






 Oregon Department of Transportation 

CONTRACT PAYMENTS AND RETAINAGE


This is discussed in Chapter 25 of the Construction Manual.


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Before Making a Progress Estimate

- Be familiar with the conditions of all pay items.
- Verify project quantities.
- Organize methods of determining and recording quantities.
- Control and record engineering costs.
- Assure the project does not exceed the project authorization.




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Module Topics

- Policies on Progress Estimates
- Withholding Payments
- Interest for Late Payment
- Payment of Escalations
- Preparation of the Estimate for Payment
- Retainage and Reduction of Retainage




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Policy on Progress Estimates

The Progress Estimate is the document that summarizes the quantities of work completed and the value of the completed work. The Project Manager must submit the Progress Estimate monthly throughout the life of the project.




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Policy on Progress Estimates

Prepare and transmit the Progress Estimate electronically using the web-based Contract Payment System (CPS).



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Web Based CPS Authority Level

Internal User Authority



- Internal Admin
- Internal PM
- Internal Super View
- Internal View

Note: Only Internal Admin and Internal PM Users have the authority to submit progress estimates for payment.

External User Authority

- External Admin
- External PM
- External PMC
- External Super View
- External View

Note: External Users cannot submit progress estimates for payment to the Contractor.


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How do we get the CPS program?

Internal ODOT Users

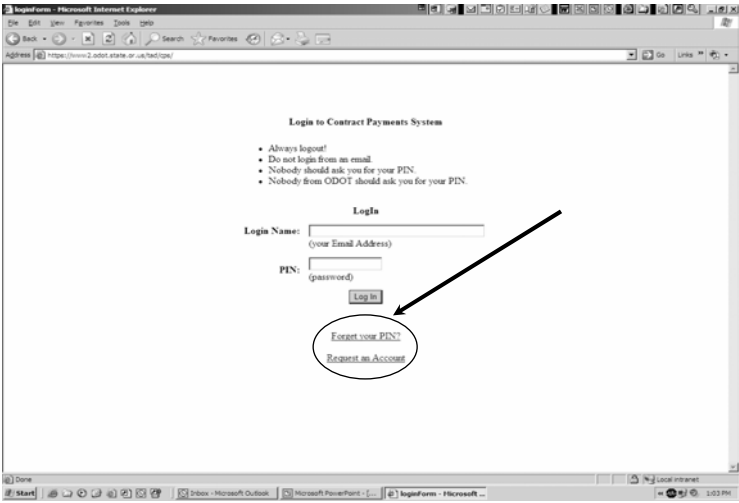
- Contact the Contract Administration Unit
 - Provide User Name
 - User Authority
 - Responsible Contracts


External Users (Local Agencies & Consultants)

- Contact the Contract Administration Unit
 - Request a Pin
 - Return Request User Name (e-mail address), User Authority, Responsible Contracts



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<https://highway.odot.state.or.us/cf/cps/>






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Progress Estimate Payments

- Each Progress Estimate shall include payment for work performed under the contract through the last day of the month.
- Review information with the Contractor on amounts to be paid before submitting the Progress Estimate for payment.
- Review the “Corrected Estimate” quantities to verify the estimated expenditures do not exceed the project authorization.




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Progress Estimate Payments

- Submit the Progress Estimate for payment on or before the 8th of the month.
- Contract Administration Unit will process the Progress Estimate and request Financial Services to make payment to the Contractor by the 23rd of the month.
- Financial Services will send a copy of the voucher to the Contractor.



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When Would Payment be Withheld?


Section 00195.50

If the amount due the Contractor is less than \$1,000, no payment will be made unless requested by the Contractor.

- The Project Manager must notify the Contractor why no payment will be made.
- Send a copy of the letter to the Contract Administration Unit.
- The Contractor, however, may request that payment be made anyway and the Project Manager must then process the Progress Estimate.




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When Would Payment be Withheld?

