

Chapter 9 - Contract Payments

1-901 Progress Estimates

Progress payments are made to the Contractor on all projects under Contract on the Payment Estimate and must include payment for work completed up to and including the ending date of the estimate period. Typically, the Payment Estimate is computer generated. Figure 1-9.1 shows a Payment Estimate. The monthly and semimonthly progress estimates for projects under Contract are explained below and the procedure for processing is explained in the SiteManager Help Files. The final estimate preparation is discussed in Volume 1, Chapter 10 - "Contract Completion" of this Manual.

Include all contract item work that is completed satisfactorily in accordance with the Contract in progress estimates. Do not include in progress estimates preparatory or organizational work such as assembling equipment, shop work, falsework, or forming, unless provided for in the special provisions. Do not pay for material placed or installed for which the required evidence of acceptability (Certified Test Reports, Material Certificates or acceptance tests) has not been obtained, unless approval is given by the Project Engineer.

1-902 Estimate Period

The period covered by the first estimate begins with the ordered starting date and ends on the first typical ending date established by the District, normally the first or last day of the month, in which the amount payable on the estimate exceeds \$2,500.00.

Figure 1-9.1 Payment Estimate

FED AID REPORT		Page 1 of 6			
Connecticut Department of Transportation BUREAU OF HIGHWAYS FEDERAL AID/STATE AID REPORT					
Contract No:	0068-0193	Pay Est No:	0004	Period:	11/02/2003 12/01/2003 District No 2
Project No:	0068-0193	Federal Aid No:	STPY-50(115)	Town Name:	Killingly
Contractor	Pondview Construction, Inc		Contractor No	06-1412639	Taxid: 06-1412639
Contractor Address	112 Boston Turnpike		CT	06279	
Contractor Address2	Willington				
Total Securities On Deposit	0.00	Security Balance	0.00		
Par Value	0.00	Retainage Withheld This Period	1,714.52		
Market Value	0.00	Retainage To Date	4,315.66		
<b>PARTICIPATING</b>	<b>PREVIOUS BALANCE</b>	<b>ADJUSTMENT</b>	<b>WRK DONE PAST MONTH</b>	<b>ESTIMATE TO DATE</b>	
Activity 06	104,045.44	0.00	68,581.07	172,626.51	
Less Retainage	2,601.14	0.00	1,714.52	4,315.66	
Other Adjustments	0.00	0.00	0.00	0.00	
Stock Pile Materials	0.00	0.00	0.00	0.00	
Less LD/Sanctions	0.00	0.00	0.00	0.00	
Plus Interest	0.00	0.00	0.00	0.00	
Plus Claims	0.00	0.00	0.00	0.00	
Net Total Activity 06	101,444.30	0.00	66,866.55	168,310.85	
<b>NON PARTICIPATING</b>					
Activity 06	0.00	0.00	0.00	0.00	
Less Retainage	0.00	0.00	0.00	0.00	
Less LD/Sanctions	0.00	0.00	0.00	0.00	
Plus Interest	0.00	0.00	0.00	0.00	
Plus Claims	0.00	0.00	0.00	0.00	
Net Total Activity 06	0.00	0.00	0.00	0.00	
<b>SECURITIES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>COMBINED TOTAL ACT 06</b>	<b>101,444.30</b>	<b>0.00</b>	<b>66,866.55</b>	<b>168,310.85</b>	
Comments: _____					

Figure 1-9.1 Payment Estimate (continued)

FED AID REPORT					Page 2 of 6					
STATE OF CONNECTICUT		PERIOD		TOWN		FEDERAL AID NUMBER		PROJECT NUMBER		
DEPARTMENT OF TRANSPORTATION		11/02/2003--12/01/2003		Killingly		STPY-50(115)		0068-0193		
EST NO		FUNDS		TO THE STATE COMPTROLLER: IN ACCORDANCE WITH THE FOLLOWING STATEMENT TO PAY TO						
0004		FEDERAL		Pondview Construction, Inc		06-1412639				
NAME OF HIGHWAY		112 Boston Turnpike		Wilmington		CT		06279		
101		OF THE SUM OF		\$66,866.55						
LINE ITEM#	ORIG. EST. QTY.	REV. EST. QTY.	ITEM NO.	ITEM	UNIT	UNIT PRICE	WORK DONE PAST PERIOD		ESTIMATE TO DATE	
							QTY	AMT	QTY	AMT
0004	243.00	250.00	0205001	TRENCH EXCAVATION 0 - 1.2 M DEEP	cu.m	13.00	16.87	219.31	123.70	1,608.88
0006	372.00	611.54	0205003	TRENCH EXCAVATION 0 - 3 M DEEP	cu.m	13.00	416.15	5,409.95	474.98	6,174.74
0007	5.00	20.23	0205004	ROCK IN TRENCH EXCAVATION 0 - 3 M DEEP	cu.m	110.00	11.40	1,254.00	20.23	2,225.30
0012	1,285.00	1,140.93	0406013	BITUMINOUS CONCRETE, CLASS 1	t	65.00	150.46	9,779.90	150.46	9,779.90
0013	313.00	379.12	0406030	BITUMINOUS CONCRETE, CLASS 4	t	95.00	296.84	28,199.80	316.05	30,024.75
0017	9.00	7.00	0507001	TYPE "C" CATCH BASIN	ea.	1,200.00	3.50	4,200.00	5.00	6,000.00
0018	1.00		0507201	TYPE "C-L" CATCH BASIN	ea.	1,200.00	1.00	1,200.00	1.00	1,200.00
0019	1.00		0507601	MANHOLE	ea.	1,500.00	1.00	1,500.00	1.00	1,500.00
0022	59.00	55.48	0651001	BEDDING MATERIAL	cu.m	15.00	49.98	749.70	60.82	912.30
0023	267.00	261.03	0651012	375 MM R.C. PIPE	m	65.00	158.93	10,330.45	220.13	14,308.45
0024	10.00	5.12	0651013	450 MM R.C. PIPE	m	78.00	5.12	399.36	5.12	399.36
0025	22.00	19.99	0651017	750 MM R.C. PIPE	m	95.00	49.88	4,738.60	49.88	4,738.60
0082	3.00		1403675	RESET SANITARY MANHOLE	ea.	600.00	1.00	600.00	1.00	600.00
<b>STOCKPILE INFORMATION</b>										
Line Item Number	Item Code	Item Description			Adj Type	Init / Adj Qty	Unit Price	Stockpile Amount		
Note: STMI -- Stockpile Initial    STMA -- Stockpile Adjustment    STMC -- Stockpile Closure										
<b>OTHER ADJUSTMENTS INFORMATION</b>										
Line Item Number	Item Code	Item Description			Adjusted Qty	Unit Price	Other Adjustment			
FED AID REPORT										
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<b>SUMMARY</b>										
UNIT OR SPECIAL IDENT	CLASS	WRK DONE PAST PERIOD	ESTIMATE TO DATE	RESERVED TO DATE	RESERVED THROUGH LAST ESTIMATE	AMOUNT PAYABLE ON ESTIMATE TO DATE	PREVIOUS PAYMENTS	AMOUNT PAYABLE ON THIS ESTIMATE		
701	522	68,581.07	172,626.51	4,315.66	2,601.14	168,310.85	101,444.30	66,866.55		
ORIGINAL ESTIMATE	498,515.91	DAYS ALLOWED	144	LIQUIDATED DAMAGES/SANC	0.00	SECURITIES	0.00			
REVISED ESTIMATE	528,380.35	DAYS USED	273	INTEREST	0.00					
FED AID REPORT										
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<b>SUMMARY BY FUNDING</b>										
CAT	FUNDING SOURCE	DESCRIPTION	APPR/FUNC	RESERVATION#	CUR. CAP. AMOUNT	CUR. ESTIMATE USED	STOCKPILE	DEDUCTION*	CUR. CHARGED	
01	FED	Federal Funding	705-278	98002	533,500.00	26,634.55	0.00	1714.519	66,866.55	
NOTE: Deductions can be Retainage and Other Payment Adjustments										

