

## **AASHTO SOC Contract Administration Section Questionnaire on "Eliminated Work"**

### **Background:**

At the August 2013 Subcommittee on Construction - Contract Administration Section meeting, the Section members agreed to conduct a survey regarding issues relating to State policies and procedures for addressing “eliminated work” issues in construction contracts. The questionnaire was distributed to all Subcommittee members via email on March 20, 2014 and a reminder sent on April 14, 2014. 31 Subcommittee members responded to the questionnaire.

### **1) Does your State have Standard Provisions (or a policy) that address the elimination of contract work?**

Yes 28 responses (90.3%) (AK, AL, AZ, CO, CT, DE, FL, IA, ID, IN, KS, ME, MI, MN, MT, ND, NH, NJ, NV, OH, OR, SC, TN, VA, WI, WA, WV, WY)

No - 3 responses (9.7%) (DC, MO, NY)

Comment: NJ - 2007 Specifications Section 104.03.03

### **2) Do you allow for reimbursement of costs related to the elimination of the work?**

Yes - 30 responses (96.8%) (AK, AL, AZ, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MN, MO, MT, ND, NH, NJ, NV, OH, OR, SC, TN, VA, WI, WA, WV, WY)

No – 1 response (3.2%) (NY)

### **3) Do you allow for reimbursement of labor costs?**

Yes - 23 responses (74.2%) (AK, AL, AZ, CO, CT, DE, FL, IA, ID, IN, KS, ME, MI, MT, ND, NJ, NV, SC, TN, WI, WA, WV, WY)

No - 8 responses (25.8%) (DC, MN, MO, NH, NY, OH, OR, VA)

### **4) Do you allow for reimbursement of material costs?**

Yes - 28 responses (93.3%) (AL, AZ, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MN, MO, MT, ND, NH, NJ, NV, OH, OR, SC, VA, WI, WA, WV, WY)

No - 1 response (3.3%) (NY)

Not applicable - 1 response (3.3%) (TN)

Skipped question (AK)

**5) Do you allow for reimbursement of equipment costs?**

Yes - 25 responses (80.6%) (AK, AL, AZ, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MT, ND, NJ, NV, OR, SC, TN, WI, WA, WV, WY)

No - 6 responses (19.4%) (MN, MO, NH, NY, OH, VA)

Not applicable - 0 responses (0.0%)

**6) Do you reimburse these costs based on receipts ?**

Yes - 27 responses (87.1%) (AK, AL, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MN, MO, ND, NH, NV, OH, OR, SC, TN, VA, WI, WA, WV, WY)

No - 3 responses (9.7%) (AZ, MT, NJ)

Not applicable - 1 response (3.2%) (NY)

**7) Do you take ownership of materials that are deemed to be reimbursable?**

Yes - 28 responses (93.3%) (AL, AZ, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MN, MO, MT, NH, NJ, NV, OH, OR, SC, TN, VA, WI, WA, WV, WY)

No - 2 responses (6.7%) (AK, ND)

Not applicable 1 response (NY)

## Comment on circumstances (19 responses)

- NY depends on the material.
- SC If a contractor pre-orders materials (girders, beams, steel) that require a lead time, SCDOT may take possession if fabrication has been performed and the contract is cancelled.
- IA If it makes more sense to keep the item, we may keep it. Mostly, we'll have the contractor make effort to have the item restocked.
- KS If item we can't use, we prefer to restock.
- CT if the material was not able to be returned to the vendor and the Department reimburses the Contractor the materials become property of the state.
- CO It depends if we need the item or could use and if it was unique to the project.
- OR It depends situation and material. We would either pay for restocking or we may purchase the material.
- FL It the Department has or will have future use for the material and if the materials can't be returned to the producer with a reimbursement less a restocking charge.
- ID ITD SSHC Subsection 109.07
- IN Material may, at the option of the Department, be purchased at the actual cost including freight to the Contractor, plus 12%.
- WA Only as a last resort, if the materials can not be returned/restocked or retained by the contractor. cost
- ME Sometimes - if Maintenance can you the material
- MI This depends on the materials.
- WV This depends on the situation it is possible and has been done before.
- WI Typically, we would expect the materials to be returned to the supplier and we would reimburse the contractor for the restocking fee. If restocking fees are inordinately high, the department may choose to pay for the materials and take ownership.
- NJ We direct Contractor to return to vendor. Rarely We have taken ownership if not returnable and usable within Department.
- ND We generally try to negotiate a restocking fee rather than take ownership of materials.
- MT We will either purchase and take ownership of the material or reimburse the contractor for cost of returning the material.
- NH We would take possession or pay for a restocking fee.

