

Chapter 12-F - Materials Stored or On Hand

The Project Manager (PM) may authorize advance payment for materials that are stored or on hand if the total value of materials exceeds \$1,000, or if the value of a single class of material exceeds \$500, and if the other conditions of Section 00195.60 are satisfied. The PM must assure that the requirements have been fulfilled before payment is initiated for the material.

The requirements of Section 00195.60 include:

- The Contractor has made a written request for advance allowance for material(s) and, if required by the PM, the request is accompanied by written consent of the Contractor's surety. (Normally, the PM will only require the written consent of the Contractor's surety when the Contractor may be experiencing financial difficulties.) The Contractor must submit an invoice for purchased goods or a justification of its costs for material produced specifically for the project. The request must be received by the PM at least 5 calendar days prior to the pay period cutoff date.
- The material must be acceptably stored. If the material is not on property owned by ODOT, the Contractor must furnish ODOT a permit of entry, from the owner of the property, which will continue for at least 6 months after the completion of the project. The Permit Of Entry must contain information similar to the following:

Permit of Entry

Permission is hereby granted to the State of Oregon to enter upon the property described herein that continues for a period of not less than six months after the completion of (Project Name) for the purpose of removing materials for which advance materials on hand payment may be made to (Contractor's Name). The property is owned by (Owner's Name) and is described as follows: (Address and/or Description of Property). (Include signature(s) and date(s) for owner and lessee or purchaser, and, if appropriate, attach a copy of a warehouse receipt or contract for storage.)

- The material must meet the requirements of the contract and required test results, certifications and other supporting quality documents are on file with the PM. The PM must not make materials on hand payment unless the materials are in "close conformance" (see Section 00150.25) with contract requirements or have been approved for use with an appropriate adjustment in price.
- The material is in a form ready for installation. FHWA has made an exception to partial payment of stockpiled steel plates and shapes received at the fabrication shop but not yet fabricated. The following is a link to a FHWA memo from David H. Densmore regarding this limited exception to these steel materials not yet in their final form. <http://www.fhwa.dot.gov/bridge/steelppt.htm>

- The material is clearly marked and identified as being specifically fabricated, produced, and reserved for use on the project.
- If requested by the PM, the Contractor shall provide proof of payment if the material is from another entity. Proof of payment must be provided within 30 days of the date of the progress estimate on which the payment is made for the material on hand. If the Contractor does not provide proof of payment when requested, the PM must rescind payment.

The PM must inspect the material, if needed, to assure proper quality and identification of the material. The PM must also measure the material, as appropriate, to verify the quantity of material on hand.

The PM should verify the estimated quantity needed to perform the project work. The PM must not pay for any quantity of material on hand greater than the amount needed to complete the remaining project work.

The allowance to be paid for material on hand must not exceed the net cost to the Contractor for the material. The allowance may be based on invoices from the supplier, or for material produced on the project, upon cost calculations verified by the PM.

The PM must retain enough of the bid item price, beyond the payment for material on hand, to cover the remaining costs of incorporating the material into the project. This can be troublesome if the material has escalated in price or the bid price does not reflect the true cost of the work. In all cases, the PM must prorate the materials on hand payment to retain enough money for the installation.

Some offices use a worksheet, such as the examples in **Exhibits 12-F(A) and 12-F(B)**, to help assure that the payment is justifiable.

Unless specifically provided in the contract, payment for materials on hand is not included when determining the percentage of work items completed when computing payment for "Mobilization" (see Section 00210).

Enter, or make changes in, payment for materials on hand in the 7000 series of the Contract Payment System, including a reference to the pay item. Also refer to **Chapter 25 - Payments to Contractors/Retainage** and the **Contract Payment System User Guide**.

