

GDOT Newsletter

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Volume 85



SUPPORTIVE SERVICES

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Gov. Kemp: Pratt & Whitney Georgia Expansion Takes Off at Paris Air Show

While attending the 2023 Paris Air Show in France, Governor Brian P. Kemp today announced that Pratt & Whitney - an RTX business specializing in aircraft and helicopter engines - will expand their operations in Columbus, Georgia. This project will create nearly 400 new jobs and bring \$206 million in investment to Muscogee County. "Not every state has the opportunity to announce new jobs and opportunities with an industry leader and great partner like Pratt & Whitney at the Paris Air Show," said Governor Brian Kemp. "Georgia is a top five exporter of aerospace products in the U.S., totaling \$9.2 billion in 2022, alone. From the flights that go through the world's most utilized airport to the engines in the very airplanes, the Peach State is crucial to the movement of goods and products. Pratt & Whitney's decision to expand will only further that reputation." Opened in 1984, the Pratt & Whitney Columbus facility includes the Columbus Engine Center and Columbus Forge, both of which operate on a the same campus. The Columbus Engine Center maintains Pratt & Whitney GTF™ engines for the Embraer E-Jets E2, Airbus A220, and Airbus A320neo aircraft families, along with F117 and F100 military engines. Columbus Forge produces compressor airfoils and other critical components for Pratt & Whitney's commercial and military engines.

"Pratt & Whitney has been doing business in Georgia for nearly 40 years, and in that time, our Columbus business has grown from a small manufacturing facility to a large, state-of-the-art manufacturing and overhaul center, where we employ approximately 2,000 employees," said Shane Eddy, President of Pratt & Whitney.

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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.

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About The GDOT

The goal of the DBE Supportive Services Program is to increase the number of DBEs participating on GDOT 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.



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