

Contract Administration Update Training

Questions and Answers

November 2006

-If you have a large time extension over 15 days call Abel and get him involved early so that he will be familiar with the issue when it comes to the District Office.

-Controlling/Major Item of Work form # (700-010-15) – Is it required? What if the contractor shows items of work that are not controlling or on the critical path?

No, the form is not required if you have a CPM project. If the contractor shows items of work that are not controlling or on the critical path you should note in the comments section the items that are not controlling.

-What if the contractor submits a schedule showing late finish?

This is a special case you should contact the district office to come with a strategy to deal with the situation, Pursuit of Work on the CPPR should be zero (0), may lead to delinquency recommendation.

-What if the contractor is not working on all Critical Activities?

Contractor should receive a zero (0) in Pursuit of Work.

-If I receive a price from the contractor and my Engineer's Estimate is less than the contractor's and the contractor agrees to a negotiated settlement, should I ask the contractor to submit a new letter?

No, you are not required to get a new negotiated letter of agreement. If you begin having problems with a contractor not signing the work orders in the home office then at that time you could request that particular contractor to submit letters of agreement.

-What if the contractor does not supply the certified burden rate as required per specifications?

You can process the contract change without paying the burden.

-Can the burden change if I have a long project?

Yes, they can recertify their burden rate and we will pay the most current rate.

-What if I've asked the contractor for a price and the price that he submits is unreasonable?

Once you've compared prices and are certain that your Engineer's Estimate is correct you can ask the contractor to certify the additional amount, unilateral payment to the contractor, request the contractor to certify their request and send to the DRB.

-What if the contract affidavit bond portion is blank?

If it is blank you won't pay because they didn't pay. It is possible that they will send you an invoice requesting payment with the first estimate. If they provide proof that they paid we will pay.

Clarification on DCE Memo #32-05 – Payment of Bond for Extra Work

At our recent Contract Administration Update Training (CAUT) we discussed the payment of Bond and Insurance on Extra Work under the new (July 2004 and later) specifications. As outlined in the referenced DCE memo, the FDOT has decided that an acceptable method of providing "clear and convincing proof" of payment of additional bond is using the original bond rate as determined from the Contract Affidavit.

<http://www.dot.state.fl.us/construction/memos/2005/DCE32-05.pdf>

THE QUESTION CAME UP ON HOW TO APPLY THE BOND AND INSURANCE MARK-UP ON SUBCONTRACTORS. The memo says that for subcontracted work, unless the sub provides documentation, the Prime Contractors rate (as calculated in the memo) will be used.

To determine **HOW** to apply that rate, you need to know if the SUBCONTRACTOR is required to have their own bond. If the subcontractor IS required to have their own bond, that would be documented in the subcontract between the prime and the sub. If the sub insists they want the bond mark up, they will need to show you (provide documentation) that portion of their subcontract that requires them to pay a bond.

To calculate:

If the subcontractor IS required to have a bond:

The bond premium would be applied to the subs work (after mark-ups), and then, after the prime mark-up is applied, an additional Bond premium is applied.

If the subcontractor IS NOT required to have a bond:

The bond premium would not be applied directly to the to the subs work, but would be applied after the prime mark-up is applied.

The examples below SHOULD help clarify. Please ask me if you need more guidance/direction.

Original Project Amount	\$1,000,000
Bond Premium (from CONTRACT AFFIDAVIT)	\$37,651.20
	3.77%

SUB IS REQUIRED TO PAY BOND PREMIUM	
Sub Labor and Burden	\$1,000.00
Sub Equipment	\$1,500.00
Sub Materials	\$250.00
SUBCONTRACTOR SUBTOTAL	<u>\$2,750.00</u>
Sub Bond Premium (3.77%)	\$103.68
Total for subcontractor	<u>\$2,853.68</u>
Allowable Prime Mark-up (10%)	\$285.37
	<u>\$3,139.04</u>
Prime Bond Premium (3.77%)	\$118.34
	<u>\$3,257.38</u>

SUB IS NOT REQUIRED TO PAY BOND PREMIUM	
Sub Labor and Burden	\$1,000.00
Sub Equipment	\$1,500.00
Sub Materials	\$250.00
SUBCONTRACTOR SUBTOTAL	<u>\$2,750.00</u>
Sub Bond Premium (N/A)	\$0.00
Total for subcontractor	<u>\$2,750.00</u>
Allowable Prime Mark-up (10%)	\$275.00
	<u>\$3,025.00</u>
Prime Bond Premium (3.77%)	\$114.04
	<u>\$3,139.04</u>

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From Final Estimates

Q: On a multi-fin contract, if a pay item is on one project but not on the other and the item is needed on the other project does a work order or SA need to be written to add that pay item to that project?

A: No; as long as a pay item is on one of the projects of a multi-fin contract the pay item can be added to the other projects if needed. Contact Steve Lange to have this set up in SiteManager. This is only for multi-fin contracts. An over/under run will still be needed for the particular project the item is being added to.

Q: If the calculation of a quantity in the comp book and the quantity in the contract do not match the plans and the plans are correct is this a plan error?

A: Yes, since the quantity in the contract does not agree with the plans and there is no error in the plans it is a plan error. If the quantity in the contract and the plans match but the comp book did not; this is not a plan error, just strike through the quantity in the comp book and write the contract amount and state that this is per the contract.

Q: What do you do when the EOR cannot produce the backup documentation for a plan quantity item when requested?

A: Get a statement from the EOR stating the reason the documentation cannot be furnished and notify the resident engineer and the DFEM. If the data still cannot be furnished include the correspondence in the file for that item and measurements of that item will be accepted.

1. Comment: On the date that a project is final accepted the daily for that day should show some kind of work indicating completion of work (i.e. completed punch list, completed project clean up, etc.) (per Specs 5-10.2 & 5-11 and CPAM 12.1.7 & 12.1.9). If for some reason final acceptance is delayed due to the contractor not having submitted the warranty or as-builts required by the contract or specs then make a note on the daily stating the reason final acceptance was made after the last day of work.

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From DOCO

Final As-Builts Plans are sent to Tallahassee and scanned into a secured site once the contract is paid.

<http://bilby.imageapi.com/dot/main.aspx>

Use the Financial Number and Contract Number in the subject line of all your emails.