

CHAPTER 3

ADMINISTRATIVE MANAGEMENT

3.1 PURPOSE

The purpose of this procedure is to outline the activities of the District Final Estimate Office (DFEO). It outlines the priority selection criteria used by the District Final Estimate Manager (DFEM) in assigning contracts to minimize the Florida Department of Transportation's exposure to the risk of overpayment errors and interest on delayed payments.

3.2 PROCEDURE

3.2.1 General DFEO Administrative Functions

- (A) Receive and process the final estimate packages.
- (B) Track the contractor's acceptance of the offer of final payment.
- (C) Update the Final Estimate Status Report.
- (D) Assemble and forward the pass package (see Chapter 14 of this Manual).
- (E) Process unpaid bill claims.
- (F) Provide Quality Control Plan guidelines for receiving and maintaining final estimate packages (see Chapter 4 of this Manual).

The forms referenced in this chapter can be found on the Department's website:
<http://www.dot.state.fl.us/proceduraldocuments/formsandprocedures.shtm>

3.2.2 Final Estimate Processing

- (A) When a notification of final estimate submittal is received, the DFEO will verify that the information shown on the Final Plans and Estimate Transmittal, Form No. 700-050-20, has been submitted with the final estimate package.

- (a) If the package does not contain the records outlined, send a list of the missing items along with the **Final Plans and Estimate Transmittal Form** to the Resident Office (RO).
 - (b) If the package contains records not pertaining to that Contract, notify the RO of the documents inadvertently included in the final estimate package.
- (1) Verify backup information is delineated by pay item number.
 - (2) Verify the **Field Records** are scanned into the Electronic Document Management System (EDMS). Check against the total number listed on the transmittal memo. Verify the **Field Record** numbers and general description are listed on the transmittal memo.
 - (3) Verify that the **Certification as to Accuracy of Final Payment, Form No. 700-050-38** is submitted (if applicable).
 - (4) Verify that the words "Final As-Built Plans" have replaced the words "Contract Plans" on the Key Sheet, and that changes occurring during construction have been detailed on the Final "As-Built" Plans set.
 - (5) Verify the Resident Engineer's Correspondence File has been scanned into EDMS.
 - (6) Check the time folder to ensure that it contains contract time changes that have occurred during the life of the Contract. Make sure it contains a summary sheet showing the original contract time and all time added.
 - (a) For Federal Aid contracts, each time extension or Supplemental Agreement must show the breakdown of Federal Aid participation in the contract time changes.
 - (1) On Projects of Division Interest (PoDi) contracts and Central Office Oversight Acceptance contracts, the District's requests for approval of federal participation may be included with the contract time changing document, in lieu of showing the actual breakdown, if the District has received no response to its request by the time the Final Estimate Package is submitted to the

DFEO.

- (2) On projects where oversight is assumed by the State (Assumed), the District has the responsibility of determining and approving federal participation in time changes. All time changing documents on these contracts must show the determined federal participation.
 - (7) When all items on the transmittal memo are accounted for, mark it "All Items Received" and submit written notification to the Project Administrator (PA).
 - (8) Contract Claim Settlements arriving with or after the Final Estimate Package may require payments be made to the Contractor in advance of the final payment. Payment of construction contract claims prior to submittal of the final estimate package to the DFEM will be made by the PA on a progress estimate. Final Payment for Contract Claim Settlements after the final estimate package has been received by the DFEM shall be made by the DFEO on a progress estimate within thirty (30) days after such settlement is made. These settlements include:
 - (a) Litigation or court orders.
 - (b) Arbitration board rulings.
 - (c) Supplemental Agreements for the settlement of claims which were executed after the Contract is completed.
- (B) **DFEM Work Sheet** (Form 700-050-32): This form is to be completed by the DFEO and scanned into EDMS. Items recorded on this form include:
- (1) Progress Final Estimate.
 - (2) Overruns and Underruns with explanations.
 - (3) Joint Project Agreements.
 - (4) Test Pile Letters.
 - (5) All correspondence concerning quantities.