All succeeding estimates cover a period of one calendar month or half a month and have a fixed due date, that is the same for each month, unless the project is suspended or completed. If the project is suspended or completed, the last day prior to the date of suspension or completion concludes the estimate period. Intermediate suspensions and resummptions do not affect the processing date of an estimate, as the fixed due date applies throughout the term of the Contract.

Figure 1-9.1 Payment Estimate (continued)

FED AID REPORT	Page 5 of 6					
<b>SUMMARY BY FUNDING FOR ACCOUNTS PAYABLE</b>						
<b>RES #</b>	<b>UNIT</b>	<b>TOWN/PRJ</b>	<b>ACTIVITY</b>	<b>CLASS</b>	<b>PAR/NONPAR</b>	<b>AMOUNT</b>
98002	701	0068-0193	06	0522	Y	66,866.55

  

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<b>CONTRACT SUMMARY</b>			
Contract No.	0068-0193	Pay Est Nbr	0004
District No.	2	Town Name	Killingly
Contractor	Pondview Construction, Inc	Contractor No	06-1412639
Contractor Address	112 Boston Turnpike	CT	06279
Contractor Address2	Willington	Taxid:	06-1412639

  

ESTIMATE TO DATE	AMOUNT PAYABLE ON ESTIMATE TO DATE	AMOUNT PAYABLE ON THIS ESTIMATE	
172,626.51	168,310.85	66,866.55	
I CERTIFY THAT THE ABOVE DESCRIBED WORK HAS BEEN PERFORMED ACCORDING TO THE TERMS OF THE CONTRACT AND TO MY SATISFACTION AND THAT THE ABOVE MEASUREMENTS OF THE WORK PERFORMED ARE CORRECT.			
TRANSPORTATION SUPERVISING ENGINEER (CONSTRUCTION)	EXAMINED AND CHECKED BY	AUDITED	ADE OR TRANSPORTATION PRINCIPAL ENGINEER
DATE:	DATE:	DATE:	DATE:

After the first estimate all subsequent estimates in which moneys are owed the Contractor will be paid regardless of the amount payable.

**1-903 Estimate Preparation and Review**

Each District will establish a procedure that enables the majority of the progress estimates are initiated, reviewed and processed in an accurate and timely manner. The payment estimates are due to the Accounts Payable Unit 10 working days after the estimate period end date.

The Chief Inspector is responsible for the preparation of the estimate; they must generate it in SiteManager. Before a progress estimate is generated they must make sure all Daily Work Reports, including those for sub-inspectors are entered, reviewed and authorized for the estimate period. Refer to the Reports and Records Section of this manual. The Chief Inspector must also make sure that any item paid on a monthly basis is on their Daily Work Report or a designated sub-inspector’s Daily Work Report.

Once all the Daily Work Reports are accepted, the Chief Inspector will generate an estimate and then address all the discrepancies that are associated with it and make appropriate adjustments. After all the discrepancies have been addressed and adjustments made, the Chief Inspector will go over the quantities with the Contractor to try to work out any differences. If the differences can’t be worked out the Project Engineer will be notified and provided with details. After going over the estimate with the Contractor the estimate will be forwarded for review and approval.

The Project Engineer should review each estimate with the Chief Inspector or Resident Engineer. Among the items that are to be discussed are:

- Quantity over-runs
- Material Testing Rejections
- Testing Deficiencies
- Defective workmanship or Non-Compliance issues
- Work in progress
- Estimated quantities and payments (refer to Sections 1-305 and 1-912)
- Contractor disputed items
- Liquidated Damages or Sanctions

Items of concern noted in the discussion between the Project Engineer and the Chief Inspector should be brought to the attention of the Supervising Engineer. At the completion of this review process the Project Engineer shall sign the estimate.

The Supervising Engineer shall be satisfied that the proper procedures have been followed in preparation of the Payment Estimate prior to signing. Upon review and approval of the estimate by the Supervising Engineer, it will be forwarded to the Assistant District Engineer for review and signature. All signatures on contractor payment estimates shall include the typewritten, stamped, or printed name of the signer.

### ***1-904 Funds***

The District office and field staffs are to monitor Progress Estimate expenditures. The Chief Inspector should keep the Project Engineer informed of the available funding on the Contract and must advise the Project Engineer when 75% of Project funds have been expended. Upon notification the Project Engineer will discuss the remaining work with the Chief Inspector and determine if additional funds are likely required to complete the project. Also refer to the Volume 1, Chapter 8 – “Construction Orders” for additional requirements for monitoring funding.

