

Responses to WSDOT Highway Construction Bonding Survey – July 30, 2007
FINAL

Questions sent to AASHTO/RAC List Serve:	1) Does your agency require performance bonds on contracts?	2) If so, is the bond requirement set at 100% of the contract amount?	3) If less than 100% how are bond levels established? Who can we contact to learn more?	4) Have you experienced any difficulty attracting contractors to large projects because of bonding limits
Survey Responses:				
<p>Alberta, Canada Jim Harvey Director of Tender Administration Alberta Transportation 780-415-1069 jim.harvey@gov.ab.ca</p> <p>Tim Hawnt Executive Director Program Management Alberta Transportation tim.hawnt@gov.ab.ca</p>	Yes	Yes (50% labour and materials, and 50% performance)	Jim Harvey, Director of Tender Administration 780-415-1069 jim.harvey@gov.ab.ca	No, however, not all contractors have the bonding capability to bid very large jobs, so we tender a mix of large (\$50M++) and small (\$1 - \$5M) jobs
<p>Arkansas Bill Bradberry Staff Project Development Engineer Arkansas State Highway and Transportation Department 501-569-2261 Bill.Bradberry@arkansashighways.com</p>	The Arkansas State Hwy. and Trans. Dept. Standard Specifications for Highway Construction require a 100% Performance Bond and an 80% Payment Bond.	See 1.	See 1. Contact Bill Bradberry for any additional information.	The largest project we have ever awarded was \$57 million...it was a joint venture and there were no problems getting the bonds.
<p>British Columbia, Canada Rodney Chapman Director, Construction & Maintenance Branch</p>	Yes	50%	They are set by the Director, Construction & Maintenance. 250-387-7626	Yes

<p>British Columbia Ministry of Transportation 250-387-7626 Rodney.Chapman@gov.bc.ca</p>			<p>Rodney.Chapman@gov.bc.ca</p>	
<p>California Kris Kuhl CALTRANS Chief, Office of Contract Awards & Services 916-227-6280 kris_kuhl@dot.ca.gov</p> <p>John McMillan CALTRANS Deputy Division Chief, Engineering Service - Office Engineer 916-227-6300 john_mcmillan@dot.ca.gov</p>	<p>Yes</p>	<p>See #3</p>	<p>Performance bonds must be equal to at least 50 percent of the Total Bid.</p> <p>Contact: Kris Kuhl Chief, Office of Contract Awards & Services 916-227-6280 kris_kuhl@dot.ca.gov</p>	<p>How do you define large projects? How do you define difficultness? As our contracts get larger the number of bidders able to bid does decrease. The slow down in residential and commercial construction has led to an increase of bidders.</p>
<p>Connecticut David Kilpatrick ConnDOT-Research 860-258-0396 David.Kilpatrick@po.state.ct.us</p>	<p>Yes, Connecticut DOT (ConnDOT) requires the successful bidder, at the time of the execution of the contract, must deposit with the Transportation Manager of Contracts a surety company bond for the satisfactory completion of the work and surety company bond for the payment of debts pertaining to materials, rental of</p>	<p>Yes, these bonds shall be in an amount equal to the amount of the Contract award.</p>	<p>NA</p>	<p>No, the department has not experienced any trouble with attracting bidders due to solely the bonding requirements. However, we recently did experience trouble attracting bidders due to a combination of total contract award amount and the anticipated lengthy (10 year) duration of construction.</p>

	<i>equipment and labor used or employed in its performance under the contract.</i>			
Delaware John V. Eustis, Jr. Contract Services Administrator DelDOT 302-760-2031 John.Eustis@state.de.us	<i>Public works over \$50K payment/performance bonds are required by State Code.</i>	<i>Again, State Code requires 100% over \$50k. Under that amount, the bond can be reduced or waived.</i>	<i>Occasionally, for small contracts under the threshold, we'll use a 10% combination bid/payment/performance bond or just require a 10% bid bond and waive the payment/performance bond.</i>	<i>The issue with bonds after 9/11 is term more so than amount. Projects over three construction seasons are harder to bond than the amount. Contractors don't bid more than they can bond, since they know the Code requires 100%.</i>
Idaho Kevin E McCulley Idaho Department of Transportation 208-334-8429 Kevin.McCulley@itd.idaho.gov	Yes	<i>For Each type of bond (100% Performance & 100% Payment)</i>	<i>Require more when Salvage reduces contract value (minimum amount \$10,000)</i>	
Indiana Mark A. Miller, Director Construction Management Division Indiana Department of Transportation 317-232-5456 mrmiller@indot.in.gov	Yes	Yes	NA Contact: Mark Miller	No
Iowa Roger E. Bierbaum, Contracts Engineer Iowa DOT 515-239-1414 Roger.Bierbaum@dot.iowa.gov	Yes, on ALL contracts	<i>Yes, we require the bond for 100% of the contract amount.</i>	NA	No
Kansas Dick McReynolds Engineer of Research Kansas DOT	Yes	<i>Yes-See Section 103.3 at http://www.ksdot.org/burConsMain/specprov/2007/103.pdf</i>	NA	<i>Not to my knowledge.</i>