(C) The Status Reporting System: The Final Estimates Record of Final Plans Form No 700-050-28 will be initiated in CARS by the Resident Office to start the status reporting process. The status reporting system will continue to be updated by the DFEM to provide accurate information on the status of the project close out.

(1) The Status Categories are:

- (a) FINAL ACCEPTED– Construction Complete, Job in Resident Office
- (b) FE PGK NOT SUBMITTED– Final Estimate Package Not Received as Required by DFEO
- (c) NEW – Final Estimate Being Checked
- (d) ADD. FIND. – Verify Changes, prepare for Submit to Contractor
- (e) BEING HELD FOR INFORMATION
- (f) SUBMIT – Final Estimate has been submitted to Contractor for their review and acceptance
- (g) RESERVE – Contractor has submitted a Qualified Acceptance Letter indicating a claim
- (h) PASSED – Comptroller has been advised to pay/close Contract
- (i) PAID OFF – Contractor has received final payment/Closed
- (j) FE PACKAGE RECEIVED – Submitted to DFEO

3.2.3 Final Estimate Package - Establishing Processing Priority

- (A) Need for Establishing Priority: [Section 337.141 of the Florida Statutes \(F.S.\)](#), provides for interest to be paid to the Contractor for delay by the Department in making final payment. See Chapter 14 of this Manual for details on calculating the Pay-off Date.
- (B) To assign jobs to the Initial Reviewer based on priority, use the following guidelines:

- (1) A priority job is defined as a job with all contract required documents submitted and approved. Assign these contracts first.
- (2) Once all priority jobs are assigned, the job with the oldest final acceptance date is normally the next job assigned by the DFEM for Initial Review.
- (3) Exceptions to this assignment rule can occur when a Contract becomes a priority job by virtue of the Contractor's compliance with all of the Department's document submittal requirements.

3.2.4 General Liability Claims: Processing Insurance Claims against the Contractor's General Liability Insurance

Insurance claims are covered under the Contractor's general liability insurance. Such claims include personal injury, damage to vehicles in an area under construction, over spray on a vehicle due to bridge painting, structural damage to a home in the area of pile driving, etc. These types of claims shall be referred to the Contractor for attention. The particulars of the claim shall be sent to the Investigations Supervisor of the Office of General Counsel at claims.review@dot.state.fl.us. (**See Figure No. 3-1**). To assist Department employees in processing and forwarding such claims, the Office of the General Counsel has developed **General Liability Claim Procedure No. 225-085-001**. The guidelines and requirements established in this procedure become a basis for assessing accountability and to assist the Office of General Counsel and the Department of Insurance in processing these claims. Copies of this procedure may be obtained from the Office of General Counsel.

3.2.5 Department's Receipt of Unpaid Bill Notices from Subcontractors or Material Suppliers

Throughout the life of the Contract, complaints can be received alleging non-payment on the part of the prime contractor to subcontractors and materials suppliers.

The Department is required by Florida law to keep a record of all notices of non-payment, along with the disposition of each complaint. To meet this requirement, the Department maintains a record of each notice of non-payment in the Unpaid Bills Tracking System in Construction Automated Reporting System (CARS). The entries shall consist of claims from subcontractors, subordinate subcontractors, and material suppliers on construction contracts let by both Central Office and the Districts. The DFEM will update this file by adding a record for new complaints or by resolving a record for satisfied complaints. A complaint will be considered resolved when the RO or DCE notifies the DFEM that the claim has been paid.

- (A) **CPAM 6.1** details the process for unpaid bills during construction.
 - (1) The RO will ensure the DFEM is included in all correspondence, so the Unpaid Bills Tracking System can be maintained.

- (B) **CPAM 14.1.5** details the process for unpaid bills after final acceptance.

