

RESOLUTION 24-51 – AUTHORIZING THE AUTHORITY TO NO LONGER REQUIRE BIDDERS TO SUBMIT A CASHIER’S CHECK AS A FORM OF BID SECURITY ON CONSTRUCTION CONTRACTS ESTIMATED LESS THAN \$2 MILLION

WHEREAS, it is the policy of the Delaware River and Bay Authority (the “Authority”) that any contract for construction work which is estimated to exceed \$200,000 is awarded as the result of a public competitive bid or as otherwise approved by a vote of the Board of Commissioners; and

WHEREAS, the Authority encourages and affords opportunities to a diverse supplier base and strives to establish a level playing field for every firm that seeks its business; 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 public competitive bidding process and thereby enhance opportunities for all businesses to participate in the bid process; and

WHEREAS, the Authority has a long-standing General Provision which requires bidders to submit both a cash bond and a bid bond in order to be eligible to bid on construction projects; and

WHEREAS, on its construction contracts estimated at \$2 million or under, the Authority is of the opinion that the cash bond requirement potentially presents a disparate burden on small, minority-owned, and women-owned firms; and

WHEREAS, on construction contracts estimated at \$2 million or under, the Authority is of the opinion that the removal of the cash bond requirement does not significantly impact risk to construction bid non-performance on our publicly-bid construction projects; and

WHEREAS, the Authority wishes to no longer require a cash bond on future solicitations for construction projects estimated at \$2 million or under; and

THEREFORE, BE IT RESOLVED, with the consent of the Projects Committee and the Chairman and Vice-Chairman of the Board of Commissioners, and, unless otherwise specified in the contract documents, bidders will no longer be required to submit a cash bond as a form of bid security on any construction contract estimated at \$2 million or less.

Resolution 24-51 Executive Summary Sheet

Resolution: Authorizes staff to no longer require participants to submit a cash bond (a certified check payable to DRBA) in order to be eligible to bid on a construction project which is estimated to cost under \$2 million.

Committee: Projects Committee

**Committee/
Board Date:** October 15, 2024

Purpose of Resolution:

The Authority has a long-standing General Provision which requires bidders to submit both a cash bond and a bid bond in order to be eligible to bid on construction projects. As this provision potentially presents a disparate burden on minority-owned and/or women-owned businesses, the Authority intends to no longer require bidders to submit a cash bond as a form of bid security on any construction project estimated at \$2 million or under.

Background for Resolution:

The DRBA 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 and a traditional bid bond.

The two bid securities serve to ensure that the bidder enters into the contract upon award. The Authority is of the opinion that this provision, specifically, the cash bond requirement, potentially presents a disparate burden on small, minority-owned, and women-owned firms when included in contracts valued under \$2 million.