



Florida Department of Transportation

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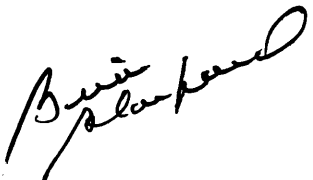
DENVER J. STUTLER, JR.
SECRETARY

November 7, 2005

This Bulletin has Expired

CONSTRUCTION BULLETIN NO. 01-05
(FHWA Approved: 11-4-05)

TO: DISTRICT CONSTRUCTION ENGINEERS

FROM: Brian Blanchard, Director, Office of Construction 

COPIES: David Sadler, Randy Borgersen, Tim Lattner, Don Davis (FHWA)

SUBJECT: CONSTRUCTION PROJECT ADMINISTRATION MANUAL
(CPAM) CHANGES FOR CHAPTER 7 SECTION 3

Following are changes to the CPAM effective the date of this Bulletin.

Section 7.3.4: Definitions

The definition of "Minor Overruns" is replaced with the following:

Minor Overrun: Overrun in the quantity of one or more previously established pay items at contract unit price the sum of which totals two point five (2.5) percent or less of the original total contract amount.

The following is added to section 7.3.4:

Net Overrun: Overruns dollar value minus the underruns dollar value.

Section 7.3.5.1: Supplemental Agreements or Unilateral Payments shall be used to:

The following is deleted from Section 7.3.5.1:

- (B) Provide for major quantity differences that result in the Contractor's work effort exceeding the original total contract amount by more than five (5) percent.

Section 7.3.6.4: Quantity Overruns

Section 7.3.6.4 has been deleted and the following substituted:

(A) Resident Level Responsibilities

The passage and signing into law of HB 1681 eliminated the requirement of a Supplemental Agreement for major quantity differences resulting in the contractor's work effort exceeding the original contract amount by more than 5 %. Therefore, the Department now only requires the encumbrance of additional funds for overruns prior to expending funds which exceed the original contract amount. The initial contingency included in the original contract must be subtracted from the original contract amount to determine when the contract is in overrun status. On projects with multiple financial numbers the overrun status is determined for each financial project number.

If funds are not approved/encumbered prior to the net overruns exceeding the original contract amount, minus the initial contingency, then an after the fact memo to the Department's Comptroller from the Turnpike Executive Director or District/Assistant Secretary, as appropriate, will be required. The letter should request authorization for an after-the-fact funds approval detailing the situation, cause of non-compliance and the measures put into place to prevent a repeat occurrence.

Net overruns to existing pay items may be funded once a contract expends 75% of the original contract amount. Requests for additional funding must be based on a review of the project and an estimate of all overruns and underruns, including those required to complete the contract.

In the interest of proper construction contract administration, it is essential that an immediate, comprehensive analysis of the impact on the final contract amount of a substantial overrun or underrun in one or more pay items be made as soon as the probability of such a substantial overrun or underrun becomes apparent.

Reasons for all overruns or underruns should be documented when those overruns or underruns occur or are anticipated. An accumulation of overruns could result in a net overrun requiring justification and documentation with a funds encumbrance request approved by the Comptroller's Office.

Note that any price adjustment for a significant change involving an increase in quantity will apply only to that portion of the work in excess of one hundred twenty-five (125) percent of the original contract quantity for that item. In case of a decrease in the original contract quantity below seventy-five (75) percent of the original contract quantity, the price adjustment will apply to the actual amount of work performed. Such adjustments must be documented on a fully executed ***Supplemental Agreement***.

If you have any questions, please contact Randy Borgersen at (850) 414-4168, SC 994-4168 or Tim Lattner at (850) 414-4167, SC 994-4167.

BB/lw