The Project Manager orders payment to be withheld for one of the reasons cited in section 00195.50(e) of the contract.

The withholding of a progress payment is a serious matter and should be used only when justified and when other measures have failed. Good communications are essential. Also refer to the Responsibilities of Project Manager, Section 9 of the Construction Manual.




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What If It Is Determined A Payment Should be Withheld?

1. The Project Manager must inform the Contractor of the reason that payment is being withheld, as well as what actions the Contractor must fulfill to allow payment to be made. Send a copy of the letter to the Contract Administration Unit.

Note: Local Agencies and Consultants must receive prior concurrence of the CPM or Local Agency Liaison.




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What If It Is Determined A Payment Should be Withheld?

2. Do not submit the Progress Estimate to the Contract Administration Unit until the dispute has been resolved and payment is to be made.




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What If It Is Determined A Payment Should be Withheld?

3. Do not withhold payment because of claims made by the Contractor or against the Contractor's Bond. Contact Contract Administration Unit if you have questions.




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Interest for Late Payments

- State law (ORS 279c.570) requires that ODOT pay interest to the Contractor when payments are not made within the statutory requirements.
- The Contract Administration Unit or Financial Services Group will calculate the amount of interest due the Contractor.
- Interest is calculated at 3 times the interest rate from the Federal Reserve Bank.
- This interest is not eligible for Federal-Aid participation.




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Preparing A Progress Estimate

- PM is notified by e-mail that the Contract Payment file is available.
- Checks Zero Estimate for correctness.
- Has verified all quality and quantity documentation is appropriate to support payment to the Contractor.
- Calculate price adjustments for items eligible for escalation and/or de-escalation.
- Updates Engineering and Force Order charges.
- Updates the Corrected Estimate quantity column.
- Checks Corrected Estimate Vs. Original Authorization amounts to help anticipate possible overrun.



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Before Submitting the Payment

- Printout a copy of the Progress Estimate report and review with the Contractor.
- Sign a copy of the report and maintain with your records.
- Submit the Progress Estimate through the web based Contract Payment System to Contract Services for payment. Note: CPMs and Local Agency Liaisons will do this for Consultants and Local Agencies.

Progress Estimate Report - Original Contract Bid Items

Contract Payment System Preliminary Progress Payment Report.

Contract no: C13127
 Section: OR34: CORVALLIS-NEWPORT HWY TO PEORIA
 Highway: CORVALLIS-LEBANON
 Type Work: GRADE DRAIN PAVE SIGN SIG
 Reg Eng: Jeff Scheick
 Contractor: MORSE BROS., INC.
 Proj Man: John Scott
 Semi Final:

specified Completion 10/31/05
 FAP
 SO-S210
 (009)
 CON02419
 Award: 04/27/2005
 Est No: 6
 Done To: 12/30/2005 Est Cmpl: 10/31/2005

