



**STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION**


CONSTRUCTION DIVISION
SUITE 700, JAMES K. POLK BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
(615) 741-2414

CLAY BRIGHT
COMMISSIONER

BILL LEE
GOVERNOR

MEMORANDUM

TO: Contractors and Subcontractors Bidding on TDOT Projects

FROM: Brian K. Egan, Director of Construction 

DATE: November 9, 2020

SUBJECT: Unbalanced Bidding

During our bid reviews following a letting, we have noticed an increase in bid items with unit prices that are not representative of actual costs causing bids to be determined "unbalanced". 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. Unit bid prices for the CY, EA, LF, SY, etc... items being bid are also being bid either excessively higher or lower than what the estimated or anticipated actual costs should be. The unbalancing of bids will be cause for bid rejection.

As stated in section 102.09 of the TDOT Standard Specifications,

"The Department may reject a proposal if any of the unit prices contained therein are materially unbalanced, either excessive or below the Engineer's estimate. A materially unbalanced bid generates a reasonable doubt that award to the bidder submitting a mathematically unbalanced bid will result in the lowest ultimate cost to the Department. A mathematically unbalanced bid contains lump sum or unit bid items that do not reflect reasonable actual costs and a proportionate share of bidder's anticipated profit, overhead costs, and other indirect costs."

Current 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.

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.

Any errors, or perceived errors, in the plans, estimated quantities, specifications, contract proposal, or bid files shall be reported to the Headquarters Construction Division as soon as possible for review. Subsection 102.04 of the specification's states,

"Immediately notify the Department of any apparent error, omission, or ambiguity in any part of the proposal. The Department will review the apparent error, omission, or ambiguity, and will issue an addendum to all prospective bidders, as appropriate."