



STATE OF TENNESSEE
TENNESSEE DEPARTMENT OF TRANSPORTATION
505 DEADERICK STREET, SUITE 700
NASHVILLE, TENNESSEE 37243-0360
(615) 740-2414 Fax (615) 741-0782

MEMORANDUM

TO: Contractors and Subcontractors Bidding on TDOT Projects
FROM: Brian K. Egan, Director of Construction 
DATE: August 24, 2011
SUBJECT: Unbalanced Bidding

In recent months there has been a noticeable increase in unbalanced bids. Specifically, lump sum bid items including construction stakes, lines and grades, clearing and grubbing, traffic control, mobilization, removal of structures, etc... are being bid at prices significantly more than the estimated or anticipated actual costs. As stated in section 102.09 of the TDOT Standard Specifications (SS100) " *Proposals may be rejected by the Commissioner if any of the unit prices contained therein are obviously unbalanced, either excessive or below the reasonable cost analysis value.*"

TDOT Policy defines mathematically and materially unbalanced bids as the following:

Mathematically unbalanced bid - a bid containing lump sum or unit bid items which do not reflect reasonable actual costs plus a reasonable proportionate share of the bidder's anticipated profit, overhead costs, and other indirect costs.

Where obvious unbalanced bid items exist, a bid found to be mathematically unbalanced, but not found to be materially unbalanced, may be awarded.

The above policy allows TDOT to award a mathematically unbalanced bid, but as previously noted, the Department may also reject a proposal/bid when unit prices are unbalanced.

Materially unbalanced bid - a bid which generates a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will result in the lowest ultimate cost to TDOT.

When a low bid is determined to be both mathematically and materially unbalanced, all bids will be rejected.

Therefore, Contractors are advised to avoid unbalancing unit bid prices.

Also, as a reminder to bidders, subsection 102.05 (a) of the specifications states, "*It is the bidder's responsibility to compare the bid quantities indicated on the plans to those contained on the electronic bidding file to ensure they are the same. Any discrepancies are to be called to the Department's attention immediately*", and subsection 105.04 states "*The Contractor shall take no advantage of any error or omission in the Plans or specifications or of any discrepancy between the Plans, the Specifications, or any other of the Contract documents, which may apply. In the event the Contractor discovers any error or discrepancy, he shall immediately call upon the Engineer for his interpretation and decision; such decision shall be final.*" Therefore, please contact a Headquarters Construction representative during the advertising period to report any discrepancies or errors in the plans, specifications, special provisions, or bid files.

Bidders should be aware that in coming months some projects, mainly bridge repair projects, will not have pay item 201-01, Clearing and Grubbing, Lump Sum. For these projects clearing and grubbing is addressed in section 201.05 of the specifications "*When the contract does not contain an item for Clearing and Grubbing, Clearing and Grubbing will be required within the construction limits of work being performed and will not be paid for directly but will be considered as a subsidiary obligation of the Contractor under other contract items*".