

At the December 14, 2023 meeting of the Legislative Oversight and Investigations Committee (LOIC), committee staff presented a report on Single-Bid Asphalt Contracts. The committee requested information on how Kentucky's contracts compare with those in other states. LOIC staff sent requests to all states bordering Kentucky.^a Three states provided contract data: Indiana, Ohio, and West Virginia.

Results Should Be Interpreted With Caution

The following comparisons with Kentucky should be interpreted with caution because the datasets may not be comparable. Kentucky's dataset was based on any awarded projects that included an asphalt requirement in its proposal. West Virginia staff provided data on paving and resurfacing projects, which is a much narrower scope.¹ Indiana and Ohio staff provided data on asphalt projects in general, but types of asphalt work were not provided to determine if they were procuring similar types of asphalt work.² More generally, there is no guarantee that each state calculates its engineer's estimates with the same methodology.

In addition, the datasets did not contain the same information. The West Virginia dataset did not contain engineer's estimates because the state considers the estimates to be confidential.³ The Indiana dataset did not include the name of the winning bidder.⁴

Asphalt Project Comparisons

Table 1 provides comparison statistics for the four states. While Kentucky had the largest number of awarded contracts, its total awards and engineer's estimates are less than half of Indiana's totals. Kentucky's average award and average engineer's estimate are lower than the two states with full information. West Virginia's low number of contracts combined with limited categories are indicators its data may not be comparable to data from the other states.

^a Illinois, Indiana, Missouri, Tennessee, Ohio, Virginia, and West Virginia.

Table 1
Value Of Asphalt Contracts Awarded (In Millions)
January 2018 To July 2023

Year	Number Of Contracts	Total Award	Total Engineer's Estimate	Average Award	Average Engineer's Estimate
Indiana	1,797	\$8,006.2	\$8,512.0	\$4.5	\$4.7
Kentucky	2,539	3,569.9	3,690.8	1.4	1.5
Ohio	1,052	2,850.0	2,830.7	2.7	2.7
West Virginia	479	491.3	-	1.0	-

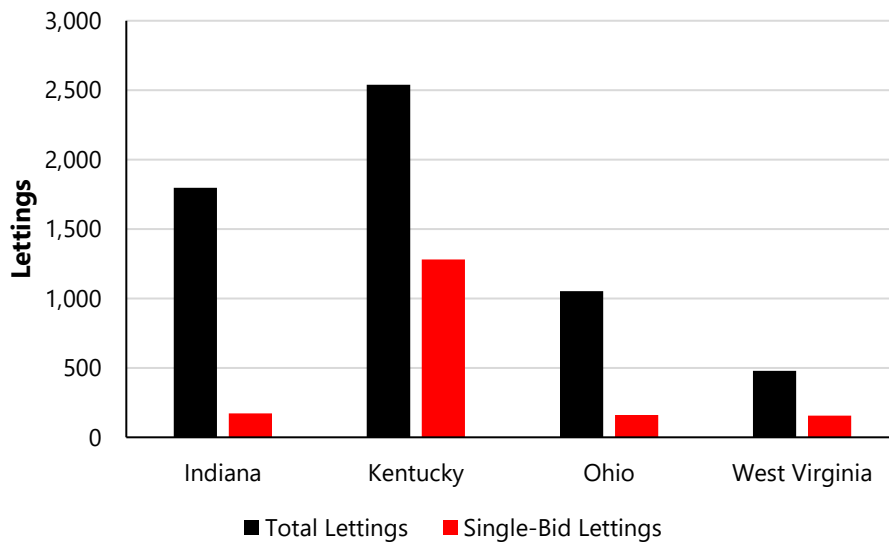
Note: West Virginia staff did not provide engineer's estimates because the state considers the estimates to be confidential.

Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, Ohio Department of Transportation, and West Virginia Department of Transportation.

Single-Bid Awards

Figure A shows the number of lettings awarded when there was only a single bidder. Kentucky has the highest rate at 50.5 percent of all awarded contracts during the reviewed period. Kentucky's rate is 18 percentage points higher than the next highest rate, West Virginia's 32.4 percent.

