



Arizona Department of Transportation

INTERMODAL TRANSPORTATION DIVISION

Construction Group

CONSTRUCTION BULLETIN 12-02

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Date: October 11 , 2012

From: Julio Alvarado, Assistant State Engineer, Construction

Subject: Revised Project
Closeout Process

Revised Project Closeout Process

Purpose

- To emphasize the necessity to deliver accurate and complete Final Estimates to Field Reports no later than 45 calendar days after the date of final acceptance.
- To amend ADOT's project closeout process, in instances where the Final Estimate reconciliation has determined that the contractor has been overpaid.
 - Resident Engineers must conduct a Final Closeout Conference for all projects
 - a timely notification (accompanied by all supporting documentation) must be provided to the Contractor
 - the escalation process is available if the contractor does not agree
 - the current practice of deducting overpayments from other ongoing projects will cease
 - a new procedure to bill the overpayment has been established

Background

Industry and ADOT senior management are concerned that it has *taken excess time to close projects*. The requirement is to submit Final Estimates (and documentation) 45 calendar days after the date of final acceptance. In cases where a longer lag time exists between final acceptance and the Final Estimate submittal, coupled with discovery that the contractor was overpaid, the more difficult the closeout accounting becomes for the contractor. Current practice subtracts this overpayment amount from the contractor's other current ADOT projects.

Procedures

Effective immediately, in situations where the contractor has been overpaid for any item of work, the field office shall not transmit Final Estimates without:

- Notifying the contractor of the overpayment and providing all supporting documentation (include applicable references to contract documents, specify adjustments – rounding, quantities, etc.);
- Meeting with the contractor (and applicable subcontractors/suppliers) to review calculations and justifications. The contractor will be allowed 30 days to review and indicate agreement or disagreement.
 - If the contractor agrees with the overpayment, the Final Estimate will be transmitted to Field Reports for processing.
 - If the contractor disagrees, the issue can be escalated to the District Engineer/Assistant District Engineer. If not resolved, the Departmental escalation process will be followed. Once resolved the Final Estimate will be transmitted.
 - If the contractor fails to respond, the Final Estimate will be transmitted to Field Reports for processing.
 - If extenuating circumstances require more time, an additional 30 days can be requested and may be granted if sufficient justification is provided.
- Processing Overpayments - when the Final Estimate is processed, the contractor overpayment will trigger Contracts Payable to send a notice that payment is due in 30 days.

TOOLS TO HELP

1. New Overage Report

Another report has been added to FAST to assist the Resident Engineer in managing bid item overruns. In conjunction with the monthly progress payment estimate, a report will be made available to flag all bid items that exceed the revised plans quantities. This is intended to trigger a review of any item that exceeds 100% of the revised plans quantity, not wait until the end of the project to determine the cause.

2. Verifying as items of work are completed

As the job progresses and items of work are completed, a review should be initiated for:

- a. Checking double payments
- b. Verifying that partial payment stockpiles were depleted
- c. Verifying that rounding was done per specifications
- d. Verifying the correct method of measurement was used

3. Field Reports

The Field Reports Final Estimate Checklist (see attachment) provides guidance (and must be submitted with the Final Balance Report). Use all ADOT standardized forms (i.e., Law Enforcement, AC, Bituminous Price Adjustment, Diesel Fuel, and Force Account Weekly Detail).

4. Final Closeout

The Resident Engineer must conduct a Final Closeout Conference with the prime contractor and all subcontractors at the conclusion of the job, prior to the final acceptance.



FINAL ESTIMATE CHECKLIST

Project: _____ TRACS: _____ Opened to Traffic Date: _____ Ending MP: _____

Documentation to be sent to Field Reports

- Final Estimate (Original only, with Resident Engineer’s signature, must be under \$500.00)
- Final Balance Report (Original only, with Resident Engineer’s signature). Shall match the estimate amount.
- Include all sections of the transaction detail log signed by the Resident Engineer.
- Start and Completion Memos signed by the Resident Engineer.
- Final Acceptance letter signed by District Engineer.
- Time Reports, first and last, for each phase signed by the Resident Engineer.
- Request for extension of time, liquidated damages letter and stop/resume work orders.
- Submit supporting documentation for all types of AC Material paid by the ton from AC Forms:
 - ★ Inspector’s Verification of Materials Report
 - ★ Hot Plant and Rubber Plant Reports
 - ★ ADOT Mix and Compaction Lab Reports
 - ★ AM / PM Spread Determination Reports
 - ★ Bituminous Material Delivery Invoices
 - ★ Mineral Admixture: Reports and Delivery Invoices
 - ★ For RAP – Ignition Oven Lab Reports
- AC Forms Invoice Summary (for bituminous material deliveries)
- Bituminous Material (Tack Coat, Fog Coat, etc.) – Project Asphalt Reports, BOL’s and Weigh backs.
- Submit Bituminous Price Adjustment Report, verify total paid in CPE vs Report.
- Submit Diesel Fuel Price Adjustment Report, verify total paid in CPE vs Report.
- Submit supporting documentation for 404 Cover & Aggregate Material (Form, last delivery ticket/day, lab reports)
- Submit supporting documentation for Blotter Material (last delivery ticket per day)
- Submit documentation for all incentives and disincentives.

Verifications

- Verify in Contract Card that all Subcontracts have been received in Field Reports.
- Verify all dates have been entered and that all supplemental agreements have been received by Field Reports.
- Verify all Lump Sum items paid to 100% (except line item force accounts and MPT).
- Verify Lump Sum Structures are paid to 100% per Std. Spec. 109.10
- Verify that 203 (Borrow, Drainage Ex, Roadway Ex) are paid @ 100%
- Verify that 4040116 Apply Tack Coat was paid only for Tack Coat and not Fog Coat
- Verify rounding is done on 607 and 608 items, per the Standard Specs.
- Verify items with a unit of “Each” are paid to a whole number.
- Verify there are no Partial Payments left in inventory.
- Verify there are no Duplicate Payments.
- Verify there are no MPT payments past substantial completion date.
- Verify 45 Day Seeding Establishment period was noted in contract time.
- OJT Hours paid in CPE should be tracked per trainee and per week and should match the OJT hours in LCP Tracker.

Reminder of Other Submittals

- Mail Materials Checklist directly to Materials – 068R (see Finance Card for verification)
- Submit Notice of Intent and Termination of Discharge to Roadside Development (NOI / NOT)
- Follow CB 09-04 regarding As-Built procedures. RE to send email to FReports@azdot.gov when Red Lines are submitted to Project Management.
- Send DBE Affidavits, Certification of Payments and Training Reports to Civil Rights Office.
- On Federal Projects, Certified Payroll Issues should be Resolved, Finalized and Closed.

Submitted By: _____ Org: _____ Date: _____