# Appendix G: Construction Special Cases

**UPDATED: 05.31.2012**

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>G.1 Samples of Construction Special Cases for Progress Payments.</td>
<td>G-2</td>
</tr>
<tr>
<td>G.1.1 Materials-On-Hand – Adding Non-CM Pay Item and including drawdown through Progress Payments</td>
<td>G-2</td>
</tr>
<tr>
<td>G.1.2 Asphalt/Fuel Price Adjustments.</td>
<td>G-11</td>
</tr>
<tr>
<td>G.1.3 Materials Incentives/Disincentives.</td>
<td>G-14</td>
</tr>
<tr>
<td>G.1.4 Rideability Incentives/Disincentives.</td>
<td>G-20</td>
</tr>
<tr>
<td>G.2 Award Schedules by Contract Modification</td>
<td>G-26</td>
</tr>
<tr>
<td>G.2.1 General Information and Guidance</td>
<td>G-26</td>
</tr>
<tr>
<td>G.2.2 Create Contract Modification for Schedule Award</td>
<td>G-27</td>
</tr>
<tr>
<td>G.2.2.1 Issue Tracking for Exercised Schedules</td>
<td>G-30</td>
</tr>
<tr>
<td>G.2.2.2 Verify Schedule Items added by Contract Modification</td>
<td>G-32</td>
</tr>
<tr>
<td>G.2.2.3 Obligate Funds for Schedule and Finalize Contract Modification</td>
<td>G-33</td>
</tr>
<tr>
<td>G.2.3 Un- Award a Schedule within a Modification</td>
<td>G-36</td>
</tr>
</tbody>
</table>
G.1 Samples of Construction Special Cases for Progress Payments.

G.1.1 Materials-On-Hand – Adding Non-CM Pay Item and including drawdown through Progress Payments

The Material-on-Hand pay item type allows the Engineer to add a Non-CM pay item to the Progress Estimate to pay the Contractor for materials delivered to the project site prior to the actual placement of that material. The original pay item is paid normally as the material is placed and the materials-on-hand pay item is adjusted with negative quantities to match the quantities placed to subtract the prepaid material costs. (The Preparatory Work pay item type is used similarly as the Materials-on-Hand pay item type, but is intended to pay for services and labor for partially completed contract items, where it is agreed that the contractor will be compensated that pay period for work performed.)

In the following example we the Government received a call from the Contractor that the 1000 tons of aggregate base was delivered to the project site and the Contractor has an invoice for $9,372.23 for the stone. The Engineer and the Contractor look at the aggregate base pay item and decide to include a new Non-CM pay item for Materials-on-hand to pay the Contractor for the aggregate on-site.

The Engineer and the Contractor agree to a payment of $9,370.00 since this would be divisible by the 1000 ton quantity and allow for a unit price to the penny (1000 tons X $9.37/ton = $9,370.00).

Add the Non-CM Pay Item by going to the Non CM Pay Items Tab and then selecting the Add New button. When adding the Non-CM pay item, make sure add the Non-CM pay item in the progress payment period where item first needs to appear.
A. Select “yes” since the stone is specific to the aggregate base pay item

B. Either select “?” to see the project pay item list or enter keywords from the pay item description to display a shorter list, then select the related pay item

C. Pick the pay item type “Materials on Hand”

D. Pick the appropriate schedule letter.

E. Enter the new line number, note the related pay item line number to use as a guide.

F. Enter a supplemental description in parentheses that denotes what was delivered to the site

G. Enter the quantity that was delivered. note the unit of the new items is the same as the related pay item.

H. Enter the agreed upon price that closely approximates the invoice cost

I. Hit the Save & Close button.
Once the new Materials on Hand pay item is added, the probable amount should be adjusted to zero. By definition, the materials on hand should be reduced to zero as all of the material is expected to be placed through the original pay item.

A. Select the Pay Item Summary ball to open the summary for the new Materials on Hand pay item so that the probable amount can be adjusted to zero.
A. Enter “0” as the probable amount.

To complete the payment for the stone stockpile add a pay note to the new pay item for the material invoice, approve the pay note, and submit the pay item for payment. Follow the normal steps for these procedures as outlined in the Construction Section of the manual.
Note: When adding to payment from the pay note summary the following error may appear since the quantity will be greater than the probable amount (since the probable for the item should be set to zero). Just hit the "Ignore And Proceed" button.

Errors detected - please see below:
- The quantity used to date is larger than the probable quantity.
  Ignore And Proceed.