If the total cost of the Payment Estimate exceeds the approved funds set up for the construction activity, the District Fiscal Officer should be contacted to determine why additional funding has not been approved. (Additional funds should have been requested when the original Contract value plus the value of all approved and pending Construction Orders exceeded the funding allotment.) The Fiscal Officer will research the delay and expedite approval of a Project Modification and/or a Work Order. After notifying the Fiscal Officer, the Payment Estimate process will continue, however, it will not be sent to Accounts Payable Unit until the required funding is in place.

### ***1-905 Retainage and Securities***

Retainage is held in accordance with the terms of the Contract. Payments may be made to draw down from funds held in retainage when it is determined that it is in the best interest of the State to reduce the amount retained. Refer to Chapter 10 for further guidance on the reduction or release of project retainage.

Connecticut General Statutes allows the substitution of securities for retainage on state contracts. For this to occur, the following will happen:

- The Contractor writes to the Comptroller advising them of their intention to deposit securities.
- The Comptroller sends application for substitution of securities.
- The Contractor sends signed application back to the Comptroller’s Office.
- The Comptroller sends application to the Office of Construction for approval.
- The Office of Construction sends the approved application back to the Comptroller’s Office for further processing, with cover letter.
- The Comptroller advises the Office of Construction by letter that securities have been deposited.

- The Office of Construction advises the District by memorandum that the Contractor has substituted securities for retainage.

After the Comptroller notifies the Office of Construction that securities have been deposited by the Contractor, the Office of Construction will contact the District and direct them to set up a securities account in SiteManager. The value of securities available to encumber shall equal the market value of the securities at the time of deposit or the par value of such securities, whichever is lower. This information will be contained on the Comptroller's letter indicating that securities have been deposited.

At the end of the Project the Contractor should send a letter to the District requesting the release of retainage and/or securities. Upon notification from the Contractor and completion of a Certificate of Acceptance of Project (CON-501), the District will notify the Office of Construction to release securities. The Office of Construction will then notify the Comptroller's Office, by letter, that all securities can now be released.

### ***1-906 Extra or Additional Work***

Payments for extra or additional work that are added by Construction Order should not be made until the Construction Order is approved. SiteManager payments cannot be made for new items or cost plus items until there is an approved Construction Order incorporating the item. Payments for Contract item overruns that are not the result of a change in the Contract may be made without a Construction Order in place provided 1) there are sufficient funds available to pay for the additional work, 2) the cumulative increase for the item is not greater than 25% of the original estimated quantity, and 3) the item overrun will be incorporated by Construction Order or be contained in a draft/pending Construction Order before the next progress estimate.

Whenever possible, extra work involving estimated expenditures that exceed the funding set up for the Contract should not be performed until the Financial Unit has issued a Work Order increasing the funds to pay for the extra work. Refer to the Volume 1, Chapter 8 - "Construction Orders" for further explanation.

### ***1-907 Liquidated Damages, Sanctions, and Item Adjustments***

Liquidated damages for Contract time must be deducted when the allowable Contract time or completion date has been exceeded and no time extension has been granted unless otherwise approved by the Assistant District Engineer.

Liquidated damages for lane closures must be deducted when a lane is kept closed beyond the time permitted unless the Contractor has been given advance approval to keep the lane closed for an extended period of time; or is directed to keep the lane closed for reasons not caused by the Contractor, i.e. traffic accidents, unless otherwise approved by the Construction Division Chief.

Sanctions will be deducted by the District unless directed otherwise by the Office of Construction. Typically sanctions are imposed when the Contractor fails to pay the prevailing wage or comply with the respective DBE or SBE provisions.

Item adjustments will be incorporated per the Contract provision.

Liquidated damages, sanctions, and item adjustments will be incorporated by Construction Order. Inspection staff must make sure they use the appropriate item number when setting them up.

### ***1-908 Deductions***

Deductions (as apposed to Liquidated Damages, Sanctions, and Item Adjustments) are those amounts held back for specific purposes i.e. overweight vehicles, deficient material testing, warranty period has not completed, final finishing has not been completed. These deductions may be either temporary or permanent. The Chief Inspector in conjunction with the Project Engineer must identify, initiate and control all deductions.

It is preferable to base deductions on known amounts, but, if necessary, they can be estimated.

Chief Inspectors must keep source documents and summary sheets in the appropriate Contract records to cover all deductions.

### ***1-909 Payment for Stored Materials***

Due to the complexity of the documentation necessary for payment of stored materials this section is divided into subdivisions in an effort to outline the specific requirements depending on storage location and other conditions. The first subsection (1-909A) addresses general requirements for stored material payments. The subsections that follow (1-909B, C, D) explain special requirements for materials stored in state, out of state, raw and partially fabricated materials. The entire article should be reviewed to determine the case that you are dealing with.

#### ***1-909A General Requirements***

Article 1.09.06-B of the Standard Specifications provides for payment of materials, stored either on or off the project. Under the specifications, payment for stored materials is discretionary. Therefore, the State's interests must be protected and adequate protections must be in place to ensure that the State actually owns what is paid.

The Standard Specifications Article 1.09.06 states that material payments shall not exceed the contract unit price less the actual value of delivery and installation of the materials. The actual value of delivery and installation is to be interpreted as all work remaining for completion of the item at the point of payment for material stored.

#### **Schedule of Values:**

A Schedule of Values is required whenever a contractor submits a request for payment for stored materials. The Schedule of Values shall contain all elements of work included in the contract item such as but not limited to, material costs, fabrication costs, delivery costs, any assembly costs (offsite and on site) and installation costs. If the request is for a part or components of a larger unit, the price, description, etc. of each individual component shall be provided. If the contractor is unwilling to submit the schedule of values or does not agree with the adjustments required by the specification, the request for payment of materials stored shall not be approved.

Prior proceeding with further evaluation of a request for Material Stored payment the District shall make a determination of the remaining costs of the item and verify that the schedule of values submitted is reasonable and consistent with Article 1.09.06 of the Standard Specifications. Payment for material stored shall be reduced to be no more than the contract price less the remaining costs of the item, even if it is less than the stated cost of the material. In the event that a reduction is required, the Contractor (Principal of the Company) must agree in writing to the reduced compensation for material stored in accordance with the specification. If the contractor does not agree in writing to the reduced compensation then material stored payment shall not be made. The District shall generate a written approval of the schedule of values as well as any adjustments made.