## 8) Do you reimburse for the re-stocking of these materials?

Yes - 31 responses (100.0%) (AK, AL, AZ, CO, CT, DC, DE, FL, IA, ID, IN, KS, ME, MI, MN, MO, MT, ND, NH, NJ, NV, NY, OH, OR, SC, TN, VA, WI, WA, WV, WY)

No - 0 responses

Not applicable - 0 responses

Comments: 10

- SC If applicable, not a common issue.
- FL If supported by receipts.
- IA If there is a restocking fee we would most likely pay. There may be circumstances that we may not pay.
- OR If we have eliminated the bid item and they have already have had the material or equipment delivered for that specific work, we pay for restocking and or mobilization. It is project specific.
- IN INDOT will select the best option for the Department.
- NV It's more common for us to purchase the excess materials though.
- AZ On a case by case basis
- WI See comment to question No. 7.
- WV similiar to question 7, it is not un heard of
- MI This may be considered part of the "fair and equitable amount for all direct costs"

**9) Do you consider any indirect costs to be reimbursable?**

Yes - 10 responses (32.3%) (AZ, CT, DC, FL, MN, OR, SC, TN, WI, WA)

No - 21 responses (67.7%) (AK, AL, CO, DE, IA, ID, IN, KS, ME, MI, MO, MT, ND, NH, NJ, NV, NY, OH, VA, WV, WY)

Not applicable 0

Comments 9

- IN Not normally but may consider costs if a good case it made for the cost actually being incurred.
- NV Not really but we will negotiate markups based on our Force Account markups
- CT On a case by case basis
- WA Only for the actual costs excluding profit.
- SC SCDOT reimburses for all actual costs incurred

- AZ Subsection 109.03 addresses compensation for altered quantities. No adjustments to the contract unit prices are allowed except as provided in Subsection 104.02. Our section 104.02 specifically addresses when the contract can be revised. Elimination of work generally falls under 104.02(D) addressing significant changes in the work. Significant change means the character of the work is materially altered or if a major item is eliminated or decreased below 75 percent of the original contract quantity an adjusted unit price can be negotiated see our Section 104.02 (D) (4) (b), if this situation does not exist payment is at original contract price
- FL The contract provision is broad so these costs would be considered.
- OR There is a contract provision if we do purchase materials we allow up to 5% overhead.
- WI WisDOT will reimburse the contractor for the following costs related to an eliminated item - 1. Preparation Expense, if the eliminated item has no value to other contract items or a prorated amount if the expense would ordinarily be distributed over other contract items 2. Restocking or cancellation fees 3. Applicable overhead.

**10) Do you allow for an overall mark-up on these costs?**

Yes - 16 responses (53.3%) (AK, AL, AZ, CO, CT, DE, IA, ID, ME, MN, NJ, NV, OH, WI, WA, WV)

No - 13 responses (43.3%) (DC, FL, IN, KS, MI, MO, ND, NH, NY, OR, SC, TN, VA)

Not applicable - 1 response (3.3%) (MT)

Comment - 10 responses

- CT Depending on the conditions of the costs
- WI For applicable overhead.
- IA For items, materials ordered and delivered for the unfinished portion of canceled or omitted items, the contracting authority will pay cost plus 10% overhead.
- CO If this was related to a subcontractor returning an item, we'd pay the prime a administrative markup.
- DE Markup for materials only.
- WA Only for the actual costs excluding profit.
- AZ See comment in number 9, very dependent on the specific situation
- MI The cost is defined as a "fair and equitable amount for all direct costs"
- ND We pay actual costs according to our specifications which are silent on mark-up.
- IN We will allow markups on items for work actually done or for material costs, but not an overall markup.