Figure A
Awarded Single-Bid Asphalt Projects
January 2018 To July 2023



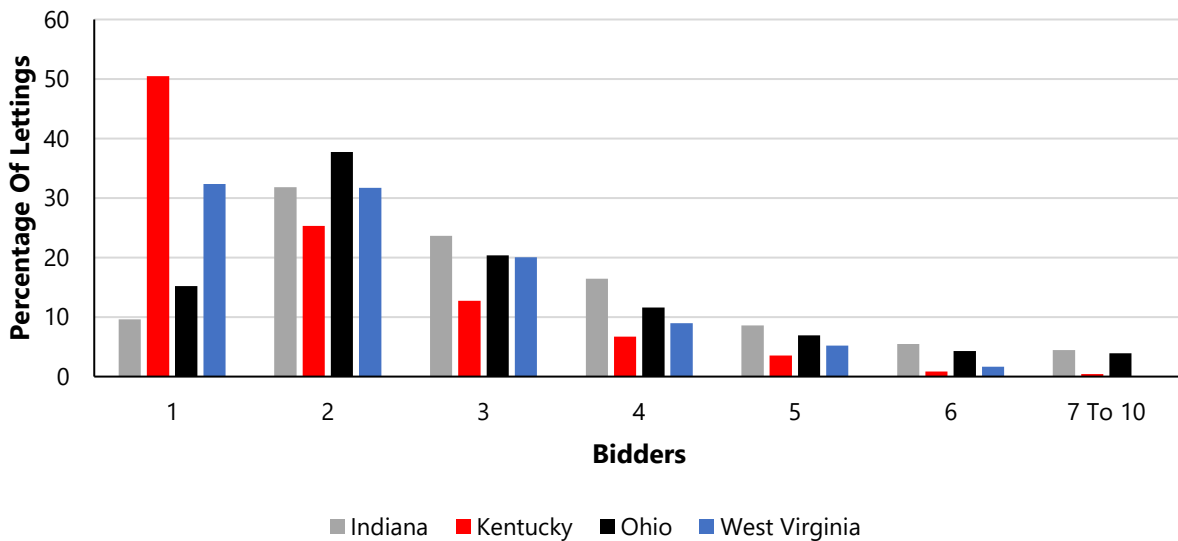
Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, Ohio Department of Transportation, and West Virginia Department of Transportation.

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Asphalt: Other States Analysis

Figure B provides the percentage of awarded asphalt contracts by the number of bidders. Percentages were used to account for the different number of contracts awarded by states. Kentucky most commonly awarded contracts when there was a single bidder. Indiana and Ohio were most likely to have two bidders, with three bidders being more common than a single bidder. Indiana was also more likely to have four bidders than a single bidder. In West Virginia, it was almost equally common to have one or two bidders but the limited dataset means this result may not be generalizable to all asphalt contracts in the state.

Figure B
Percentage Of Awarded Asphalt-Related Contracts, By Number Of Bidders
January 2018 To July 2023



Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, Ohio Department of Transportation, and West Virginia Department of Transportation.

Comparison To Engineer’s Estimate

Table 2 contains the average ratio of awarded bids to the engineer’s bid for each state. For example, a ratio of 104 percent means that, on average, winning bids are four percent greater than the engineer’s estimate. Kentucky’s ratio for single-bid awards is lower than for Indiana or Ohio, indicating that single-bid contracts in Kentucky tend to be closer to the state’s estimate for the project. All states display the expected trend of lower ratios as the number of bidders on awarded contracts increase, presumably as the result of competition. Kentucky has lower ratios than the other states for awarded contracts with 1, 2, 4, 5, and 8 bidders, but Kentucky is also more likely to have a lower number of bidders as seen in Figure B.

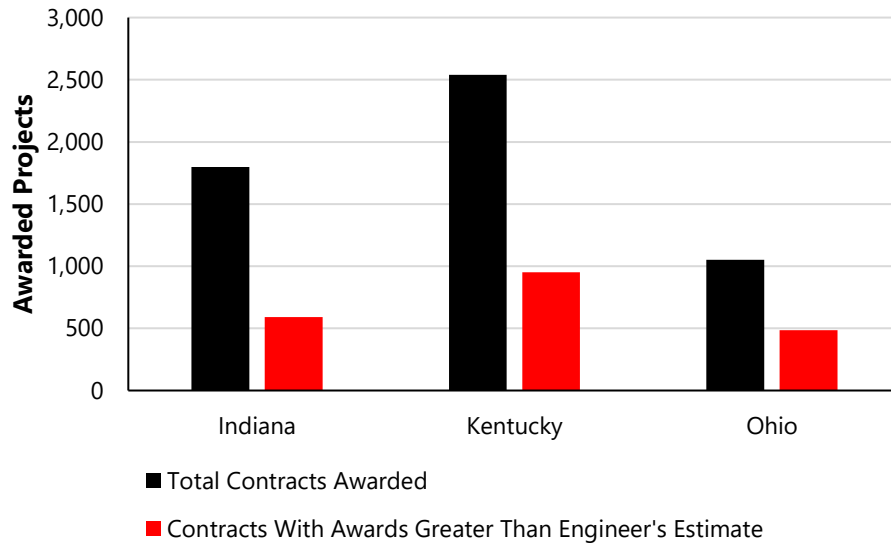
Table 2
Ratio Of Awarded Amount To Engineer’s
Estimate, By Number of Bidders
January 2018 To July 2023

Number Of Bidders	Indiana	Kentucky	Ohio
1	104.9%	100.5%	107.3%
2	95.7	93.5	102.2
3	92.9	93.2	98.2
4	94.8	92.1	95.9
5	93.7	87.0	93.7
6	92.7	93.1	91.3
7	88.9	89.4	91.7
8	91.2	83.6	89.7
9	82.6	86.4	85.2
10	72.9	-	-
Average	95.1%	96.7%	99.9%

Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, and Ohio Department of Transportation.