785-296-3841 dick@ksdot.org				
Kentucky Steve Waddle Director of Contract Procurement Kentucky DOT 502-564-3500 Steve.Waddle@ky.gov	Yes	Yes	N/A	No
Maine Scott Bickford Contracts & Specifications Engineer Maine DOT 207-624-3533 Scott.Bickford@maine.gov	Yes and Payment Bond	Yes – performance and payment 100%	See #2	No – but a large (once every 5 years or so) project for us is \$30 to 50 million. 99% of our jobs are under \$15 million.
Maryland C. Alan Krimm Team Leader Contracts & MBE/BDE Teams 410-545-0420 888-375-1922 AKrimm@sha.state.md.us Robert Gay Director-Office of Procurement & Contracts 410-545-0433 RGay@sha.state.md.us	Maryland State Highway Administration requires Bonding for all contract bids that exceed \$100,000.	Yes, we require at least 100% of the contract price.	The procurement agency director may reduce the amount of the performance bond required before solicitation if, after completing appropriate analysis, it is determined in writing by the head of the procurement agency to be less costly or more advantageous to the State to self-insure a part of the performance of the contractor. An analysis may be made for groups of contracts, or may be made on particular contracts, as the head of a procurement agency chooses. A copy of the analysis shall be	We have not had any problems to date.

			available for public inspection. Contact Mr. Robert Gay, Director-Office of Procurement & Contracts, 410-545-0433.	
Massachusetts Stephen L. Pepin Manager of Research and ITS Planning Programs Office of Transportation Planning Executive Office of Transportation 617-973-8051 stephen.pepin@eot.state.ma.us	Yes	Yes at 100%	NA	Yes, but is was only one project, bid value \$186,037,814.25 Most of our projects are between 1 million to 10 million dollars
Mississippi Randy Battey, P.E. State Research Engineer Mississippi DOT 601-359-7650 randyb@mdot.state.ms.us	Yes	Yes	NA	No
Missouri Gloria Andrews Organizational Performance Analyst/Facilitator Organizational Results MoDOT 573-526-3637 Gloria.Andrews@modot.mo.gov	Yes	Yes	NA	No (A July 10, 2007, news article was provided and Ken Warbritton, MoDOT Project Director for the "Safe and Sound" Bridge Program stated, "performance bonds in the \$400 to \$600 million dollar range, carried for 30 years, are not available in the surety market".)
Montana Suzy Price Montana DOT Contract Plans Bureau Chief 406-444-6211 suprice@mt.gov	Yes	Yes	NA	Bonding can be an issue with smaller contractors but not usually the larger contractors.

<p>New Hampshire Debbie Weil Prequalification Administrator and Contract Office Director. 603-271-3402 DWeil@dot.state.nh.us Hours 6:30am to 2:30 pm</p>	<p>The New Hampshire Department of Transportation requires each low bidder to provide a contract bond in the amount of the full contract price.</p>	<p>Full amount</p>	<p>Same</p>	<p>We recently advertised three large projects for our state ranging from 20 to 30 million. Although this restricted smaller contractors to bid, it also opened the door for contractors who seldom bid with us as they primarily bid larger projects and we received competitive bids.</p>
<p>New Jersey Dianna L. Stathopoulos Administrative Assistant New Jersey Dept. of Transportation Bureau of Research 609-530-3420 (voice) diannastathopoulos@dot.state.nj.us</p>	<p>Yes</p>	<p>No, 50%</p>	<p>50 % is established by NJ Administrative Code. I am not sure who you can contact to learn more.</p>	<p>No.</p>
<p>New Mexico Joe S. Garcia New Mexico DOT State Construction Engineer 505-827-5631 Joe.S.Garcia@state.nm.us</p>	<p>Yes the NMDOT requires performance bonds on all roadway projects.</p>	<p>Yes, the requirement is 100% (Subsection 103.6).</p>	<p>Ron Trujillo PSE Bureau Chief, NMDOT, Ron.M.Trujillo@state.nm.us</p>	<p>It was a concern initially but after several large bond packages of roadway work the Department packages its projects in the 5-20 million dollar range to allow the maximum number of contractors to bid. Larger projects over 20 Million have a very small contractor community in our area with sufficient bonding capacity.</p>
<p>Oklahoma Brian E. Schmitt, PE Division Engineer Office Engineer Division Oklahoma Department of</p>	<p>Performance bonds are required on all ODOT contracts.</p>	<p>The bond amount is 100% of the contract amount for all projects with the exception of R/W clearance contracts.</p>	<p>With R/W clearance contracts, the amount of the bond is the amount of the Engineer's Estimate rather than the amount of</p>	<p>Not really. We have had difficulty attracting bidders to projects in remote locations (especially bridge projects) but it really has</p>

