

PLAYBOOK

The 6-Week Foundation Checklist

Everything a Texas contractor needs to do before bidding
their first public job

By **Lee Lisemby**
founder, MuniBidBoard.com
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Why I wrote this

Paper #1 in this series told the story — office job, near-bust, then municipal bidding changed everything. This one is the *do-it* manual.

I lost 18 months figuring out the paperwork side of this business. Half of it I figured out wrong the first time. Insurance policies that didn't meet agency requirements. Licenses I didn't know I needed. A SAM.gov registration that took 4 months because I missed one verification email.

If you actually want to bid public work, this is the foundation. Six weeks of methodical, mostly-boring infrastructure setup. Do it once, do it right, and you never think about it again. Skip a step and you'll find out the hard way — usually two days before bid day on the job you really wanted.

Read once. Do the work in order. Don't skip.

— *Lee*

SECTION 01

Why Six Weeks (and Not Six Days)

Some of this is fast. LLC formation in Texas is a 15-minute form. EIN is instant.

Some of it is slow, and you cannot speed it up:

- **SAM.gov registration** takes 4–8 weeks because the federal verification process is sequential, not parallel
- **Surety bond capacity** requires the underwriter to review 2–3 years of financials
- **HUB/MWBE certification** has agency-by-agency review queues that range from 4 to 12 weeks
- **General liability insurance** for new contractors often requires 2–3 quotes and a back-and-forth on coverage limits

If you start the slow steps in week 1, they finish around the same time as the fast steps. If you wait until you find a bid you want, the slow steps become 8–12 weeks of you watching the bid pass you by.

Start everything in parallel. Trust the timeline.

SECTION 02

Week 1 — Legal Formation

What you do

1. **File LLC with Texas Secretary of State.**
2. **Apply for EIN.**
3. **Open a business bank account.**

Common mistakes I made or watched others make

- **Naming the LLC something that confuses agencies.** "JTL Holdings LLC" is fine for asset protection but bad for bidding. Agencies want to know what you do. Use a name that includes your trade or makes it obvious you do construction work. Example: "Hill Country Roofing LLC" beats "JTL Holdings LLC."
- **Filing without checking name availability.** Texas SOS rejects duplicate or confusingly similar names. Check the database first — it's free and instant at sos.state.tx.us.
- **Skipping the operating agreement.** Texas doesn't require one. Banks often do. Banks definitely will if you bring in a partner later. Write a one-page one now; you can always replace it.

Cost summary - LLC filing fee: \$300 - EIN: free - Operating agreement template (LegalZoom or Nolo): \$0–\$99 - Business bank account opening: \$0–\$25 minimum deposit - Week 1 total: ~\$300–\$425

SECTION 03

Week 2 — Insurance

This is where most new contractors get their first surprise. Insurance for commercial / public work is a different category from the policy on your work truck.

What you need

Agencies typically require	Why
\$1-\$2M aggregate	Required on every public bid I've ever read
Employee limit	Required by law if you have any employees, even one
Truck limit	Required if your trucks ever go on the job site
Trailer limit	Often required for larger contracts
Trailer in your tools	Not required but a contract delay from a stolen trailer will end your business

How to actually get this

- 1. Call a commercial insurance agent — not your auto insurance guy.** Commercial lines is a different specialty. Ask a contractor friend who they use. If you don't know any, search for "commercial insurance broker construction Texas" and call 3.
- 2. Tell them the trades you do** and the contract sizes you intend to bid. They will steer you to the right carriers (Travelers, The Hartford, Zurich, Liberty Mutual, etc.).
- 3. Ask for sample COIs** before you accept a policy. You want to see what the certificate looks like and confirm the additional insured language can be customized per job.
- 4. Get 2–3 quotes.** Commercial insurance varies more by carrier than personal auto does. The same coverage can vary by 30%.

Common mistakes

- **Insufficient limits.** A \$500K CGL policy is cheaper but gets you no-bid on most public contracts. Just buy the \$1M up front.

- **Wrong trade classification.** If your policy says "carpenter" and you submit a roofing bid, you may have no coverage at all. Tell your agent every trade you actually do.
- **Workers' comp gap.** Texas is one of the few states where workers' comp is optional for non-construction. **For construction it is required if you have any employees.** Sole-proprietor exception applies until you hire person #1.

