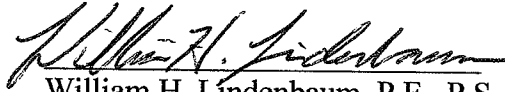


Approved:

Effective: June 1, 2009
Responsible Office: Division
of Construction Management
Standard Procedure No.: 510-016(SP)



William H. Lindenbaum, P.E., P.S.
Deputy Director, Division
of Construction Management

PAYMENT FOR CONTRACT WORK

PROCEDURAL STATEMENT:

This procedure establishes uniform processes and criteria for the prompt payment of completed contract work on Ohio Department of Transportation (ODOT) administered projects.

AUTHORITY:

Ohio Revised Code (ORC) Sections 1311.25 - 1311.32, 5525.16, 5525.18, and 5525.19

Ohio Administrative Code (OAC) Section 126.30

PAYMENTS UNDER THE PROMPT PAYMENT ACT 2770.2A August 2, 1991

REFERENCES:

2008 Construction and Material Specifications Section 109.09 through 109.12

Appendix: List of Forms

SCOPE:

This procedure is for use by District Construction Offices for processing estimates for completed contract work.

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DEFINITIONS:

CMS: Construction Management System, the Department wide computer system used for the administration of construction projects.

C&MS: Construction and Material Specifications

Estimate: The District authorization of monetary payment compensating the Contractor for Work in place or stored materials following Contractor certification to the Engineer that the work for which the progress payment is being made was performed in accordance with the contract.

Final Estimate: The District authorization of monetary payment compensating the Contractor to the final value of the contract following the final inspection and acceptance of the project in accordance with current policies. The Final Estimate is signed by the District Construction Engineer.

Final Package: Information submitted by the District to Central Office Capital Accounting that includes the transmittal IOC, Final Estimate, Final Report and Summation of Extra Work Items.

Final Payment: The payment that is released when all the requirements of C&MS Section 109.12 have been fulfilled and the FHWA final voucher is issued.

Final Report: The document submitted by the District to Central Office Capital Accounting documenting the modifications to the original contract amount and certified by the District Construction Engineer and District Deputy Director.

Lien: A Public Improvement Lien [ORC Section 1311.25]; the right to withhold payment from the Contractor as security for a debt to a material supplier, laborer, or subcontractor.

OAC: Ohio Administrative Code

ORC: Ohio Revised Code

PE/PS: Project Engineer or Project Supervisor

PWC: Physical Work Completed

BACKGROUND AND PURPOSE:

The Department is required to pay for completed contract work promptly in accordance with ORC Section 5525.19, OAC Section 126.30 and C&MS 109.09. Interest penalty payments resulting from the tardy processing of progress estimates will be deducted from the appropriate District budget. Currently, it is the Department's goal to pay the final estimate on the project within six (6) months of the physical work complete date.

The Construction Management System (CMS) will be used to generate progress estimates on the assigned estimate dates. CMS will be used to generate the final estimate when project finalization is complete.

PROCEDURE:

I. Estimates for Progress Payments

- A. The District shall establish procedures for approving estimates and payments as required by C&MS Section 109.09. These procedures shall include the following minimum requirements:
 1. Establish the first estimate date at the Preconstruction Conference. The first estimate date should be two (2) weeks after the first day of work or as otherwise agreed to by the Contractor.
 2. Obtain from the Contractor an executed Contractor Signature Authorization CA-D-10 Form at the Preconstruction Conference.
 3. Assign CMS approval authorities. A person with PE/PS Approval Authority on a project cannot be assigned Estimate Approval Authority on the same project. CMS authorities include Estimate Approval, PE/PS Approval, and Project Update.

