Bid Process & Cost Estimates

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How do we get there from here?

Items needed to obtain an accurate cost estimate.

1. Accurate bids based on complete descriptions of the task to be awarded.
2. Quality House Plans to determine the square footage.
3. Complete Specifications describing the material to be used.
4. Site Adjustments – Slab vs. crawl Space – consider crawl space when the foundation height exceeds 48".
Obtaining Quality Bids

- Advertise for Bids –
  1. Newspaper ads - one week time frame.
  2. Be sure to completely describe the task to be performed and the material the contractor is to provide. Specify the quality and approximate quantity to be used.
  3. Obtain a minimum of three bids.
  4. Require contractors to provide a minimum of three references and that they have workman’s compensation.
  5. On new subcontractors order a credit report.
  6. Be sure not to include any task that the families can do themselves.
Awarding Bids…

1. Check out references in person or by telephone.
2. Review credit report.
3. Check with suppliers on the contractors history of paying bills on time and their reputation.
4. Watch out for bids that are either too high or too low.
5. Award the contract in a face to face meeting so you can go over the requirements of the contract and answer any questions.
6. Be sure that the contractor has the skilled staff and financial backing to complete the task.
Land Cost

This estimate is based on the option to purchase the property or the Offer and Acceptance.
Legal Fees

The closing agent is the applicant's choice but if the group agrees to bid it out then considerable savings can be made. The cost can be lower and the closing agent will give your customers a higher priority in setting closing dates. The closing agent can estimate this cost for you.

Rural Development Fees: $325 Appraisal and $104 Tax Monitoring Fee.
Utility Cost

Be sure to research out the cost of the building permits and impact fees with the city building official.

Research utilities as to location and check with local utility companies as to connection fees and capacity to connect.
Site Prep/Culvert

Evaluate your plot plan carefully to look for items that will require additional cost.

Such as:
1. Elevations
2. Utilities
3. Natural Barriers
4. Man Made Barriers
Footings

- **Excavation** - cost based on bid.
- **Family Labor**
- **Steel** –
  - Perimeter linear Footage x 2 x cost/ft x 1.2 for overlap.
- **Concrete** –
  - Length x width x Depth x Factor x cost/yard.
    - Factors - 4”=.4, 6”=.6, 8”=.8.

Depending on Weather you may need to plan a contingency for a wrecker.
Allow for step downs.
Plumbing

- Suggest to bid out Material and Labor together. Be specific as to fixtures. If color or type cost difference then the families pay the difference. State and city codes will require quality.

- Three Phases
  1. Rough In 33% (Slab)
  2. Stack out 33% (Set Tubs and Vents)
  3. Completion 34% (Set fixtures and faucets)
**Slab**

- **Pretreatment** – Based on bid estimate.
- **Plumbing** – See Plumbing slide
- **Blocks** - Dimensions around the house x # blocks high x 12 “ / 16” x 1.05
  Breakage factor = # Blocks x Cost
- **Family Labor**
- **Wire Mesh** –
  - Perimeter linear Footage x 2 x cost/ft x 1.2 for overlap.
- **Insulation** – Perimeter linear distance x 2 x cost.
- **Vapor Barrier** - Square footage x Factor x cost/yard
- **Concrete** –
  - Square footage x Depth x Factor x cost/yard.
  - Factors - 4”=.4, 6”=.6, 8”=.8.
- Depending on Weather you may need to plan a contingency for a wrecker.
Framing Bid

Nails — Include in the bid. If contractor uses air gun have contractor bid nails.

Trusses — Framer bids out.

Tar Paper — be sure it is in the bid to provide it and install it. Be sure to allow for overhang on the trusses.
Framing Material

- **Lumber** – Grantee line item calculates this or gets bid package from supplier.
- **Nails** – Framer Contract bid.
- **Decking** – # sheets, use speed square book to calculate based on rafter length. Supplier can give you a formula.
- **Trusses** – Framer Contract bid.
- **Doors** – Allowance in the bid.

Supplier framing Package is always higher since they get paid on quantity sold. If extra material on the job the framer will typically waste it. Allow for waste and for header material.
Roofing

- **Trusses** – Framer bids out.
- **Shingles** – One bundle of shingles will cover one sheet of decking. There are 3 bundles in a square.
- **Nails** – Based on the type of application.
- **Labor** – Bid out estimate.

Architecture shingles may require 4 bundles instead of 3 bundles for regular shingles.
Typically the windows and doors are bid out and the families install them. Be sure to place an allowance based on the size of the house.

