Contractor Perspective
TxDOT Cost Control Strategies
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Building Your Quality of Life
What Makes Up a Bid Price?

COST

MARK-UP
Costs

- Direct Costs
  - Labor
  - Equipment Rent/Depreciation
  - Equipment Operating
  - Equipment Maintenance
  - Materials
  - Supplies
Costs

• Indirect Costs
  – Payroll Taxes
  – Sales Taxes
  – Insurance
  – Overhead (Fld & HO)
  – Other
Mark Up

- Profit
- HOO
- Allowance for Corporate Income Taxes
- Net after Taxes?
What Makes Up a Bid Price?

Cost  MARK-UP
Process

- Cooperation
- Brainstorming
- More time – little review
- Outside expertise
Cost Reduction Principles

- Safety
- Sound engineering
Strategy Concepts

• Engineer every job
• Privatization
• Competition
Strategy Concepts

- Material pricing
- Avoid proprietary items
- Alternatives
- Stored materials
Other Concepts

• Sound business practices
  – Risk
  – Payment
  – Partnering & Dispute Resolution

• Preferred client posture
Thanks!