**Certificate of Title and Receipted Bill:**

The standard specification states that a receipted bill or Certificate of Title is acceptable documentation for material stored. An acceptable receipted bill is one generated by a supplier or manufacturer which describes the material in question and documents full payment by a contractor. The only time a receipted bill is acceptable without a Certificate of Title is when the material is fully fabricated, stored on the site and the receipted bill is from the supplier to the prime contractor stating that the prime contractor has made full payment for the materials.

If the conditions of the previous paragraph are not met then a fully executed Certificate of Title is required. The Certificate of Title must be executed by all parties (Vendor, Subcontractor if applicable, and Prime Contractor) to establish ownership of the stored material by the State. The Certificate of Title shown in figure 1-9.2 shall not be altered in any way (language added or deleted), except for completion of the required fields. If it is altered, it will be considered invalid and payments will not be made.

The Certificate of Title (or receipted bill) submitted by the prime contractor shall provide the location, method of identification, and quantity of the material. The identifying markings as noted on the Certificate of Title or receipted bill must be affixed to the materials. Markings must be clear for easy identification while the materials are in storage. Heat numbers are not an acceptable marking.

If there are several components to the requested material, a separate page may be attached as long as the page is referenced in the description field of the certificate of title. The material list shall be of such detail that the Department representative can utilize the list for the inventory required prior to payment. The cost of the material, costs of assembly or fabrication, the cost of shipping and cost of installation shall be contained in the schedule of values previously mentioned.

**Material Identification:**

A positive means of identification must be affixed to the materials and noted on the Certificate of Title or receipted bill furnished by the Contractor. Markings must be clear and visible for easy identification while the materials are in storage. Heat numbers are not an acceptable marking.

**Testing:**

All testing requirements (Mat 100 approved) must be met prior to payment unless approval in writing is received from the Office of Construction, or the subject material is raw or partially fabricated. If the material is raw or partially fabricated the conditions of subsection 1-909D apply.

**Inspection and Inventory:**

The storage site and material must be personally inspected and the material inventoried to make sure the site is secure and the material inventory matches the certificate of title. Written approval of the storage site by the Supervising Engineer shall be retained in the project records (Volume IV). The inspection should be performed by the Chief Inspector or above. The Assistant District Engineer may request assistance from Division of Materials Testing as required.

Initial and quarterly inventories are to be performed by designated personnel depending upon the storage location. Along with the inventory, the Department representative must note if there is any visible damage to the material. Damaged materials shall be brought to the attention of the Division of Material Testing and shall not be paid as material stored. If the material was paid prior to identifying that it was damaged a deduction from the next payment estimate must be made.

All documentation of the inventories must be made part of the project records noting the material, quantity, location and identification and recorded in a Material Stored Inventory Log. In addition to the written inventory, the Department representative should take photos of the material.

Any discrepancies between inventories shall be immediately adjusted on the next payment estimate. All stored materials that have a universal use (such as guiderail, poles, luminaires, signal equipment, pipe, etc.) shall be carefully monitored to ensure the inventories haven't changed. If the District determines that it is not feasible to perform the initial or quarterly inventories the Assistant District Engineer shall contact the Construction Administrator in order to determine whether the request for payment of material stored can be granted.

If after review of the site it is determined that the material may be susceptible to damage or loss, the request for material stored shall not be approved.

**Right of Entry and Lien Waiver:**

A right of entry and a waiver of lien (against the material stored) are required any time the property that the material is stored at is not owned by the Vendor or contractor(s) named in the Certificate of Title. The right of entry will be required to grant the State of Connecticut Department of Transportation access to the property and material for access and/or removal in the event that the Supplier or contractor is unable to deliver it (due to default or other reason). The waiver of lien shall state that no lien has been placed against the material for any reason by the owner (or leaseholder) of the property. Due to the nature of the lien waiver it will be required to be updated at the time of the quarterly inventory. If the Contractor fails to update the waiver of lien then the material payments shall be deducted from the next payment estimate. The Contractor should be informed that additional time will be required for review and approval of these documents by the DOT Legal Staff.

**Site Inspection:**

The inspection staff must inspect and document that the materials brought to the site appear to be undamaged and in the same condition as when they were initially inspected. If the material is not delivered to the project in an acceptable condition, it cannot be incorporated into the work. Also, the cost of the damaged material must be deducted from the next payment estimate to the contractor.

For example, if the inspection staff finds a structural steel member that appears to have damage to the coating system or physical damage to the steel shape itself, the inspector should first document the damage and notify the Contractor in writing that the materials are damaged and that depending upon the recommendations of the Division of Materials Testing (DMT) the materials may be found unacceptable. They should bring the issue to the attention of their immediate supervisor and request an inspection from the DMT.

**Unit Price Correlation:**

For lump sum items or other instances when the unit of material being paid under Material Stored on Site does not equal the item pay unit, a correlation between the two must be determined prior to any payments being made. The Chief inspector or Resident Engineer shall discuss the proposed unit with the Project Engineer prior to making payment for material stored. Upon completion of the item for which material stored payment is made the project staff shall review the payments made to the item and determine if a credit must be taken for materials not used.

**Documentation:**

All documentation required for material stored on site shall be kept in the separate folder or Volume IV. The Project Engineer shall review the material stored on site documentation and initial the material stored inventory log summary. The Project Engineer shall verify that all necessary documentation is in the folder or Volume IV, payments are being properly made, all necessary inventories are performed and documented and in the case where a lien waiver is required that the lien waiver is updated quarterly.

**Excess Material:**

Excess stored materials should be returned to the Contractor and appropriate adjustments made to the prior payment(s), unless otherwise approved by the Assistant District Engineer.

**Stock Items**

Generally, stock items or off-the-shelf items will not be considered for payment under Article 1.09.06, unless the material has been delivered to the job site. Exceptions should be referred to the Construction Division Chief or Construction Administrator.

***1-909B Materials Stored On-Site or Off-Site within State (Except Raw or Partially Fabricated Materials)*****Approval Authority:**

Approval of the request for material stored within the State is the responsibility of the District. The District shall follow the guidelines of subsection 1-909A.