Remember to allow for painting supplies such as brushes, rollers and pans.
Electrical

- Typically the labor and material is bid together.
- Light fixture allowance needs to be stated in the specifications based on the number of rooms and bedrooms.

Have the families buy the light bulbs.
Allow for ceiling fans and light kits if the families typically request them in your area.
Insulation

Walls — Material needed is based on house size, R-Value and packaged in bundles. Calculated by linear footage x wall height = wall space. This is compared based on the area that a roll will cover.

Families supply labor.

Ceiling insulation — This can be performed by either the families or contracted out. Either way the insulation certificate is required.

R-Factors must be met in accordance with RD instruction. Allow for caulking and foam.
Heat and Air

Typically this is contracted out based on the Heat Loss Gain study for the proposed house plan. Typically allow for one ton per 600 square feet.
Drywall - Hanging/Finishing

- Hanging and finishing of the sheetrock is typically contracted out.

- Calculation of sheetrock to be ordered
  - Ceiling = Square footage / 48” = number of sheets
  - Wall area = Square footage x 3.5 / 48” (8’ Ceilings) – Ceiling sheet rock needed = Wall Sheetrock needed.

- Be sure that the contractor bid includes screws, nails, and finish materials. If extra material on the job the contractor will typically waste it. If you use a different thickness on the interior walls than the exterior walls then an adjustment is needed.
Painting / Staining

- Family Labor.
- Be sure to state an allowance in the specifications and have the families agree to it.
- Allow one gallon of paint and primer per room.
- If the ceilings are blown then you do not have to paint them.

Remember to allow for painting supplies such as brushes, rollers and pans. If you do not purchase finished cabinets then you will need to allow for them.
Interior Doors and Trim

- Door count off plan number of doors. Specifications state the type and determines if they are painted or stained.

- Trim is based on linear footage of wall area and specifications state the type and determines if they are painted or stained.
Cabinets

Typically the cabinet are contracted out and the families install them. Be sure to place an allowance based on the size of the house.
Appliances

Purchased as a package from supplier. Bid the package out based on name brand. Be sure to place an allowance based on the size of the house.
Floor Covering

Calculate the square footage of carpet and vinyl. Then bid them out specifying grade based on the specifications.

Remember to bid out the pad for the carpet and include state and local tax. Be sure to get families to agree to a specified allocation.
Landscaping – Site Specific

- Dirt work and grading to be contracted out. Get bids based on the plot plan.
- Families can provide labor for pouring concrete for sidewalks, driveways, and planting grass, sod, shrubs and trees. Be sure to specify an allocation.

Be sure to estimate the cost of material and supplies for forming the sidewalks and driveways. This includes the wire and saw blades for the expansion joints.
Contingencies

How much is enough. We suggest between 2 - 5% of the cost estimate as a minimum. This will vary based on factors such as time of the year the construction will be taking place. Cost can be effected by world conditions, weather, and natural disasters.

The lack of planning enough contingencies can result in subsequent loans from RD in times when funds may not be available which slows down the construction and extends the construction time. The families will have to incur additional closing cost of the additional loan. This can damage your relationship with contractors, RD, and the families.
Overruns – Who’s At Fault

The grantee is ultimately responsible for a realistic and feasible cost estimate.

Rural Development is responsible to thoroughly review the cost estimate and compare it with the plans and specifications. RD needs to point any possible problems out to the grantee.

It is the Applicant's responsibility not to exceed the cost allocations on the specification and minimize cost.
Wants vs. Needs

Questions to ask yourself before acting upon a request.

1. Was it on the plans and specifications?
2. Was it on the cost estimate?
3. Is it a want or a need?
4. Does it add value?
5. Is there funds in the cost estimate to pay for this?

If the answer is no to one or any of these then it should not be done.
Where’s the Savings?

- Appraisal – Cost Estimate = Value Saved
- T/A Cost/# Units Built = T/A Cost/Unit

For the future of the Self Help Program to be bright the value saved must be equal to or exceed the T/A Cost/unit.
Questions we Must ask ourselves?

- Does the Self Help Programs make homeownership more affordable?
- Is equity accumulated?
- Are the families active in performing 65% of the construction task?
- Are we getting discounts and savings from mass purchases and contracting?
- Do the cost exceed the benefits?
- Are the Homes affordable to maintain?
- Are the utilities affordable?
Well that all folks!!!

Do you Have any questions or comments?