4. Confirm the accuracy of the pay quantities and delivered material quantities entered into CMS.
 - a. Project inspectors may be granted update authority to enter these quantities.
 - b. Delivered materials will be paid in accordance with 2005 and 2008 C&MS Section 109.10 and ORC Section 5525.19. Delivered material invoices shall be kept in the project file.
 5. Verify that all pay items have associated materials approved at the time of the estimate approval.
 6. Establish a process for the daily review of the CMS PEAPR screen to determine estimates requiring approval.
 7. Establish a process to override unjustified CMS holds on an estimate. Unjustified holds are limited to the following:
 - a. An estimate held for deficient payrolls, when the District verifies that all required payrolls were submitted, reviewed, and are acceptable.
 - b. An estimate held for the lack of material approval, when the PE/PS establishes that the material used is approved and the hold is caused by the approval not being processed in time for the estimates.
 8. Enter on CMS EST the date the estimate was transmitted to Contractor for certification.
 9. Obtain from the Contractor an executed Contractor Progress Payment Certification CA-D-11 Form. Do not approve an estimate until it has been reviewed by the Contractor and the required certification received. Every estimate must have a signed Contractor Progress Payment Certification CA-D-11 Form attached to the estimate and retained in the project records.
- B. Issue payment for Contract Bonds at any time following the execution of the contract but no later than two weeks after the start of work. If no other pay items have been preformed on the project to automatically generate the estimate, the CMS RGEN screen must be used.

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- C. Payments withheld to satisfy liens against contract funds in accordance with ORC Sections 1311.25 - 1311.32 will be withheld by the Office of Accounting.

II. Final Estimates and Processing Estimates after Physical Work Completed (PWC)

- A. Following completion of physical work, agreements are reached with the Contractor as to final quantities. These agreed upon quantities are entered on the CMS FINQ screen. Press F12 on the CMS FINQH screen to generate the final quantity listing report. Pressing F6 will generate the documentation check. Print the Final Report from the CMS portal. Send the final quantity report to the Contractor for approval.
- B. Calculate and enter final price adjustments as required by the contract such as bituminous price, fuel, steel, portland cement concrete pavement or base thickness, smoothness, etc.
- C. The District generates and approves the final change order. The District generates and approves the final estimate. The final estimate shall be from zero dollars (\$0.00) to no more than five-hundred dollars (\$500.00).
- D. The District Construction Engineer shall certify the correctness of the Final Estimate by signing it. Final quantities shall agree with the contract quantities as adjusted by the approved change orders on the final report.
- E. The District shall inform the Contractor by letter that the Final Estimate has been signed. Use the Final Estimate Letter standard form. Distribute copies to the Surety and others as indicated on the sample letter.
- F. The District shall enter dates for appropriate finalization milestones on the CMS KETRK screen.
- G. Copies of the signed Final Estimate and signed Final Report with Summation of Extra Work Items shall be submitted to Central Office Capital Accounting as the Final Package. Distribute copies of the Final Package as follows:

1. Non-Federal Projects - Submit one (1) signed copy each of the Capital Final Estimate and one (1) signed copy of the Contractor Final Estimate, with the final report attached.
2. Federal Projects - Submit one (1) signed copy each of the Capital Final Estimate and two (2) signed copies of the Contractor Final Estimate, with the final report attached.

H. The Final Payment shall be generated by Central Office Capital Accounting when all the requirements of C&MS section 109.12 have been fulfilled and the FHWA final voucher is issued.

III. Administrative Closing

A. In the event the District cannot obtain all the required documentation and judges that the Contractor cannot supply these documents, the District will refer the project to the Division of Construction Management for an Administrative Closing.

B. The Administrative Closing referral will consist of:

1. The signed final estimate copies, if available.
2. The finalization documents that were received.
3. Written explanation of why the Contractor cannot provide the required documents.
4. Written explanation and documentation of the efforts the District has made to obtain these documents.

IV. The Division of Construction Management will perform Quality Assurance Reviews of the District project files to assure proper finalization of projects in conformance to this procedure.

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TRAINING:

The Division of Construction Management will provide management level training and consultation on the processing of estimates and payments. District management shall provide training to their personnel assigned to the administration of this policy.

Reviews will be conducted by the Division of Construction Management as necessary to ensure compliance with this policy.

FISCAL ANALYSIS:

This policy will not have any fiscal impact.

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Appendix List of Forms

CA-D-10: Contractor Signature Authorization

CA-D-11: Contractor Progress Payment Certification

CA-D-12: Contract Compliance Certification

Final Estimate Letter

Forms are published on the Division of Construction Management website at the following internet address:

<http://www.dot.state.oh.us/Divisions/ConstructionMgt/Pages/ConstructionPolicies.aspx>