Construction Payment

Venice Grigsby

HQ Construction Audit Section
Agenda

• Partial Estimates – Venice Grigsby
  – Steps of a Partial Estimate (Creation – Payment)

• Construction Project Closeout – Chris Durbin
  – Process
  – Documentation
Partial Estimate Development

• *Purpose of this section:* To help the Local Public Agency Project Engineer (LPA P.E.) and the Responsible Charge understand the process to receive payments timely
What is a Partial Estimate?

- It is an estimate of pay quantities for the contractor’s work for the pay period (1 month as per specification) based on quantities entered into Site Manager by the LPA P.E. or the LPA Inspector on the Daily Work Report (DWR) Screen.
Step 1 - Determine if Cost “Reimbursement” or Cost “Disbursement” Applies

Read the Entity-State Agreement – It will state whether the method of payment is disbursement or reimbursement
What is the Cost “Disbursement” Process?

• It is a monthly cost reimbursement process that DOTD may use that disburses to the Entity the correct federal ratio of the approved project costs (i.e. pre-construction engineering services, right-of-way acquisitions, utility adjustments and/or the costs of construction)

• Upon receipt of each disbursement requested, the Entity is required to tender payment for the invoiced cost to the vendor
Review of Partial Estimate Process

1. Daily Work Report
2. LPA Creates Estimate
3. Estimate Approved
4. Payment to LPA
5. LPA Pays Contractor

Every 30 Days
Step 2 – Daily Work Report (DWR)

- Quantities are entered into the Field Book or Spreadsheet daily
- Quantities are entered into Site Manager by the LPA P.E. or the LPA Inspector on the Daily Work Report (DWR) Screen
Step 3 –
LPA Creates Estimate

- Site Manager Office Manager - Generates the partial estimate every 30 days & approves
- LPA Project Engineer approves
- LPA Responsible Charge (designated as contractor in Site Manager) approves
## Partial Estimate Example

### Quantities and Payment

<table>
<thead>
<tr>
<th>Line Number</th>
<th>Item Number</th>
<th>Unit</th>
<th>Contract Quantity</th>
<th>Estimate Quantity</th>
<th>Unit Price</th>
<th>$ Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>0901</td>
<td>701-15-00100</td>
<td>Concrete Collar – Concrete Pipe Collar</td>
<td>EACH (ENGLISH)</td>
<td>8.000</td>
<td>8.000</td>
<td>$244.32000</td>
</tr>
<tr>
<td>901</td>
<td>727-01-00100</td>
<td>Mobilization – Re-Mobilization</td>
<td>LUMP SUM - QUANTITY MUST ALWAYS BE 1</td>
<td>1.000</td>
<td>1.000</td>
<td>$500.00000</td>
</tr>
</tbody>
</table>

Federal Funds: $1,963.65  
Local Funds: $490.91  
Project Total: $2,454.56  
Project Total to Date: $133,376.28  
Grand Total This Estimate: $2,454.56  
Grand Total To Date: $133,376.28
### Partial Estimate Example

**Contract Time**

<table>
<thead>
<tr>
<th>Summary of Contract Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Time Allowed:</strong></td>
</tr>
<tr>
<td><strong>Time Charged This Estimate:</strong></td>
</tr>
<tr>
<td><strong>Time Charged to Date:</strong></td>
</tr>
<tr>
<td><strong>Elapsed Calendar Days:</strong></td>
</tr>
<tr>
<td><strong>Percent Time Used:</strong></td>
</tr>
<tr>
<td><strong>Percent Project Complete:</strong></td>
</tr>
</tbody>
</table>
I hereby certify that the contract time as summarized herein and quantities herein shown are correct to the best of my knowledge and belief and that the work has been performed and the materials used in accordance with the plans and specifications for this project.

__________________________________
Local Public Agency Project Engineer
I acknowledge that the pay quantities and Summary of Contract Time for this Estimate have been reviewed. If I disagree with pay quantities on this estimate I will immediately notify the Project Engineer in writing. If I disagree with time charges then I must notify the Project Engineer via mail/fax within 14 days and further follow the procedure as detailed in the 2008 Standard Specs section 108.07(4); however, I am not rejecting this estimate, as that action may result in a delay of payment.

ANY TOWN RESPONSIBLE CHARGE
Prepare Cost Reimbursement Documentation

• Attach information for the cost reimbursement method which is specified in the Agreement – “Disbursement” or “Reimbursement” (Step 1)

See Handouts: Cost Disbursements, Cost Reimbursements
Cost “Disbursement”
Required Documentation

