

KYTC Newsletter

July 2023
Volume 85



SUPPORTIVE SERVICES

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Gov. Beshear: Request for Proposals Issued To Expand Kentucky's Electric Vehicle Charging Network

Electric vehicle battery production capital of America is leading the industry expansion

As Kentucky has become a national leader in the fastgrowing electric vehicle sector, Gov. Andy Beshear today announced that the state is seeking proposals from private-sector organizations interested in helping the state expand its electric vehicle charging network. The Governor said the Kentucky Transportation Cabinet (KYTC) issued a final Request for Proposals (RFP) today to build up to 37 stations along Kentucky interstates and parkways after receiving approval from the Federal Highway Administration. "Kentucky is the electric vehicle battery production capital of the United States of America, and we are leading the industry expansion by growing jobs and building out the supply chain," said Gov. Beshear. "This RFP and the proposals it will generate will further cement Kentucky's status in the EV revolution by creating new infrastructure that encourages EV travel throughout the commonwealth."

Most of the funding for this initiative will come from federal formula funds, made possible by the Bipartisan Infrastructure Law, with a match by private-entity funds. Proposals will be due in August. The EV Charging Program RFP encourages proposals from private-sector entities. Selected parties will be responsible for constructing, owning, operating and maintaining new EV charging stations across the state.

"Feedback from the industry and interested investors has been key to helping us craft a process that will help us be successful, so no time is wasted standing up fast chargers statewide," said KYTC Secretary Jim Gray. "We're hopeful the RFP will attract multiple proposers with proven knowledge and experience."

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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 KYTC

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