**Inventory:**

Initial and quarterly inventories are to be performed by District inspection staff or the Division of Material testing as stated in subsection 1-909A.

***1-909C Material Stored Out of State (Except Raw and Partially Fabricated Materials)***

All conditions and requirements as outlined in Subsection 1-909A shall apply with the exception of the following:

**Approval Authority:**

Requests for material stored out of state must be approved by the Construction Division Chief.

**Cost of Inspection:**

The first step in the evaluation of a request for payment of material stored out of state is for the Assistant District Engineer or their designated staff member to determine if there are extra costs to the Department involved in the initial and quarterly inspections of the materials. If extra costs are anticipated the Assistant District Engineer shall consult the Office of Construction Division Chief for concurrence on the Department's disposition on the payment for material stored.

If the costs are deemed excessive or Department personnel are not available for periodic inspections, the Contractor may be required to agree to periodic inspections and self-certifications of the inventory including but not limited to a written statement with a full inventory, as well as photographic documentation of the materials. This shall be agreed to prior to further evaluation of the request for payment of material stored. If an agreement is not reached then material stored will not be paid unless approved by the Construction Administrator.

**District Review:**

Prior to forwarding the request for material stored payments to Construction Division Chief the District shall evaluate and make a recommendation as to whether the Contractor's request should be granted.

The request for approval forwarded from the Assistant District Engineer shall include all required documentation including the schedule of values, certificate of title (a copy of the entire Contractor submittal), storage site approval, testing recommendations, inventory and the District's determination as to the item costs and the validity of the proposed schedule of values.

**Review Period:**

The Contractor should be informed that due to the coordination necessary for the payment of material stored out of state they should expect a minimum of 30 days review prior to payment.

**Inspection and Inventory:**

Out of state storage sites for structural steel and precast concrete units should be evaluated by the Division of Materials Testing (DMT) or their designated on-site inspector. For other materials, District personnel (Chief Inspector or above) may inspect the site only if it can be accomplished within a normal workday and out of state travel is authorized. If inspection of the material cannot be accomplished payment for material stored will not be granted unless specifically authorized by the Construction Administrator.

The request for out of state storage site inspection and material inventory will be made from the Assistant District Engineer to the Assistant Manager DMT. The District shall forward the detailed list of materials provided by the Contractor to be utilized for the inventory with the request for the inspection. If the material list is not of adequate detail or the markings are not adequate for the Department representative to complete the verification of the materials proposed for payment of material stored, then the Contractors request will be denied.

**Follow up Inspections:**

If the Department and the contractor come to an agreement for the Contractor to perform the periodic inspections (as mentioned in section 1-909C) and the Contractor does not submit the certifications as agreed then the payments shall be deducted from the next payment estimate with the approval of the Assistant District Engineer.

***1-909D Raw or Partially Fabricated Materials***

Generally, raw or partially fabricated materials will **not** be paid for as stored materials. An exception may be made when raw materials are required to be purchased early in the project (e.g. steel for stage construction) and the Contractor can demonstrate that payment for such materials is in the best interest of the project. In those instances consideration will be given for partial payment under the Material Stored on Site provisions. **Note: This discussion does not pertain to the item, "Material for Structural Steel" or other furnish items which may be in the contract. Projects should follow the Basis of Payment and Method of Measurement described in the specifications.**

**Assistant District Engineer Review:**

Prior to proceeding with the request for inspection of the storage site and inventory of material the Assistant District Engineer will consult with the Construction Division Chief as to the Department's position on payment. If the Department conceptually agrees to the payment for raw or partially fabricated material, the District shall proceed as directed in Subsections 1-909A, B and C above – subject to the following additional requirements.

**Schedule of Values:**

For items that require extended fabrication, manufacturing or assembly time, the contractor's proposed Schedule of Values shall be based on completion of major elements or completed assemblies or processes (i.e. fabrication complete, coating complete, delivery, installation, touch up painting, etc.) As stated in

Subsection 1-909A the schedule of values shall include all costs that equate to the item unit price. Payments shall only be made for definable elements and stages of completion of the materials. Partial payments for completion of a percentage of the item or element (work-in-progress) is not acceptable.

The following information will be required to be submitted with the request for payment of raw or partially fabricated material, in addition to the standard requirements as outlined in the previous subsections

- Original contract value.
- Original calendar days.
- Days used to date
- When the material will be incorporated into project.
- Justification for the request (stage construction, etc.)

**Testing:**

For raw or partially fabricated material the DMT will inspect the storage site as described in the previous subsections. The DMT will also evaluate the material based on it's acceptability for use in manufacturing the final product and recommend whether or not it is acceptable. The DMT will forward their findings to the District to be submitted to the Office of Construction with the other supporting documentation.

Final testing will be performed when the material is 100% fabricated and a MAT-100 is submitted to the DMT for approval. To accomplish this, the inspector will generate a MAT-100 when the material is delivered to the site or as instructed by the DMT contact.

**Review Period:**

The Contractor should be informed that due to the coordination necessary for the payment raw or partially fabricated material stored they should expect a minimum of 30 days review prior to payment.

Figure 1-9.2 Certificate of Title Sample Form

**STATE OF CONNECTICUT**

**CERTIFICATION OF TITLE  
TO MATERIALS STORED OR TO BE STORED  
FOR INCORPORATION IN DEPARTMENT OF  
TRANSPORTATION PROJECT**

WHEREAS, \_\_\_\_\_, hereinafter referred to as the "Contractor", is engaged in the performance of a certain construction contract with the State of Connecticut, Department of Transportation, hereinafter referred to as the "Department", designated as

Contract No. \_\_\_\_\_

WHEREAS, the Contractor has purchased from \_\_\_\_\_, hereinafter referred to as the "Vendor", for incorporation in Contract No. \_\_\_\_\_, in accordance with the plans and specifications therefore, or as ordered by the Engineer, and has stockpiled or stored, or intends to stockpile or store certain materials at the contract site, or at a place and in a manner approved by the Engineer, namely, the following materials:

DESCRIPTION of materials and quantities

and

WHEREAS, to comply with the provisions of the Department's Specifications (Subsection 1.09.06) requiring certification of the Contractor's absolute legal title to the materials hereinabove, described before the Department can pay the Contractor for the actual cost thereof, the Contractor and the Vendor have entered into the following agreement:

NOW, THEREFORE, for and in consideration of the foregoing premises, the Contractor and the Vendor agree, with the intention of being legally bound hereby, as follows:

1. The Vendor has executed this document for the purpose of acknowledging that the Vendor has made an outright sale and transfer of title of the above-described materials lawfully owned by the Vendor to the Contractor free of all restrictions, Uniform Commercial Code or other filings, or liens and does not have any interest of any kind in the said products, has the right to make such transfer of title, and will not in the future make any claim whatsoever to such title.
2. The Contractor certifies and represents that he is the lawful holder of the absolute legal title to the above-described materials and has the full legal right, power and authority to sell and transfer title to the same without restriction, Uniform Commercial Code or other filings, or liens of any kind on the part of the Vendor and/or any Subcontractor.