Item-Grp Item Name	Unit	Unit Price	Original Authorization Quantity Amount	Corrected Estimate Quantity Amount	Performed To Date Quantity Amount	Performed since Last Estimate Quantity Amount
ORIGINAL CONTRACT						
TEMPORARY FEATURES AND APPURTENANCES						
0001 10 MOBILIZATION	LUMP SUM	\$62,000.00	100.0000 \$62,000.00	100.0000 \$62,000.00	100.0000 \$62,000.00	0.0000 \$0.00
0002 10 TEMP PROT & DIR OF TRAFFIC	LUMP SUM	\$3,000.00	100.0000 \$3,000.00	100.0000 \$3,000.00	100.0000 \$3,000.00	0.0000 \$0.00
0003 10 TEMPORARY SIGNS	SOFT	\$14.00	1175.0000 \$16,450.00	1074.2400 \$15,039.36	1074.2400 \$15,039.36	0.0000 \$0.00
0004 10 TEMPORARY BARRICADES, TYPE II	EACH	\$22.00	14.0000 \$308.00	7.0000 \$154.00	7.0000 \$154.00	0.0000 \$0.00
0005 10 TEMP BARRICADES, TYPE III	EACH	\$60.00	14.0000 \$840.00	14.0000 \$840.00	14.0000 \$840.00	0.0000 \$0.00
0006 10 TEMP TRUCK MOUNTED IMP ATTEN	EACH	\$8,000.00	1.0000 \$8,000.00	1.0000 \$8,000.00	1.0000 \$8,000.00	0.0000 \$0.00
0007 10 TEMPORARY PLASTIC DRUMS	EACH	\$35.00	70.0000 \$2,450.00	70.0000 \$2,450.00	70.0000 \$2,450.00	0.0000 \$0.00
0008 10 TEMP FLEXIBLE PVMT MARKERS	EACH	\$1.50	3000.0000 \$4,500.00	754.0000 \$1,131.00	754.0000 \$1,131.00	0.0000 \$0.00
Totals for Original Contract			\$1,146,023.30	\$1,129,301.77	\$1,127,267.77	\$1,409.00
Sub Totals :			\$1,146,023.30	\$1,129,301.77	\$1,127,267.77	\$1,409.00

Progress Estimate Report – Contract Change Orders

Contract Payment System Preliminary Progress Payment Report.

Contract no: C13127
 Section: CR34: CORVALLIS-NEWFORT HWY TO PEORIA
 Highway: CORVALLIS-LEBRON SIGN SIG
 Type Work: GRADE DRAIN FAVE SIGN SIG
 Reg Eng: Jeff Scheick
 Contractor: MORSE BROS., INC.
 Proj Man: John Scott
 Semi Final:

specified
 Completion
 10/31/05
 FAP
 S0-S210
 (009)
 CON02419
 Award: 04/27/2005
 Est Cmpl: 10/31/2005

Item-Grp	Item Name	Original Unit Price	Corrected Authorization Quantity Amount	Performed Estimate Quantity Amount	Performed since To Date Quantity Amount	Last Estimate Quantity Amount
CONTRACT CHANGE ORDERS						
4001	11 DELETE RUT SUSCEPTILITY TESTING	LUMP SUM (\$200.00)	0.0000 \$0.00	100.0000 (\$200.00)	100.0000 (\$200.00)	0.0000 \$0.00
4002A	11 DELETE BI 630 'THERMOPLASTIC NON-PRO'	FOOT \$0.00	0.0000 \$0.00	0.0000 \$0.00	0.0000 \$0.00	0.0000 \$0.00
4002B	11 THERMOPLASTIC, NON-PROFILLED, 120 MIL EX	FOOT \$0.80	0.0000 \$0.00	42424.0000 \$33,939.20	42424.0000 \$33,939.20	42424.0000 \$33,939.20
Totals for Contract Change Orders						
Sub Totals :				\$1,146,023.30	\$1,163,040.97	\$1,161,006.97

Progress Estimate Report - Price Adjustments

Contract Payment System Preliminary Progress Payment Report.

Contract no: CL13127
 Section: OR34: CORVALLIS-NEWPORT HWY TO PEORIA
 Highway: CORVALLIS-LEBANON
 Type Work: GRADE DRAIN PAVE SIGN SIG
 Reg Eng: Jeff Scheick
 Contractor: MORSE BROS., INC.
 Proj Man: John scott
 Semi. Final:

specified
 Completion
 10/31/05
 FAP
 S0-S210
 (009)
 COND2419

Est No: 6
 Done To: 12/30/2005
 Award: 04/27/2005
 Est Cmpl: 10/31/2005

Item-Grp	Item Name	Original Unit Price	Corrected Authorization Quantity Amount	Performed Estimate Quantity Amount	Performed since To Date Quantity Amount	Last Estimate Quantity Amount
ADJUSTMENTS						
6001	11 LIQUIDATED DAMAGES	ACRE (\$1.00)	0.0000 \$0.00	12000.0000 (\$12,000.00)	12000.0000 (\$12,000.00)	0.0000 \$0.00
6002	11 CHARGE FOR CORE DENSITY TESTING	DOLLAR (\$1.00)	0.0000 \$0.00	515.0000 (\$515.00)	515.0000 (\$515.00)	0.0000 \$0.00
6460	11 3/4 L3 DENSE GRADED HMAC PRICE ADJUSTME	DOLLAR (\$1.00)	0.0000 \$0.00	6569.2600 (\$6,569.26)	6569.2600 (\$6,569.26)	0.0000 \$0.00
6470	11 1/2	DOLLAR \$1.00	0.0000 \$0.00	1193.7800 \$1,193.78	1193.7800 \$1,193.78	0.0000 \$0.00
6480	11 3/4" L3 OPEN HMAC PRICE ADJUSTMENT	DOLLAR \$1.00	0.0000 \$0.00	5596.8400 \$5,596.84	5596.8400 \$5,596.84	(551.2000) (\$551.20)
Totals for Adjustments						
Sub Totals :			\$1,146,023.30	\$1,150,747.33	\$1,148,713.33	\$34,797.00

Progress Estimate Report – Anticipated Items & Contingencies

Contract Payment System Preliminary Progress Payment Report.

Contract no: C13127
 Section: OR34: CORVALLIS-NEWPORT HWY TO PEORIA
 Highway: CORVALLIS-LEBANON
 Type Work: GRADE DRAIN PAVE SIGN SIG
 Reg Eng: Jeff Scheick
 Contractor: MORSE BROS., INC.
 Proj Man: John Scott
 Semi Final:

specified
 Completion
 10/31/05

FAP
 S0-S210
 (009)
 CON02419

Est No: 6
 Done To: 12/30/2005
 Award: 04/27/2005
 Est Cmpl: 10/31/2005

Item-Grp	Item Name	Original Unit Price	Corrected Authorization Quantity Amount	Performed Estimate Quantity Amount	Performed since To Date Quantity Amount	Last Estimate Quantity Amount
ANTICIPATED ITEMS						
94001	PERMANENT SIGNING COSTS	\$0.00	0.0000 \$200.00	0.0000 \$0.00	0.0000 \$0.00	0.0000 \$0.00
94002	STATISTICAL ASPHALT BONUS	\$0.00	0.0000 \$10,000.00	0.0000 \$0.00	0.0000 \$0.00	0.0000 \$0.00
Totals for Anticipated Items			\$10,200.00	\$0.00	\$0.00	\$0.00
Sub Totals :			\$1,173,223.30	\$1,150,747.33	\$1,148,713.33	\$34,797.00
CONTINGENCIES						
98999	CONTINGENCIES	\$0.00	0.0000 \$40,110.82	0.0000 \$0.00	0.0000 \$0.00	0.0000 \$0.00
Totals for Contingencies			\$40,110.82	\$0.00	\$0.00	\$0.00
Sub Totals :			\$1,213,334.12	\$1,150,747.33	\$1,148,713.33	\$34,797.00

Progress Estimate Report – Engineering and Total Authorization

Contract Payment System Preliminary Progress Payment Report.

Contract no: C13127
 Section: OR34: CORVALLIS-NEWPORT HWY TO PEORIA
 Highway: CORVALLIS-LEBANON
 Type Work: GRADE DRAIN PAVE SIGN SIG
 Reg Eng: Jeff Scheick
 Contractor: MORSE BROS., INC.
 Proj Men: John Scott
 Semi Final:


Specified Completion
 10/31/05
 FAP
 SO-S210
 (009)
 CON02419
 Award: 04/27/2005
 Est Cmpl: 10/31/2005

