

WV DOT Newsletter

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Volume 78



SUPPORTIVE SERVICES

- Estimating Training
- Building Capacity
- Mobilization Financing
- Bonding Assistance
- Marketing Plan Development
- Creating a Business Plan
- Building a Website
- Plan Reading



WVDOH accepts bids for section of King Coal Highway, Beckley Z-Way

An important section of the King Coal Highway and a portion of the Beckley Z-Way bypass project are among 25 projects in a bid letting conducted by the West Virginia Division of Highways (WVDOH) on Tuesday, June 13, 2023.

The King Coal Highway project will extend the existing four-lane highway for about 1.5 miles from Mountain View and create a connector to the town of Gilbert along Gilbert Creek. The project will be funded with money from Gov. Jim Justice's \$2.8 billion Roads to Prosperity program.

The King Coal Highway is an approximately 95-mile four lane highway that will run through McDowell, Mercer, Mingo, Wyoming, and Wayne counties along or near currently existing US 52. The highway will connect US 119 near Williamson to Interstate 77 in Bluefield, and is intended to open up the Mountain State's coalfields to economic development and connect the region with markets to the north and south. It is part of a federally designated north-south corridor running from Michigan's upper peninsula to the Carolinas.

The Beckley Z-Way project connects Beaver with South Eisenhower Drive in Beckley, and is designed to ease congestion in the area by widening and relocating a portion of US 19. Funding is through Gov. Justice's Roads to Prosperity program.

Projects on the June 13 bid letting include:

King Coal Highway, Mountain View to Gilbert. (Mingo County) (Roads to Prosperity)

Big Tribble Bridge relocation and replacement. (Marshall County)

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Eyes on the Prize

This has been a decade of unusual circumstances that no one could have predicted. Runaway inflation, materials shortages, supply-chain disruptions, job delays and cancellations, atypical weather events and a tight labor market have made it difficult, if not impossible, to estimate costs accurately. With profit margins lower than most contractors are comfortable with, job costs must be as accurate as possible.

Although it is common practice for estimators to pad bids to cover increases in materials, labor and operating expenses, companies may need to do more than this to turn a profit. They must also examine how to mitigate risks, reduce costs and better manage jobs.

MITIGATING RISKS

A construction company needs to conduct a detailed project analysis before getting started, including assessing resources, materials and labor costs. Then, obtain quotes from different vendors and contractors for the best prices.

Owners should create a project management and communication plan describing potential risks and mitigation strategies. Include information on the chain of command, what needs to be done in what order, who is responsible, who needs to be contacted and pertinent data about the project.

An escalation clause can help both owners and contractors manage costs by stipulating when and if a price increase or decrease can occur. Generally, an escalation clause establishes baseline, ceiling and floor prices. The baseline is the price in the contract, the ceiling is the highest price that can be charged and the floor is the lowest. Both can be stated as a percentage when a triggering event occurs. For example, if the price of a good or service increases by 5%, the contractor has the right to increase the price by no more than 10% above the consumer price index, producer price index or another objective index agreed to in the contract.

Some contractors use an escalation clause as a sales tool. For example, to win government contracts, which generally are awarded to the lowest bidder, a contractor might submit a bid with the actual price instead of the inflated price.

REDUCING COSTS

Implement lean-builder construction principles to optimize projects for efficiency and reduce waste. Both will help to reduce costs and improve performance on the job. In addition, regular cost reviews throughout the project's duration can help identify potential overruns and prevent them from getting out of hand.

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About The WVDOT

The goal of the DBE Supportive Services Program is to increase the number of DBEs participating on WVDOT contracts and facilitate the opportunity for DBEs to obtain contracts. The services are designed to:

- Assist established construction firms to move them from bidding as a subcontractor to bidding as a Prime Contractor to produce sound bids.
- Provide access to training increases DBE expertise in handling of daily business operations.



CEI DBE Supportive Services

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