

QUALIFICATION OF BIDDERS

Iowa Code 314 sets forth provisions regarding bidders' statements of qualification and the basis for awarding highway contracts. Among these provisions, it is stated that the agency in charge of awarding contracts must give due consideration not only to the prices bid, but also to bidders' financial responsibility, experience, and mechanical or other equipment.

Filing the Contractor's Financial, Experience, Equipment Statement (Iowa DOT Form 650004)

In compliance with the Iowa Code, the Iowa Department of Transportation requires prospective bidders to demonstrate that they are capable of performing various items of work. Before being placed on the list of qualified bidders authorized to submit proposals on projects being advertised for letting, prospective bidders must file a Contractor's Financial, Experience, Equipment Statement with the department. The statement **must be filed at least five calendar days before** the date on which bidding proposals are opened and read. Statements shall be sent electronically. Once a completed statement has been received and reviewed by the department, a confirmation letter will be sent to the email address provided on page 1 of the Contractor's Financial, Experience, Equipment Statement. If an email address is not listed, the confirmation letter will be sent to the current email address on file with the department.

In order to continuously remain on the qualified list, a prospective bidder must file a Contractor's Financial, Experience, Equipment Statement with the department for approval once each year and at such other times as the department may request. In any case, the new statement must be filed at least five days before the expiration of the previously approved statement. Unless otherwise notified, the previously approved statement will expire 18 calendar months from the date of that statement. The prospective bidder will be dropped from the qualified list if a new statement has not been filed and approved by the expiration date.

Filing the Contractor's Financial, Experience, Equipment Statement does not, in itself, constitute qualification to bid on proposals. Before being issued a valid bidding document, the prospective bidder's financial, experience, and equipment qualifications will each be considered. Requirements must be met in all three areas in order to receive bidding authorization.

Certification of authority and registration with the Iowa Division of Labor, contractor registration

As set forth in section 1102.15 of the Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction and Iowa Code 490, corporations organized under the laws of another state cannot transact business in Iowa until they have filed a certificate of authority with the Iowa Secretary of State Office. In addition, Iowa Code 91C.5 requires all contractors, including those organized under the laws of Iowa, be registered with the Iowa Division of Labor Services. See page 3 of this statement for further information about registering with the Iowa Division of Labor Services and obtaining a certificate of authority.

Bidder preferences in government contracting, Bidder Status form

In compliance with Iowa Code 73A.21A, Chapter 156, the Iowa DOT shall request a statement from each bidder regarding the bidder's resident status. The statement shall be on the form designated by the Iowa Labor Commissioner (Bidder Status form). The form requires the bidder to certify whether the bidder is a resident bidder or a nonresident bidder. Failure to complete the Bidder Status form before submitting a bid may result in the bid being deemed nonresponsive and rejected by the Iowa DOT.

Maximum prequalification amount and proposal limits

Upon receipt of the completed Contractor's Financial, Experience, Equipment Statement, the department will establish a maximum prequalification amount for the prospective bidder. The maximum prequalification amount represents the highest total dollar volume of uncompleted work, from both the public and private sectors, that is permitted to be under contract at any given time. Each time a bidding proposal is requested, the actual amount of uncompleted work currently under contract that may happen to be more or less than the permitted, highest possible, amount is subtracted from the maximum prequalification amount. Work that prime contractors have subcontracted to other businesses, however, is not deducted from the maximum prequalification amount.

Qualification of Bidders (continued)

Computation of the maximum pre-qualification amount is based on the following pre-qualification formula.

$$\text{MAXPREQ} = [\text{CURRENT} + \text{NONCURRENT} + \text{LL}] \times \text{F}$$

Where	
MAXPREQ	= maximum pre-qualification amount
CURRENT	= current assets minus current liabilities
NONCURRENT	= (noncurrent assets minus noncurrent liabilities)/2 if >0
NONCURRENT	= (noncurrent assets minus noncurrent liabilities) if <0
LL	= approved authorization to loan letter
F	= experience factor

The contracting authority will qualify contractors into three categories.