• Copy of the Cost Disbursement Form
  – Entity completes and sends a Cost Disbursement Form (see handout) to DOTD every time they submit a partial estimate
  – Cost Disbursement Form to be mailed, emailed or FAXed to DOTD Construction Estimates Section
  – Copy of cancelled check to the contractor must be sent within 60 days of DOTD transferring money to LPA – Must have front & back (Cannot show just front)
Cost Disbursement Form

http://webmail.dotd.louisiana.gov/ContWeb.nsf/38dfde74ffe57a4086256fe00046e825/d348c01c8eac1c6886257854005fc0b2?OpenDocument
<table>
<thead>
<tr>
<th>Date:</th>
<th>Entity:</th>
<th>Estimate No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 26, 2012</td>
<td>Any Town, LA</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project No:</th>
<th>Contract:</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.001234</td>
<td>Nothing is required here</td>
<td>$2,454.56 (Total amount of partial estimate)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Phone No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streetscaping for Any Town</td>
<td>225-987-5432</td>
</tr>
</tbody>
</table>
Cost “Reimbursement”

Required Documentation

• Copy of **cancelled** check – Must have front & back (Cannot show just front) **instead** of Cost Disbursement Form

• Cancelled check to contractor by LPA to be mailed, emailed or FAXed to DOTD Construction Audit Section
Step 4
DOTD Partial Estimate Approval

• DOTD Compliance Section verifies payrolls for compliance with federal wage rates and approves on all projects
• DOTD Construction Audit Section audits estimate and processes for payment
DOTD Partial Estimate Approval

• All projects with federal funds are required to submit certified payroll document on both prime and sub contractors

• DOTD Compliance Section reviews the payroll documents
  – Must be submitted to the Compliance Programs Office 2 weeks prior to a partial estimate submittal

• Failure to do so will result in the partial estimates being held
• DOTD Compliance Section approves payroll documentation for the partial estimate in Site Manager

• DOTD Construction Audit Section is notified in Site Manager of pending partial estimates

• DOTD Construction Audit Section begins their Section review
DOTD Partial Estimate Approval

- DOTD Construction Audit Section review
  - Confirm receipt of cancelled check in 60 days if “disbursement” from previous partial estimate payment
  - Ensure cancelled check (reimbursement) or disbursement form submitted for this estimate
  - If any item is over or under 5% notify LPA PE to submit a change order for next partial estimate
  - Ensure sufficient total project budget to cover the payment or estimate rejected
DOTD Partial Estimate Approval

• DOTD Construction Audit Section review cont...
  
  – Ensure advancement of stockpile has proper documentation:
  
  • Request for advance payment
  • Copies of invoices of material
  • Right-of-entry if stored off of jobsite
  • Certified inspection certification
  • Certified paid invoices signed by the supplier of the material
DOTD Partial Estimate Approval

• DOTD Construction Audit Section review cont...
  – Determine if the partial estimate is either 5-days from completion or the allowed contract time
  – Send notification to entity that stipulated damages will be assessed if they run out of time which will place them in default of the contract

• DOTD Construction Audit Section processes payment once all required documents are approved
Step 5 – Payment of Contractor

• Entity pays contractor
  – No matter what type of Cost Reimbursement Method is used, the Entity is responsible to pay the contractor within the timeframe specified in the contract
  – The Entity must maintain the project records for 5 years
Change Orders

• If change orders are submitted, adequate funds must be available to allow the DOTD Construction Audit Section to process the partial estimate.

• To ensure there is adequate money, Site Manager has reports that can be used.

See Handouts: Change Order Summary Reports & Partial Estimate Quantities
Partial Estimate Verification Report

• Ensure enough Change Orders are approved to cover the amount of partial estimate payment required (Sufficient funds must be available in the total project budget)

• Site Manager Report
Partial Estimate Verification

Report Example

### Project Breakdown

<table>
<thead>
<tr>
<th>Project</th>
<th>Approved Amount</th>
<th>Paid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.001234</td>
<td>$133,322.98</td>
<td>$133,376.26</td>
</tr>
</tbody>
</table>

### Category Breakdown

<table>
<thead>
<tr>
<th>Project</th>
<th>Category</th>
<th>Approved Amount</th>
<th>Paid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.001234</td>
<td>0001</td>
<td>$133,322.98</td>
<td>$133,376.26</td>
</tr>
</tbody>
</table>
Summary of Change Orders Report

- **Purpose**: To compare current approved amount (original contract + approved change orders) to the partial estimate total paid to date to determine if there are sufficient change orders to cover the increased cost
### All Change Orders on Project

<table>
<thead>
<tr>
<th>CO Number</th>
<th>Description</th>
<th>Status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Adding Concrete Pipe Collar to Contract</td>
<td>APPR</td>
<td>1,954.56</td>
</tr>
<tr>
<td>002</td>
<td>Overrun and Underrun Items</td>
<td>APPR</td>
<td>519.80</td>
</tr>
<tr>
<td>003</td>
<td>Sidewalk Realignment and Additional Driveways</td>
<td>APPR</td>
<td>-1,777.58</td>
</tr>
<tr>
<td>004</td>
<td>Adjusting quantity for item 706-01-00300</td>
<td>DRAF</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTAL** $696.78
Summary of Change Orders

Report Example

Total Contract Amount: 132,626.20
Total Approved Change Order Amount: 696.78
Total Approved Amount: 133,322.98

Entity would have to either seek and obtain approval from DOTD Program Manager for additional Federal Funds to be added to the project budget or assume 100% responsibility for difference.