**11) If you allow a mark-up, what percentage do you typically include?**

We do not allow a mark-up – 11 responses (36.7%) (FL, KS, MI, MO, MT, ND, NY, OR, SC, TN, VA)

5% markup -2 responses (6.7%) (OH, WY)

10% markup - 3 responses (10.0%) (CO, IA, ME)

15% markup - 5 responses (16.7%) (AK, AL, DE, MN, NJ)

Other percentage markup, please describe below - 9 responses (30.0%)

Comments:

- AZ See comment in number 9, it is very situation specific
- CT Varies - depending on the condition of the costs
- DC What is specified in contract
- ID 20% plus 6% of payroll burden for labor, 15% for materials, 10% for equipment (Contractor owned), 5% for equipment (rented/leased)
- IN Percentages usually will follow our Force Account specification.
- NV Markups not really specified in contract. Materials markup for Force Account is at 20%. We encourage negotiating to 10% for eliminated items.
- WI Mark-up would vary dependent on the contractor's demonstrated overhead costs.
- WA based on the actual cost excluding profit, no percentage given
- WV 16%.

**12) Do you request federal participation in any of these costs?**

Yes - 27 responses (87.1%) (AK, AL, AZ, CO, CT, DC, DE, FL, ID, IN, ME, MI, MN, MO, MT, ND, NH, NJ, NY, OH, OR, SC, VA, WI, WA, WV, WY)

No - 3 responses (9.7%) (IA, KS, NV)

Not applicable - 1 response (3.2%) (TN)

Comments 10

- WY Depends on situation

- OR FHWA evaluates on a case by case basis.
- MO If the change was not as a result of negligence on the part of the owner.
- ME No FHWA reimbursement on materials if retained by the state for Maintenance use.
- IN Obviously requests for reimbursement will depend on the reason for the elimination of the item.
- NJ Possible depending on Federal Guidelines and specifics of why work was eliminated.
- SC Project specific issue
- WA There are some limitation that comes with with the use of federal funds that may require that the materials be purchased with state funds depending on the situation.
- WV This would depend on the situation.
- FL Would ask where appropriate.

**13) Do you provide an incentive for the contractor to identify items to be eliminated (e.g. Missouri Practical Design Value Engineering Change Proposal)?**

Yes - 17 responses (54.8%) (AZ, CT, DC, FL, IA, ID, IN, ME, MI, MO, NY, OR, SC, VA, WI, WA, WV)

No - 13 responses (41.9%) (AK, AL, DE, KS, MN, MT, ND, NH, NJ, NV, OH, TN, WY)

Not applicable - 1 response (3.2%) (CO)

Comment 11

- FL Entitled Cost Savings Initiatives
- IN INDOT does allow for Cost Reduction Incentive Proposals, CRI. Section 109.04 <http://www.in.gov/dot/div/contracts/standards/book/sep13/1-2014.pdf>
- WI Simple elimination of an item would not normally result in an incentive payment to the contractor. However, eliminating an item and replacing the original contract work with an alternative that maintains equivalent quality and functionality could result in sharing realized savings with the contractor.
- ME Standard VE 50/50 shared savings.
- AZ Subsection 104.13 of our Standard Specification allow for Value engineering proposals (VEP) by the contractor. Cost savings generated to the contract by a VEP are shared equally between the Department and the contractor.
- NY value engineering
- SC Value engineering submittals allowed. Contractor receives 1/2 of savings, DOT receives 1/2.

- NJ We allow for Value engineering under 2007
- OR We have a Cost Reduction Proposal Standard Specification which outlines the process, if we accept the proposal we will split the estimated savings 50%. Elimination of bid work on its own is not justification for approving a sharing of savings.
- MI We have a standard special provision for Value Engineering Change Proposal that can be provided.
- IA We have a Value Engineering section of our specifications.

**14) If your specification is relative short, please copy and paste your specification for eliminated work in the comment box below:**

