# CHAPTER 3
# ADMINISTRATIVE MANAGEMENT

## 3.1 PURPOSE

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

## 3.2 PROCEDURE

### 3.2.1 General DFEO Administrative Functions

(A) Initiating and maintaining the DFEO file.

(B) ~~Producing and u~~Updating the final estimate.

(C) ~~Producing~~ Retaining the submit letters (Offer of Final Payment) to the contractors and track contractor acceptance.

(D) Updating the Final Estimates Status Reports. (***Note***)***: the DFEO shall be responsible for the update of these reports to a current condition as needed***.

(E) Assembling and forwarding the pass packages.

(F) Processing unpaid bill claims.

(G) Provides Quality Control Plan guidelines for receiving and maintaining final estimates packages.

### 3.2.2 Final Estimates Support Records

(A) The DFEO office file:

(1) Create the DFEO office file when you receive any preliminary documents.

(2) Accumulate any records related to the Final Estimate and any correspondence received or dispatched by the DFEO shall be filed, including:

(a) Copies of Supplemental Agreements and routing sheets

(b) Extra Work Records. (***See Figure Nos. 3-1*** and ***3-1a***).

(c) Test Reports and Disposition Letters.

(d) A copy of SiteManager Pay Item list.

(e) All Warranty/Maintenance Bonds are completed if required.

~~(f) Routing sheets for ***FHWA-47*** (***Form # 700-050-33, 700-050-034)*** and other documents.~~

(f~~g~~) Notice of Beginning and Completion of Construction Letter. (***See Figure No. 3-2***).

(g~~h~~) Copies of paid monthly or progress estimates with fuel reports attached, if applicable.

(h~~i~~) Any negative estimates.

(i~~j~~) Official Time Correspondence File.

(B) Final Estimates Package:

(1) When a final estimates package is received, the ***Final Plans and Estimate Transmittal Form # 700-050-20*** (***See Figure No. 3-3*** & ***3-3a***) shall be completed as fully as possible by the Resident Office (RO) project personnel. The DFEO uses the transmittal form to verify that the package contains the records shown.

(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 RO.

(b) If the package contains records not pertaining to that contract, return them to the RO with a note that they were inadvertently included in the final estimates package.

(2) Separate tabulation forms according to pay item number.

(3) Count the field books and check against the total number listed on the

transmittal memo. Verify the field book number and general description listed on the transmittal memo.

(4) Verify the number and general contents of the ***Computation Books*** along with ***Certification As to Accuracy of Final Estimates Form # 700-050-38*** (if Applicable).

(5) Review the Ffinal As-Built -Pplans to ensure 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 drawn on them.

(6) Check that the Project/Resident Engineer's Correspondence File has been transmitted with the final estimate package.

(7) 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, along with a copy of each of the documents affecting contract time.

(a) For Federal Aid contracts, each copy of a time extension or Supplemental Agreement must show the break down of Federal Aid participation in the contract time changes.

(1) On Full Federal Oversight 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 estimates package is submitted to the DFEO.

(2) On exempt contracts 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.

(8) When all items on the transmittal memo are accounted for, mark it “All Items Received”, date and initial it. Send a copy to the Project Administrator (PA).

(9) Contract Claim Settlements arriving with or after the final estimates 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 estimates package to the DFEM will be made by the PA on a progress

estimate. Final Payment for Contract Claim Settlements after the final estimates 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 essentially completed.

(C) The ***Final Estimates Office Record of Final Plans and Documents Form # 700-050-28:*** The DFEO is responsible for completing the information on this form accurately and timely since it represents the history of the estimate as it occurs. (***See Figure No. 3-4***).

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(D) DFEO Work Sheet: This form is to be filled in by the DFEO staff and remain with the Final ~~Plans~~Estimates Package. (***See Figure No. 3-5*** & ***3-5a***). Items attached and 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, etc.

(E) Storing Plans and Other Records: From the time the final estimate packages are received by the DFEO until they are passed for final payment, they are categorized and stored according to status. Have a storage area with bins assigned for the purpose of categorizing and storing contract records. This storage should be in close proximity to the location where the engineering review is to take place. Identify bins in the storage area for at least the following categories:

(1) N = New Contracts records received and awaiting review by the DFEO.