Once submitted for payment, the $9,370.00 invoice is now covered by the Materials on Hand (MH) pay item.

The next payment period, the Contractor places 100 tons of material which is to be paid under the aggregate base pay item. Pay the aggregate base item for 100 ton as you would normally. Then the Material on Hand pay item must then be adjusted (drawn down) by the number of tons paid in the aggregate pay item (100 tons).
A. Add a pay note for the Material on Hand pay item.
A. Enter the proper data in the required fields.
B. Enter a negative quantity equal to the quantity paid in the Aggregate Base pay item.
A. To see the revised Total, click the “Save” button.

B. Then click the “Submit To PE” button.

Once submitted and approved the pay note can be added to the payment through the Pay Note Summary (green ball, or Pay Note Summary Tab).
Note: When adding to payment this error may appear since the quantity will be greater than the probable amount (since the probable for the item should be set to zero). Just hit the “Ignore And Proceed” button.

Errors detected - please see below:
- The quantity used to date is larger than the probable quantity.

Pay Item Number: 30101-4000  Line Number:  A 1210  Period:  JUN  Pay Item Type:  MH
Description: Aggregate base grading C or D (1000 tons delivered to the site)

Pay Note Summary

<table>
<thead>
<tr>
<th>Pay Note Number</th>
<th>Pay Note Date</th>
<th>Location/Description</th>
<th>Account Totals</th>
<th>Remarks</th>
<th>Total Pay Note Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>September 13, 2010</td>
<td>Entry 1: Drawdown of MOH to account for 100 tons of placed aggregate</td>
<td>CON01 PRA funds Quantity:</td>
<td>Entry 1</td>
<td>0.0 t</td>
</tr>
</tbody>
</table>

CON01 PRA funds
Quantity: -100.0

Total Quantity: 100.0
Pay Item Total: 900.0
Once added to payment, the Grand Summary will show the reduction in the current amount of stockpile so that the total payment for the placement of the aggregate base is adjusted to remove the cost paid to the Contractor for the material in the previous estimate.

G.1.2 Asphalt/Fuel Price Adjustments.

The Asphalt/Fuel Price Adjustment Pay Items are added in Design and awarded in Acquisitions, similar to partnering. These pay items are Design Incentive (DI) pay item types.

The use of Asphalt/Fuel Price Adjustment on qualifying Pay Items can adjust the amount paid to the Contractor either positively or negatively depending on the ratio of the monthly performance price index and the base price index (MPPI/BPI) for the quantity (Q) being paid for the pay period.

As per contract requirements for the asphalt adjustment (for fuel adjustment see latest special contract requirements):

- No Price Adjustment – When the ratio MPPI/BPI falls within the range of 0.90 to 1.10, no price adjustment will be made for any asphalt cement used in construction work performed during the relevant month.
- Government Rebate – When the ratio MPPI/BPI is calculated to be less than 0.90, the Government is due a rebate determined in accordance with the following formula:
  \[
  \text{Government Rebate} = [0.90 - (\text{MPPI/BPI})] \times (\text{BPI}) \times (Q)
  \]
- Contractor Payment – When the ratio MPPI/BPI is calculated to be greater than 1.10, the Contractor is due additional payment determined in accordance with the...
following formula:

Contractor Payment = [(MPPI/BPI) – 1.10] (BPI) (Q)

This is the original asphalt escalation incentive pay item awarded before any payments have been made. Add pay note to pay an escalation or add a government rebate for asphalt price reduction.

For this example the MPPI=552.5 BPI = 500

Complete pay note with appropriate asphalt index information and Submit to PE.
View of asphalt escalation pay note after pay note has been approved and added to payment.

Fuel escalation incentives should be handled the same way as the asphalt escalation example shown above; however, the formula to calculate the actual incentive/rebate includes a Fuel Usage Factor (FUF).

**G.1.3 Materials Incentives/Disincentives.**

The use of Pay Factors on Quality Pay Items can adjust the amount paid to the Contractor either positively or negatively depending on the Pay Factor of the lot being paid. At award, the Grand Summary should contain a related quality pay item for each qualifying pay item at the full incentive that can be earned.

In the following example the Contractor has placed 500 tons of aggregate in a Parking Area and the compaction was poor. A 98% pay factor was calculated for the 500 tons

A. Qualifying Project Pay item

B. Original Related Quality Material Incentive Pay Item for the full incentive (generally 1.05). Note the pay unit in this example is represented as a Q_TON and the pay item type is QM.
C. The quantity for the Original Quality Pay Item starts out the same as the quantity for the qualifying pay item. **For EFLHD ONLY:** At the end of the project, the quantity should be reduced by the un-used portion through a contract modification.

