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6B Contract Administration for Construction Contracts

This chapter addresses various aspects of contract administration for construction contracts including contract performance and monitoring, quality assurance and inspections, contract modifications, claims and disputes, contract terminations, and legal remedies and damages for breach of contract.

6.1 General

6.1.1 Responsibilities

6.1.1.a Contracting Officers and Purchase Teams

Note that there are some actions listed in the *Purchasing Manual* (PM) that only the contracting officer may take. Even in those instances, the contracting officer is expected to consult with the purchase team.

6.1.1.b Contracting Officer's Representatives

Contracting officer's representatives (CORs) are appointed by the contracting officer. The contracting officer's letter designating a COR for a construction contract must be issued immediately after award and takes different forms depending on whether an architect-engineer (A/E) firm or construction management support services contractor (CMSSC) has been retained to provide services during construction. Exhibit 6.1.1.b-10a is used when an A/E firm or CMSSC has been retained. It includes authorities and limitations for both the COR and the A/E firm or CMSSC. Before issuing such a letter, the contracting officer must confirm that all A/E firm or CMSSC responsibilities listed in such a letter are based on duties imposed on the A/E firm or CMSSC by its contract with the Postal Service. The letter in Exhibit 6.1.1.b-10b is used when an A/E firm or CMSSC is not involved in the contract.

The original and one copy of the designation letter go to the COR. The COR signs the original and returns it to the contracting officer, who keeps it in the appropriate contract file. Two copies of the letter go to both the contractor and the A/E firm or CMSSC (if applicable). The contractor and the A/E firm or CMSSC (if applicable) sign a copy and return it to the contracting officer, who keeps it in the appropriate contract file. The letters may be forwarded with the notice to proceed (NTP) and the contract.

6.1.1.c ***Relationship Between the Postal Service and Contractor Representatives*** 

6.1.2 **Contract Administration Functions** 

6.1.2-10 ***COR Responsibilities***

CORs are responsible for ensuring that all work is completed in accordance with contract requirements. For some contracts, a construction management support services contractor (CMSSC) or an A/E is retained to perform certain construction contract administration functions. The A/E or CMSSC may perform the duties noted in 6.1.2-11.

6.1.2-11 ***Construction Contract Administration Duties***

The COR should perform all of the following duties:

- a. Maintain project files for each assigned project.
- b. Schedule and conduct preconstruction conferences.
- c. Ensure that construction workers are periodically interviewed for proper classification and correct wages.
- d. Ensure contractor compliance with contract provisions governing labor standards.
- e. Ensure that the contractor submits reports on its subcontracting activities with small business and minority business enterprise concerns.
- f. Be familiar with the procedures and policies concerning differing site conditions, suspensions of work, and contract time extensions.
- g. Represent the Postal Service in conferences with state, county, or city officials and the A/E and prepare memoranda for the record, noting all pertinent facts, those in attendance, and conclusions from such meetings.
- h. Process claims and disputes.
- i. Accomplish contract settlement and project closeout.
- j. Schedule and conduct warranty inspections.
- k. Ensure that the contractor submits the construction progress schedule and the construction cost breakdown.
- l. Receive, review, and make recommendations regarding the contractor's monthly progress payments.
- m. Manage contract changes.
- n. Monitor the contractor's submission of required shop drawings, samples, and tests to ensure that the submissions are timely and complete.
- o. Receive, promptly review, and provide disposition on shop drawings and samples submitted by contractor.

- p. Maintain a record of submitted, approved, disapproved, and resubmitted shop drawings and samples.
- q. Inspect the contractor's and subcontractor's construction work for compliance with contract documents and with environmental permits and mitigation requirements.
- r. Notify the contractor, both orally and in writing, of all construction work or activity that does not comply with contract requirements.
- s. Provide clarification and interpretation, of the contract documents when requested by the contractor. (Neither the CMSSC nor the COR may authorize changes to, or deviations from, the contract documents and must not provide advice on, or issue orders relative to, any aspect of construction means, methods, techniques, sequences, or procedures.)
- t. Ensure that the contractor maintains at the job site a current set of drawings which notes all approved changes or deviations to the original contract requirements for purposes of producing as-built drawings at the end of the project.
- u. Report construction progress to the contracting officer and the purchase team.
- v. Ensure that the contractor revises its progress schedule when the contracting officer authorizes an adjustment in contract time.
- w. Advise the contracting officer and the purchase team in writing of any factors (strikes, weather) that are causing delays in the construction progress.
- x. Conduct preliminary, substantial, and final completion inspections and ensure that all defects and omissions noted at the inspections are corrected.
- y. Ensure delivery of Postal Service-furnished equipment to the job site in accordance with established schedules and, when delivery may be late, take appropriate action to prevent delay in construction progress.
- z. Where a hazardous condition is observed or an emergency situation arises at the job site, immediately notify, orally and in writing, the contractor and the contracting officer. If an environmental issue is involved, the Facilities Service Office (FSO) environmental specialist, area environmental specialist, and district environmental coordinator must be notified.

