

## **Engineering Brief # 20A**

Date: July 10, 1979

In Reply

Refer To: AAS-200

Subject: Engineering Brief No. 20A, Guidelines for Combating  
Inflationary Costs

From: Acting Chief, Engineering and Specifications Division, AAS-200

To: All Regions

Attention: Chiefs, Airports Divisions

Engineering Brief No. 20A, Guidelines for Combating Inflationary Costs, suggests several measures to help minimize problems caused by inflationary pressures. Any comments you wish to offer will be appreciated.

ORIGINAL SIGNED BY:

EDWARD AIKMAN

Enclosure

ENGINEERING BRIEF NO. 20A

### GUIDELINES FOR COMBATING INFLATIONARY COSTS

Rapid increases in construction costs over the past several months make it increasingly important to combat inflation in the Airport Development Aid Program. Current and potential shortages and price uncertainties regarding cement and petroleum products are expected to contribute significantly to the inflationary pressures. In addition, numerous wage agreements will be negotiated during the next year.

The following suggested actions are recommended as a means to help minimize problems caused by inflationary pressures:

1. Limit size and duration of contracts, where possible, to allow contract completion within one construction season and minimize the effect of future price uncertainties reflected in contractors' bids. This can be accomplished by staging large projects.
2. Adopt a liberal policy for payment of materials stockpiled on/or near the project site. Eliminate the use of retainage where the contractors' progress is satisfactory. This is an attempt to improve the cash flow of the contractors thereby reducing construction costs due to excessive borrowing.
- 3, Adopt realistic policies for granting time extension when temporary material shortages occur.

4. Increase use of alternative designs to provide more flexibility to meet material supplies.

5. Encourage the recycling of asphaltic and portland cement concrete pavements where cost benefits can be expected.

6. Guidelines on review of contractor bid prices forwarded with our letter of April 23 are still valid.

Based on information received from several sources, it appears that in some instances contractors cannot get firm quotations from suppliers on the delivery and cost of certain construction items, primarily asphalt and cement. In order to ascertain the extent of material supply and cost problems on a nationwide basis, we would appreciate any comments you care to offer concerning this matter.

ORIGINAL SIGNED BY:  
RICHARD J. WORCH  
Civil Engineer