



# Arizona Department of Transportation

## INTERMODAL TRANSPORTATION DIVISION Construction Group

### CONSTRUCTION BULLETIN 03-01

**To:** District Engineers  
Construction & Materials Orgs

**Date:** January 16, 2003

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Engineer, Construction

**Subject:** Department Furnished Material (DFM)

#### **Introduction to Construction Bulletin 03-01 on Department Furnished Materials (DFM):**

- The intent of this bulletin is to specify procedural steps required for the two instances where DFM is utilized on a construction project (DFM specified during the design process and use of DFM to meet project time constraints).
- The impetus for the procedure is to ensure that needs are documented, necessary approvals are obtained, timely ordering takes place, double-payment does not occur and that a clear audit trail is established.
- Note that construction project offices must establish a project DFM file for all paperwork relating to the two types of situations.
- The responsibilities are delineated for both Design (request and justification; FHWA approval; specification and quantity development; notification to Traffic Operations Section) and Construction (request; justification; change order process).
- In the future the Final Estimate Checklist (Construction Manual Exhibit 1-19) will add an item on documentation of DFM utilized on the project.

## Department Furnished Material (DFM)

### **Purpose:**

To provide traffic signal and lighting equipment, to specific construction projects, when the normal contractor supplied equipment will fail to meet the specified, or allowed time frame, for completion of the traffic signal or lighting system. This may happen either during the design phase (Procedure 1 below), or in the field (Procedure 2 below).

### **Procedure 1: Requesting DFM for a construction project during the design process.**

The project design team makes a determination that the normal process of bidding the project, and requiring the contractor to provide the traffic signal or lighting materials as part of the standard pay items will not allow the work to be completed within the allotted time frame.

The project manager identifies if there is federal funding for the traffic signal or lighting construction. If so the project manager must submit a letter of justification to the Federal Highways Administration (FHWA) project administrator outlining the reason the project should use DFM. The letter of justification to the FHWA must be approved by the project administrator prior to advertising for bid.

Upon receipt of the FHWA approval, the project manager should forward the letter of justification to use DFM and the FHWA authorization to the Traffic Signal and Lighting Operations Unit Manager. The request to the Traffic Operations Section (TOS) should have a cover letter that identifies the anticipated project time frames and the estimated equipment and quantities that are needed.

**Note:** Typically the traffic signal and lighting designer will be able to provide the estimated traffic signal and lighting equipment quantities that are needed at the 60% stage of the design. The request may require modification of the type and number of items by the project manager when the project design is completed.

If the project does not have federal funding the FHWA authorization is not necessary and that entire step can be eliminated.

The traffic signal and lighting designer must insert project specifications that explain what procedures are required of the contractor to be issued the DFM from TOS. The specification is available electronically from the Traffic Signal and Lighting Operations Unit Manager, Mike Lessard at [mlessard@dot.state.az.us](mailto:mlessard@dot.state.az.us).

The designer must use the correct item number and description (identified on the Agreement Estimate) for those items being supplied by TOS. Typically the item number has Department Furnished in parenthesis following the item description. It is important that the correct bid item number is used to avoid audit problems during and after the project is complete. The designer must verify with the Traffic Design and the Contracts and Specifications representatives that the correct bid item numbers are being used in the estimate.

The designer must submit, through the project manager, the final and complete list of DFM to TOS when the project is advertised. This allows TOS to know what and how many items they must have on hand to issue to the contractor.

Items that are not in stock, or normally not carried in stock, must be ordered and that process will not take place until the project is advertised. Most items - including poles, mast arms, and control cabinets - have a maximum contract delivery date of 90 days. TOS typically carries a sufficient supply of materials to meet the requirements of most projects.

During the design phase of the project it is important that the signal designer communicate through the Traffic Design representative to ensure that the type and quantity of materials needed for the design will be available for the project at the estimated construction date.

Once the project is advertised that requires DFM the designer must provide the final plans, special provisions, and the complete list of all items to be furnished to TOS.

