

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<br>Department of Transportation<br>BUREAU OF HIGHWAYS<br>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 |                          |
| Contractor Address  | 112 Boston Turnpike        |                                |                            | CT                      | 06279      | Taxid: 06-1412639        |
| 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      |                  |                  |           |

  

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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  |                |                 |           | Page 4 of 6  |                  |                    |           |            |              |
|---|----------------|-----------------|-----------|--------------|------------------|--------------------|-----------|------------|--------------|
| <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>  |                                    |                                 |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">RES #</th> <th style="width: 10%;">UNIT</th> <th style="width: 10%;">TOWN/PRJ</th> <th style="width: 10%;">ACTIVITY</th> <th style="width: 10%;">CLASS</th> <th style="width: 10%;">PAR/NONPAR</th> <th style="width: 10%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">98002</td> <td style="text-align: center;">701</td> <td style="text-align: center;">0068-0193</td> <td style="text-align: center;">06</td> <td style="text-align: center;">0522</td> <td style="text-align: center;">Y</td> <td style="text-align: right;">66,866.55</td> </tr> </tbody> </table> |                                    | RES #                           | UNIT                                     | TOWN/PRJ                        | ACTIVITY   | CLASS      | PAR/NONPAR | AMOUNT | 98002 | 701 | 0068-0193 | 06 | 0522 | Y | 66,866.55 |
| RES #   | UNIT                               | TOWN/PRJ                        | ACTIVITY                                 | CLASS                           | PAR/NONPAR | AMOUNT     |            |        |       |     |           |    |      |   |           |
| 98002   | 701                                | 0068-0193                       | 06                                       | 0522                            | Y          | 66,866.55  |            |        |       |     |           |    |      |   |           |
| FED AID REPORT  | Page 6 of 6                        |                                 |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| <b>CONTRACT SUMMARY</b>   |                                    |                                 |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| Contract No.  | 0068-0193                          | Pay Est Nbr                     | 0004                                     |                                 |            |            |            |        |       |     |           |    |      |   |           |
| District No.  | 2                                  | Town Name                       | Killingly                                |                                 |            |            |            |        |       |     |           |    |      |   |           |
| Contractor  | Pondview Construction, Inc         |                                 |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| Contractor Address  | 112 Boston Turnpike                | Contractor No                   | 06-1412639                               |                                 |            |            |            |        |       |     |           |    |      |   |           |
| Contractor Address2   | Willington                         | CT                              | 06279 Taxid: 06-1412639                  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">ESTIMATE TO DATE</th> <th style="width: 33%;">AMOUNT PAYABLE ON ESTIMATE TO DATE</th> <th style="width: 34%;">AMOUNT PAYABLE ON THIS ESTIMATE</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">172,626.51</td> <td style="text-align: center;">168,310.85</td> <td style="text-align: center;">66,866.55</td> </tr> </tbody> </table>   |                                    | ESTIMATE TO DATE                | AMOUNT PAYABLE ON ESTIMATE TO DATE       | AMOUNT PAYABLE ON THIS ESTIMATE | 172,626.51 | 168,310.85 | 66,866.55  |        |       |     |           |    |      |   |           |
| ESTIMATE TO DATE  | AMOUNT PAYABLE ON ESTIMATE TO DATE | AMOUNT PAYABLE ON THIS ESTIMATE |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| 172,626.51  | 168,310.85                         | 66,866.55                       |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| <p>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.</p>  |                                    |                                 |  |                                 |            |            |            |        |       |     |           |    |      |   |           |
| 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 to be processed and sent to Accounts Payable Unit within 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 theirs or designated sub-inspector’s Daily Work Report. At times it may be necessary to use estimated quantities for progress estimates. All such entries must be noted “Est.” on the Daily Work Report. When actual adjustments are made on a Daily Work Report to the previously estimated payment, the Daily Work Report is cross-referenced to the original 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 will review the computerized Payment Estimate and verify that the content of the estimate is reasonable. They should pay particular attention to discrepancies and deductions. If the Project Engineer does not agree with the estimate they will reject it and return to the Chief inspector for revision.

After their review the Project Engineer will sign and transmit the estimate to the Supervising Engineer and Assistant District Engineer for review and signature.

### ***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 1) a subcontractor’s work has been determined satisfactory complete or 2) 95% of the original Contract value has been completed.

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 applications for substitution of securities.
- The Contractor sends signed applications 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 or completion of a 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 exceeds 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 directed otherwise by the 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.

Sanctions will be deducted when the District is directed to do so 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 junction 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.

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:

1. 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.

2. 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.

3. 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.

4. 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.

5. Structural Steel

When steel placed is paid by unit price, withhold units to cover incidental work such as additional bolting and welding.

6. Trees, Vines or Shrubs

When trees, vines or shrubs have been installed withhold units to cover anticipated plant loss during the establishment period.

### ***1-909 Lump Sum Items***

Lump sum items may or may not have detailed guidance 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. 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. The schedule of values method is required with vertical 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.

### ***1-910 Payment for Stored Materials***

Article 1.09.06-B of the *Standard Specifications* provides for payment of materials, stored either on or off the project. The following criteria must be met before paying for stored materials:

- A Certificate of Title must be executed. See Figure 1-9.2 for a sample form. Any changes in the form, (language added or deleted), renders the certificate void, and payments will not be made. (Certificates of Title are to be kept in the Volume III or Volume IV).

**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:

D E S C R I P T I O N 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

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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 \_\_\_\_\_

- The materials must comply with the testing requirements prior to payment.
  
- A positive means of identification must be affixed to the materials and noted in the transmittal of the certificate of title furnished by the Contractor.

- Off-project storage sites located within the State must be approved by the District and personally inspected, with written approval placed in the project records.
- Off-project storage sites located out of State must be approved by the Office of Construction. The staff required to perform the inspection of the site will be designated by the Office of Construction.
- The staff performing the inspection provides written documentation on inventory, location and identification.

To document that the Engineer approves an off-project storage site, the designated Department representative must personally inspect the site and provide written approval that is made a part of the Volume IV. The approval must describe in detail the location of the materials stored. A positive means of identification must be affixed to the materials and noted on the receipted bills or certification of title furnished by the Contractor.

Inspectors responsible for inventorying material stored at the site also document the location and the identification of the material in writing and keep the information in the Volume IV. The Inspector who performs the inventory must sign the material list with a statement "Material and quantities verified by \_\_\_\_\_" and the date.

Stored materials with universal use, such as guide rail, poles, luminaires, and signal equipment, must be stored onsite unless otherwise approved by the Assistant District Engineer. They must also be inventoried quarterly, and the results documented. Any discrepancies must be immediately corrected on the next Payment Estimate. This applies to materials stored on the project site, as well as at approved off-site locations.

For items that require extended fabrication, manufacturing or assembly time, the contractor can propose a schedule of values for the related material costs for completion of different elements that can be used as a basis of payment for materials stored. In-state facilities will be approved by the District and out-of-state facilities will be approved by the Office of Construction. The criteria mentioned above for materials stored must still be met. The schedule of values agreed upon should only be for completion of major elements, i.e. fabrication complete, coating complete, delivery. A schedule of values for completion of a percentage of the item or element should never be agreed to. As each element agreed to for payment is completed, the designated Department representative is to personally inspect the items and provide written confirmation that the work is complete before payment is authorized.

The maximum payment for stored materials should not exceed 80% of the bid price of the Contract Item the material is being secured for. Estimated costs for delivery and installation of the materials are always to be withheld until the installation is complete.

Nothing above shall supersede Contract provisions.

Excess stored materials should be returned to the contractor and appropriate adjustments made unless otherwise approved by the Assistant District Engineer.

### ***1-911 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 satisfactory 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 subcontractors work will be considered satisfactory complete when:

- (1) 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
- (2) 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.

### ***1-912 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 Districts request will include the following:

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