A. Compiled/individually prepared statement

This type of statement may be prepared by the contractor without the assistance of a CPA. A compilation by a CPA will also be considered a compiled/individually prepared statement. The experience factor (F) of 1 will be used in the pre-qualification formula. A contractor who submits a compiled/individually prepared Contractor's Financial Statement will be limited to awards that do not exceed the maximum pre-qualification amount as set forth in Section 1102.01 of Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction. Uncompleted work under contract will be subtracted from the maximum pre-qualification amount for proposals requiring pre-qualification.

B. CPA reviewed statement

The experience factor (F) will be within a range of zero to 12.5 based on the past performance with projects let by the Department. A contractor who submits a CPA reviewed Contractor's Financial Statement will not be awarded any individual contract that exceeds the amount as set forth in Section 1102.01 of Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction. Uncompleted work under contract will be subtracted from the maximum pre-qualification amount for proposals requiring pre-qualification.

C. CPA audited statement

The experience factor (F) will be within a range of zero to 12.5 based on past performance with projects let by the Department. Uncompleted work under contract will be subtracted from the maximum pre-qualification amount for proposals requiring pre-qualification. However, a prospective bidder shall be considered to have an "unlimited" bidding capacity with the Department if they were awarded more than \$50 million of work (including that from other contracting authorities) during their past fiscal year and have a pre-qualification limit, by the formula, over \$100 million.

Explanation of categories

Using the same figures in the pre-qualification formula for each category, the following examples show how each category would differ.

Compiled/individually prepared statement

The maximum bidding capacity is the amount as set forth in Section 1102.01 of Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction.

Note: In this category, the experience factor is 1.

CPA reviewed statement

$$\begin{array}{r} \text{Current} \qquad \qquad \text{Noncurrent} \\ [500,000 - 200,000] + [(800,000 - 200,000)/2] = 600,000 \times 6.25 = 3,750,000 \end{array}$$

With the maximum pre-qualification amount of \$3,750,000, the maximum a contractor could bid would be any number of projects valued at the amount as set forth in Section 1102.01 of Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction, up to the \$3,750,000 maximum.

Note: In this category and the audited statement category, the experience factor is 6.25 or it can be greater, based on a weighted average of evaluations submitted by project engineers for quality, attitude, and performance on completed projects.

CPA audited statement

$$\begin{array}{r} \text{Current} \qquad \qquad \text{Noncurrent} \\ [500,000 - 200,000] + [(800,000 - 200,000)/2] = 600,000 \times 6.25 = 3,750,000 \end{array}$$

With the derived maximum pre-qualification amount of \$3,750,000, a contractor could bid any number of projects or size of project up to the \$3,750,000 maximum.

Qualification of Bidders (continued)

Requirements for increasing the maximum pre-qualification amount for CPA reviewed or CPA audited statements

The maximum pre-qualification amount may be increased either by providing an Authorization To Loan form or by obtaining an Equipment Appraisal of the contractor's equipment. The Authorization To Loan and Equipment Appraisal, however, would be subject to the following respective restrictions:

Authorization To Loan

1. The maximum amount of the Authorization To Loan is set forth in Section 1102.01 of Iowa Department of Transportation's Standard Specifications for Highway and Bridge Construction.
2. The Authorization To Loan shall be signed by a duly authorized officer of a banking institution.

Equipment Appraisal

1. The appraisal must be cross-referenced with the depreciation schedule and must be accompanied by a signed certification letter on the appraisal company's letterhead.

A prospective bidder must complete contract work in the following categories in excess of the quantities listed below before qualification to submit proposals or receive awards for projects involving larger quantities than those listed. The contract work may be done as a contractor or subcontractor. All such completed contract work will be combined into one total for each category to determine the bidder's qualifications.

PCC pavement	Square yards (square meters)	100,000 (100,000)
Grading	Cubic yards (cubic meters)	500,000 (400,000)
Bituminous pavement	Tons (megagrams)	50,000 (50,000)
Bridges		\$200,000
Culverts		\$100,000
Other classes of work		No fixed maximum

In all cases, a bidder will be restricted to a specific dollar volume of contracts within reasonable limits of the bidder's ability to properly finance, equip, and perform the work within the specified contract periods.