




## 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:** Monday, September 16, 2024

**SUBJECT:** Construction Services for McNutt Road Improvement Project  
Cost Variance Justification  
Bid: 24-215  
File Reference: 24-014(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 construction consists of paving dirt road and improvements consist of grading, utilities relocation and drainage system. Received lowest bid amount is \$5,152,988.90. Other two received bids amount is \$5,742,192.56 and \$5,992,859.22, respectively. There is 4% to 11% variance from received bids median value. Noted variance, in my professional opinion, within acceptable variance range of current roadway infrastructure construction cost. 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 pre-COVID pricing.

Augusta Engineering recommendation to accept received fee with cost reduction options consideration during construction.

Thank you.

cc: Darrell White & Nancy Williams, Procurement Department  
AE Assistant Director of Engineering  
AE Assistant Director Finance & Administration  
AE Associate Director Construction & Program Delivery  
Program File