If a portion of the material of the project pay item earns a pay factor lower than the one set for the full incentive at award, a non-CM pay item must be added for each lot earning a reduced pay factor and the new pay item must be related to the original quality pay item.

For this example a non-CM Pay Item is added for the 500 tons placed in Parking Area #1 that earned a 98% pay factor.

Add the Non-CM Pay Item by going to the Non CM Pay Items Tab and then selecting the Add New button.
Appendix G: User Roles

A. Select “yes”

B. Either select “?” to see the project pay item list or enter keywords from the pay item description to reveal a shorter pick list, then select the related quality pay item. In this example 30105-0000 QM SUBBASE (Quality)

C. Select Pay Item type “QM – Quality Materials Incentive”.

D. Select the appropriate schedule

E. Enter line item number. Consideration should be given to the line item number, due to limited numbers between the original items. It may be impractical to ‘split the difference’ between existing pay item line numbers if many pay items may need to be inserted for multiple pay factors.

Note the related pay item line number (this example 1220) to use as a guide.
F. Add a supplemental description, which should at least include the lot number and pay factor. The supplemental description becomes part of the pay item name. Examples: Material lot #, pay factor #, quantity, etc. Put the supplemental description in parenthesis.

G. Enter the quantity of the lot by the appropriate account.

H. Enter the unit price based on the pay factor of the lot (see inset box for this example).

I. Click the Save & Close button.

A. Once the new pay item for this lot has been added to the Grand Summary, to actually pay for the new item, a pay note must be generated, submitted to the PE, approved, and then added to payment.

Note: If any lot earns a pay factor less than the 1.05 or 1.06 for the full incentive, the contractor will not be able to earn the full amount set up for the incentive for that pay item. Therefore the probable quantity of the original quality pay item should be decreased by the quantity of the lot of the reduced pay factor. For this example the original probable should be reduced by the amount of lot #1 (500 tons) from 5500 tons to 5000 tons.

B. To adjust the probable of the original quality incentive item, select the Pay Item Summary ball to open the summary

---

**Adjusted Unit Price Calculation**

\[(PF - 1) \times UP = ADJ\]

**Example**

\[(0.98 - 1.00) \times 22.00 = -0.44\]

If the PF had been 1.03, then the unit price would be:

\[(1.03 - 1) \times 22.00 = 0.66\]
A. Type in the new probable quantity less the amount of the lot of the reduced pay factor pay item (5,500 tons – 500 tons = 5000 tons for this example). Remember to hit the Tab key after entering the number.

It’s good practice to enter the reason for the deduction in both the Payment Remarks and the Probable Remarks.

B. Click the Save button.

C. Then, click the Close button.
Note: The sum of the probable quantities of the quality pay items should equal the total probable quantity of the qualifying project pay item.
### G.1.4 Rideability Incentives/Disincentives.

The use of Pay Factors on Smoothness/Roughness Pay Items can adjust the amount paid to the Contractor either positively or negatively depending on the Pay Factor for the lot being paid. At award, the Grand Summary should contain a rideability pay item for each qualifying pay item at the full incentive that can be earned.

A. Qualifying Pay item

B. Original rideability Pay Item for the full incentive (pay factor = 1.05). Note the pay unit is LPSM.

If the roadway earned a pay factor less than 1.05, a non-CM pay item must be added to pay at the reduced pay factor and the non-CM pay item must be related to the original rideability pay item.

If the rideability incentive is to be paid in separate reduced lots (for example the pavement item encompasses several roadways, or there was an aberrant section of roadway to be paid at a separate pay factor), a non-CM pay item must be added for each lot and the pay item must be related to the original rideability pay item.
For this example a non-CM Pay Item is added for 21.76 lane miles (10.88 miles) paved that earned a 1.01% pay factor for smoothness.

Add the Non-CM Pay Item by going to the Non CM Pay Items Tab and then selecting the Add New button.

A. Select “yes”

B. Select “?” to see the project pay item list or enter keywords from the pay item description to reveal a shorter pick list, eg. Smoothness or Roughness, then select the pay item.

C. Select Pay Item type “QS – Quality Smoothness Incentive” in this case.

D. Select the appropriate schedule

E. Enter the line item number. Consideration should be given to the line item number, due to limited numbers between the original items. It may be impractical to ‘split the difference’ between existing pay item line numbers if many pay items may need to be inserted for multiple pay factors.