This example shows LPA PE would have to initiate a change order.
Contact Information

Venice Grigsby

Email – Venice.Grigsby@la.gov

Phone – 225-379-1396

FAX – 225-379-1864

Address: P. O. Box 94245, Baton Rouge LA 70804-9245 or

1201 Capital Access Road, Baton Rouge, LA
Final Estimate Package Development

- **Purpose of this section**: To help the Local Public Agency Project Engineer (LPA P.E.) and the Responsible Charge understand the process to closeout a project
Final Estimate Process

1. LPA Creates Final Estimate
2. Final Estimate Package Sent to DOTD Project Coordinator
3. DOTD Project Coordinator Reviews

- Final Estimate Package Hand carried by LPA to DOTD Construction Audit Section
Generating the Final Estimate

• A Final Change Order must be generated/approved
  – This Change Order will adjust any quantities that overran approved plan quantities by any amount and any underruns greater than 5%
Generating the Final Estimate

• A DWR must be completed where each item will be “Final Referenced”
  – Each item is pulled up (for example: if adding a quantity for payment)
  – No quantity is entered, but in the “location” field, the final reference location is entered
    • This is the location in the field book where the final item quantity total is documented, located at the end of the list of entries for each item (Initials FR only in front of entry)
Generating the Final Estimate
Generating the Final Estimate

• The Final Estimate is generated essentially the same as a Partial Estimate
  – The difference:
    • The “Final Estimate” button is clicked prior to clicking “generate estimate”
    • Everything else is the same
Generating the Final Estimate

- Two reports are printed by the DOTD Coordinator and provided to the LPA P.E.
  - “Summary of Final Quantities”
  - “Recapitulation of Weather and Workdays used to Complete Project”

See Handouts: #1-3 Summary of Final Quantities & #4-5 Recapitulation of Weather and Workdays
Generating the Final Estimate

• If Stipulated Damages are being assessed
  – The LPA PE, DOTD District Coordinator and the DOTD District Area Engineer must sign the “Recapitulation of Weather and Workdays used to Complete Project” form

• If there are no Stipulated Damages
  – The LPA P.E. and DOTD District Coordinator will sign the “Recapitulation of Weather and Workdays used to Complete Project” form
Project Closeout

• Final Inspection starts the Final Acceptance process
  – Time period to submit final records (30 days max.)
  – Penalty
    • Consultants will not receive good ratings
Procedure

• Required Forms - Construction Contract Administration Manual – page 44, Section 7.5

• Must be **HAND CARRIED** to Room 510-G

• Responsible Charge must hand carry
  – Submittal is cursory reviewed by DOTD while Responsible Charge is present
  – Missing signatures are addressed
  – Missing documents identified

See Handout: Final Estimate Checklist
Critical Documents

**See checklist handout for required documents**

- Signed Original Schedule of Work Items – Form 651
- Signed original recapitulation of weather and workdays
Documents

• Signed and corrected As-Built Plans
  – **All** sheets must be signed

• All correspondence in and out

• Construction Layout
  – If not included must follow Construction Memo dated May 5, 2009

• Certificates of Release
Documents

- Asphalt plant reports
- Reinforcing steel bar list (mill test reports)
  - Example: catch basins, bridges, headwalls, etc
  - Can be included on Form 2059
- Master structures file – All bridges
  - For the bridge maintenance inventory
- Form 2059
Documents

- Right-of-way monuments – If r/w acquired
  - Must have receipt of recordation in courthouse
- All signed and original change orders
  - Category 1 is approved at DOTD HQ
  - Category 2 & 3 are approved in DOTD district
  - Tracking number created in Site Manager **MUST** be the same as the signed change order

See Handout:
EDSM No. III.4.1.2
Documents

• Field Records
  – Electronic spreadsheets
  – Numbered field books

• Asphalt and fuel adjustment
  – Calculation formula found in special provision

• Police invoices
Documents

• Traffic control log
• Transmittal sheet
  – List of everything submitted

• **NOTE**: Final Acceptance letter must be submitted prior to final estimate submittal
Rejection Reasons

• Traffic Control Diaries omitted or not done consecutively as per spec book
  – Penalty accessed if not done properly
• Final References added correctly
• Every sheet of As-built plans signed (even standard plans)
Rejection Reasons (Cont.)

• Missing category 2 & 3
  – **NOTE**: Category 1 change orders must be submitted prior to the final submittal

• Tracking numbers of the signed change orders are different from the Site Manager approved change orders

• Original documentation to be submitted
  – Copies are unacceptable
Rejection Reasons (Cont.)

• DOTD policy – A final is the summation of all that has been paid to date
  – No items are paid on the final estimate
  – The final estimate must show the total earned to date
    • Any retainage held will be released after the records are submitted and the audit is complete
Contact Information

Chris Durbin & Desiree Ogle

Email – Chris.Durbin@la.gov
Phone – 225-379-1540
Desiree.Ogle@la.gov
Phone – 225-379-1020

ALL PROJECTS MUST BE HAND CARRIED

Address: 1201 Capital Access Road, Baton Rouge, LA. Room 510-G