(2) A = Completely reviewed contract records submitted by the Contractor for acceptance.

(F) The Status Reporting System: This report gives the location and current status of every contract in the DFEO. The report is sorted by district and by Financial Project ID. ***Note: reports abbreviated codes are in parentheses***.

(1) The Status Categories are:

(a) Construction Complete (CONST CPL)

(b) Contracts not submitted by RE to the DFEM within time frame specified in QC Plan with earliest of the final acceptance date (Delinquent)

(c) Final Plans received, no review started, (New)

(d) Final Estimates Package being Initially Reviewed (Front 1,)

(e) Final Plans being held for additional information (Front Hold)

(f) Final Plans waiting Overview (Back)

(g) Final Plans being Overviewed (Back 1)

(h) Final Plans being held for additional information (Back Hold)

(i) Offer of final payment has been submitted to Contractor for review and acceptance (Submit or Resubmit)

(j) Contractor has accepted final estimate with qualifications (Reserve)

(k) The Disbursement Operations Office/Contracts Section has been advised to pay the final amount owed to the Contractor and all records complete. (Passed)

(l) Contractor has been sent final payment and the contract is closed (Paid-off)

### 3.2.3 Completion of Final Estimates Package for Initial Review by DFEO/Resident Office

(A) In addition to the DFEO office file, the Reviewer must use some of the District Construction Engineer (DCE's) Office Files. After the F~~f~~inal As-Built ~~p~~Plans, ~~f~~ield records, and other source documents are received and checked in, secure the

following:

(1) The executed Contract includes:

(a) Special Provisions and Supplemental Specifications, quantities, and bid unit prices by item number.

(b) Standard Special Provisions that applied to that contract at the time of the letting.

(c) All subcontract authorizations.

(d) All Supplemental Agreements, Change Orders, and Work Orders.

(e) All pertinent execution data (i.e., date of execution, Surety Company, etc.).

(2) General correspondence pertaining to the contract during the span of construction.

(3) Project Diary: This is a complete legible set of ***Daily Reports of Construction (Form No. 700-010-13)*** for the Contractor and each subcontractor who worked on a specific day as well as the ***Engineer's Weekly Summaries (Form No. 700-010-14)*** for each week from the first chargeable contract day to the day of contract final acceptance.

(B) Establishing processing priority

(1) Need for Establishing Priority: ***Section 337.141, F.S.***, provides for interest to be paid to the Contractor for delay by the Department in making final payment. One of the following two cases shall govern the establishment of the date by which final payment shall be made:

(a) Case 1: If the Contractor provides all documents required by the contract with the exception of the ***Form 21-A (Contractor Affidavit and Surety Consent Form # 700-050-21) (hereinafter called "21-A")*** and the acceptance letter within thirty (30) days of final field acceptance, payment shall be made within seventy-five (75) days of final field acceptance.

(b) Case 2: If the Contractor fails to provide the documents which are required by the contract with the exception of the ***21-A*** and acceptance letter, within thirty (30) days after final field acceptance,

payment shall be made within forty-five (45) days of the receipt of such documents by the Department.

(c) If the documents submitted in either case are inadequate, then the Department must notify the Contractor of the inadequacy within twenty (20) days of receipt of the inadequate documents. Should the Department fail to notify the contractor within twenty (20) days regardless of completeness of the documents, the documents must be accepted and the time required for payment shall begin.

(d) A record of the dates on which the required documents were received by the Department shall be maintained on each contract.

(2) **Documents Establishing Priority**: The last date for interest - free final payment to a Contractor can be determined by selecting the later of the following: the date seventy-five (75) days after final acceptance of the contract or the date forty-five (45) days after the last required document was received. Documents that may set the pay-off date in this way include:

~~(a) Federal Highway Administration Statement of Materials and Labor used on Federal Aid Projects. (***Form FHWA - 47***).~~

(a~~b~~) Mill Analysis required from Contractor to complete testing certification.

