



# OHIO DEPARTMENT OF TRANSPORTATION

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OFFICE OF  
INSPECTOR GENERAL  
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August 9, 2013

Randall J. Meyer  
Inspector General  
Office of the Inspector General  
30 East Broad Street – Suite 2940  
Columbus, Ohio 43215-3414

**RE:** IG File 2012-CA00067

Dear Inspector General Meyer:

Thank you for your review of ODOT's process as it related to projects that were initiated, awarded and constructed with the Highway Infrastructure Investment Grant under the American Recovery and Reinvestment Act of 2009. ODOT would like to offer the following in response to the recommendations found in your report.

**RECOMMENDATION 1:** *Create steps to ensure future projects are in compliance with the 10-day timeframe as required under ORC §5525.01.*

**RESPONSE:** In accordance with 23 CFR 635.105, and operating under a Stewardship and Oversight Agreement with the Federal Highway Administration (FHWA), the Ohio Department of Transportation (ODOT) has been empowered to enter into a contractual agreement with Local Public Agencies (LPA's) who request to administer activities on a Federal-aid project. Under this provision, approved LPAs have been empowered to administer the contract administration activities of their roadway infrastructure projects, including but not limited to advertising, bid and award processes. Oftentimes, the timeframe from bid opening to award is lengthier than the ODOT process due to the time required getting local resolutions passed. The relevant law and ODOT specifications are cited below.

- ORC §5525.15, states: "The award for all projects competitively let by the Director under this section shall be made within ten days after the date on which bids are opened." This section is inapplicable to Local-Let projects. The Director (ODOT) is not the letting agency for these projects. The local sponsor lets the project in accordance with its own governing laws and requirements.
- ODOT C&MS Section 103.02 referenced in the report regarding Award of Contract, specifically the 10 day award requirement, is not applicable. This specification is excluded in the all versions of the ODOT LPA Bid Document Template, including the ARRA specific template.
- ORC §153.12 (A) states that "the award, and execution of the contract, shall be made within sixty days after the date on which the bids are opened. \*\*\*." This section governs the timeframe for the award of local let projects.

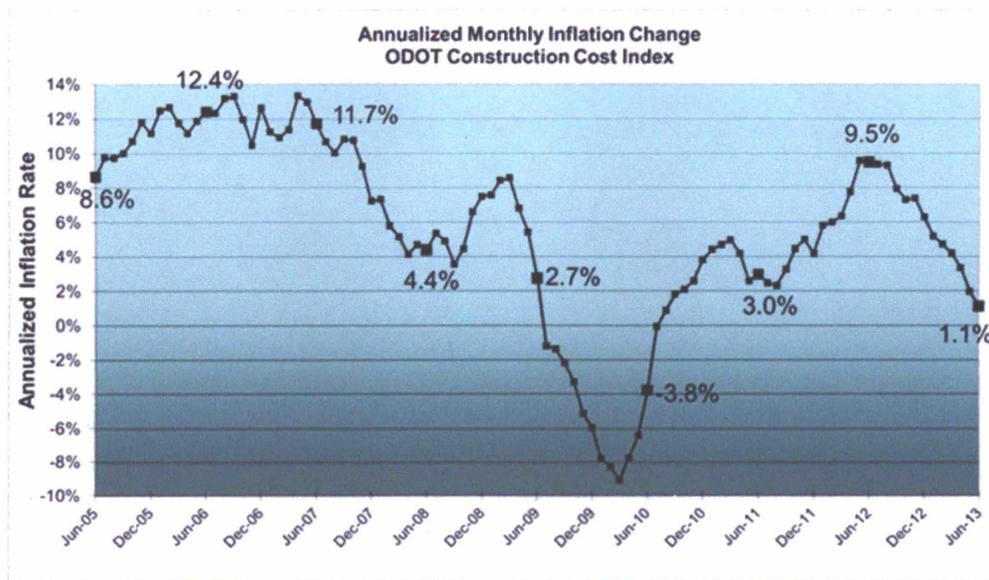
The projects you referenced in your report as going beyond the ten day award requirement were all local let projects; not ODOT let. Given that the local governments had sixty days to award projects, not ten, it

appears upon review of the spreadsheet included in your report that only three, and not thirty-six, projects did not meet the sixty day award period. Since these project award dates are not within ODOT's control, no action under ORC §5525.01 is necessary.

**RECOMMENDATION 2:** *As part of the review of projects awarded ARRA funding, the Office of the Ohio Inspector General noted the estimates created by the ODOT Office of Engineering were significantly higher than the bids received. The variance ranged anywhere between 1 percent and 28 percent with the average bid received calculated at 10 percent lower than the official estimate. ODOT should take steps to ensure the estimates are as accurate as possible.*

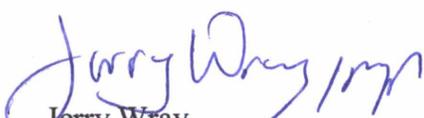
The Office of Estimating endeavors to provide consistent unit price estimates for each proposal. During the time when the ARRA funded projects were in ODOT's letting process, market conditions changed significantly. Bid prices fell rapidly due to increased competition and lower supplier margins. The ODOT Construction Cost Index recorded an unprecedented fall in construction costs from December 2008 through March 2010.

Variance between ODOT's Engineer's estimate and the awarded bid price on ARRA funded projects for that matter all ODOT let projects, as identified by the OIG, was addressed at the time of estimate and award. During an historic time of uncertainty, the Office of Estimating balanced pricing consistency with rapidly changing market conditions. Our policies and procedures effectively minimized what could have been substantially greater variances.



Thank you again for your thorough review of ODOT's process and please contact the Department if you have any questions or concerns regarding this response.

Respectfully,

  
Jerry Wray  
Director