

Memorandum

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a California Way of Life.*

To: DEPUTY DISTRICT DIRECTORS, Construction
DEPUTY DIVISION CHIEF, Structure Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: January 9, 2019

File: Division of Construction
CPD 19-1


From: BOB FINNEY, Acting Chief
Division of Construction

Subject: MATERIALS ON HAND

As part of a recent review of business practices and continued efforts to provide timely compensation to contractors, a Revised *Standard Specification* was posted on October 19, 2018, concerning Section 9-1.16C, "Materials on Hand," that will affect future projects containing the provisions.

The attached revised specification primarily expands eligibility for payments for materials on hand. See Section 3-906E, "Materials on Hand," of the *Construction Manual*, as replaced by manual change transmittal 18-10 dated December 6, 2018, for additional guidance.

The attached Form CEM-5101, "Request for Payment for Materials on Hand," has been modified to accommodate new eligibility criteria. Form CEM-5105, "Materials on Hand Summary," has been created to document and track materials on hand amounts requested, identify ineligible amounts, identify portions paid through item, and net amounts requested and vouchered over multiple progress estimates. Staff are reminded that the maximum payment for materials on hand portions should be such that, when the estimated placing and other remaining costs of the related work are added, the contract price is not exceeded.

Projects containing the previous materials on hand eligibility requirements are to be administered without change, since adoption of expanded eligibility requirements would change the financial basis on which such contracts were bid.

If you have questions or comments regarding this directive, please contact Ken Darby, Division of Construction, at Ken.Darby@dot.ca.gov or (916) 653-2032.

Attachments:

1. Revised Standard Specification
2. Form CEM-5101, "Request for Payment for Materials on Hand"
3. Form CEM-5105, "Materials on Hand Summary"