MONTANA TRANSPORTATION COMMISSION

Policy No. 015

CONTRACT AWARD GUIDELINES

PURPOSE: The purpose for this policy is to outline the process by which the Montana Department of Transportation makes recommendations to the Commission, and to specify the conditions under which the Commission will and will not award transportation contracts.

BACKGROUND: State law names the Commission as the party responsible for letting all contracts for the construction or reconstruction of the highways and streets located on the state highway systems.

DEFINITIONS

Specifications means the current edition of the *Montana Standard Specifications for Road and Bridge Construction*.

Responsive bid is defined in the department's specifications under section 101, *Definitions and Terms*.

Responsible bidder is defined in the department's specifications under section 101, *Definitions and Terms*.

PROCEDURE

1. Department staff will review all bid proposals that meet specifications.
2. If the lowest responsive bid total exceeds the engineers' estimate according to the formula outlined below, department staff will prepare an analysis of the bid in comparison to the engineers' estimate for the Commission's consideration.

Amount of Low Bid	Percent Over Engineers Estimate
Less than $50,000	30%
Between $50,00 and $200,000	25%
Between $200,000 and $500,000	20%
Between $500,000 and $2 million	15%
Greater than $2 million	10%

   a. Department staff may recommend the engineers' estimate be adjusted to allow for market changes, miscalculations, or other legitimate factors.

   b. Although such an adjustment may bring the low bid within the guidelines for award of the contract, the Commission reserves the right to reject the bid if there is insufficient additional funding available to cover the increased project cost.

3. The Commission will award contracts to the lowest responsive, responsible bidders.
4. The Commission may elect to award a bid that is outside the guidelines for award if there is sufficient justification, such as:

a. It is in the best public interest to award the contract.

b. There was adequate competition.

c. The project is an emergency project.

d. The project is small.

e. The project is essential.

f. The engineers' estimate is clearly too low.

g. It's unlikely that readvertising the project would result in a significantly lower bid.

h. A delay (from readvertising) could bring higher prices because of inflation.

Department staff will prepare a written justification to accompany any recommendation to the Commission that they award a contract that is outside the guidelines for award.

5. The Commission may reject any bid where there has been a violation of regulation, rule or law.

6. The Commission reserves the right to reject all bids in accordance with the specifications and the proposal.

HISTORY

Effective: 12/20/2004

Updated: 2/10/2026