
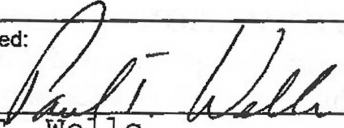
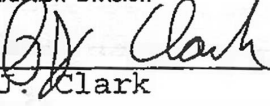


SUPERSEDED BY EB 98-045 EFFECTIVE 12/1/98		ENGINEERING INSTRUCTION <i>New York State Department of Transportation</i>	94-041
Title: SECTION 697 - INTERIM PAYMENTS			
Distribution: <input checked="" type="checkbox"/> Main Office(30) <input type="checkbox"/> Local Gov.(31) <input checked="" type="checkbox"/> Regions(32) <input type="checkbox"/> Contractors/AGC(39) <input checked="" type="checkbox"/> Consultants(34) <input type="checkbox"/> _____ ()	Approved: <div style="text-align: right;">  _____ P.T. Wells Deputy Chief Engineer Construction Division Date <u>11/16/94</u> </div> <div style="text-align: right;">  _____ P.J. Clark Director Facilities Design Division Date <u>11/16/94</u> </div>		

EFFECTIVE DATE. The attached specification section 697 shall be effective on all Department contracts let on or after February 2, 1995.

PURPOSE. This instruction issues new Specification Section 697 - INTERIM PAYMENTS, and provides designers with instructions for estimating pay item 697.01. A separate Engineering Instruction is being issued to provide guidance and instruction to construction personnel.

TRANSMITTED MATERIALS. The text of Section 697 is attached. This section will be included in all contract proposals for lettings on or after February 2, 1995. This section will be incorporated into the next update of the Department Standard Specifications.

BACKGROUND. The Departments contract accounting system limits payments to the specific work items and quantities in the contract. Any contract alterations, as simple as a quantity over-run, required the processing of a formal Order-on-Contract before payments could be made to the contractor. Department Contractors are aware of these delays in payment, and are sensitive to the impact of such delays on cash flow. Ultimately, the costs of these delays in payment are factored into the contract bid prices.

This section will allow timely payment to contractors for minor contract work changes. Pay Item 697.01 - Interim Payment will be included in all contracts and will provide a vehicle for payment of work in advance of an order-on-contract. Only work which is within the scope of the project, and which is authorized in accordance with current procedures will be eligible for interim payment. Interim payments under this section are not allowed for force account or disputed work. All payments made under this section will be reconciled by order-on-contract or in the final payment documentation, such that no interim payments will remain at the conclusion of the project.

DESIGNER INFORMATION. Project designers shall include Item 697.01 in all contracts. The quantity will always be 100% Lump Sum; and will be placed in the largest engineering share of the project. The fixed price for this item shall be determined as the function of the Engineers Estimate (EE) in accordance with the following table:

ENGINEERS ESTIMATE (EE)	ITEM 697.01 VALUE	ROUNDING
Minimum Value	\$5,000.00	
Up to \$1.0 Million	\$0.05 X EE	Nearest \$10. K
Above \$1.0 Million	\$50. K + 0.02 X (EE - \$1. M)	Nearest \$20. K
Maximum Value	\$250,000.00	(Reached at EE = \$11. M)

Future revisions to the Engineers Estimate Handling System (EEHS) will compute the value of the Interim Payments item and distribute to the quantities among all engineering shares. The above manual computation and entering of Item 697.01 shall be completed by project designers until such time that the necessary update to EEHS is implemented.

FIELD INFORMATION. A separate Engineering Instruction is being issued with guidance and instructions for field personnel. This information will be incorporated into the Construction Supervision Manual (CSM).

ACTIONS OF THE MAIN OFFICE. The Design Quality Assurance Bureau (DQAB) will insert Specification Section 697 in all contract proposals starting with the February 2, 1995 letting. Section 697 will be included in the next Standard Specifications book.

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Subject: SECTION 697 - INTERIM PAYMENTS

697-1 DESCRIPTION

697-1.01 General. This section will provide for payment of work which has been authorized, and is pending addition to the Departments contract estimates payment system. Payments made under this section shall be reconciled through formal change orders, such that the final payment quantity of this section shall be a quantity of zero.

697-1.02 Eligible Work. Interim payments made under this section shall be limited to work which is within the scope of the contract. Such work shall be quantity variations of existing contract pay items or new contract pay items introduced as a result of minor adjustments in the details of the project. To be eligible, all work must be authorized in conformance with written procedures of the Department. This section shall not be used to make interim payment for work which is being progressed as disputed work or force account work.

697-1.03 Payment Computation and Reconciliation. Payments under this section shall be determined from the actual quantities and unit prices of eligible work which has been completed in conformance with applicable sections of the Specifications. The dollar value of payments shall be converted to a percentage payment of the fixed price lump sum shown in the proposal. The fixed price lump sum value shown in the proposal shall be the maximum eligible value of payment under this section, and shall not be altered by Order-on-contract.

Once the contract has been amended to provide payment quantities under other pay items, payments shall be made under those items and payments made under this section shall be deleted. This section may again be used to make payment for further work, but at no time shall the total payments exceed the fixed price lump sum shown in the proposal. Prior to, or as part of the final payment submission, all payments made under this section must be transferred to appropriate contract work items, and payments provided under this section shall be deleted from the final contract payment submission.

697-2 MATERIALS. Materials shall meet the requirements of the Specification sections governing the work for which interim payment is being made under this section.

697-3 CONSTRUCTION DETAILS. Construction details shall conform with the requirements of the Specification sections governing the work for which interim payment is being made under this section.

697-4 METHOD OF MEASUREMENT. The fixed price lump sum shown in the proposal for this item shall be considered as the price bid, and shall not be altered in any manner. Should the amount shown be altered, the new figure shall be disregarded and the original price will be used to determine the total amount bid for the contract.

Actual payments made under this section shall be computed as indicated in section 697-1.03 Payment Computation and Reconciliation. Work for which interim payments are processed shall be measured in accordance with the Specification sections governing the actual work.

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697-5 BASIS OF PAYMENT. Payments made under this section will be computed as indicated in section 697-1.03 Payment Computation and Reconciliation, and shall not be altered in any manner as per section 697-4. Work for which interim payments are processed shall be paid in accordance with the Specification sections governing the actual work.

Payment will be made under:

ITEM NO.	ITEM	PAY UNIT
697.01	Interim Payment	Fixed Price Lump Sum