- OR 00140.30 Agency-Required Changes in the Work - Changes to the Plans, quantities, or details of construction are inherent in the nature of construction and may be necessary or desirable during the course of Project construction. Without impairing the Contract, the Agency reserves the right to require changes it deems necessary or desirable within the scope, which in the Specifications means general scope, of the Project. These changes may modify, without limitation: • Specifications and design • Grade and alignment • Cross Sections and thicknesses of Courses of Materials • Method or manner of performance of Work • Project Limits or may result in: • Increases and decreases in quantities • Additional Work • Elimination of any Contract item of Work • Acceleration or delay in performance of Work Upon receipt of a Change Order, the Contractor shall perform the Work as modified by the Change Order. If the Change Order increases the Contract Amount, the Contractor shall notify its Surety of the increase and shall provide the Agency with a copy of any resulting modification to bond documents. The Contractor's performance of Work according to Change Orders shall neither invalidate the Contract 00140.30 30 nor release the Surety. Payment for changes in the Work will be made according to 00195.20. Contract Time adjustments, if any, will be made according to 00180.80.
- WI 104.2.2.5 Change Orders for Eliminated Bid Items (1) The department has the right to partially eliminate or completely eliminate a bid item the project engineer finds to be unnecessary for the project. If the project engineer partially eliminates or completely eliminates a bid item, the project engineer will issue a contract change order for a fair and equitable amount as specified in 109.5. 109.5 Eliminated Items (1) If the department partially eliminates or completely eliminates a bid item as specified in 104.2.2.5, the department will pay contractor costs incurred due to that elimination. The department will pay a fair and equitable amount covering all costs incurred as of the date the work was deleted. Immediately submit a certified statement covering all money expended for the eliminated bid item. (2) The department will execute a contract change order for the



following costs related to an eliminated bid item: 1. Preparation expenses defined as follows: - If preparation for the eliminated bid item has no value to other contract bid items, the department will reimburse the contractor in full for that preparation. - If preparation for work on the eliminated bid item would ordinarily be distributed over other contract bid items, the department will prorate reimbursement based on the value of the eliminated bid item compared to the total value of all associated contract bid items. 2. All restocking and cancellation charges. 3. A reasonable allowance for applicable overhead. (3) If the department partially eliminates or completely eliminates a bid item, the department may pay for, and take ownership of, materials or supplies the contractor has already purchased.

- **KS 104.4 ELIMINATED ITEMS** a. The Engineer may eliminate items from the contract regardless of whether the eliminated item(s) represents an entire subcontract. b. Determining the Contract Adjustment (Price and Time). (1) Money allowed. The Secretary will pay for work actually performed and materials purchased (but non-returnable) before KDOT gave the Contractor notice of eliminating the item from the contract. Deliver to KDOT, materials the Secretary purchased under this subsection 104.4. Such materials become KDOT's property. (2) Prohibited Costs. The Secretary will not pay for bidding costs, overhead, anticipated profit, interest, or other indirect costs associated with the eliminated item. (3) Subcontracts. If the eliminated item is a subcontracted item and results in canceling a subcontract, neither the Contractor nor the pass-through subcontractor is entitled to recovery beyond reimbursement for actual work performed and materials purchased. The Secretary will not pay for the pass-through subcontractor's bidding costs, overhead, anticipated profit, interest, or other indirect costs associated with the eliminated item. (4) Time. The Secretary will not increase or decrease the contract time for eliminated items. c. Subsections 104.8 and 104.10 do not apply to eliminated items.
- **OH 109.04 Compensation for Altered Quantities, Eliminated Items or Termination of the Contract for Convenience of the Department.** If the agreed quantities of contract items vary from the quantities in the Contract, the Department will make payment at the original Contract unit prices for the agreed quantities of Work. A. If an item is eliminated in accordance with 104.02.E or the contract is terminated in accordance with 108.09 the Department will pay the following in addition to that provided by 104.02.D: 1. Restocking charges supported by paid invoices and an additional 5 percent markup on the compensation for overhead and profit. 2. The cost of material transferred to the Department or a local government agency in lieu of restocking or disposal. The allowed compensation is the paid invoice cost plus 15 percent markup, but no more than the unit bid price for the reference number involved. 3. Hauling costs, if not included in restocking charges, for returned material and for material delivered to the Department.
- **NV 109.04 Eliminated Items.** Should any items contained in the proposal be found unnecessary for the proper completion of the work, written order may be given to

eliminate such items from the contract, and such action shall in no way invalidate the contract. When a Contractor is notified of the elimination of items, actual work done and all costs incurred will be reimbursed, including mobilization of materials before said notification.