Note the related pay item line number to use as a guide.
F. Add a supplemental description, which should at least include the lane miles (LM) and pay factor (PF), and roadway name or stationing if applicable. The supplemental description becomes part of the pay item name. **Put the supplemental description in parenthesis.**

G. Enter the amount of the incentive/disincentive by the appropriate account.

H. Click the Save & Close button

---

**Per the FP03 for smoothness, the adjustment (ADJ) to the estimate is**

\[ 32,700 \times (PF-1) \times LM = ADJ \]

\[ 32,700 \times (1.01-1.00) \times (2\times10.88) = \$7115.52 \]
A. Once the new pay item for this lot has been added to the Grand Summary, to actually pay for the new item, a pay note must be generated, submitted, approved, and added to payment.

Note: If any lot earns a pay factor less than the 1.05 of the full incentive, the contractor will not be able to earn the full amount set up for the incentive for that pay item. Therefore the probable quantity of the original rideability pay item should be decreased by the amount of the lot of the reduced pay factor. For this example the pay factor calculation was based on the entire 10.88 miles, so the probable amount of the original incentive item should be reduced to zero (0).

B. To adjust the probable of the original quality incentive item, select the “white ball”

A. Type in the new probable amount less the amount of the lot of the reduced pay factor pay item ($0 for this example). Remember to hit the Tab key after entering the number.

Note: It’s good practice to enter the reason for the deduction in both the Payment Remarks and the Probable Remarks.
B. Click the Save button.
C. Then, click the Close button.
The Grand Summary should then reflect paying for the smoothness incentive at the 1.01 pay factor, and the probable for the original maximum 1.05 pay factor incentive item is adjusted to zero percent (0%).

For EFLHD users: Contact your EFL Construction Component Lead.
G.2 Award Schedules by Contract Modification

G.2.1 General Information and Guidance

Options are specific types of schedules, in EEBACS they are referred to as “schedules.”

Some contracts have schedules that are not exercised at award but are eligible for later execution. These may be awarded later if funding or other circumstances are met. EEBACS has simplified the process for awarding previously developed schedules to a simple action rather than hand entering each item. This special case appendix includes guidance and directions for how to complete the contract modification that will exercise the schedule within EEBACS. For detailed instructions on contract modifications in general, see Chapter 4, Section 4.6.9. This special case specifically focuses on information unique to the awarding of schedules.

To verify additional schedules are available for exercising, check the Construction Core tab. It lists the currently awarded schedules and available schedules for award by contract modification.

The Award/Exercise Schedules Later tool under contract modifications will only award schedules exactly as they have been bid. If you want to use different bid prices or quantities, you will need to use a traditional modification process.
G.2.2 Create Contract Modification for Schedule Award

If there is a schedule you would like to award, go to the contract modification tab.

- Click “Add New Contract Modification”
Fill in the blank contract mod page with information relevant to the exercising of the schedule.

A. Check the box for the additional schedule you want to exercise on the contract. This will add all of the items to the modification. The items will come forward from Acquisition with the previously bid quantities and prices.

B. Click “Save” after you have filled in all known information to this point and selected the schedule to be awarded.
A Warning Message will pop up:
Verify this is the correct schedule,
- Click "Continue".

EEBACS will now retrieve and insert all of the schedule items and unit prices from acquisitions into this contract modification. The schedule will not be officially awarded until the Modification is signed. The schedule check box will now be hard coded text on the page as “schedule awarded this CM”. The awarded schedule, number of items, and value of the schedule will show in the info box on the right of the screen.
G.2.2.1 Issue Tracking for Exercised Schedules

If there is a change in the contract time associated with the schedule you are awarding, you will need to create an Issue to enter that time and track the contractual effects. If there is no contract time, an issue is not required to be added in EEBACs and you can finalize the modification on the core tab. See also your Division procedures for modification tracking requirements.

To add an issue to change the contract time or for further tracking documentation, go to the Issues tab within the contract modification.

- Click “Add New Issue”

Fill in the issue page with information appropriate to the schedule being awarded. Remember, you do not have to individually add any items to the contract as all items are added automatically when you checked the award schedule box on the CM Core page. Skip the Add, Modify, and Delete items sections unless you are affecting related items that are not specifically included in the schedule.
A. Enter the number of days (positive or negative) the schedule affects the overall contract time by. If the overall contract completion date is not affected by the schedule, leave this as zero. If there is an interim completion date requirement for the Schedule, this is shown in the contract modification SF-30 and issue description only.

