



INDIANA DEPARTMENT OF TRANSPORTATION

Driving Indiana's Economic Growth

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Michael R. Pence, Governor
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May 8, 2014

CONSTRUCTION MEMORANDUM 14-03

REVISED

TO: District Deputy Commissioners
District Construction Directors
District Technical Services Directors
District Testing Engineers
District LPA Coordinators
District Area Engineers
Field Engineers
Project Engineers/Supervisors

FROM: Mark A. Miller, Director *Ma Miller*
Division of Construction Management and District Support

SUBJECT: New Final Estimate Procedures for Contract Closeout and Signed Comparison of Original and Final Quantity Amounts (IC-642) CLN Request Cover Letter Templates

The purpose of this memo is 1) to provide new cover letters for the signed Comparison of Original and Final Quantity Amounts (IC-642) CLN requests, 2) to layout the new final estimate procedures for contract closeout, 3) to supersede Construction Memo 09-21 from November 16, 2009, as the M-39 form references in the prior memo are no longer valid, and 4) to serve as a supplement to the Internal Construction Memorandum (**Revised**) from May 8, 2014 regarding the procedural changes for the DBE utilization request.

IC-642 CLN Signature Request Procedure and New Cover Letters for Statewide Use

One factor that has delayed the contract closeout process is waiting for a response from the Prime Contractor on the signed IC-642 CLN. Below outlines how the District Review Officer should interact with the Prime Contractor.

When a Final Construction Record (FCR) has been checked and the material records have been certified, the Prime Contractor will be contacted by the District Review Officer to verify where and to whom the IC-642 CLN needs to be sent. The IC-642 CLN should then be sent to the Prime Contractor for their review and signature. Along with the IC-642 CLN, the District Review Officer will include a cover letter informing the Contractor that they have 30 days from the date of the letter to review the IC-642 CLN and sign it or provide a reason, with backup documentation, for any changes that they feel need to be made or a valid reason as to why they are not signing and returning the IC-642 CLN.

Cover letter templates are being provided on the INDOT website under Standards and Specifications, which removes the old language referencing the M-39, and includes language regarding the DBE utilization request procedure for obtaining the DBE-3 form that Contractors can now expect to receive from the INDOT Economic Opportunity Division (EOD), **on all state contracts. EOD will be contacting Contractors without DBE goals to inquire if they used DBE Subcontractors.** The provided cover letters are to be used by all Districts for statewide consistency and can be sent with the IC-642 CLN signature request either by standard mail or via email. However, if the request is sent via email, the cover letter should be sent as a formal letter attachment and not in the body of the email.

At 30 days from the time the information is sent, the District Construction Director or designee will need to contact the individual with the Prime Contractor to whom the documents were sent and inform them that the 30 days has expired, and that the contract will now be processed without their concurrence. Moving forward, there will be no “extra” period provided to the Contractor beyond the 30 days, as has been the current practice in some Districts.

Contact with the Prime Contractor will also need to be followed up by official correspondence via e-mail or standard mail regarding the expiration of the 30 day review period. Again, a letter template with language to be used uniformly statewide is being provided on the INDOT website under Standards and Specifications and should be attached as a formal letter, if notification is being made via email. Once this has been accomplished, the District may continue to final and closeout the contract.

New Final Estimate Procedures

It is the intent of the Department to make final payment to the Prime Contractor within 180 days after final acceptance of a contract in order to stay in accordance with Standard Specification 109.08. To expedite the final payment process, the Department will now have the District Review Officer request the Project Engineer or Supervisor to generate the final estimate once the signed IC-642 CLN is received at the District Office. In the past, the final estimate request occurred once Central Office Final Review finished their closeout procedure which leads to a postponed final payment. Since contract quantities are agreed upon at the District level, the Department found it would be more time efficient to start the final payment process earlier, rather than waiting until the final contract review is complete.

A supplemental document is attached to this memorandum as Supplement A, to guide contract Review Officers through the new final payment procedures pertaining to SiteManager and Department communication. Additionally, a new Checklist for Final Construction Record for SiteManager Contracts (IC-699) will be revised and posted to the INDOT website under Standards and Specifications to reflect the new business procedures outlined in this memorandum.

Any questions on these matters should be directed to the INDOT Office of Construction Technical Support.

ATTACHMENT: Supplement A

MAM/MMG/sle

New Final Payment Procedures

- District Office Review will conclude checking quantities and prepare both an IC-642 CLN and formal cover letter to request a signature from the Prime Contractor for the IC-642 CLN to ensure pay quantity agreement. **Also, at that time they will notify EOD, per procedure outlined in the Internal Construction Memorandum (Revised) dated May 8, 2014 regarding the procedural changes for the DBE utilization request that the IC-642 has been sent to the Contractor for signature on all state contracts, both with and without DBE utilization requirements.**
 - If District Office Review has not received a signed IC-642 CLN within the 30 day period, then the Review Officer must send a 30 Day Review Period Expiration letter to the Prime Contractor.
- Once the IC-642 CLN is returned to the District Review Office or the 30 day review period expires, the District Office Review Officer will then ask the Project Engineer or Supervisor for that contract to generate and approve the final estimate in SiteManager.
- The District Office Review Officer will then review and approve the final estimate in SiteManager for the contract and contact Central Office Final Review by email to provide notification that the final estimate is ready for Central Office review.
 - At this time the Final Construction Record (FCR) remains at the District Office until notified by Central Office Final Review to submit the FCR.
- When Central Office Final Review receives notification from District Office Review of final estimate approval for a contract, a Central Office Final Review Officer will then review and approve the final estimate in SiteManager, and send sending it to Accounting for final payment.
 - While the contract is being sent to Accounting, a Central Office Final Review Officer will notify the contract's District Review Officer to submit the FCR through internal mail.
- From this point going forward, FCR closeout procedures remain unchanged.