



BRIDGE CONSTRUCTION MEMO 7-3.0
SECTION 7-CONTRACT CHANGE
ORDERS

April 20, 1989

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Payment for use of Contractor-Furnished Materials on Force Account Work

Alterations in the work occasionally require payment for the use of Contractor-furnished materials which do not become incorporated into the finished product. For example, an increase (or decrease) in the size of an opening through the falsework will require adjusting payment due for use of falsework materials.

Our contracts do not provide a specific method of payment for Contractor-furnished materials which are needed to perform the work, but which do not become part of the completed facility, except that such payment will be as agreed to by the Contractor and the Engineer. To promote uniformity, the Structure Representative should follow the guidelines shown below when preparing the "draft" of the contract change order.

1. Material, such as lumber used in form construction, which is ordinarily consumed through use, may be purchased and later disposed of in the manner described in the *Construction Manual* for disposal of salvaged or surplus materials, or payment may be made at an agreed price. If purchased, the terms and method of disposal must be documented. If payment is made at an agreed price, the basis of agreement must be supported in the same manner as any other agreed price change.
2. Payment for material, such as pipe falsework, which is not consumed by use in the ordinary sense must be based on an equitable rental rate. In accordance with present Department of Transportation policy, such rental rates can be obtained from the Office of Highway Construction, Technical Services Branch in Sacramento, Phone No. 916-445-1309, ATSS 8-485-1309.
3. The actual cost of special items of material which are manufactured or furnished solely for use on extra work, and which would not have been otherwise required, may be paid for by the State. Although such items may have no value except as they are needed to perform the extra work, they are State property and must be accounted for. If advantageous to the State they may be sold back to the Contractor as scrap, or they may be surveyed if the cost of disposal exceeds their value. In any case, the important point is that the method of disposal is documented, and any value or cost determinations be fully substantiated.