- **MT 109.05 DELETED OR TERMINATED WORK** The Engineer may delete work by change order under Subsection 104.02.4 or may terminate the contract in whole or part, under Subsection 108.10. When the contract is terminated in part, the partial termination is treated as a deletion change order for payment under this Section. Payment for completed items is at the contract unit prices. When any item is deleted, in whole or in part, by change order or when the contract is terminated, in whole or in part, payment for deleted or terminated work is made as follows: 1. Payment will be made for the actual number of units of work completed at the contract unit prices unless the Engineer determines the contract unit prices are inappropriate for the work actually performed. When that determination is made, payment for work performed will be as mutually agreed. If the parties cannot agree, the Engineer will determine the amount or the equitable adjustment under Subsection 109.04.3. 2. Payment for partially completed lump sum items will be as mutually agreed. If the parties cannot agree, the Engineer will determine the amount of the equitable adjustment under Subsection 109.04.3. 3. The Department will pay as part of the equitable adjustment those direct costs necessarily and actually incurred in anticipation of performing the work that has been deleted or terminated. Costs previously paid for by the contract unit prices for completed units of work are excluded. 4. The total payment for any one item in the case of a deletion or partial termination can not exceed the contract unit price as modified by approved change orders less the estimated cost (including overhead and profit) to complete the work and less any amount paid to the Contractor for the item. 5. The total payment where the contract is terminated will not exceed the total contract price, as modified by approved change orders less those amounts paid before the effective date of termination. No claim for damages of any kind or for loss of anticipated profits on deleted or terminated work is allowed because of the termination or change order. Contract time will be adjusted as the parties agree. If the parties cannot agree, the Engineer will determine the equitable adjustment for contract time. Materials to be permanently incorporated into the work and ordered before the date the work was terminated under Subsection 108.10 or as deleted under Subsection 104.02, will either be purchased by the Department at the actual cost and become Department property, or the Contractor will be reimbursed for the actual cost of returning the materials to the suppliers.
- **CO 109.05 Eliminated Items.** Should any items contained in the Contract be found unnecessary for the proper completion of the work, the Engineer will notify the Contractor in writing, to eliminate the item. Such action will not invalidate the Contract. The Contractor, by Contract Modification Order, will be reimbursed for actual work

done and all costs incurred, including mobilization of materials and equipment prior to the elimination of the items.

- TN 109.05-Eliminated or Altered Items. The Department reserves the right, as provided in Subsection 104.02, to omit or alter any portions of the Contract relating to the construction of any item or items therein by the payment to the Contractor of a fair and equitable amount covering all items of cost incurred prior to the date of cancellation, alteration, or suspension of the Work as ordered by the Department. Acceptable material ordered by the Contractor or delivered on the Work prior to the date of cancellation, alteration, or suspension of the Work Order of the Department shall be purchased from the Contractor by the Department at actual cost plus delivery cost, including freight, unloading, hauling, etc. unless otherwise provided herein, and shall thereupon become the property of the Department, and no allowance will be made for anticipated profits. These provisions shall likewise apply to omission or alteration of any extra and force account work for which an agreement has been executed. Materials used in construction items that are subject to variation in quantity, that are ordered by the Contractor without consultation with, and approval of, the Engineer prior to the ordering of the material, will not be considered for purchase by the Department. In addition, materials ordered by the Contractor prior to the preconstruction meeting, without written approval by the Engineer, will not be considered for purchase by the Department.
- DE 109.06 Eliminated Items. Should any items contained in the Contract be found unnecessary for the completion of the work, the Engineer may, upon written order to the Contractor, eliminate the items from the Contract. The elimination of these items shall not invalidate the Contract. When the Contractor is notified of the elimination of items, the Contractor will be reimbursed for the actual work done and all actual costs incurred. Reimbursement of materials actually purchased prior to notification of the elimination of items will be paid for at the actual cost of the materials plus 15%. Such materials shall become the property of the Department. In no event will reimbursement for an eliminated item exceed the extended amount of the Contract item. Also, in no case will the Contractor be reimbursed for the loss of anticipated profit.
- IN 109.06 Eliminated Pay Items If pay items contained in the Schedule of Pay Items are found unnecessary for the proper completion of the work, they may be eliminated from the contract as a change order. Such action shall not invalidate the contract. When notified of the elimination of pay items, the Contractor will be reimbursed for actual work done and all costs incurred, including mobilization of materials prior to said notification. This material may, at the option of the Department, be purchased at the actual cost including freight to the Contractor, plus 12%.
- ME 109.2 Elimination of Items Upon written notification to the Contractor, the Department may entirely eliminate item(s) of Work for any reason. Upon notification, the Department is entitled to a credit. For Minor Items, the credit shall be the Contractor's Bid price for the eliminated item(s). For Major Items, the amount of the credit shall be

the Contractor's Bid price for the eliminated item(s), less (A) direct costs actually incurred by the Contractor after Award, including mobilization, shipping, and restocking expenses that the Contractor cannot recoup on other Projects as reasonably determined by the Department, and (B) 10% for overhead and profit. The Department may withhold said credit from amounts otherwise due the Contractor.