Figure 1-9.2 Certificate of Title Sample Form (continued)

CERTIFICATION OF TITLE

Page 2

- 3. The Contractor and/or any Subcontractor and the Vendor, their successors and assigns, will and do by these presents, warrant the title to the above-described materials to the Department.
  
- 4. In the event the Vendor has furnished or sold the above-described materials, or transferred title to such materials to a Subcontractor of the Contractor rather than directly to the Contractor, this Certification of Title is hereby amended at all applicable points to reflect this fact. By the execution of this Certification by any such Subcontractor, such Subcontractor is executing this document for the purpose of acknowledging that such Subcontractor has made to the Contractor an outright sale and transfer of title which it may have to the above-described materials as it may be lawfully owned by the Subcontractor free of all restrictions, Uniform Commercial Code or other filings, or liens and does not have any interest of any kind in the said products, has the right to make such transfer of title, and will not in the future make any claim whatsoever to such title.

IN WITNESS WHEREOF, the parties hereto have caused this Certification of Title to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

ATTEST:

CONTRACTOR

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

ATTEST:

SUBCONTRACTOR

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

ATTEST:

VENDOR

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

### ***1-910 Payment to Subcontractors and Suppliers***

State statutes and Federal regulations require the prompt payment to subcontractors for amounts due for labor performed or materials furnished when charges for such labor or materials have been included in a progress estimate paid by the State including the release of retainage. Upon payment of a progress estimate that includes labor or materials provided by a subcontractor or the release of retainage for work satisfactory performed by a subcontractor, the Contractor must pay such subcontractor within 30 days of receipt of payment from the State, unless the Contractor believes they have a valid reason to withhold payment from such subcontractor. In which case, the Contractor must notify the subcontractor and the Department of the reasons for the withholding of payment. (For the purpose of this section the term subcontractor shall include suppliers.)

The prompt payment provisions also apply to any lower tier subcontractor. Subcontractors must pay their subcontractors for work performed or materials supplied within 30 days after such subcontractor receives payment for labor or materials furnished by such subcontractor

Federal regulation requires the Department to release retainage to the prime Contractor for subcontract work that has been satisfactorily completed. Upon the request of a subcontractor and satisfactory completion of their work, the Contractor must be reimbursed the retainage for that portion of the work completed. A subcontractor's work will be considered satisfactorily complete when:

- The subcontractor has fulfilled the contract requirements of both the Department and the subcontract for the subcontracted work, including the completion of any specified material and equipment testing requirement or plant establishment period and the submission of all submittals (i.e.: certified payrolls, material samples and certifications, required state and federal submissions, etc.) required by the specifications and the Department, and
- The work done by the subcontractor has been inspected and approved by the Department and the final quantities of the subcontractor's work have been determined and agreed upon.

For direction on how to handle prompt payment complaints received from subcontractors, unions and suppliers refer to Volume 1, Chapter 14, Section 1-1409.

### ***1-911 Credits due State***

CONNDOT contracts can include construction work that is requested and benefits second parties such as Public Utility Companies, Towns and Municipalities. When this occurs there is usually an agreement between the State and second party for the reimbursement of the costs associated with the construction work. The agreement will describe the improvement and estimated cost. The final cost is determined by an audit performed by the External Audits unit of the Bureau of Finance and Administration.

Before Contract work begins the Chief inspector should review all agreements with second parties to determine what work involves credits due state. At this time it is also beneficial to review the Design Report as it may indicate what agreements should be in place. If you think agreements are missing check with the designer.

Contract work included in a contract or added to the contract for the benefit of a second party such as public utility, town or municipality must be distinguished from other contract work in the Project records. This is done so that a determination can be made of the value of the betterments and salvage at the completion of the work.

If during construction it is noted that the actual costs will exceed the limits set forth in the agreement, the District should initiate a supplemental agreement to cover the increased cost. When possible the supplemental agreement should be approved before additional work is performed.

When the construction work is completed the District will send to the Director of External Audits, Bureau of Finance and Administration a “Request for Audit of Credits Due State.” To assist with the audit, the District’s request will include the following:

- Name of Second Party
- State and Federal Project Numbers for the construction contract
- Copy of the agreement between the State and Second Party
- Information pertaining to all demand deposits made by Second Party
- Signed and dated calculation of Credits due State based on actual cost of work performed.
- Copy of the Certificate of Acceptance of Project, CON-501
- Copy of the Federal Voucher Report listing final quantities and costs for all item of work.

### ***1-912 Estimated Payments***

**An “estimated” payment is a rough calculation of an approximate amount to meet a payment deadline. The calculation must be re-computed to reflect the final or actual quantity.** It is emphasized that the posting of “estimated payments” on DWRs must include some form of backup documentation. When paying a portion of a unit price item, the payment must be supported by field measurements and/or computations. (Note: Paying a percentage of the original quantity as an estimated payment and noting an estimated payment as a “progress payment” is not acceptable.). Estimated payments are to be kept to a minimum and should be used only when actual measurements or computations can not be completed. If estimated payments cannot be avoided, final or actual payments should be made as soon as possible thereafter. The project staff shall establish a system for tracking the closeout of estimated payments, which shall be reviewed and approved by the Project Engineer. The agreed upon procedure shall be written and included in the Volume III (Refer to Figure 1-9.3)

The Project Engineer shall review all estimated payments to the Contractor with each Payment Estimate (refer to Section 1-903). Estimated Payments must be re-computed to reflect actual or final quantities as soon as practical, typically within 60 days, but not later than the following winter.