~~(c)~~ (b) Any material invoices which the contract may specifically require the Contractor to submit in order to calculate final payment due the Contractor.

(c~~d~~) Any other documents which the specific contract stipulates the Contractor will turn over to the Department prior to the conclusion of the contract.

(3) **Documents Not Establishing Priority:** Do not use the Acceptance Letter and ***21-A*** to calculate the required target date.

(4) Assigning jobs to the Initial Reviewer based on priority: Use the following guidelines to assign contracts for review in the DFEO:

(a) A priority job is defined as a job with all contract required documents submitted and approved. Assign these contracts first.

(b) Once all priority jobs are assigned, the job with the oldest final acceptance date is normally the next job assigned by the DFEM for

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Initial Review.

(c) 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. A copy of the particulars of the claim shall be sent to the Investigations Supervisor of the General Counsel's Office at Mail Station 58, 605 Suwannee Street, Tallahassee, 32399-0450, in the Haydon Burns Building. (***See Figure No. 3-6***). 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 accountability within the Department for meeting the requirements of the Florida Statutes and to assist the Office of the General Counsel and Department of Insurance in processing these claims. Copies of this procedure may be obtained from the Office of the 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. All such complaints and notices and their envelopes must be maintained in the project files.

(A) Unpaid Bill Notices from Subcontractors or Suppliers received during Construction – The RO processes unpaid bill notices received during construction. The RO must send copies of these complaints to the DFEO for tracking purposes. If the issues are resolved during construction, the RO will notify the DFEM of the resolution so the DFEM can update the Unpaid Bills Tracking System.

(1) When the RO receives an unpaid bill complaint, he/she will send a letter (***See Figure No. 3-7***), including a copy of the unpaid bill complaint, to the prime contractor, initiating an investigation into the claim. Retain the original envelope with the original unpaid bills complaint and any subsequent correspondence. Send a copy of this letter and the unpaid bills complaint to the DFEM who will record it in the Unpaid Bills Tracking System.

(2) The RO will investigate any good cause of non-payment. During the investigation, progress estimate payments will continue. Good cause is when the prime contractor and the sub-contractor/supplier have a legitimate dispute as to whether or not the money is due. The RO is not to resolve the dispute or determine who might win the dispute. The RE is only to determine where such a dispute exists.

(3) If the RE determines that good cause is demonstrated then the progress payments will continue. If the RO determines that good cause is not demonstrated, the next progress estimate will be withheld. The RE/PA will coordinate efforts with the DFEM so that the Unpaid Bills Tracking System can be kept current.

(B) Unpaid Bill Notices from Second Tier Subcontractors/Suppliers Received During Construction – If an unpaid bill complaint is received from a second tier subcontractor or supplier, the Resident Office (RO) will send a letter advising that it does not fall within the class of claimants entitled to protection under ***Section 337.11, F. S.,*** and it's attorney should be consulted on how to further protect its rights. The RO will send the DFEM a copy of these unpaid bill complaints for input into the Unpaid Bills Tracking System. (***See Figure No 3-8***).

(C) Unpaid Bills Notices Received after Final Acceptance - When an unpaid bills notice is received by the RO after final acceptance, it is forwarded to the DFEM for processing. The DFEM will prepare a response letter that advises the claimant: (***See Figure No. 3-9***).

(1) The contract will not be paid until the Contractor and Surety Company furnish the Department with a ***21-A***.

(2) The claimant should write the Surety Company. The Surety Company's name and address are included in the response letter. (***See Figure No. 3-9***).

Send copies of the letter to the Prime Contractor, the Surety Company, the Central Office Contracts Administration Manager, the DCE, and the Director, Office of Construction.

(D) Unpaid Bill Notices Received After Receipt of the ***21-A*** - If the ***21-A*** is already on file when a notice of an unpaid bill is received, the Contractor shall be notified in a letter from the DFEM that the Contractor is required to show good cause before final payment may be made. (***See Figure No. 3-10***) Send copies of this letter to the claimant and the DCE.

(1) When the Contractor has responded to the letter, the response must be reviewed by the District General Counsel's Office for determination of release of final payment.

