



Florida Department of Transportation

JEB BUSH
GOVERNOR


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JOSÉ ABREU
SECRETARY

May 16, 2003

THIS MEMO HAS EXPIRED

MEMORANDUM NO: 19-03

TO: DISTRICT CONSTRUCTION ENGINEERS
FROM: Ananth Prasad, State Construction Engineer 
COPIES: Dave Sadler, Jim Johnson, Kathy Lovett, Ken Blanchard, Randy Borgersen
SUBJECT: NEW SA CODES FOR CLAIM SETTLEMENT COSTS

Three new root cause reason codes are being added to the contract change tracking system to track costs paid in excess of those justified by the engineer's estimate and entitlement analysis. In the past all such costs were listed under the No. 860 root cause "Non-settlement risk avoidance (cost paid solely to avoid the risk of failing to settle disputes)". The new codes will allow separating these costs as determined by Court Order, State Arbitration Board, Dispute Review Board (DRB) and the Department's negotiators. Please begin using these codes where applicable on contract changes entered into the contract change tracking system **after May 23, 2003.**

The 860 code definition will be rewritten slightly to narrow its use to those costs paid in excess of the costs justified by the engineer's estimate and entitlement analysis; when the amount of those excess costs offered to the contractor is determined by the Department's staff.

The new codes from 861 to 863 will be used for costs paid in excess of the costs justified by the engineer's estimate and entitlement analysis when the amount of those excess costs is determined respectively by a DRB, the State Arbitration Board, or by a judge issuing a Court Order. The definition shown for these codes on the State Construction Office (SCO) web site and in our tracking programs will be as follows.

860 FDOT determined risk avoidance cost paid solely to avoid risk in failing to settle disputes
861 DRB recommended cost in excess of engineer's estimate and entitlement analysis
862 Arbitration Bd. recommended costs in excess of engineer's estimate and entitlement analysis
863 Court ordered costs in excess of engineer's estimate and entitlement analysis

Note, these excess costs do not include any payments, which the department determined the Contractor was entitled to as shown in the engineer's estimate and the entitlement analysis. Instead these codes are used to represent costs to settle an issue beyond what the department considered a fair and reasonable price. Costs that were paid to avoid the risk associated with failing to settle the issue or were paid as a result of arbitration or court order.

The State Construction Office will be providing training in each district later this year on this subject. If there are further questions on the use of these codes please contact Randy Borgersen, Tel (850) 414-4168, SC 994-4168 or E-mail at randall.borgersen@dot.state.fl.us

AP/bw