

Construction Advisory

CA 2011-04
February 16, 2011

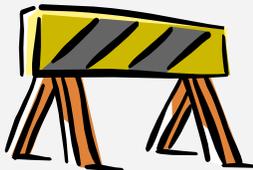
From Brenda O'Brien, Engineer of Construction and Technology

MDOT-Construction and
Technology Division
P.O. Box 30049
Lansing, Michigan 48909
Phone/517-322-1087
Fax/517-322-5664
www.michigan.gov/mdot/

Index: Authorizations

Questions regarding this
Construction Advisory should
be directed to:

Mohammad Azam,
Operations Review Engineer,
at 517-636-0832 or
azamm1@michigan.gov



BJO:MA

Prompt Pay

The following process shall be used for the administration of confirmed prompt payment violations. This process and information will be a part of a future BOHIM for Prompt Payment. This process applies to all MDOT let projects and is effective immediately.

The prompt payment special provision requires the prime Contractor to make payment to their subcontractors and suppliers within 10 days of receipt of payment from the department for said work. If the prime Contractor has concerns about the satisfactory completion of subcontractor work items or supplier materials, this must be brought to the Engineers attention as soon as the concern is discovered. If the work meets the requirements of satisfactory completion and the prime Contractor has been paid for that work, the engineer must determine whether the prime Contractor has demonstrated a valid reason for withholding payment from the subcontractor or supplier. Per previous instruction, if the prime Contractor has done so, the Engineer should process a negative estimate pulling back the amount involved in the complaint. If payment has not been made, the Engineer will not include those items of work on an estimate until the issue has been resolved. If the Engineer determines the reason provided is not valid for withholding payment, and the Department receives written notice of failure to meet prompt payment provisions in accordance with the Special Provision for Prompt Payment, and dispute resolution is not agreed upon, the prime Contractor will be instructed to make payment. If the prime Contractor continues to remain in violation of prompt payment, the Engineer will process a negative pay item on a contract modification.

Use the following when establishing the negative pay item on a contract modification:

<u>Pay Item Code</u>	<u>Unit of Measure</u>	<u>Pay Item Description</u>	<u>Item Type</u>
1090001	Dir	Prompt Payment Violation	Adjustment

Include the details of the issue under "reason" on the contract modification for each prompt payment violation.

Delivery/project engineers are requested to share this advisory with local government and consultant engineers within their jurisdiction.