

2014 DBE Summit Conference Payment Process



Barry L. Lacy, P.E.
Work Zone/Claims/Audit Engineer

(1) Contractor/subs perform work according to the contract and specifications



(2) A partial pay estimate is generated



(3) Prime contractor is paid within 30 days



(4) DBE is paid within 14 days after prime contractor

(1) Perform the Work

- Per the contract, plans, & specifications
- If work is unsatisfactory, unacceptable, or defective
 - Section 105.13 – Removal of Unacceptable Work
 - Shall be removed and replaced
 - DOTD deducts from contractor, if necessary
 - Contractor deducts from DBE , if necessary

Subcontract Agreement Verbiage

- READ YOUR SUBCONTRACT AGREEMENT!!!
- Section 108.06 – employ sufficient labor, equipment, material, and supervision to prosecute the work to completion
- “commence work within 7 days after NTP from contractor
- Must carry insurance, including workers’ compensation, liability, auto, & umbrella

Subcontract Agreement Verbiage

- Claims – give notice immediately to Contractor and before beginning the work
- Must adhere to EDSM III.1.1.28

(2) Partial Payment Generated

- Summary of work for the past 30 days
- PE inputs quantities within 5 days
- Reviewed and approved with contractor
- Includes original contract work
- Includes change order work
 - Section 109.04
 - Unit price, negotiated price, or force account
 - Documentation required – plan for extra time for this process
 - Labor, material, equipment, etc.

(3) Prime Contractor Paid Within 30 Days

- Usually < 30 days
- HQ Construction Audit checks:
 - Payrolls
 - CP1A/CP2A Forms
 - Stockpile Invoices
 - LPA Projects - Cost Disbursement Form/Copy of Cancelled Check
 - Approved Change Orders + original contract \$ must not exceed current estimate

(4) DBE Paid Within 14 Days

- Section 109.05 – may include deductions, corrections, etc.
- Worst case scenario – 74 days from Day 1 of estimate period to payment

DBE Goal Project (Section G)

H.(8) Post Award Compliance

- Prompt payment = within 14 days after prime receives payment from DOTD
 - Per Louisiana Revised Statute 9:2784
 - Some contractor verbiage = within 10 days
- Contractor shall provide DBE with a full accounting at time of check delivery
 - Includes quantities paid and deductions made
 - Retainage may not be held by the contractor

H.(8) Post Award Compliance

- Contractor may delay or postpone payment to the subcontractor only when there is evidence that the subcontractor has failed to pay its labor force and suppliers for materials received and used on the project
- Must have written approval by the Project Engineer.

H.(8) Post Award Compliance

- Failure to pay promptly or release retainage
 - constitutes a breach of contract
 - after notification by DOTD may result in
 - (1) a deduction from the contract funds due or to become due the contractor,
 - (2) disqualification of a contractor as non-responsive, or
 - (3) any other such remedy under the contract as DOTD deems appropriate.

H.(8) Post Award Compliance

- Disputes – payment or retainage
 - referred to the DBE Oversight Committee
 - Members are
 - the Deputy Chief Engineer
 - the DOTD Compliance Programs Director
 - and a FHWA Division Representative

Barry L. Lacy, P.E.
Work Zone/Claims/Audit Engineer

barry.lacy@la.gov

(225) 379-1584

Questions?