Item-Grp	Item Name	Original Unit Price	Corrected Authorization Quantity	Performed Estimate Quantity	Performed To Date Quantity	Last Estimate Quantity
ENGINEERING						
99999	ENGINEERING	\$0.00	\$173,500.00	\$173,500.00	\$80,543.00	\$5,223.00
Totals for Engineering						
Grand Totals for Contract No C13127 - 6:						
			\$1,386,834.12	\$1,324,247.33	\$1,229,256.33	\$40,020.00


Project Manager _____ Date _____

Total Original Authorized Amount : \$1,386,834.12
 Total Corrected Estimate Amount : \$1,324,247.33
 Total Performed To Date Amount : \$1,229,256.33
 Contractors Original Bid Amount : \$1,146,023.30
 Contractor Paid To Date Amount : \$1,148,713.33
 Contractor Paid To Date Minus MOH Amount : \$1,148,713.33
 Anticipated Corrected Estimate Amount : \$1,324,247.33
 Anticipated Work Amount : \$0.00

95.49%
 88.64%
 100.23%
 100.23%
 95.49%




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Progress Estimate Upload Time Frames

- Cutoff date for payment to the Contractor the last day of the month.
- Progress Payment file submitted by the PM prior to the 8th of the month.
- Payment processed by ODOT and sent to Contractor by the 23rd of the month.




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Advance Allowance for Materials on Hand 7000 Series

Section 00195.60

(a) General – If the total value of Materials on hand is at least \$1,000 or the total value of a single class of Materials on hand is at least \$500, the Engineer may authorize an advance allowance for the Materials in the progress payments.




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Fuel, Asphalt, and Steel Escalation/De-escalation

If specified in section 00195 of the Contract, ODOT will adjust the payment to the Contractor to reflect changes in the cost of fuel, asphalt and steel.

- Fuel - If the price fluctuates +/-25% of the base price specified in the contract. Included by Special Provision.
- Asphalt - If the price fluctuates +/-10% of the base price specified in the contract.
- Steel – If steel prices fluctuate +/- 10% of the base rate. Included on all projects. Use a 6 month index.
- The contract will specify which items are eligible for escalation.




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Retainage

Section 00195.50(b), as derived from ORS 279c.560, states that ODOT may retain amounts from payments made to the Contractor in order to protect ODOT's interests. ODOT has elected to hold retainage on all projects. ODOT will hold all retainage as cash in an interest bearing account, unless the Contractor elects to provide a retainage bond.




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Retainage

1. Retainage will be held at 2.5% of the value of work performed excluding force account and adjustments. ODOT ***may*** hold as much as 5%. Refer to Section 00195.50(b) of the Contract Special Provisions.
2. ODOT holds this retainage in an interest bearing account unless the Contractor elects to provide a retainage bond. Retainage bonds require \$10,000 in cash retainage be held.




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Reduction of Retainage to Subcontractor

- Retainage may be reduced when a subcontractor has satisfactorily completed all work performed under the subcontract and has requested release of the retainage to the prime.
- Refer to chapter 37 in the ODOT Construction Manual.




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Reduction of Retainage

The Project Manager must notify Contract Administration Unit of any deficiencies such as unresolved labor issues, liquidated damages, unassessed price adjustments for failing materials or corrective work that may prevent reduction of retainage.





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Final Payment



- Final Payment must be made within 30 days after 3rd Notification to avoid paying interest on any unpaid funds including retainage.
- Interest due on late payments is not eligible for federal funds.

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Attention:

Progress estimate payment to the Contractor is payment for all work performed through _____.

Attention:



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Attention:

The Project Manager's Office must submit the Progress Estimate for payment on or before:

- A) The 1st of the month.
- B) The 8th of the month.
- C) The 15th of the month.
- D) The last day of the month.

Attention:



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Attention:

Is late payment interest eligible for Federal-Aid participation?

Yes or No


Attention:

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Attention:

ORS 279c.560 allows ODOT to withhold ____ % retainage from payments made to the Contractor until 2nd Notification is issued.

Attention:



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Attention:

The Progress Estimate should be reviewed with _____ prior to submitting it for payment.

Attention:

