

BID JUSTIFICATION

The following procedures and format must be utilized in the preparation of all Bid Justification Memos for all local projects where the Contractor's low bid is 10% over or 15% under the final approved Engineer's Estimate.

The format for the justification will be as follows-

The opening paragraph will identify:

- Bid Opening Date,
- Name of Low Bidder,
- Low Bid Amount,
- Engineer's Estimate, and
- Difference in Costs (total dollars & percentage).

Example-On March 1, 1999, the low bid submitted by ABC Contracting Company of \$2,500,000 was \$500,000 (20%) above the Engineer's Estimate of \$2,000,000. A total of six (6) bids were received on this project.

The second paragraph will identify:

- Items that created the major differences (that will be addressed), and
- Dollar amounts of these differences as they relate to the overall difference.

Example-Upon review of all contract items, two items account for \$470,000 of the \$500,000 total difference. These items are Class '1' Excavation and 24 in. C.M. Pipe, 12 Ga.

Each item will be explained in detail and addressed; namely:

- Quantity used,
- Unit Prices,
- Total Differences,
- Partial Allowances (if applicable), and
- Reasons.

Example-This project will require 300,000 cubic yards of excavation. The Engineer's Estimate of \$600,00 for this item was based upon a unit price of \$2.00 per cubic yard. The low bidder submitted a unit price of \$3.50 that created a difference of \$450,000. The project requires the wasting of 50,000 cubic yards of material off-site. In re-analyzing this item, we feel a unit price of \$3.25 to be more realistic. The Engineer's Estimate for this item after adjustments would have been \$975,000 that reduces the difference in this item to \$75,000.

A need for 1,000 linear feet of 24 in. C.M. Pipe, 12 Ga. has been established. The low bid quoted a unit price of \$50.00/L.F. while the Engineer's estimate was based upon a unit price of \$30.00/L.F. This accounts for a difference of \$20,000. Because of traffic volumes, open trenching cannot be used. The unit price in the Engineer's Estimate did not address jacking of this pipe. We have determined the low bid for this item to be appropriate and compares favorably with the other bidders.

Adjustment to the Engineer's Estimate will be made:

Example-Based on the above analysis, we have determined that the Engineer's estimate should have been \$2,395,000. Based on this adjustment, the low bid of \$2,500,000 is now 4.38% above the Engineer's Estimate.

The closing paragraph will make a recommendation for award or rejection of the bid.

If it is determined that the low bid is out of line, then a recommendation of bid rejection should be made. This is especially true when there is:

A single bidder, or

No political commitment.