The following procedure shall be followed when posting and adjusting estimated quantities on DWRs:

- All entries shall be so noted (Est.) on the hard copy DWR and entered in the “remarks” field in SiteManager. This reference field will show on the “Work Item Detail Report” in the SiteManager Reporting icon. This aids the field forces and other people checking the records to designate quantities paid by estimation.
- The justification for the estimated payment is being made must be entered on the DWR and in SiteManager in the “Remarks” field.
- When the actual adjustment is made on a DWR to the previously estimated payment, the hard copy DWR shall be cross-referenced to the original DWR the estimated payment was made on. Also, the inspector shall enter in adjustment (Adj.) and list the estimated payment original DWR in the “remarks” field in SiteManager. This information must also be noted on the Volume III summary sheet if the item is contained in a Volume III book.
- The original payment entered must be deducted in its entirety and replaced with the actual payment. Using the difference of the estimated payment to the adjusted payment is not acceptable. The deduction payment and the actual payment must be entered on the same DWR.

*1-912A Partial Payments*

A “partial” payment is paying a part of a calculation that is accurate and will not require re-computing. For items bid on a unit basis, include in progress estimates work that is substantially complete; however, withhold a sufficient number of units to cover the value of the incomplete incidental work. In each case, a source document must be on file showing the details of the quantity’s determination. Base withheld amount on a cost plus analysis of the remaining incidental work or other method approved by the Project Engineer.

The following examples are listed to illustrate the procedure:

- **Roadway Excavation**  
In normal situations material is excavated, hauled, placed in final position in embankment and compacted, but slope finishing is not done. This is considered incidental work and a quantity may be withheld to cover the value of the work remaining.
- **Aggregate for Subbase and Base**  
Material may be produced, hauled, placed, and compacted, but final trimming to tolerance has not been performed. This is incidental work and a quantity may be withheld to cover the value.
- **Fence**  
Posts and wire or mesh may be in place and securely fastened but bracing wires not completed. Withhold units to cover this incidental work.
- **Structure Concrete**  
When structure concrete has been placed but items such as removing forms and falsework, curing, finishing, and other similar items have not been completed, withhold a number of units sufficient to cover the cost of this work.
- **Structural Steel**  
When steel placed is paid by unit price, withhold units to cover incidental work such as additional bolting and welding.
- **Trees, Vines or Shrubs**  
When trees, vines or shrubs have been installed withhold units to cover anticipated plant loss during the establishment period.

Figure 1-9.3 Volume III- Record of Estimated Payment Procedures (Sample)

<p>Estimated Payment Procedures</p> <p>Item No. 0202003 Earth Excavation:          Paying estimated by load count until the survey party is available to survey the area.</p> <p>_____</p> <p>(signed)</p>	<p>Project # XXX-XXXX</p> <p>_____</p> <p>(printed name)</p> <p>_____</p> <p>(date)</p> <p>Approved by Project Engineer:</p> <p>_____</p> <p>(signed)</p> <p>_____</p> <p>(printed name)</p> <p>_____</p> <p>(date)</p>
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**1-913 Lump Sum Items**

Lump sum items may or may not have detailed guidance (i.e. in the Special Provision) on how to measure the work for payment. The Inspector must verify the Method of Measurement and Basis of Payment for a lump sum item before any payment is made.

For lump sum items that do not have detailed guidance on how the work is measured for payment, an agreement should be reached with the Contractor for the basis of determining progress payments before the work starts. One method for lump sum items with many distinguishable elements is to ask the Contractor to propose a Schedule of Values for the different elements and come to agreement on these values. As the work progresses base the payments on the elements that have been completed or portions thereof. Appropriate reductions should be taken for incomplete or deficient work. The Schedule of Values method is required with facility construction projects. Another method, which may be more appropriate for less complex lump sum items, is to pay a percentage of the lump sum bid price as work progresses based on the ratio of the number of working days an item of work has been in progress divided by the estimated total number of working days required to complete the item work. However, the

Chief Inspector should be aware that such a simplified method might not actually reflect the value of the work completed.

For lump sum items or other instances when the unit of material being paid under Material Stored on Site does not note the pay unit, a correlation between the two must be determined prior to any payments being made.

### ***1-914 Accuracy of Measurements and Computations***

Computations of volumes, areas, etc. are based on measurements made with the degree of accuracy consistent with the unit value of the item and the practical precision of measurement. The following is a guide to be used for measuring and computing quantities.

**Figure 1-9.4 Accuracy of Measurements and Computations**

Bid Price (Dollars)	Quantities to nearest
0.01 to 10.00	unit
10.01 to 25.00	1/2 unit
25.01 to 50.00	1/10 unit
50.01 and above	1/100 unit

### ***1-915 Estimated Items / Adjustment Items***

Contract items may have a unit of measure of “Estimated”. The purpose of estimated items is to set up a budget or an allowance for this work within the contract. Examples of these items are Asphalt Adjustment, Lead Health and Safety, Handling Contaminated Groundwater, Fuel Adjustment, Reinforcing Steel Adjustment, Cement Adjustment, Disposal of Debris and others. Normally the Method of Measurement/Basis of Payment is in accordance with Article 1.09.04 “Cost-Plus”. It is acceptable to pay under the estimated contract item number when it is paid in accordance with cost-plus. It is also acceptable to pay an agreed price for a portion of the work. In that case a new item would be created and paid according to the unit cost that was agreed upon instead of paying cost-plus. The estimated contract item should be reduced by a similar amount. The addition of the new item and the reduction of the estimated item shall be shown on the same construction order. All payments related to the estimated item must be shown on a Volume III summary sheet showing the reduction of the estimated item quantity. All spreadsheets, calculations and supporting back-up documentation must be contained in a Volume III book.

Some of the adjustment items may have a unit of measure as tons. All spreadsheets, calculation and supporting back-up documentation must be contained in a Volume III book and must have summary sheets.

### ***1-915A Asphalt (HMA) Adjustment Procedures***

There are several different types of adjustments that may have to be made for HMA items that have been placed on a project. See Volume 2, Chapter 6 for guidance on these adjustments.