When the project is awarded and the pre-construction/partnering meeting is scheduled, the TOS representative should be included so those specific questions relating to DFM can be resolved. It is also important that the initial construction schedule for the entire project be provided to the TOS representative. If TOS cannot send a representative, the Resident Engineer should provide a copy of the construction schedule to TOS.

When the time approaches for the contractor to receive the materials he must submit in writing the date and time that he intends to pick up the materials. Before any materials are released from the TOS Warehouse, the Contractor must provide a copy of the Agreement Estimate showing the DFM. TOS should verify that all items released to the Contractor are approved and included in the contract.

**Note:** The special provision requires “10 days written notice from the contractor before picking up the materials. The department-furnished materials will not be issued without a contractor supervisor present at the supply center to verify and sign for the materials”.

After all the materials have been issued to the contractor TOS submits an invoice, identifying the item #, description and quantity from the Agreement Estimate, and the cost against the project TRACS number to Contract Accounting (and a copy to the RE for filing in the project DFM folder) for the purchase cost of the materials, with a copy of the initial request/approval to use DFM, and the TOS response. A copy of the FHWA letter approving the use of DFM must be provided along with the invoice, in order for the costs to be charged to the construction project TRACS number as a federally eligible cost.

Contract Accounting reviews the invoice and transfers the cost of the materials from the TOS TRACS number for DFM to the construction project TRACS number.

This completes the process.

## **Procedure 2: Requesting DFM for a construction project during the construction process.**

The Resident Engineer (RE), in consultation with the Regional Traffic Engineer, determines that a change order is necessary requiring additional, or different, traffic signal materials than what was originally called for in the project plans.

The designer or RE determines if the contractor can receive the necessary materials through his vendor in time to meet the project time constraints. If so the materials are provided by the contractor.

If the contractor cannot provide the materials in time to meet the project time constraints the designer or RE contacts TOS to determine if the materials needed for the change order are available.

If the RE determines that DFM is necessary the RE must submit a formal request to TOS outlining the justification for the request. The request must include the project description, project number, TRACS number and if the project is federally funded. It is recommended that the contractor’s bid item scheduled for payment be reduced by the invoice amount of the DFM. Generally, the contractor shall not be eligible for any additional incentive payment due to their request for DFM that would not be earned without the DFM. All projects with this incentive situation should receive approval from the Deputy State Engineer prior to making any incentive payments.

If the project is federally funded the RE must receive prior written approval from the FHWA administrator to use DFM on the project.

**Note:** Sample request letters to FHWA are available electronically from the Traffic Signal and Lighting Operations Unit Manager, Mike Lessard at [mlessard@dot.state.az.us](mailto:mlessard@dot.state.az.us). The Engineer can edit the letters for the particular project circumstance and submit to the FHWA.

The request for DFM is submitted to TOS, with the FHWA authorization if federally funded.

TOS will respond to the RE with the time and date the requested materials will be available for the contractor to be picked up.

The RE must execute a change order that includes sealed traffic signal sheets reflecting the design modifications. Other requirements are: DFM specifications, bid items that reflect the material and related installation cost of DFM, and price deduction for materials not used, (or salvage to ADOT of the new materials no longer to be installed on the project).

After the field office issues the change order the contractor can pick up the materials. The contractor must submit in writing the date and time that he intends to pick-up the materials. No materials will be released from the TOS Warehouse unless the fully executed change order is provided to TOS for submission to Contract Accounting with its reimbursement request.

**Note:** The special provision requires “10 days written notice from the contractor before picking up the materials. The department-furnished materials will not be issued without a contractor supervisor present at the supply center to verify and sign for the materials”.

After all the materials have been issued to the contractor TOS submits an invoice against the project TRACS number to Contract Accounting for the purchase cost of the materials, with a copy of the change order to use DFM, and the TOS response. A copy of the FHWA letter approving the use of DFM must be provided along with the invoice, in order for the costs to be charged to the construction project TRACS number as a federally eligible cost.