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Subject: Contractor Monthly Estimates
Date: Sunday, July 22, 2018 8:42:21 PM

Through the first half of this year, the number of complaints from contractors for monthly estimates not being processed by Areas is steadily increasing. While the Construction Manual has never specifically addressed the exact time allowed for the Project Manager to prepare the monthly estimate, in general, Areas have required them to be submitted for review and approval somewhere between 3-10 calendar days after the defined cut-off date. Of course, required contractor submittals such as weekly payrolls, DBE-10s, and Prompt Payment Certifications are all grounds to hold an estimate until submitted as required by the specification.

The complaints are basically two types and are as follows:

1. The Project Manager is preparing them slower than the 3-10 days outlined above.
2. Region/Area internal policies for certain personnel to review and approve, as well as possibly sign the Form 3.

The most common complaint for the PM to prepare the estimate is on local projects such as Cities (whether MPO or ATRIP) and Counties (whether ATRIP or a project processed through the Local Transportation Bureau). It is our understanding that many times this is not done for several weeks. On one recent project, we understood that the county told the contractor that the project was so small that they were going to hold the estimate until all the work was done (anticipated to be 3 months) and then process one estimate for the whole project. As you will remember, estimates are to be processed monthly as outlined in Article 109.07.

As we all know, contractors are not banks or finance institutions. They have monthly bills just like we do at ALDOT. Delays in estimate payments not only affect them, but their subcontractors, who we all know are generally smaller and/or DBEs. Delays in revenue impact their lines of credit and ability to purchase materials for not only the affected project(s), but company-wide. Plus, it can affect their ability to make their payroll. Delays in more than 30 days from the cut-off date may result in interest being owed as outlined by state law. As you may remember, that was a major issue when STAARS was implemented several years ago. We don't need to be paying interest because we cannot process an estimate in a timely manner.

We have been trying to revise the part of the Construction Manual to address monthly estimates. Due to all the special projects ongoing, not to mention we have the largest value of construction (dollar-wise) underway, this revision has been delayed. Thus, this email is to give guidance in the interim. Estimates shall be prepared by the Project Manager (whether ALDOT, Consultant, County, or City) within 7 calendar days of the estimate cut-off date - obviously, the sooner the better for the sake of all. Areas should process them within a few days and get them to Finance for final approval and payment. Realistically, this will allow contractors to receive the payment within 2.5-3 weeks

from the cut-off date and subcontractors within the 7 days required by Article 109.08.

Contractor submittals such as weekly payrolls, DBE-10s, and Prompt Payments Certifications are still required by specification. Weekly payrolls are considered delinquent when they reach the stage of being 4 weeks behind. If the PM (again, ALDOT, Consultant, County, or City) has them in hand but has not had time to review and forward them to the Area, the Contractor should not be penalized by having the estimate held. At this point, the delay is our fault. In addition, Form 3s are no longer required by Finance for the monthly estimate per the Accounting Manual. Thus, monthly estimates shall not be held at the Area for multiple reviews and signature by ALDOT personnel. If you feel the need to have one on file until such time we officially revise the Construction Manual, pre-sign a stack so the estimate person can expedite approval.

Please share this with your staff and your project managers and emphasize the importance of timely processing of estimates. As you will notice, I have copied representatives of the County Engineers Association so as to expedite the message.

If you have any questions or need additional guidance, please let me know. Thanks for your assistance.

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