6.1.2-20 Construction Contractor Performance Evaluations

Each Postal Service official responsible for monitoring construction contract performance must complete an objective written evaluation of the contractor's performance. Summary evaluations of a contractor's performance under an indefinite-quantity construction contract are made for performance over the entire term of the contract and not for individual work orders unless special circumstances make a work order evaluation appropriate. Evaluations are used for subsequent projects in the prequalification process or in evaluating proposals. Evaluations must be made available to selection committees when requested.

6.1.2-21 *Preparation of Construction Contractor Performance Evaluations*

Performance evaluations of construction contractors must be prepared following completion of a construction project as follows:

- a. Using Form 5002, *Construction Contractor Performance Evaluation* (Exhibit 6.1.2-21), give each performance element an evaluation mark of satisfactory or unsatisfactory, and give an evaluation mark for overall contractor performance including environmental aspects of the work.
- b. If the project is withdrawn or cancelled before completion of the construction phase, evaluate the contractor's performance at the conclusion of the work performed.

6.1.2-22 *Distribution of Construction Contractor Performance Evaluations*

Performance evaluations are distributed to:

- a. The office responsible for contractor selection to be filed with the firm's historical data.
- b. The contractor.
- c. The FSO within the appropriate geographic area.

6.2 Contract Performance

6.2-10 *Performance of Construction Work by Prime Contractor*

In the case of construction contracts, unless the prime contractor is required to perform a significant part of the contract work with its own forces, it may be difficult to obtain adequate contractor supervision of the work. To address this problem, each Postal Service construction contract (except new lease construction, repair and alteration, and indefinite-quantity construction contracts) must contain Clause B-42, *Performance of Work by Supplier*, establishing the minimum percentage of the work that the contractor itself must perform. Normally, the minimum is 12 percent.

6.2.1 *Postaward Orientation* 

6.2.1-10 *Preconstruction Conference*

After contract award (and preferably before construction work begins), the COR schedules and conducts a preconstruction conference. The preconstruction conference is held at or near the job site whenever conditions permit to allow parties to observe and discuss site conditions.

The preconstruction conference serves the following purposes:

- a. To inform the contractor regarding how the Postal Service will administer the contract.
- b. To discuss any technical issues regarding the drawings and specifications.
- c. To discuss any environmental issues pertaining to the project.
- d. To discuss key contract clauses with the contractor, such as the inspection and payment clauses (including submission of progress payments), before they are implemented.
- e. To minimize confusion and misunderstanding after the work begins.

6.2.1-11 *Preconstruction Conference Attendees*

Preconstruction conference attendees include the following individuals and representatives of the organizations (as applicable to the particular situation):

- a. The contracting officer.
- b. The purchase team.
- c. The COR.
- d. The district manager or representative.
- e. The installation head.
- f. The A/E.
- g. The CMSSC (if any).
- h. The contractor's designated project manager.
- i. The contractor's designated job superintendent.
- j. The FSO environmental specialist, the area environmental specialist, or the District environmental coordinator.
- k. The major subcontractors.

The contracting officer or COR prepares an invitation letter stating the date, time, and place for the preconstruction conference and distributes the letter directly to the attendees listed above, with the exception of subcontractors. In the case of subcontractors, the invitation letter requests that the contractor invite the major subcontractors (Exhibit 6.2.1-11a). A preconstruction conference agenda (Exhibit 6.2.1-11b) and a Contractor's Questions and Comments Form are enclosed with the letter.

6.2.1-12 *Preparation for Preconstruction Conference*

In preparing for the preconstruction conference, the COR must become familiar with the drawings, specifications, amendments and contract clauses to be discussed at the conference.

The COR also assembles, at a minimum, the following information and items for distribution at the conference:

- a. Form 4211-B, *Facility and Fixed Mechanization Project Contract Payment Authorization* (Exhibit 6.4.3.f-11, chapter 6A).
- b. Sample construction progress schedule.
- c. Sample monthly progress report.
- d. The contractor's release.
- e. Notice-to-Proceed (NTP) letter (if not previously issued).
- f. Letters from the contracting officer delegating authorities (to the COR, CMSSC, and A/E as applicable).

The items listed above may be packaged as a preconstruction conference manual and provided to the contractor.

6.2.1-13 ***Preconstruction Conference Minutes***

The COR ensures that preconstruction conference minutes are recorded. A signed list of attendees is included as part of this record. If an A/E or CMSSC is participating, the A/E or CMSSC prepares the minutes and distributes them to all attendees within one week of the conference. Any action items assigned are recorded in the minutes, noting responsible individuals and schedules for completing each item.

6.2.2 **Record Keeping**

6.2.2-10 ***Maintenance of Records Under Guaranteed Maximum Price Design-Build Contracts***

Clause B-14, *Examination of Records*, requires the supplier to keep records of reimbursable costs on the basis of generally accepted accounting principles and retain them for three years after contract completion. The supplier must make them available to the Postal Service or its authorized representative at reasonable times. The supplier's books and records may be used to verify actual costs incurred for determining progress and final payment amounts.

6.2.3 **Contract Monitoring**

6.2.3-10 ***Monitoring Construction Progress***

Work progress under any construction contract is monitored by the COR. The monitoring is performed to ensure the contractor is making adequate progress to complete the work within contractually prescribed time limits.

