

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TRANSPORTATION
**CONSTRUCTION DIRECTIVE
MEMORANDUM**

GENERAL SUBJECT: Eliminated Items **NUMBER:** CD-2008-03
DATE: March 10, 2008

SPECIFIC SUBJECT: Guidelines For Elimination Of Contract
Items And Materials **SUPERSEDES:** N/A
**SUNSET/
EXPIRES:** March 10, 2013

Original with signature on file in the office of the
Scheduling & Contract division

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SCHEDULING & CONTRACT ENGINEER

PURPOSE: The purpose of this CD is to provide guidelines for eliminating contract pay items and the disposition of any materials to be used in the eliminated items.

DIRECTED TO - DISTRICT ADMINISTRATORS

Section 109.06 of the 2002 (Section 109.07 of the 2007) Road and Bridge Specifications sets forth the standard contract requirements for eliminated items of work.

It is especially important that the Contractor be notified in writing as soon as possible if items are being eliminated which require project specific materials to be fabricated, constructed, or manufactured such as sign structures, reinforcing steel, drop inlets, structural steel, etc. Prompt written notification will increase the potential for minimizing the costs associated with an eliminated item.

Written notification to the Contractor is not necessary for minor underruns of items where some portion of the contract quantity will be eliminated and there are no fabricated, constructed, or manufactured project specific materials involved. Examples would be underruns of aggregate material, excavation, paved ditch, flaggers, etc. However, if the entire quantity of an item is being eliminated or if a "significant change" underrun of a major item will occur, written notification should be made to the Contractor.

If the Contractor performs any work necessary for the installation of an eliminated item prior to written notification of the elimination being provided to the Contractor, then the Department should compensate the Contractor for the actual cost of any work performed for the installation of the eliminated item. A Work Order should be prepared to document the amount of the compensation and to authorize the payment of the compensation.

If the Contractor has already purchased materials for use in the eliminated item prior to written notification of the elimination being provided to the Contractor, then the Department should compensate the Contractor for the materials unless the Contractor elects to retain the materials for his own use elsewhere.

If the Contractor cannot return them to the supplier and elects to be compensated for already purchased materials, the District Administrator (or designee) must decide if the Department wants the contractor to retain and dispose of the materials or if the Department wants to take ownership of the materials. This decision should be based on the potential for use of the materials by the Department for other purposes. The Department should only take ownership of materials and place them in inventory if there is a very high probability that the materials can be used by the Department for other purposes.

If the Department chooses to take ownership of the materials, the Contractor should be compensated for the actual cost of the materials including freight and taxes, as evidenced by invoice. A Work Order should be prepared to document the amount of the compensation and to authorize the payment of the compensation.

If the Department chooses to have the Contractor remove and dispose of the materials from the right of way and/or any property adjacent to the project that he does not own or control, then the Contractor should be compensated for the actual cost of the materials (or any restocking fees if the materials are returned to the supplier), freight, taxes, and any disposal costs, as evidenced by invoice(s). A Work Order should be prepared to document the amount of the compensation and to authorize the payment of the compensation.

In most cases, any compensation costs paid to the Contractor for eliminated items should be charged to the established UPC charge source for the project. If the contract has Federal funding, all costs associated with eliminated items should be charged as non-participating unless otherwise approved by the FHWA. If the Department has decided to take ownership of the materials, then the charge for the cost of the materials can be redistributed to an appropriate inventory funding source by journal voucher.

DWM

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- District Construction Engineers
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- District Materials Engineers
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- District Location and Design Engineers
- District Bridge Engineers
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- District Contract Administrators
- Regional Operations Directors
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- Project Inspectors
- Federal Highway Administration
- Office of the Attorney General
- Virginia Department of Minority Business Enterprise
- Virginia Transportation Construction Alliance
- Old Dominion Highway Contractors Association
- Virginia Asphalt Association
- American Concrete Pavement Association
- Virginia Ready-Mixed Concrete Association
- Precast Concrete Association of Virginia
- Division Library