



U.S. Department
of Transportation
**Federal Highway
Administration**

Memorandum

Washington, D.C. 20590

Subject Review of Tabulation of Bid on Texas Project F-270, Medina County Date MAY 28 1966

From Chief, Construction and Maintenance Division Office of Highway Operations Reply to Attn of HHO-32

To Mr. Wesley S. Mendenhall, Jr. Regional Federal Highway Administrator Fort Worth, Texas HRA-06

We recently reviewed a tabulation of bid for Texas project F-270 (17) located in Medina County. Our review identified several areas of concern that need to be brought to the division's attention. These include acceptance of obviously unbalanced bid items and the use of poorly defined specification items and hard to control pay items.

Regarding unbalancing of bid items, we feel there is generally one of three reasons why a contractor submits an unbalanced bid: (1) he/she wishes to simplify the bidding process, (2) he/she made an error, or (3) he/she is attempting to gain an intentional advantage. Unbalancing for whatever reason should not be condoned when it is obvious that the contractor stands to gain an advantage. When unit prices are bid unusually high or low in relation to the engineer's estimate, the accuracy of the engineer's estimate of quantity and cost should be validated. In the event of unbalanced bid items, the Division Administrator must take appropriate steps to protect the Federal interest.

The three "one cent" unit price bids by the low bidder on project F-270 (17) (i.e., barricades, signs, and traffic handling; construction detours; and excavation) are clearly unbalanced and permit the bidder to include much higher unit bids for the preparation of ROW, erosion control equipment work, and drainage items. Bids such as this warrant either non concurrence in award or conditioning the concurrence to neutralize any disadvantage to FHWA funding.

Our concerns relative to acceptable specification items, while brought to our attention through review of Project F-270 (17), are really a reflection of shortcomings of the State's Standard Specifications with respect to the work items questioned.

Specifications, in addition to providing contract control and facilitating construction, must provide a uniform basis for bidding. Not only should they outline in detail a description of the work, materials, and construction methods but also provide adequate methods of measurement, basis of payment, and pay items for each item of work involved in the contract. Several items noted in project F-270 (17) are poorly defined by the specifications for the work involved. These include use of hours of machine time for blade, scraper, and dozer erosion control work.

Controlling and paying on the basis of time results in the undesired shift of responsibilities for satisfactory accomplishment of the work from the contractor to the State project engineer and opens the possibility for contractor abuse of the pay item especially in view of the unbalanced amounts bid for these items.

Constructing detours for a lump amount and barricades, signs, and traffic handling by the month are also examples of hard to control pay items. The pay item for barricades, signs, and traffic handling should more appropriately be designated and controlled as a multiple unit pay item for providing, installing, moving, replacing, maintaining, and cleaning traffic control devices required by the traffic control plan. The "one cent" price for traffic control devices is additionally troublesome. We understand that the State interprets paragraph 502.4(3) to mean that if the contractor does not provide devices in accordance with the plan, then he/she will not be paid for that monthly unit price. If this position is true, the contractor is then doubly prompted to do as little with traffic control as possible. At "one cent"/unit price he/she is not reimbursed for the many dollars he/she would be required to spend to do an adequate job and conversly he/she only loses "one cent" each month for doing a poor job--totally unsatisfactory!

We recommend the division office take steps to ensure that these deficiencies do not occur on future projects. On project F-270 (17), the division office should closely monitor the project to ensure that all conditions of the plans and specifications are closely adhered to and that costs do not escalate. Please keep us advised of all actions that are being taken to resolve these issues.

Bob B. Myers

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