Cost summary (annual) - CGL (\$1M/\$2M): \$2,000 – \$8,000 depending on trades and revenue - Workers' Comp: ~2–8% of payroll - Commercial Auto (1 truck): \$1,500 – \$3,500 - Week 2 total (year one): plan on \$5,000–\$15,000 in annual insurance for a small starting operation.

Most agents will let you pay monthly with a down payment. Plan on roughly \$500–\$1,500 down to get the policies bound.

SECTION 04

Week 3 — Documentation & Licenses

Certificates of Insurance (COIs)

Every bid you submit and every contract you sign will require a COI. Your insurance agent generates them. You need to learn how to request them quickly because you'll do this 50+ times in your first year.

A COI shows: - Your policy types, limits, effective dates - The **certificate holder** (the entity asking for the COI — usually the GC or the agency) - The **additional insured** language (often the certificate holder is named as an additional insured on the policy)

Most contractors get this wrong by asking for the COI 30 minutes before bid submission. Get in the habit of requesting COIs the morning of bid day at the latest, ideally the day before.

Trade-specific state licenses

Texas requires state licensing for:

	License type
Licensing & Regulation (TDLR)	Master / Journeyman / Electrical Contractor
Plumbing Examiners	Master / Journeyman / Plumbing Contractor
	Air Conditioning & Refrigeration Contractor
	Boiler Inspector / Installer
	Elevator Contractor
Environmental Quality	Various, license-by-application

Carpentry, framing, masonry, painting, drywall, roofing, concrete, fencing, flooring, demo, landscaping, and many other trades do NOT require a state license in Texas. Some cities require local registration — check with the building permit office in the cities where you work.

If your trade requires a state license and you don't have one, you cannot legally bid that work. You need to either get licensed (years of journeyman experience + an exam) or hire a master who can pull the permits and sponsor your work.

Common mistakes

- **Not learning the COI request workflow.** Practice requesting a COI from your agent on day one. Don't learn it under deadline pressure.
- **Bidding licensed work without a license.** Disqualifies your bid + can get you fined by TDLR. If you don't have the trade license, partner with someone who does.

Cost summary - COI requests: free from your agent (sometimes a small admin fee — usually \$0–\$25 per request) - State trade license fees: \$50 – \$300 per license, annual renewal

SECTION 05

Week 4 — Federal & Diversity Registrations

SAM.gov registration

System for Award Management (SAM) is the federal vendor registration. You need it if you ever want to bid federal work — and you'll want it eventually, so start now even if you're focused on municipal in year one.

1. Go to sam.gov → "Get Started" → "Register Entity."
2. You'll need:
3. Federal verification is sequential. After you submit, you'll get emails asking for additional verification (notarized letter from your authorized contact, sometimes more). **Watch your spam folder daily.** A missed verification email adds 30+ days.

Timeline: 4 to 8 weeks from start to active registration. Sometimes longer. Start in week 4 so it finishes around the same time as the rest.

Cost: **FREE.** Anyone telling you they'll "help you with SAM registration for \$400" is selling a service you do not need.

State HUB certification

Texas Historically Underutilized Business (HUB) Program. If your business is at least 51% owned by a woman, minority, or service-disabled veteran, you qualify. Many state and municipal bids set aside work for HUB-certified contractors.

Apply at: comptroller.texas.gov/purchasing/vendor/hub Fee: free. Time: 4–8 weeks for review.

DBE certification

Disadvantaged Business Enterprise. Similar to HUB but for transportation-funded contracts (TxDOT). Required if you want highway or transit work.

Apply through TxDOT's Civil Rights Division. Fee: free. Time: 6–12 weeks.

Common mistakes

- **Putting off SAM because federal seems far away.** Some county-level contracts use NAICS codes too. SAM is the federal master list. Get registered.
- **Hiring a "SAM specialist" for \$400.** It's free and not that hard. The actual hard part is patience during verification.
- **Not applying for HUB / DBE if you qualify.** This is free, set-aside work that turns into 30–40% of revenue for some shops. If you qualify, apply.

SECTION 06

Week 5 — Surety Bond Capacity & Local Agency Registration

Surety bond capacity

Many public bids require: - **Bid bond** — 5–10% of bid value, returned if you don't win. Says "we promise to honor our bid if accepted." - **Performance bond** — 100% of contract value. Says "if we abandon the job, the bond company will pay to finish it." - **Payment bond** — 100% of contract value. Says "if we don't pay our subs and suppliers, the bond company will."

