Supplemental Specification
2012 Standard Specification Book

SECTION 01282M

PAYMENT

Delete Article 1.8, paragraph A1 and replace with the following:

1. The Department does not allow compensation for loss of expected reimbursement or loss of anticipated profits suffered or claimed by the Contractor resulting either directly from such alterations or indirectly from unbalanced allocation among the contract items of overhead expense and subsequent loss of expected reimbursement or from any other cause.

Delete Article 1.9, paragraphs C and D and replace with the following:

C. Negotiated lump sum or unit prices for changes to the contract work will be based on the Contractor's estimate to do the work as validated by the Engineer's independent cost assessment. Support the price with a detailed cost estimate that includes the following information:
   1. Estimated labor hours based on agreed upon productivity rates.
      a. Use the actual cost of wages and benefits for the labor rates applied to the estimated man hours.
      b. Include certified accounting records verifying these costs or make them available upon request of the Engineer.
   2. Estimated material quantities based on agreed upon quantities.
      a. Use actual material costs as verified by supplier estimates or invoices.
      b. Use agreed to production rates for material produced on site.
   3. Estimated equipment hours based on agreed upon productivity rates.
      a. Use the lesser of the following for determining equipment costs:
         1) Rental rates obtained from the Rental Rate Blue Book for Construction Equipment according to this Section article 1.11.

2) Actual cost of the equipment to the Contractor based on internal equipment billing rates or actual rental rates supported by rental agreements for equipment applied to the estimated equipment hours. Include certified accounting records substantiating these costs or make them available upon request of the Engineer.

4. A 15 percent markup will be paid on all expenses identified above. This markup compensates the Contractor for home office overheads and profit.
5. The following additional markups will be allowed on the total of all work according to change order performed solely by subcontractors:
   a. 15 percent markup on first $75,000 of total subcontracted work.
   b. 10 percent markup on total of subcontracted work between $75,000 up to $250,000.
   c. 7.5 percent markup on total of subcontracted work exceeding $250,000.
6. No other expenses will be compensated unless approved by the Engineer.

Delete Article 1.10, paragraph A2 and replace with the following:

2. The Department does not compensate for the following:
   a. Labor inefficiencies caused by the Contractor.
   b. Consequential damages, including but not limited to, loss of bonding capacity, loss of bidding opportunities, and insolvency.
   c. Attorney's fees, claims preparation expenses, or litigation costs.

Delete Article 1.11 and replace with the following:

1.11 FORCE ACCOUNT

A. The Engineer may require the Contractor to work on a force account basis for the convenience of the Department or when the Contractor and Engineer are unable to negotiate an agreed upon price for changed or added work. Costs reimbursed according to this Section are considered full and complete compensation for the work performed.

B. Labor will be reimbursed at the actual cost of wages, benefits and burdens. A 15 percent markup will be paid on all labor expenses. This markup compensates the Contractor for field overheads, home office overheads, and profit.

1. Provide daily field records showing the labor hours charged to the force account work. The Engineer must approve these records daily.
2. Include certified accounting records verifying these costs or make them available upon request of the Engineer.

C. Materials installed and accepted by the Engineer as part of the force account work will be paid for at actual cost plus a 15 percent markup. The markup compensates the Contractor for field overheads, home office overheads, and profit.

1. Provide daily field records showing the materials installed as part of the force account work. The Engineer must review and approve these records daily.
2. Include copies of invoices and certified accounting records verifying these costs or make them available upon request of the Engineer.

D. Compensation for Equipment

1. The Department will pay the following:
   a. Hourly rates for machinery or special equipment, excluding small tools, authorized by the Engineer. Hourly rental rates are determined by the monthly rental rate found in the Rental Rate Blue Book for Construction Equipment divided by 176. The total hourly rates have been computed from equipment costs currently in effect and do not include costs for operating personnel.

      Obtain this publication through:
      Equipment Watch
      1735 Technology Drive, Suite 410
      San Jose, CA 95110-1313
      Phone: (800) 669-3282
      Fax: (800) 224-3527
      Refer to http://www.udot.utah.gov/go/standardsreferences.