(2) Once the Contractor has been determined to have good cause, send a letter to the Subcontractor advising him of the finding. (***See Figure No. 3-11***)

(E) Unpaid Bill Notices From Second Tier Subcontractors received after Final Acceptance - Handle unpaid bills complaints from second tier subcontractors received after final acceptance by processing a response letter of Unpaid Bills Notice from Second Tier Subcontractors (***See Figure No. 3-8***). This letter advises that they do not fall within the class of claimants entitled to protection under ***Section 337.11, F. S.***, and they should consult with their attorney. The Resident's Office shall enter complaints from Second Tier Subcontractors in the Unpaid Bills Tracking System.

(F) Final Estimates Unpaid Bill Inquiry System - 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 mainframe data base file that records each notice of non-payment. The entries shall consist of claims from subcontractors, subordinate subcontractors, and material suppliers on construction contracts let by both Central Office and the Districts. 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.

(G) Unpaid Bills and the ***21-A*** - When the DFEO receive a ***21-A***, take the following steps to address unpaid bills issues:

(1) Review Form ***21-A*** for format, information, compliance, etc., as previously instructed. Return the form to the Contractor if there is any discrepancy other than unpaid bills issue(s) within twenty (20) days of receipt of the ***21-A***.

(2) Check the Final Estimates Unpaid Bill Inquiry Program (FEUNPAID) for unresolved issue(s). If there are no disputes listed on the ***21-A***, and there are unresolved issue(s) in the FEUNPAID system (or if all the issue(s) in the FEUNPAID system have not been listed on the ***21-A***), print a contract report from the FEUNPAID system. Send a copy of this report and a copy of the ***21-A*** to the RO and request he/she contact the DFEO to review the conflicts with the ***21-A*** and the report.

(3) When the RO contacts the DFEO, find out if the issue(s) have been resolved. If the issue(s) have been resolved during the life of the

construction contract, revise the FEUNPAID system to reflect their resolution.

(4) If the DFEO finds there are discrepancies with the ***21-A***, and outstanding unresolved issue(s):

(a) The RO will notify the DCE and the Central Legal Office. A determination will be made as to whether good cause exists for non-payment, whether payment should be withheld or whether the matter should be pursued concerning Revocation of Certification of Qualification.

(b) Send a copy of the ***21-A*** and any backup documentation to the State Construction Office (SCO) Prequalification Engineer. This information will be used during the review of the contractors prequalification for the coming year.

(5) If the ***21-A*** is acceptable for all but unresolved unpaid bills issue(s):

(a) If the unresolved unpaid bills issue(s) have been determined to be for good cause, send the final estimate for payment.

(b) If the unresolved unpaid bills issue(s) have not been determined to be for good cause, hold the final estimate until the Prime Contractor addresses the issue(s) with the subcontractor(s). The DCE will make the determination that the Prime Contractor has provided sufficient evidence for addressing the issue(s).

## 3.3 LIST OF FIGURES FOLLOWING THIS CHAPTER

Figure No. 3-1 ..... Daily Record of Extra Work Form
Figure No. 3-1a ..... Extra Work Summary Form
Figure No. 3-2 ..... Notice of Beginning/Completion of Construction Sample 1
Figure No. 3-3 ..... Final Plans & Estimates Transmittal Form
Figure No. 3-3a ..... Final Plans & Estimates Transmittal Form
Figure No. 3-4 ..... Final Estimates Office Record of Final Plans and Documents Form
Figure No. 3-5 ..... District Final Estimates Engineer's Worksheet Form
Figure No. 3-5a ..... District Final Estimates Engineer's Worksheet Form (Con't)
Figure No. 3-6 ..... Property Damage Claim Sample
Figure No. 3-7 ..... RE Notification of Unpaid Bills Sample
Figure No. 3-8 ..... Unpaid Bill Notice From Second Tier Subcontractors Sample
Figure No. 3-9 ..... DFEE Notification of Unpaid Bills to Surety Sample
Figure No. 3-10 ..... DFEE Notification of Unpaid Bills to Contractor Sample

Figure No. 3-11.....Good Cause letter from Sub-Contractor/Supplier Sample