3.3 LIST OF SAMPLE LETTERS FOLLOWING THIS CHAPTER

- Sample Letter 3-1 Acknowledgement of Property Damage Claim
- Sample Letter 3-2 Notification to Contractor of Property Damage Claim
- Sample Letter 3-3 Acknowledgement of Receipt of Notice of Unpaid Bills
- Sample Letter 3-4 Notification to Contractor of Unpaid Bills where
Contractor Has Not Disclosed the Dispute
- Sample Letter 3-5..... Response to Letter from Sub-Contractor/Supplier where
Contractor has Claimed Good Cause

Sample Letter 3- 1

ACKNOWLEDGEMENT PROPERTY DAMAGE CLAIM

<p>Claimant's Name Claimant's Address City, State, Zip</p> <p>Dear Sir / Madam: APPLY, INDIVIDUALLY</p> <p style="text-align: center;">PROPERTY DAMAGE CLAIM</p> <p>Financial Project ID: _____ Federal Aid Project Number: _____ Contract Number: _____ County: _____ Description: _____</p> <p>This is to acknowledge receipt of your letter dated _regarding damage to _____.</p> <p>In accordance with Section 7-12 of the Florida Department of Transportation's Standard Specifications for Road and Bridge Construction, the contractor is responsible for any project related claims. The Department has submitted a copy of your letter to <u>(Prime Contractor's Name)</u> who is the contractor for this project. Future contact about this claim should be made directly with <u>(Prime Contractor's Name, Address, and Telephone)</u>.</p> <p>By copy of this letter, this office is also notifying the Department's Legal Office of your claim. Please submit any future correspondence to the Department's Legal Office at the following address:</p>	<p style="text-align: right;">Date</p>
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State of Florida
Department of Transportation
Office of the General Counsel
Attn: Investigations Supervisor
605 Suwannee Street
Tallahassee, Florida 32399-0458

Sincerely,

Project Engineer
Address

Initial/Initial
Attachment
cc: Contractor
 General Counsel, Investigations Supervisor, w/attachment*
 District Construction Engineer, w/attachment*
 District Final Estimate Manager, w/attachment*
 Project correspondence file
*Attachment: copy of letter from claimant

Sample Letter 3- 2

NOTIFICATION TO CONTRACTOR OF PROPERTY DAMAGE CLAIM

<p>Contractor's Name _____ Contractor's Address _____ City, State Zip _____</p> <p>Re: Claimant: _____ FPID No: _____ County: _____ Project Description: _____</p> <p>Date of Incident: _____ Contract No.: _____</p> <p>Dear Contractor:</p> <p>The Florida Department of Transportation (FDOT) has determined that the location and time in which the incident giving rise to this claim occurred is within the scope of your responsibility under Contract No.: _____.</p> <p>The Contract includes insurance and indemnification provisions. (See FDOT's Standard Specifications for Road and Bridge Construction sections 7-12.1 and 7-13.2.) Accordingly, please promptly contact the claimant, or the claimant's attorney if applicable, to address and resolve this claim on behalf of FDOT. Attached are copies of the claim documents.</p> <p>Also, please immediately forward this letter to your general liability insurer. FDOT, which is contractually required under section 7-13.2 (referenced above) to be an Additional Insured under your policy, hereby tenders this claim to your insurer for coverage thereunder.</p> <p>We are confident that you and your insurer will satisfactorily resolve this claim, however, should this not occur, FDOT reserves the right to seek reimbursement against you and/or your insurer for any and all monies which may be ultimately paid or incurred by FDOT or others to resolve this claim.</p>	<p style="text-align: right;">Date _____</p>
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Sincerely,

Project Engineer
(Area Code) Phone Number _____

Initial/Initial
Attachment

cc: Claimant w/attachment*
 General Counsel, Claims Administrator w/attachment*
 Risk Management w/attachment*
 District Construction Engineer w/attachment*
 District Final Estimate Manager w/attachment*
 Project correspondence file

