

Different bidding processes and contract types

BIDDING		Pros	Cons
Competitive Bid	Provide specifications of the work to be done to several GCs. Each responds with a bid of how much they will charge if you select them.	<ul style="list-style-type: none"> + encourages lower prices + allows you to compare prices + gives more GCs a chance to win your business 	<ul style="list-style-type: none"> - may allow GCs to underestimate costs to win the bid, and work may not be completed for stated price - can be lengthy process to develop specifications, oversee bidding process
Negotiated Bid	Select a GC you want to work with, negotiate the price of the work (no bidding).	<ul style="list-style-type: none"> + faster than competitive bidding + may get more realistic final cost 	<ul style="list-style-type: none"> - doesn't allow comparison to other GC's - may not get lowest cost
CONTRACTING		Pros	Cons
Stipulated Sum Contract	GC submits a fixed price for the contracted items. Any changes are billed separately.	<ul style="list-style-type: none"> + allows you to count on a basic price for the majority of the work, then approve changes you did not anticipate depending on how much extra each costs 	<ul style="list-style-type: none"> - if your original contract was not complete or specific enough, you could incur significant additional costs when you approve changes
Cost Plus Fee or Guaranteed Maximum Price Contract	GC submits a maximum price for which he will complete the whole job, and may include built-in allowances.	<ul style="list-style-type: none"> + allows more negotiation over what work will be completed + charter school has greater control 	<ul style="list-style-type: none"> - may be much more expensive for charter school
Time Plus Materials	No set price; GC charges for each task completed (labor and materials).	<ul style="list-style-type: none"> + allows project to be completed piece-by-piece 	<ul style="list-style-type: none"> - encourages GC to create more work to be done - no absolute figure for budget - requires heavy monitoring by charter school