- WY 109.3.2 Eliminated, Reduced, or Unused Pay Items The engineer may choose to eliminate a pay item or reduce the quantity of a pay item. When the engineer notifies the contractor that a pay item will not be used or reduced, the department will reimburse the contractor for actual work done and all costs incurred (including mobilization of materials) before the notification or effective date of the "Contract Amendment" (Form E-61). If materials have been delivered to the project and cannot be returned to the supplier, the department will pay for the materials at the invoice price plus 5 percent for overhead and take ownership. The department will not pay for lost or anticipated profits resulting from the elimination or nonuse of a pay item. 1. Minor Items. The engineer may reduce the quantity of or eliminate a minor pay item by writing a notice to the contractor or by using a "Contract Amendment" (Form E-61); such action does not invalidate the contract. 2. Major Items. The engineer may eliminate or reduce the quantity of a major pay item by using a "Contract Amendment" (Form E-61).
- AK 109-1.09 ELIMINATED ITEMS. When the Contractor is notified of the elimination of a minor Contract item, the Contractor will be reimbursed for actual work performed and all direct costs incurred before notification. In no case will any payment be made for loss of anticipated profits or overhead. Should it become necessary to eliminate a major Contract item, an equitable adjustment will be made and the Contract modified in writing accordingly.
- IA 1109.04 CANCELLED WORK. A. The Contracting Authority will have the right to cancel any or all items from the contract when unforeseen circumstances, unanticipated design changes, or other reasons beyond the control of the Contractor prevent or unreasonably delay completion of the contract or certain items of the contract, or when the Contracting Authority determines that cancellation is in the public or national interest. B. The Contractor may be prevented from starting work on a contract or an identified phase of a contract as a result of a delay caused by the Contracting Authority or others. C. When the contract period is defined by the Approximate Starting Date and the delay prevents the Contractor's starting work on the contract or an identified phase of the contract for 30 calendar days beyond such date, the Contractor may request cancellation by written notice to the Engineer, stating the reasons therefore. D. When the contract period is defined by the Late Start Date and the delay prevents the Contractor's starting for more than 30 calendar days after the date of award of contract and at least 30 calendar days beyond the date which, by notice to the Engineer, the Contractor proposed to start work, the Contractor may request cancellation by written notice to the Engineer, stating the reasons therefore. E. In either case,

within 30 calendar days from the date of the request, the Engineer will eliminate or minimize, if possible, the cause for the delay and issue a notice to proceed, redefine the basis on which the work is to proceed, or cancel the contract or phase of the contract.

F. The Contractor shall not use delays that occur prior to starting work or an identified phase of the work as a basis of a claim against the Contracting Authority except for an extension of contract period. G. Notices described in this article should be transmitted by certified mail.

H. For finished portions of non-major items canceled, the Contractor will be paid at the contract unit prices, in accordance with the provisions of Article 1109.03. For finished portions of major items canceled, the Contractor will be paid as provided in Article 1109.16. For all items, materials ordered and delivered for the unfinished portion of such canceled or omitted items, the Contracting Authority will pay cost plus 10% as an overhead charge. The Contractor's expense for work of handling or transporting this material shall be included in computing the cost. The Contracting Authority will also pay any actual expenses sustained by the Contractor by reason of such cancellation or omission and not represented by work completed or material delivered. In computation of material cost or expenses sustained, no anticipated profit will be included. Material paid for shall become the property of the Contracting Authority and shall be disposed of as directed by the Engineer.

