



ENGINEERING & ENVIR. SVCS. DEPARTMENT

Hameed Malik, Ph.D., P.E., Director


MEMORANDUM

TO: Ms. Geri Sams, Director - Procurement

FROM: Hameed Malik, Ph.D., PE, Director- Engineering & Environmental Services

DATE: Saturday, September 30, 2023

SUBJECT: James Brown Blvd. (Twiggs to Laney Walker-Phase III Improvements for Augusta, GA -Engineering & Environmental Department
GDOT PI# 0012866 / Bid: 23-173
File Reference: 23-014(A)



It is recommendation of Augusta Engineering to award Bid 23-173 (James Brown Blvd. (Twiggs to Laney Walker-Phase III Improvements) project to the lowest qualified bidder, JHC Corporation (JHC) subject to JHC's bid review by Georgia Department of Transportation (GDOT), project being federal funded project. Accordingly Augusta Engineering will prepare bid contract award agenda item for Augusta Commission approval. Contract award will be contingent upon JHC submitting all required documents such as bid bonds, insurance documents, FHWA required documents (if needed).

Should you require additional information, please do not hesitate to contact me at (706)796-5040.

Thank you.

/hm

cc: Darrell White & Nancy Williams, Procurement Department
Compliance Department
John Ussery, PE, June Hamal, & Tevia Brown -Augusta Engineering
Program File




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Cost Variance Justification
GDOT PI# 0013707 / Bid: 23-173
File Reference: 23-014(A)

Ms Sams, this memo is to render a justification for cost variance between the "Estimated Cost" and the received Bid Proposal reference the subject project. This project is street scraping continuity along James Brown Blvd. Corridor. Phase III improvements limits are Laney Walker to Twiggs Circle. Improvements consist of sidewalks, landscaping and street lighting. Received lowest bid amount is \$1,395,854.70. Design Team construction cost estimate was \$600,000.00. Augusta Engineering (AE) conducted post-bid internal itemized review of initial cost estimate and received lowest bid and it is AE determination that several critical factors contributed to cost variance. Noticeable variables are Traffic Control, Grading Complete, Concrete material, and lighting. These are current construction market uncontrolled variables. There is significant cost escalation in material production cost, skilled workforce labor cost and significant increase in construction work at present. In addition, construction market experiencing inflation and interest rate cost escalation too. Accordingly, responsible bidders are adjusting unit process and are not offering similar work last few years pricing. In addition, that is the reason only two (2) fee proposals received. Potential bidders' current workload is maximized and not able to take additional workload of new contracts.

Another critical factor in received bids cost escalation is that the project is federal funded project. This project has federal construction funds and awarded contractor will be required to comply with all applicable federal regulations and submit required documentations with its progress payments submittals.

In our professional opinion, noted cost variance is acceptable due to current construction market uncertainty and being subject to federal regulations compliance. Hence, it is Augusta Engineering recommendation to accept received fee with cost reduction options consideration during construction.

Thank you.

/s/bm

cc: Darrell White & Nancy Williams, Procurement Department
John Ussery, PE, June Hamal, & Tevia Brown -Augusta Engineering
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