12611. RESOLUTION 26-32 – AUTHORIZING THE AUTHORITY TO REQUIRE BIDDERS TO SUBMIT ONE FORM OF BID SECURITY ON CONSTRUCTION CONTRACTS.

WHEREAS, a bid guaranty serves as a financial pledge from a bidder indicating that it, upon being awarded the work, will meet all specified insurance requirements, furnish the contract bond, and execute the contract; and

WHEREAS, pursuant to Resolution 14-44, the Delaware River and Bay Authority (the "Authority") adopted its Standard Specifications for Road and Bridge Construction, effective as of December 15, 2014 (hereinafter, the "Standard Specifications"); and

WHEREAS, part of the Authority's Standard Specifications require that any bid for construction work shall be accompanied by two forms of Bid Guaranty: 1) a cashier's check in the sum of one percent (1%) of the total bid amount but not to exceed Twenty Thousand Dollars ($20,000) or be less than Two Thousand Dollars ($2,000) (the "Cashier's Check), and 2) a bid bond equal to ten percent (10%) of the total bid amount (the "Bid Bond"); and

WHEREAS, the current industry standard is to require only one form of bid guarantee (i.e., cashier's check or bid bond); and

WHEREAS, the Authority reviews its policies and procedures on a regular basis to assess and measure their effectiveness and to eliminate unintended barriers to its competitive bidding process and thereby enhance opportunities for all businesses to participate in the bid process; and

WHEREAS, the Authority is of the opinion that its current practice of requiring two forms of gid guarantee creates an unnecessary obstacle to bidder participation; and

WHEREAS, the Authority is of the opinion that modifying the bid guaranty requirement from two to one will not significantly increase the risk of a contractor failing to enter a contract that it has been awarded; and

THEREFORE, BE IT RESOLVED, on future construction projects governed by the Authority's Standard Specifications the Authority will permit bidders to submit one form of bid guaranty (i.e., the Cashier's Check or the Bid Bond) , subject to the discretion of the Authority in special cases where more than one form of bid guaranty is preferred.

Resolution 26-32 was moved by Commissioner Mehaffey, seconded by Commissioner Houghton, and was approved by a roll call vote of 10-0.

Resolution 26-32 Executive Summary Sheet

Resolution: Authorizes staff the ability to require bidders to submit either a cashier's check or bid bond (as opposed to requiring both) in order to be eligible to bid on a construction project governed by the Authority's Standard Specifications for Road and Bridge Construction, effective December 15, 2014 (the "Standard Specifications").

Committee: Projects Committee

Committee/ Board Date: June 16, 2026

Purpose of Resolution:

The Authority has a long-standing provision in its Standard Specifications that requires bidders to submit both a cash bond (i.e., cashier's check) and a bid bond in order to be eligible to bid on construction projects. This practice has long exceeded the industry standard and serves as an obstacle to increased bidder participation. Bidders will now be permitted to submit one or the other form of bid security on any construction project, subject to the discretion of the Authority.

Background for Resolution:

The Authority has traditionally required contractors to submit two individual forms of bid security in order to be eligible to bid on over-threshold construction projects: both a cash bond (cashier's check) and a traditional bid bond. The bid securities serve to ensure that the bidder will enter into the Authority's contract upon award.

The industry standard is to require only one form of bid security. The Authority is of the opinion that its double guaranty requirement presents an obstacle to increased bidder participation.