- FL 9-4 Deleted Work. The Department will have the right to cancel the portions of the Contract relating to the construction of any acceptable item therein, by making an adjustment in payment to the Contractor of a fair and equitable amount covering the value of all cancelled work less all items of cost incurred prior to the date that the Engineer cancels the work.
- WA Below is an overview; Cost Reduction Incentive Proposal (CRIP) It is the policy of WSDOT to encourage our contractors to be innovative in planning and performing the work when a cost savings can be realized. When a contractor identifies such a savings and provides a significant portion of the efforts needed to develop the proposal, then WSDOT will share the resulting savings with the contractor. This policy is carried out through change orders containing Cost Reduction Incentive Payments. The Project Engineer should encourage CRIPs and seriously consider the mutual benefits of these proposals brought forth by the contractor as a partner in the contract.
- ND Eliminated Items. If any items in the Contract are found unnecessary for proper completion of the work, the Engineer may, upon written order to the Contractor, eliminate such items from the Contract. When items are eliminated, reimbursement will be based on actual work done and all costs incurred, including mobilization before notification. If the Contractor requests an adjustment above and beyond payment at bid price for work done on the item eliminated, written notice shall be provided as per Section 104.06 A. The Contractor's request for extra compensation shall include the items required in Section 104.06

- CT Eliminated Items: If an item is entirely eliminated from the Contract, the Department will pay the Contractor only for costs which it incurred in connection with the eliminated item prior to the date upon which the Engineer provided the Contractor with written notice of said elimination. If the Contractor had ordered Project materials (that conformed to all pertinent Contract requirements) prior to the aforesaid date of notification, and if the orders for said materials could not have been canceled within 2 business days after the date of notification, the Department shall pay the Contractor for said materials at their actual cost to the Contractor. In such a case, the materials shall become property of the State and the actual cost of any further handling necessary to deliver them to the Department shall be assumed by the State. If the materials are returnable to their vendor and if the Engineer so directs, the Contractor shall return the materials to the vendor and the State shall reimburse the Contractor (i) for any reasonable charges made to the Contractor by the vendor for the return of the materials, and (ii) for the actual costs to the Contractor of its handling the materials in returning them to the vendor. Such charges or actual costs to be paid by the Department shall be computed as though the work was being paid for on a cost-plus basis under Articles 1.04.02(b)(ii) and 1.09.04.
- MI F. Eliminated Work. The Engineer may eliminate all or a portion of any pay item. The Department will compensate the Contractor a fair and equitable amount for all direct costs incurred on the item prior to the elimination of the pay item.
- WV It's not relatively short, but WVDOH's Specification's Engineer can be contacted for sample provision.  
<http://www.transportation.wv.gov/highways/contractadmin/specifications/Pages/default.aspx>
- AL See below.

**15) If your specification is available through a web link, please provide the web address below.**

- ID <http://itd.idaho.gov/manuals/Manual%20Production/SpecBook/SpecHome.htm>
- WI <http://roadwaystandards.dot.wi.gov/standards/stndspec/ss-01-00.pdf> Subsections 104.2.2.5 abd 109.5
- CO <http://www.coloradodot.info/business/designsupport/construction-specifications>
- CT [http://www.ct.gov/dot/lib/dot/documents/dpublications/816/newver/\\_jan14\\_form\\_816.pdf](http://www.ct.gov/dot/lib/dot/documents/dpublications/816/newver/_jan14_form_816.pdf)
- DE [http://www.deldot.gov/information/pubs\\_forms/manuals/standard\\_specifications/index.shtml](http://www.deldot.gov/information/pubs_forms/manuals/standard_specifications/index.shtml)
- FL <http://www.dot.state.fl.us/specificationsoffice/Implemented/SpecBooks/2014/Files/009-114.pdf>