Figure C displays the number of contracts awarded that were greater than the engineer’s estimates. At 37.5 percent, Kentucky’s percent of all projects over the engineer’s estimate was higher than Indiana’s 32.9 percent but lower than Ohio’s 46.1 percent. As previously noted, potential differences in methodology for the engineer’s estimate could account for some differences.

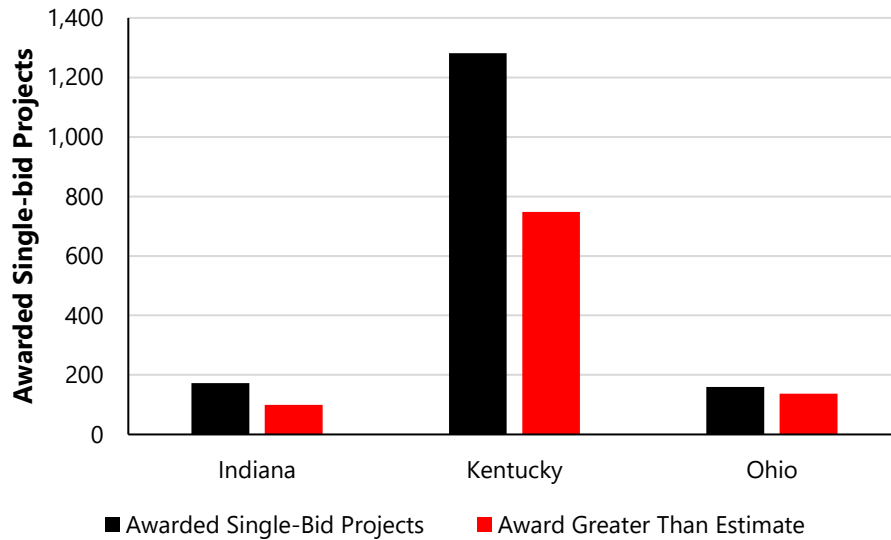
Figure C
Awarded Asphalt Projects Over Engineer's Estimates
By State
January 2018 To July 2023



Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, and Ohio Department of Transportation.

Figure D shows the number of awarded single-bid contracts that were greater than the engineer's estimate. The percentages for all three states exceeded 50 percent, with 58.4 percent of Kentucky single-bid contracts exceeding the state's estimate and 57.2 percent of Indiana single-bid contracts exceeding the estimate. Ohio had a higher rate, with 85.6 percent of its single-bid contracts exceeding estimates.

Figure D
Awarded Single-Bid Asphalt Projects Over Engineer's Estimates
By State
January 2018 To July 2023

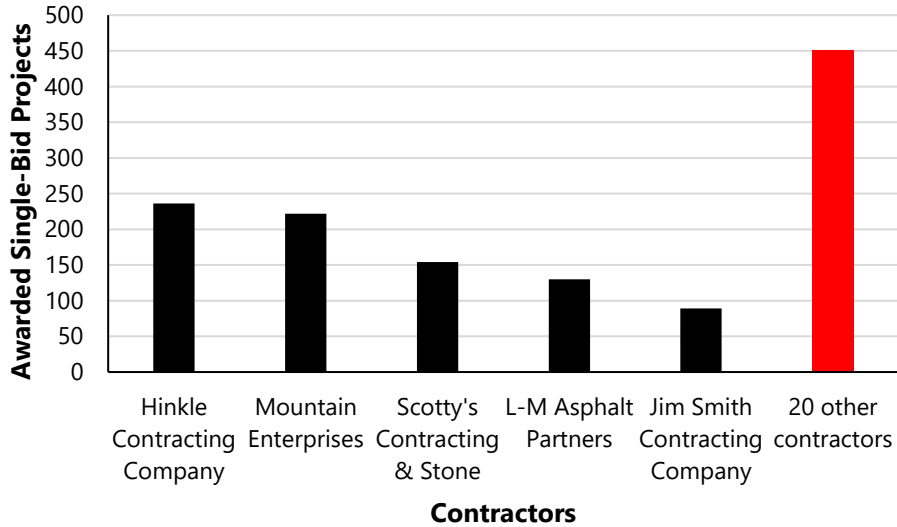


Source: Staff analysis of data from Kentucky Transportation Cabinet, Indiana Department of Transportation, and Ohio Department of Transportation.