*Attachment: copy of letter from claimant

Sample Letter 3- 3

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF UNPAID BILLS

Claimant's Name Claimant's Address City, State, Zip	Date
Dear Sir / Madam: APPLY, INDIVIDUALLY	
NOTIFICATION OF UNPAID BILLS	
Financial Project ID: _____	
Federal Aid Project Number: _____	
Contract Number: _____ County: _____	
Description: _____	
<p>This office has received your notification of unpaid bills related to the above referenced job (copy attached), where <u>(Prime Contractor's Name)</u>, is the Prime Contractor and Principal on the Contract Bond.</p> <p>The surety company for this contract is <u>(Surety's Name and Address)</u> and it is suggested that you carefully review Florida Statutes Section 337.18 if you wish to preserve or pursue a claim against the Contract Bond or the Prime Contractor. You may also want to seek legal counsel concerning this matter.</p>	
Sincerely,	
District Final Estimate Manager (Area Code) Phone Number	
Initial/Initial Attachment cc: Surety, w/attachment* Prime Contractor, w/attachment* Subcontractor, if applicable, w/attachment* Manager, Contract Administration Office, w/attachment* District Construction Engineer, w/attachment* State Construction Engineer, w/attachment* Project correspondence file *Attachment: copy of letter from claimant	

Sample Letter 3-4
NOTIFICATION TO CONTRACTOR OF UNPAID BILLS WHERE
CONTRACTOR HAS NOT DISCLOSED THE DISPUTE

<p>Claimant's Name Claimant's Address City, State, Zip</p> <p>Dear Sir / Madam: APPLY, INDIVIDUALLY</p> <p style="text-align: center;">NOTIFICATION OF UNPAID BILLS</p> <p>Financial Project ID: _____ Federal Aid Project Number: _____ Contract Number: _____ County: _____ Description: _____</p> <p>This office has received notification of unpaid bills from <u>(Claimant's Name)</u> on the above referenced job, a copy of which is enclosed.</p> <p>As we are in receipt of your 21-A (Bond Release) document stating under Item 4, page one, ..." there are no claims or suits pending against...said contract except as listed below", we are asking that you respond to the Florida Department of Transportation as to each such notice within ten (10) days by showing good cause for nonpayment or proof of payment to the claimant.</p> <p>Please send a copy of that reply to <u>(Subcontractor/Supplier Claimant's Name and Address)</u>.</p> <p>No further payment will be made on this job until receipt of your response.</p>	<p style="text-align: center;">Date</p>
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Sincerely,

District Final Estimate Manager
(Area Code) Phone Number

Initial/Initial
Attachment
cc: Claimant, w/attachment*
District Construction Engineer, w/attachment*
Project correspondence file
*Attachment: copy of letter from claimant

Sample Letter 3-5 RESPONSE TO LETTER FROM SUB- CONTRACTOR/SUPPLIER WHERE CONTRACTOR HAS GOOD CAUSE

Claimant's Name
Claimant's Address
City, State, Zip

Date

Dear Sir / Madam:
APPLY, INDIVIDUALLY

NOTIFICATION OF UNPAID BILLS

Financial Project ID: _____

Federal Aid Project Number: _____

Contract Number: _____ County: _____

Description: _____

This letter acknowledges receipt of your letter dated (Date of Letter) to this office advising us that you have not been paid for labor and/or materials furnished by you on the above project. Your letter will be maintained in a central file in accordance with Section 337.11(11) Florida Statutes. In order that our records remain up to date, please keep us advised as to what efforts you are making to collect the sums you claim are due you and the ultimate resolution of your claim.

The contractor has certified that the sums you claim are due to you are disputed. This certification on the part of the contractor constitutes good cause in accordance with Section 337.11(11) Florida Statutes, and permits the Contractor to receive further progress payments. It is not the role of the Department to resolve payment disputes between the Prime Contractor and its subcontractors or suppliers.

The surety company for this Contract is (Surety's Name and Address), and it is suggested that you carefully review Florida Statutes Section 337.18 if you wish to preserve or pursue a claim against the Contract Bond or the Prime Contractor. You may also want to seek legal counsel concerning this matter.

Should you have any questions with regard to this or any other matter, please feel free to call or write at any time.

Sincerely,

District Final Estimate Manager
(Area Code) Phone Number

Initial/Initial
Attachment

cc: Claimant, w/attachment*
District Construction Engineer, w/attachment*
Project correspondence file

*Attachment: copy of letter from claimant