- OH <http://www.dot.state.oh.us/Divisions/ConstructionMgt/OnlineDocs/Specifications/2013CMS/100/109.htm>
- IN <http://www.in.gov/dot/div/contracts/standards/book/sep13/1-2014.pdf> Section 109.06
- IA <http://www.iowadot.gov/erl/current/GS/content/1109.htm>
- MT [http://www.mdt.mt.gov/other/contract/external/standard\\_specbook/2006/division\\_100.pdf](http://www.mdt.mt.gov/other/contract/external/standard_specbook/2006/division_100.pdf)
- NV [http://www.nevadadot.com/uploadedFiles/NDOT/About\\_NDOT/NDOT\\_Divisions/Engineering/Specifications/2001StandardSpecifications.pdf](http://www.nevadadot.com/uploadedFiles/NDOT/About_NDOT/NDOT_Divisions/Engineering/Specifications/2001StandardSpecifications.pdf)
- NH <http://www.nh.gov/dot/org/projectdevelopment/highwaydesign/specifications/index.htm>
- OR <http://www.oregon.gov/ODOT/HWY/SPECS/Pages/index.aspx> This is the link to find our Standard Specifications and also our Boiler Plate Specifications, look at the list on the left of the page. We are in the process of updating our Standard Specifications, Please contact Dan Anderson with any questions. (503)986-3777
- SC [http://www.scdot.org/doing/doingPDFs/2007\\_full\\_specbook.pdf](http://www.scdot.org/doing/doingPDFs/2007_full_specbook.pdf) Section 104.3
- NJ <http://www.state.nj.us/transportation/eng/>
- TN [http://www.tdot.state.tn.us/construction/specbook/2006\\_Spec100.pdf](http://www.tdot.state.tn.us/construction/specbook/2006_Spec100.pdf) (page 74)  
[http://www.tdot.state.tn.us/construction/Circular\\_Letters/circltr.pdf](http://www.tdot.state.tn.us/construction/Circular_Letters/circltr.pdf) (Circular Letter for procedure Page 115)
- WV <http://www.transportation.wv.gov/highways/contractadmin/specifications/Pages/default.aspx>  
currently the website is a work in progress, but there is contact info.
- VA <http://www.virginiadot.org/business/resources/const/2007SpecBook.pdf> See Page 121, Materials on Hand
- ND <https://www.dot.nd.gov/manuals/environmental/2008-Vol01.pdf>
- WA page 79 in WSDOT Construction Manual; This is in the process of becoming our General Special Provision. <http://www.wsdot.wa.gov/Publications/Manuals/M41-01.htm>
- MI Section 103.02.F <http://mdotcf.state.mi.us/public/specbook/2012/>
- KS Section 104.4 <http://www.ksdot.org/burConsMain/specprov/2007/104.pdf>
- AL See Articles 108.14 and 109.06 at the following link to ALDOT's Standard Specifications: [www.dot.state.al.us/conweb/index.htm](http://www.dot.state.al.us/conweb/index.htm)

16) If you wish to provide reference files, please send an email with the attached files to [gerald.yakowenko@dot.gov](mailto:gerald.yakowenko@dot.gov).

- Jay Norris with Tennessee DOT provided a screen shot of TDOT's SiteManager process for processing a change order to remove the item of work. The graphic shows how

TDOT tracks information regarding the material, invoice, and division of TDOT to take ownership with location are all entered for the eliminated work (See Appendix A).

**17) Name of person providing the response:**

- WV Ron Stanevich, State Specifications Engineer
- NV Jeff Shapiro
- AZ Julie Kliewer
- MT Kevin Christensen
- IA Greg Mulder
- OH Robert Jessberger
- SC Todd Steagall
- ME Scott Bickford
- IN Gregory G. Pankow, P.E., State Construction Engineer
- NY james f. tynan
- NH Theodore Kitsis
- AK Thomas Dougherty
- WI Doak Christenson
- CT Sara Howard
- ID John Ingram
- OR Steve Cooley
- TN Jay Norris
- NJ Ronald Maruca
- KS Susan Darling
- MI Jason Gutting
- MO Randy Hitt
- WA Denys S. Tak
- DC Ali Shakeri
- MN ted snyder
- WY Andy Long
- ND Cal J Gendreau
- CO Laura E Zamora and Karen Sullivan
- DE Jonathan Ledger, DelDOT, Group Engineer, South I Construction
- VA Mark E. Cacamis
- FL David Sadler
- AL Jeff Benefield



**18) Email address of person providing the response:**

- WV Ron.L.Stanevich@wv.gov
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- AZ jkliewer@azdot.gov
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- OR Steven.b.cooley@odot.state.or.us
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- KS sdarling@ksdot.org
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- ND cgendrea@nd.gov
- CO Laura.Zamora@state.co.us Karen.Sullivan@state.co.us
- DE jonathan.ledger@state.de.us
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- FL david.sadler@dot.state.fl.us
- AL [benefieldj@dot.state.al.us](mailto:benefieldj@dot.state.al.us)

Appendix A – Screen shot from Tennessee DOT’s SiteManager process for processing a change order to remove the item of work.

SM38

Eliminated/Altered Item Number:

Letter Received?

Total Pay Quantity:

| Material Description | Material Invoice Date | Material Invoice Total Quantity: | Material Invoice | Material Unit Price | Material Quantity Received by Mainten |
|----------------------|-----------------------|----------------------------------|------------------|---------------------|---------------------------------------|
|                      |                       |                                  |                  |                     |                                       |