<p>Transportation 405-521-2625 bschmitt@ODOT.ORG</p>			<p><i>the bid. (Usually this amount is actually higher than the bid amount) The reason why we do this in R/W contracts is because often the bids are reduced below the actual cost of doing the work on these projects due to anticipated salvage items. In order to prevent the potential of a contractor removing all the valuable salvageable items and leaving us with a hole in the ground we make the low bidder supply us with a Performance bond equal to the Engineer's Estimate.</i></p>	<p><i>more to do with a large amount of work we are putting out relative to past years. On very large projects (\$20 million +) we are careful with the timing and try to avoid putting a couple of projects this size on the same month. Also we try to package projects such that no one contract gets larger than \$25 or \$30 million, otherwise our in-state contractors have difficulty getting bonding.</i></p>
<p>Oregon Jeff Gower, PE State Construction and Materials Engineer Oregon DOT 503-986-3123 Jeffrey.L.Gower@odot.state.or.us</p>	<p>Yes, See section 00130.40(a) of our Standard Specifications</p>	<p>Yes, at this time. We have talked about reducing this for very large projects, but to date we have not had a project that was large enough to move in this direction.</p>	<p>NA</p>	<p>Not at this point, but our single largest project was \$120 million design/build project. Other than that we typically do not have projects over about \$50 million.</p>
<p>Rhode Island Frank Corrao III, PE Deputy Chief Engineer Rhode Island DOT 401-222-2468 ext 4202 fcorrao@dot.ri.gov</p>	<p>All contracts require performance bonds</p>	<p>The bond price is set at the bid price of the contract</p>	<p>Not applicable</p>	<p>The only experience that I can recall is that some of the smaller contractors in the State are not able to bid the larger projects as the Prime Contractor.</p>
<p>South Dakota Jason Humphrey, P.E. South Dakota DOT</p>	<p>Yes</p>	<p>Yes</p>	<p>NA</p>	<p>The largest project in SDDOT history was approximately \$32 Million.</p>

Assistant Construction Engineer 605-773-4391 jason.humphrey@state.sd.us				With the relatively small project size that we have, I don't believe we have any problems attracting contractors.
Tennessee Dean Tucker Contracts Officer Construction Division Tennessee DOT 615-741-0787 dean.tucker@state.tn.us	Yes	The Tennessee DOT does require a 100% Performance and Payment Bond.	NA Contact Dean Tucker	We have let a few rather large contracts in the last two or three years with the largest being \$104 million and we have had several bidders on all of these larger contracts. The largest contract was awarded to a joint venture of two contractors.
Texas J. Scott Nichols, CPA CSTIC Contract Letting and Processing Branch TXDOT 512-416-2491 snichols@dot.state.tx.us	Department projects require performance bonds on all contracts over \$100,000.00.	For construction contracts the amount the performance bond is 100% percent of the contract price. The department does have the ability to require a lesser amount on Routine Maintenance contracts.	The amount of the bond can be an amount equal to the: 1. greatest annual amount to be paid the contractor under the contract, or 2. amount to be paid the contractor during the term of the bond. (The term of the bond is set at two years with an annual renewal requirement) Please contact Scott Nichols at (512) 416-2491 for more information.	We have not had difficulties on construction projects with competition and bonding limits. The statutes for maintenance contracts were created because of a lack of competition on large (\$10,000,000.00 or more) sized contracts. The alternate bond requirements have helped. We have also seen construction contractors become interested in these maintenance contracts as well which has help competition.
Washington State Aaron Butters Systems Analysis and Program Development Manager	Yes	Yes	NA	To date we are not aware of this being a problem however on one very large contract (over \$700M) the

<p>Washington State Department of Transportation(WSDOT) 360-705-7413 ButterA@wsdot.wa.gov</p>				<p>contractor needed to obtain bonding from two surety companies to meet the bonding requirements. In addition the state has several contracts over \$100M and potential over \$1B planned that are causing concerns over available bonding capacity. Because of this we are pursuing legislation that will allow performance bonds at levels less than 100% of the contract amount. The exact method for establishing the proposed level has not yet been determined.</p>
<p>West Virginia Michael H. Skiles Assistant Director Contract Administration Division West Virginia DOT 304-558-9558 mskiles@dot.state.wv.us</p>	<p>Yes</p>	<p>As per revised Title 157CSR3 (Code of State Regulations), Section 17-2a-8(1) and (2), a contract or performance bond is to be executed in the amount of 102 % of the entire bid amount if the contractor does not wish the WV Division of Highways to withhold 2% retainage. Should the contractor desire the 2% to be withheld, he/she executes and submits to the Division a contract bond in the amount of 100% of the contract bid</p>	<p>The Division requires as a <u>minimum</u> the submission of a 100% performance or contract bond.</p>	<p>Not to date.</p>

		amount.		
Wisconsin Bill McNary Wisconsin DOT 608-266-3721 william.mcnary@dot.state.wi.us	Yes	Yes	NA Contact Bill McNary at 608-266-3721 if you have any questions.	No, depending on what "large" means. We had a \$314 million contract and the payment and performance bond requirements were met. We have had cases where two bonding companies have combined to meet the requirements.
Wyoming Mark Eisenhart Wyoming DOT State Construction Engineer 307-777-4459 Mark.Eisenhart@dot.state.wy.us	Yes	Yes	Not less	Not as of this date.

Survey conducted by WSDOT Office of Research and Library Services, July 2007