

*CHAPTER 12F – 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 five (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 the Agency, the Contractor must furnish the Agency a permit of entry, from the owner of the property, which will continue for at least six (6) months after the completion of the Project. Materials can only be stored outside the State of Oregon when it is allowed by the Special Provisions or authorized in writing by the Engineer.

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 (6) 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.)

To be eligible for advance payment of Materials stored on hand:

- The Material must meet the requirements of the contract and required test results, certifications and other supporting quality documents are on file with the

* All Marked Text Updated October, 2010

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 following [Materials on Hand Checklist/Pay Document, form 734-2600](#) example to help assure that the payment is justifiable:

**OREGON DEPARTMENT OF TRANSPORTATION
CONSTRUCTION MANUAL**

		MATERIALS ON HAND CHECKLIST / PAY DOCUMENT					
PROJECT CONSTRUCTION MANUAL FORM EXAMPLE							
CONTRACT C12345	EA CON004321	ITEM NUMBER 7061					
<input checked="" type="checkbox"/> REQUEST LETTER FROM PRIME CONTRACTOR (REQUIRED FOR PAYMENT) <input checked="" type="checkbox"/> ITEMIZED INVOICE (REQUIRED FOR PAYMENT)							
ASSIGNED TO (INSPECTOR) Phil Dirt, Inspector		DATE 6/16/2009					
SUPPLIER Madison County Concrete		INVOICE # 123456					
TYPE(S) OF MATERIAL Precast Prestressed Concrete Beams		ITEM NOS. 0061					
MATERIAL ON PROJECT ?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	IF NO, WHERE ?	<u>Madison County Concrete Yard</u>				
<input checked="" type="checkbox"/> PERMIT OF ENTRY (REQUIRED FOR PAYMENT)							
ACCEPTABLY STORED ?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>						
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"/>					
D - CMD <input checked="" type="checkbox"/>	E - EQUIP. LIST & DWG. <input type="checkbox"/>	L - ODOT LAB. REPORT <input checked="" type="checkbox"/>					
F - FIR # _____	VERIFIED MATERIALS BY: _____	() HEAT, LOT/BATCH # _____	() AASHTO/ASTM SPEC. # _____				
NO QUALITY DOCUMENTATION REQUIRED <input type="checkbox"/>							
OTHER: FIELD TESTS <input type="checkbox"/> VISUAL INSPECTION <input type="checkbox"/> SHOP DRAWINGS <input type="checkbox"/>							
CMO FOR STEEL / IRON MATERIALS ? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (IF FEDERALLY FUNDED, REQUIRED FOR PAYMENT)							
QUANTITY ACCEPTED: 34 beams at \$4,800 / each = Total MOH payment of \$163,200.00							
INSPECTOR SIGNATURE <u>Phil Dirt</u>		DATE 6/16/2009	SEE BACK <input type="checkbox"/>				
FOR OFFICE USE ONLY							
QUANTITY CHECKED <input type="checkbox"/>		QUALITY CHECKED <input checked="" type="checkbox"/>					
CHECKED BY: <u>Dottie Small, QCS</u>		DATE: <u>6/19/2009</u>					
ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE	ITEM	QTY THIS NOTE	QTY REMAINING	EST/NOTE
7061	34	34	Est 1 - Note 1				
7061	-8	26	Est 2 - Note 2				

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. [[Refer to Chapter 25 - Payments to Contractors/Retainage](#) and the Contract Payment System User Guide]