You don't post cash for these. You get a surety bond from a bond underwriter. The underwriter reviews: - Your business financials (2–3 years if you have them) - Your personal credit - Your work history (jobs completed, claims against prior bonds)

How to do this

- 1. Find a surety bond broker.** Search "surety bond broker Texas commercial construction" or ask your insurance agent — they often have a sister bond brokerage.
- 2. Get pre-qualified for an aggregate bond capacity** (e.g., "\$500K single project, \$2M aggregate"). This is your ceiling for what you can bid going forward.
- 3. Provide:** business financials, personal financials (often), tax returns (often), references from completed work.
- 4. Underwriting takes 1–3 weeks.** Start in week 5; you'll have your capacity letter by week 6 or 7.

Pre-qualification is free. You only pay when you actually need a bond on a specific job — typically 1–3% of the bond amount.

Local agency vendor registration

Every city, county, ISD, and special district has its own vendor portal. You register, fill out a profile, attach your W-9 + COI + licenses, and you get added to the bid invitation list.

Start with these 10:

Agency	Portal
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Texas Comptroller <http://OMB.texas.gov>

TxDOT txdot.gov

City of Houston houston.tx.gov/purchasing

City of Dallas dallas.cityhall.com

City of Austin mstintexas.gov/purchasing

City of San Antonio sanantonio.gov

City of Fort Worth worth.texas.gov

Harris County harriscountytx.gov

Dallas County dallascounty.org

Whichever ISD www.isdsonlineportal.com

Don't try to register on all 1,200 Texas agencies in week 5. Hit the top 10 in your area. **MuniBidBoard will show you the bids regardless of whether you're registered**, but registration gets you the email invites directly.

Common mistakes

- **Waiting until you find a bid to start the bond process.** It takes 2 weeks. You will lose the bid.
- **Not maintaining the local portals.** Most require you to renew your profile annually (re-upload current COI, etc.). Set calendar reminders.

SECTION 07

Week 6 — Tax Clearance & Final Readiness

Texas Tax Clearance

Some agencies — especially school districts — verify with the Comptroller that you are current on all state taxes (franchise tax, sales tax, etc.) before awarding contracts.

If you just formed your LLC, you have no taxes due yet. **File your initial franchise tax report on time.** Texas franchise tax is \$0 for businesses under \$1.23M in revenue, but you still have to file. Skip the filing and your tax clearance gets blocked.

Final readiness check

Before you submit your first bid, run this list. If you can't check every box, do not bid:

- LLC formation certificate received from Texas SOS
- EIN letter from IRS received
- Business bank account open
- CGL policy active with \$1M/\$2M limits
- Workers' comp policy active (if you have employees)
- Commercial auto active on work vehicles
- Insurance agent's contact on speed dial, sample COI in hand
- State trade license active (if your trade requires one)
- SAM.gov registration active (or in progress and you accept the federal-bid risk)
- HUB / DBE certification submitted (if you qualify)
- Surety bond capacity letter in hand
- Top 10 local agency vendor profiles complete
- Texas franchise tax filed (even if \$0 due)
- Estimating template built and tested on 2–3 practice bids

Common mistakes

- **Submitting a bid without checking the COI requirements.** Every solicitation lists insurance limits and additional-insured language. Read it. If your policy doesn't match, you can amend the policy or no-bid. Don't submit a bid with the wrong insurance attached.
- **Forgetting franchise tax.** It's \$0 due for most starting contractors but the filing is mandatory.

SECTION 08

What's Next

After week 6 you have a functioning, bid-ready business. The next paper in this series (*How to Bid Without Losing Money*) covers what to actually do when a bid lands in your inbox:

- How to read a 200-page solicitation in 30 minutes
- The estimating template I use, with markup math
- Bond + COI workflow on bid day
- The sealed-bid submission process (in person and electronic)
- Follow-up scripts that win awards

All free at munibidboard.com/whitepapers.



About MuniBidBoard

MuniBidBoard.com aggregates every municipal, county, school-district, and hospital-district bid in Texas (and soon, all 50 states) into one feed. Filtered by your trade and your service area. Built by a working contractor for working contractors.

If you've finished the 6-week foundation, the natural next step is to **see what's open right now in your trade and service area**. 7-day free trial, no credit card to look.

→ **munibidboard.com**

— *Lee Lisemby founder, MuniBidBoard lee@munibidboard.com*