MATERIALS ON HAND CHECK LIST / PAY DOCUMENT

PROJECT: Here Road - There Drive

CONTRACT: C12000 EA: CON00000 ITEM NUMBER: 7095

- REQUEST LETTER FROM PRIME CONTRACTOR (REQUIRED FOR PAYMENT)
 ITEMIZED INVOICE (REQUIRED FOR PAYMENT)

ASSIGNED TO: Phil Dirt DATE: 6/12/01
(INSPECTOR)

SUPPLIER: Madison County Concrete INVOICE #: 123456

TYPE(S) OF MATERIAL: Precast Prestressed Concrete Slabs ITEM #'S: 0950

MATERIAL ON PROJECT ? YES NO IF NO, WHERE ? Madison County Concrete Yard

PERMIT OF ENTRY (REQUIRED FOR PAYMENT)

ACCEPTABLY STORED ? YES NO

METHOD OF QUALITY ASSURANCE

SUPPORTING DATA

T - TEST CERTS <input type="checkbox"/>	Q - COMPLIANCE CERTS <input type="checkbox"/>	QI - COMPL. CERT W/MAT. # <input type="checkbox"/>
O - CMO <input checked="" type="checkbox"/>	E - EQUIP. LIST & DWG. <input type="checkbox"/>	L - ODOT LAB. REPORT <input checked="" type="checkbox"/> #01-0123 thru 01-0130
F - FIR # _____	VERIFIED MATERIALS BY: _____	() HEAT, LOT BATCH # _____
NO QUALITY DOCUMENTATION REQUIRED <input type="checkbox"/>		() AASHTO / ASTM, SPEC. # _____
		() ODOT LABEL OR MARK _____

OTHER: FIELD TESTS VISUAL INSPECTION SHOP DRAWINGS

CMO FOR STEEL / IRON MATERIALS ? YES NO
(IF FEDERALLY FUNDED, REQUIRED FOR PAYMENT)

QUANTITY ACCEPTED: **34 units at \$4800 each. Total MOH payment of \$163,200.00.**

Phil Dirt 6-15-01 SEE BACK
INSPECTOR SIGNATURE DATE

FOR OFFICE USE ONLY

QUANTITY CHECKED QUALITY CHECKED

CHECKED BY: O. Dattie DATE: 6-15-01

ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE
7095	34	34	1/1
7095	-8	26	2/2

ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE

MATERIALS ON HAND CHECK LIST / PAY DOCUMENT

PROJECT: _____

CONTRACT: _____ EA: _____ ITEM NUMBER: _____

REQUEST LETTER FROM PRIME CONTRACTOR (REQUIRED FOR PAYMENT)

ITEMIZED INVOICE (REQUIRED FOR PAYMENT)

ASSIGNED TO: _____ DATE: _____
(INSPECTOR)

SUPPLIER: _____ INVOICE #: _____

TYPE(S) OF MATERIAL: _____ ITEM #'S: _____

MATERIAL ON PROJECT ? YES NO IF NO, WHERE ? _____

PERMIT OF ENTRY (REQUIRED FOR PAYMENT)

ACCEPTABLY STORED ? YES NO

METHOD OF QUALITY ASSURANCE				
SUPPORTING DATA				
T - TEST CERTS <input type="checkbox"/>	Q - COMPLIANCE CERTS <input type="checkbox"/>	QI - COMPL. CERT W/MAT. # <input type="checkbox"/>		
O - CMO <input type="checkbox"/>	E - EQUIP. LIST & DWG. <input type="checkbox"/>	L - ODOT LAB. REPORT <input type="checkbox"/> #		
F - FIR # _____	VERIFIED MATERIALS BY: _____	() HEAT, LOT BATCH #	() AASHTO / ASTM, SPEC. #	() ODOT LABEL OR MARK
NO QUALITY DOCUMENTATION REQUIRED <input type="checkbox"/>				

OTHER: FIELD TESTS VISUAL INSPECTION SHOP DRAWINGS

CMO FOR STEEL / IRON MATERIALS ? YES NO

(IF FEDERALLY FUNDED, REQUIRED FOR PAYMENT)

QUANTITY ACCEPTED:

SEE BACK

INSPECTOR SIGNATURE _____

DATE _____

FOR OFFICE USE ONLY							
QUANTITY CHECKED <input type="checkbox"/>				QUALITY CHECKED <input type="checkbox"/>			
CHECKED BY: _____				DATE: _____			
ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE	ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE

Materials on Hand Flowchart