      The rates require adjustment by a Regional Factor and a Depreciation Factor with operating and standby rates established as follows:

      1) Operating Rate – Hours the equipment is actually in use. This includes ownership and operating costs adjusted for depreciation and region factors.

2) Standby Rate – Compensation for equipment required to be at the work site but not operating. This rate is 50 percent of the adjusted ownership and operating costs computed above. The duration of allowable standby time must be approved in writing by the Engineer with a maximum of eight hours per day or 40 hours in a week.

3) The Department uses the shown capacity that is closest to the manufacturers when the manufacturer's rated capacity falls between those shown in the Rental Rate Blue Book for Construction Equipment.

4) Agree upon all rates in writing before beginning work.

5) Obtain approval from the Engineer for any equipment rental rates not provided before the start of any force account work.

2. The Department does not pay for pickup trucks used solely for transportation.

3. Provide daily field records showing the equipment hours charged to the force account work. The Engineer must review and approve these records daily.

4. Provide certified accounting records verifying these costs.

E. Subcontract work will be reimbursed in the same manner as the Contractor's work is reimbursed as described above.

1. The following additional markups will be allowed on the total of all work according to force account performed soley by subcontractors:

   a. 15 percent markup on first $75,000 of total subcontracted work.

   b. 10 percent markup on total of subcontracted work between $75,000 up to $250,000.

   c. 7.5 percent markup on total of subcontracted work exceeding $250,000.

2. Provide daily field records showing the subcontract labor, material, and equipment charged to the force account work. The Engineer must review and approve these records daily.

3. Provide certified accounting records verifying these costs.

Delete Article 1.12 paragraph C and replace with the following:

C. Payments are based on estimates prepared by the Engineer of the value of work performed and materials in place under the contract and for payment for material on hand according to this Section. Payment will not be made for material and work without complete acceptance documentation.

Delete Article 1.13 title and paragraph A and replace with the following:

1.13 PAYMENT FOR MATERIAL ON HAND (Stockpile)

A. Present the delivery copies of invoices. The Department may include advance partial payments for acceptable nonperishable materials purchased expressly for incorporation in the work when delivered in the vicinity of the project or stored in approved storage place.

1. The Engineer determines the amount to be included in the estimate but in no case will the amount exceed the value of the materials as shown on the delivery invoice or 75 percent of the in-place price, whichever is less.
2. Furnish evidence that the stockpiled materials are irrevocably obligated to the project when the approved storage location is other than the project site.
3. The Department does not pay when the invoice value of such materials, as determined by the Engineer, amounts to less than $2,000 or if materials are to be stored less than 30 calendar days, unless otherwise specified.
   a. The Department will waive the 30 day limit and pay advance payment for Pavement Marking Tape if the Pavement Marking Tape placement is delayed more than one week beyond the original CPM schedule date.
4. Furnish the Engineer certified paid invoices or a certified statement with a copy of the check showing payment within 60 calendar days following the date of the estimate invoice on which the stockpile material is to be paid by the Department.
5. Material will be removed from the next partial estimate as stockpiled materials if proper invoices showing payment to the supplier is not received.

Add Article 1.14, paragraph A4:

4. An affidavit may be required, as determined by the Engineer, from all Subcontractors certifying they have been paid for all labor and materials incorporated into the project.

Delete Article 1.15, paragraph A3 and replace with the following:

3. This provision is automatically invoked and becomes effective when the change in the cost of fuel warrants the adjustment during the course of construction of the project and remains in effect for the duration of the project.
   a. Adjustments are then made on all future partial estimates.

Add Article 1.16, paragraph A3:

3. The Contractor can choose to opt out of the Asphalt Cost Adjustment (ACA).
   a. Check the appropriate box on the bid proposal indicating the intent to opt out of the ACA.
   b. The ACA cannot be reactivated on a project for which the Contractor has opted out.

Delete Article 1.16, paragraph C.1.a.2) and replace with the following:

2) The high reported wholesale asphalt price (per ton) from the Argus Asphalt Report for Rocky Mountain and West coast asphalt prices for:
   Denver
   Las Vegas
   Montana
   Phoenix
   Salt Lake City
   Wyoming