Contractors Winning Single-Bid Projects

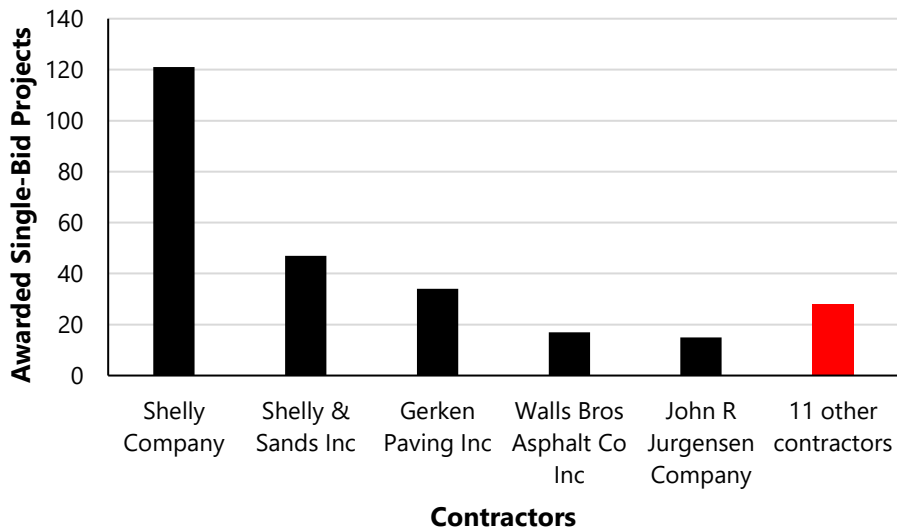
Figures E through G provide a summary of the number of contractors that won single-bid contracts in each state. Indiana's data did not include the winning contractor and could not be analyzed. Figure E replicates Figure 3.H from the report and shows the 5 contractors that won the most single-bid projects in Kentucky, with the 4 contractors with the most awards winning more than the other 21 contractors combined. Figure F shows that Ohio has a similar issue with two contracts winning 64.1 percent of single-bid contracts, more than the remaining 14 contractors. Figure G shows the West Virginia data, where one contractor won 86.5 percent of paving and resurfacing projects.

Figure E
Number Of Kentucky Single-Bid Projects Won, By Contractor
January 2018 To July 2023



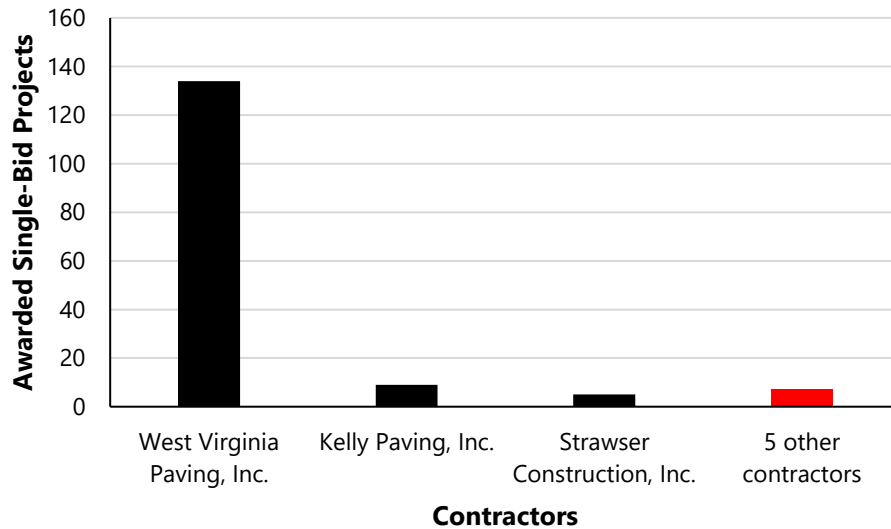
Source: Staff analysis of Kentucky Transportation Cabinet data on winning asphalt projects.

Figure F
Number Of Ohio Single Bid Projects Won, By Contractor
January 2018 To July 2023



Source: Staff analysis of Ohio Department of Transportation data on winning asphalt projects.

Figure G
Number Of West Virginia Single Bid Projects Won, By Contractor
January 2018 To July 2023



Source: Staff analysis of West Virginia Department of Transportation data on winning asphalt projects.

¹ Adam Gonzales, procurement manager, Division of Highways, West Virginia Department of Transportation. Email to William Spears, March 18, 2024.

² Amy Miller, program director of public records, Indiana Department of Transportation. Email to William Spears, March 20, 2024; Timothy Pritchard, analyst, Ohio Department of Transportation. Feb. 28, 2024. Interview.

³ Adam Gonzales, procurement manager, Division of Highways, West Virginia Department of Transportation. Email to William Spears, Feb. 28, 2024.

⁴ Amy Miller, program director of public records, Indiana Department of Transportation. Email to William Spears, March 20, 2024.