



INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

Memorandum

April 29, 2009

**CONSTRUCTION MEMORANDUM
09-10**

TO: District Deputy Commissioners
Technical Services Directors
District Construction Engineers
District Testing Engineers
District Area Engineers
Project Engineers/Supervisors
Office of Materials Management

FROM: Mark A. Miller, Director *Mark Miller*
Division of Construction Management

SUBJECT: Overruns on ARRA Contracts

American Reinvestment and Recovery Act (ARRA) contracts are funded with 100% federal funds. Due to the fact that the State must fully encumber all funds for ARRA contracts, there are no additional federal funds available for any individual ARRA contract after letting. Any overrun of the total contract amount of an ARRA contract must be paid for by either 100% State or LPA funds, as applicable. The following procedures must be followed for any overrun of an ARRA contract, whether due to an overrun of an existing item or the addition of a new item of work. Note that some ARRA contracts may also include a non-participating purchase order (PO) that is funded by the State or an LPA in addition to the main, federally funded PO.

- If an existing item on the federally funded portion of an ARRA overruns, and will cause the total contract to overrun, a new contract item must be created by Change Order. The new item must have a new contract line number, a new project line number, the same description and unit price as the original item and must have a supplemental description of "Non-Participating". The new item must be assigned either to an existing non-participating PO or a new non-participating PO for State or LPA funds must be requested and added to the contract.
- If a new item of work is added to an ARRA contract, then the new item must be created by Change Order as always. The new item must be assigned either to an existing non-participating PO or a new non-participating PO for State or LPA funds must be requested and added to the contract.
- An existing item assigned to a non-participating PO of an ARRA may be overrun without a Change Order up to the \$20,000 limit currently set by the Change Order Policy if the non-

participating PO has sufficient funds available for the increase. If sufficient funds are not available, then additional funds for the non-participating PO must be requested as usual.

As with any contract, the PE/S must be aware of the available funding for each PO on the contract and must take the proper action when additional funds are necessary to complete the work.

The PE/S should work through the Area Engineer, the Project Manager and the Funds Manager to resolve the need for additional, non-participating funding on an ARRA contract.

The important point to remember is that ultimately, the federally funded portion of an ARRA contract cannot be increased by any amount.

MAM/rh