Some of the adjustments cannot be made by using original contract items. Within SiteManager, three adjustment items have been added at the project line item level under Category 01 to standardize the way the adjustments are made. When the inspector determines that an HMA Adjustment is required, a DWR must be created identifying the appropriate HMA Adjustment Item.

It is important that the DWR documents why the adjustment applies, date(s) the adjustment is for, how it was calculated, and any associated references to the Project's Volume III.

These Adjustment Items are:

- **HMA Material Deficiency Adjustment**, unit = Est., price = \$1.00. This adjustment is monetary and is always a negative value. Item Code will be HMAM001, Line Item 5005
- **HMA Density Adjustment**, unit = Est., price = \$1.00. This adjustment is monetary and can be either a positive or a negative value. Item Code will be HMAD001, Line Item 5006
- **Rideability Adjustment**, unit = Est., price = \$1.00. This adjustment typically occurs only once during the project. However, some larger projects that are staged may require multiple adjustments throughout the course of the project life. This adjustment is monetary and can either be a positive or a negative value. Item Code will be HMAR001, Line item 5007.

A sample form for all asphalt adjustments along with a directions page is shown in Vol. 2, Chap. 6, Form 2-6.28.

### ***1-915B HMA Overweight Adjustment (tons)***

Net weight adjustment will be made when a truck delivers material to the project and the truck exceeds the allowable gross weight for that vehicle type. The quantity of overage, in tons, will be deducted from the total delivered tons measured for payment. This adjustment may be applied even after the material has been incorporated into the project. See Vol. 2, Chap. 6, Form 2-6.28, Adjustment Schedule Form.

### ***1-915C Material Deficiency Adjustment (dollars)***

Ten percent of the total quantity of material that exceeds one or more of the mix tolerances will be used to determine the Material Deficiency Adjustment. The job mix formula adjustment tolerances can be found on Table 3 (Job Mix Formula Tolerances for Consecutive Tests) in Article 4.06.04--1C of the *Standard Specifications, Form 816*. See Vol. 2, Chap. 6, Form 2-6.28, Adjustment Schedule Form.

### ***1-915D HMA Density Adjustment (dollars)***

The average of theoretical maximum specific gravity calculations for the material placed in a continuous paving operation will be used to establish the average percent density. (The paving of bridges will be treated as a separate continuous paving operation per bridge.) This average percent density will then be used for any adjustment according to Table 6 (Mat and Longitudinal Joint Adjustments) in Article 4.06.04-1D of the *Standard Specifications, Form 816*. See Vol. 2, Chap. 6, Form 2-6.28, Adjustment Schedule Form.

### ***1-915E Rideability Adjustment (dollars)***

The rideability of the section of roadway will be taken after all the paving has been completed. This will produce a figure that will be used only once to adjust the payment for the complete roadway.

### ***1-915F Measured Weight Adjustment (tons)***

The material in all courses of bituminous concrete, except leveling, wedge and one-course applications, will be subject to adjustment for thickness and width. The averages of the thicknesses or widths of each lift will be determined by measurements taken by the Engineer. When the total thickness or width exceeds the theoretical yield, an adjustment will be applied to the installed bituminous concrete pavement. When a deficiency in thickness or width is found, with the approval of the Engineer, the contractor shall take corrective action. Areas that are corrected will be measured as though originally constructed. No payment will be made for material removed and disposed of, or for the restoration of affected base or adjusted construction, for the purpose of corrective work. See Vol. 2, Chap. 6, Form 2-6.28, Adjustment Schedule Form.

### ***1-915G Liquid Asphalt Adjustment (dollars)***

This adjustment is associated with the price of performance-graded binder component of bituminous concrete mixtures. The asphalt price adjustment will only be applied to HMA mixtures such as Class 1, 2 and 4, Superpave .375, .5 and 1.5. The adjustment will be applied on a monthly or semi-monthly basis in accordance with the payment schedule of the bituminous concrete pay items. Asphalt adjustment will be made upward or downward only when the asphalt period price varies more than \$5.00 from the asphalt base price. The Connecticut Department of Transportation will provide the Asphalt Price of the performance-graded binder. See Vol. 2, Chap. 6, Form 2-6.30, Liquid Asphalt Adjustment Form.

### ***1-916 Water Pollution Control***

A Water Pollution Control item is included in the Contract for each project if it is anticipated additional controls will be required to prevent soil erosion. This is an umbrella item intended to provide funding for these additional controls. Payments are not made under the Water Pollution Control Item; they are made under the applicable Contract items when available, such as riprap, hay bales, and turf establishment, or as provided for under Extra and cost-plus Work. Work paid under this item is incorporated through Construction Orders and either paid for on an item-by-item basis or as a single construction order item subject to the approval of the District.

A summary of Water Pollution Control activities must be maintained. See Figure 1-9.6 for a sample summary sheet. The listings on this summary must include all item payments, including new or cost-plus items used and must be maintained in the project records, in the Volume III.

A reconciliation of payments must be made periodically from the summary log, as Contract items are paid and deducted from the funds in the Water Pollution Control item.

If additional control measures are required and the original fund for Water Pollution Control is exhausted, additional monies cannot be added to the item by a Construction Order. Additional funding must be requested through normal project methods.

**Figure 1-9.6 Volume III – Water Pollution Control Summary**

ITEM 0210000 WATER POLLUTION CONTROL SUMMARY SHEET				Project No. 200-200 Page No. 12		
ORIGINAL CONTRACT ALLOTMENT				\$100,000.00		
Date	Item	Quantity	Cost	Total to Date	Balance Remaining	DWR/Reference
7/31/2004	#07033010 - Riprap	24 c.y.	\$930.00	\$930.00	\$99,070.00	DWR-jonesj-7/31/04
8/5/2004	#CO00031- Install Hay Bales	\$116.92 c.p.	\$116.92	\$1,046.92	\$98,023.08	DWR-jonesj-8/5/04 Cost Plus Sheets
8/6/2004	#0950005 - Turf Establishment	5,842 s.y.	\$2,292.30	\$3,339.22	\$94,683.86	DWR-doej-8/6/04 & Vol. III, Page 12
TOTALS		0	\$3,339.22	\$5,316.14	\$291,776.94	0
Comp by:		Printed Name:		Chkd By:		Printed Name:
		Signature:				Signature:
		Date:				Date: