

UTC Project Information – Project #3.20	
Project Title	Bid Inflation for Highway and Bridge Projects: Challenges & Solutions
University	University of Maine
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Funding Source(s) and Amounts Provided (by each agency or organization)	Maine Department of Transportation: \$25,000
Total Project Cost	\$25,000
Agency ID or Contract Number	69A3551847101
Start and End Dates	02.07.2022 – 08.15.2022
Brief Description of Research Project	Maine Department of Transportation (MaineDOT) has been experiencing increasing costs in bids received for bridge repair, road paving and other infrastructure construction projects. This was first observed for bridges in the Fall of 2018 and paving in the spring 2019. Moreover, for projects with single bidders, the bids are 30-40% higher than the MaineDOT’s internal cost estimates. These cost increases appear to be greater than those in the neighboring states of Vermont and New Hampshire. This research seeks to evaluate the impact of inflation on these significant bid increases and better understand cost drivers for higher than estimated construction projects for MaineDOT before and after the current pandemic conditions. Possible cost drivers include: Maine’s labor force, steel tariffs, supply side disruptions due to the COVID pandemic, changes in federal trucking regulations, Maine’s recreational cannabis laws, and environmental regulations.
Describe Implementation of Research Outcomes (or why not implemented) Place Any Photos Here	Combining lack of competition between bids for high-value projects with general inflationary pressures, supply chain delays, labor availability, and associated added risks, the MaineDOT and its contractors are facing serious barriers to completing highway and bridge projects in a timely and affordable manner. Considering all cost drivers, our analysis provides support to MaineDOT’s observations of a general increase in construction costs of approximately 40% across most of its construction project types from 2018 to present, though individual project complexity, size and timing matter significantly.
Impacts/Benefits of Implementation (actual, not anticipated)	State engineers should expect any given project cost to be well above levels seen for comparable work prior to 2020. Moving forward, we believe the key to incentivizing lower bid offer amounts is to reduce perceived risk and uncertainty for firms.
Web Links	<ul style="list-style-type: none"> • Reports

- Project website