B. Complete the remainder of the issue tab normally, Click “Save & Close”.
Your issue will now show on the Issue List tab. The dollar amount for this issue will show 0 because the dollar amount is already included on the Core tab.

G.2.2.2 Verify Schedule Items added by Contract Modification

Next, verify all of the items added by awarding of this schedule on the CM Items Tab. Click to the CM Items tab within the Contract Modification.

You cannot change the price or quantity of the items added by schedule during award. These are the items, quantities, and prices as bid and processed by Acquisition during the contract award process. If these are not correct, do not use the award schedule feature – use a traditional contract modification method. See Section G.2.3 to un-award the incorrect schedule.

Once the items have been verified, return to the core tab to finalize the modification.
G.2.2.3 Obligate Funds for Schedule and Finalize Contract Modification

Return to the contract modification Core tab. The issue (if added) should now show in the information bar on the right side of the screen.

- Click “Edit” to open the Core tab for further editing and finalization.
When you previously saved the Core tab with the selected schedule awarded, the obligation accounts will have automatically updated at the bottom of the page to show the correct amounts in each account as identified by the schedule items. However, based on more in-depth knowledge of the contract authorized amounts, probables, and available funds, you may need to change the obligated amounts manually.

<table>
<thead>
<tr>
<th>Contract Time Increase/Decrease:</th>
<th>42 day(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Contract Modification Amount:</td>
<td>$32,584.00</td>
</tr>
<tr>
<td>Aggregate Amount:</td>
<td>$32,584.00</td>
</tr>
<tr>
<td>Schedule(s) Awarded This CM:</td>
<td>X</td>
</tr>
<tr>
<td>Award/Exercise Additional Schedules?:</td>
<td>B</td>
</tr>
<tr>
<td>Date RFP Sent to Contractor:</td>
<td>01-02-2012</td>
</tr>
<tr>
<td>Date Negotiations Completed:</td>
<td>01-13-2012</td>
</tr>
<tr>
<td>Date PR Signed:</td>
<td>01-02-2012</td>
</tr>
<tr>
<td>Date SF30 Sent to Contractor for Signature:</td>
<td>01-23-2012</td>
</tr>
<tr>
<td>Date SF30 Signed By Contractor:</td>
<td>01-27-2012</td>
</tr>
<tr>
<td>Date SF30 Signed By CC:</td>
<td></td>
</tr>
<tr>
<td>Date CM Work Started:</td>
<td>02-07-2012</td>
</tr>
</tbody>
</table>

**Net Authorization Change**

- CON01 PLH Funding: $3,000
  - Obligate
- CON02 Money from County: $32,581.00
  - Obligate

**Supporting Documents:**

- Add Document

---

Save & Close  |  Save  |  Delete  |  Cancel  |  Cancel & Close  |  Print Preview
After you have entered all other CM tracking dates, adjusted the obligations if needed, and attached any supporting documents, enter the Date SF30 Signed by CO. You will also need to enter the Period that the contract mod should start for payment.

Once complete, Click "Save & Close". The modification is now complete and all items will show in the selected period for payment actions.
**G.2.3 Un-Award a Schedule within a Modification**

If a schedule has been exercised incorrectly you may unaward the schedule including all of the related items as long as the schedule items have not been paid on. If the items have been processed with a quantity on the approved progress payment period, you will not be able to remove the schedule but will instead have to modify those items to zero – see the regular contract modification for additional information on modifying items within a contract.

On the Contract Modifications Tab:

- Select “Edit” icon for the modification you need to unaward the schedule from.
On the contract modification Core tab for the selected modification,

- Click the “Clear” button for the ‘Date SF30 Signed By CO’ field. The date field will then be blank.
- Click “Save”.

![Contract Modification Core Tab](image-url)
All fields on the modification will now be fully editable. Notice that a new button has appeared on the right menu for “Unaward Schedule xx”. (In this example “Unaward Schedule B”). If you had awarded multiple schedules on the same modification, you will have multiple unaward choices to choose from.

- Click the “Unaward Schedule xx” button.
This will immediately remove the items from the modification. After the system completes this action, it will return you to the same contract modification but on the view screen of the core tab. The schedule is now unawarded and the modification is in draft status.

If you wish to continue revising or to delete the contract modification, Click “Edit”. You can then proceed with whatever actions are needed for this modification.