

ECI 137 SPHW 2

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I have used a spreadsheet to calculate the values in each of these problems.

1

Answer: a

Reasoning: By the equation dictating the contract score, the qualifications of the contractor can boost the overall score by as much as 60 points (assuming a technical score of 100 is the best). A bid of \$10 million would receive 0 points if not for the technical scores.

2

Answer: a

With a score of 54

3

Answer: a

Reasoning: If we increase the number of days to complete the job over 300, the contractor's profit goes down, and up if we decrease below 300, thus there is a schedule reduction incentive. Similarly, if we place the underestimation of the cost lower, the contractor profit goes up, and the profit goes down if we raise the underestimate, thus there is a cost reduction incentive as well.

4

Answer: c

5

Answer: d

If the contractor complete the job 10 days early the gross profit increases to \$2.22 million dollars

6

Answer: a

Reasoning: The contractor will lose money if they underestimate the actual cost, while the owner's payment is not effected at all.