress the time from submittal of scope, to the contractor beginning work to less than a week.”

Bierbaum reports that there are more advantages for the agency. “We have seen greater competition. Some contractors are bidding on more projects than they did in the past because they have more resources bidding from their home office than they did bidding

from a hotel room. We’ve also heard that contractors can more easily include last minute quotes in their bids, which results in lower bid prices for the DOT.”

The process of implementing Internet bidding included some “lessons learned” for Bierbaum and his staff – advice which he would gladly share with those considering implementing Bid Express.

“We learned you don’t forget the agency’s private key needed to open the bids. We won’t change the time of the letting by addendum again. We needed a backup Internet provider, in case the DOT’s primary Internet system goes down. We needed something faster than an inkjet printer so the hundreds of bids submitted over the Internet can be printed and so we can quickly post the “as-read” bids.

All of these minor lessons learned aside, Bierbaum points out that the process was smooth and the support and implementation services provided by Bid Express have always been on target.

“Being one of the first states to implement Internet bidding, we ran across some unexpected things. The folks at Bid Express were always there to investigate issues and find solutions.”

Does Bierbaum think there will come a day in Iowa where the DOT will mandate all bids are submitted electronically?

“I don’t think we *need* to mandate it. The contractors see the ease of submitting over the Internet and are doing it without being forced to.”

The monthly pilgrimage to the letting hotel has ended. Contractors are staying at home, receiving faxed or e-mail sub-quotes, and bidding on-line. In short, Internet bidding has become the method of choice among Iowa’s contractors..



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