6.2.3-11 ***Contractor's Project Schedule***

A tool for evaluating the timely progress of work is the construction contractor's project schedule. Clause B-59, *Construction Progress Chart*, requires the

contractor to submit a construction progress schedule for approval within 30 days after receipt of the NTP. The schedule depicts the contractor's entire scope of work including any environmental elements.

Contracts for large, complex projects generally include a detailed provision in Division I — General Requirements that requires the contractor to prepare, submit, maintain, and use a progress schedule in the form of a network analysis system called critical path method schedule (CPM).

Contracts for simple projects which are short in duration generally include a provision in Division I — General Requirements that requires the contractor to prepare, submit, maintain, and use a progress schedule in the form of a bar chart.

Although the type of schedule to require is a matter of judgment for the purchase team, projects over \$5,000,000 almost always merit the requirement of a network analysis system. The level of detail and sophistication differs significantly between bar charts and network analysis systems, but the basic concepts and procedures applied to contractually-required schedule reviews, updates, adjustments, and revisions are essentially the same.

6.2.3-12 *Review of Contractor's Schedule*

The COR reviews contractually-required schedule submittals and evaluates them for:

- a. Compliance with milestone dates set forth in the contract.
- b. Satisfaction of technical format requirements for the schedule set forth in the contract.
- c. Apparent errors in activity sequences or durations.

Based on the review, the COR requests clarification where necessary and recommends acceptance or rejection of the schedule to the contracting officer and the purchase team. In following this procedure, the contracting officer, the purchase team, and COR recognize that the contractor remains responsible for means, methods, techniques, and sequences of construction. Without a basis in specific contractual authority, the Postal Service may not require the contractor to schedule the work to meet specific completion dates or interim milestones or to adopt specific approaches to the scheduling or coordination of the work.

6.2.3-13 *Schedule Updates, Adjustments, and Revisions*

Construction schedules are subject to change during the course of a project in the following three respects, each of which should be contractually provided for:

- a. Updating the schedule to reflect actual progress.
- b. Adjusting the schedule to reflect the impact of excusable delays.
- c. Revising the schedule to reflect changes in the contractor's approach to work sequences, resource allocations, or activity durations.

6.2.3-131 **Schedule Updates**

Schedule updates are prepared to determine whether the contractor is on schedule. To prepare a schedule update, follow these basic steps:

- a. Evaluate and determine actual progress of scheduled activities as of a given status date based on an inspection of the work.
- b. Substitute the actual progress for the planned progress, thereby leaving a clear identification of the work remaining as of the status date.
- c. Calculate and project the schedule to complete the remaining work from the status date forward based on the planned sequences and durations for the work remaining.

Since actual progress is the basis for progress payments, in accordance with the contract terms, schedule updates are required with progress payment applications. It is the contractor's responsibility to recover lost time to the extent that the projected delay is not attributable to an excusable delay. Recovery efforts are reflected in the next schedule update.

6.2.3-132 **Schedule Adjustments**

Schedule adjustments account for the impact of excusable delays. Examples of causes of excusable delays include changes to the work, delays caused by differing site conditions, delays in providing information, delays in reviewing submittals, and delays by government agencies in issuing environmental permits or other approvals. See PM 6.5.3 and 6.5.3, chapter 6B. To prepare a schedule adjustment, these basic steps are followed:

- a. The contractor notifies the Postal Service of a delay.
- b. The Postal Service evaluates the contractor's delay notification.
- c. The Postal Service and the contractor reach agreement regarding the length of the delay and where it should be reflected in the contractor's schedule.
- d. The delay is incorporated into the contractor's schedule, which is adjusted accordingly.
- e. If the schedule adjustment extends a contractually required completion date (it may not if the chain of activities is not on the critical path), the Postal Service issues a corresponding time extension to the contractor.

6.2.3-133 **Schedule Revisions**

Schedule revisions are initiated by the contractor to accomplish construction management and coordination purposes such as reallocating resources, using a more efficient work sequence, or better coordinating the various trades. They may affect activity sequences or durations. Because the contractor remains contractually responsible for means, methods, techniques, and sequences of construction, the contractor has the right to make such revisions. However, the contract's scheduling provision requires revised schedules to be subject to the same form of Postal Service review as original schedule submittals.

6.2.3-14 *Postal Service Direction to Overcome Contractor Delay*

If the contractor fails to make adequate progress and jeopardizes contractually required completion dates without being entitled to a time extension, the purchase team should consider whether the contracting officer should direct the contractor to provide a plan for overcoming the delay. See Clause B-59, *Construction Progress Chart*. The contracting officer may issue the contractor a notice to cure the problem or face a possible termination for default. If the failure to make progress is due to Postal Service action or inaction, such direction could result in the Postal Service being responsible for costs of acceleration, and could constitute an excusable delay that would preclude termination for default.

6.2.3-141 *Excessive Schedule Revisions by the Contractor*

When schedule updates show that the project is falling behind, the contractor sometimes revises the schedule to show that the project is on schedule. Such repeated revisions following repeated unsatisfactory progress indicate that the contractor is not taking the necessary steps to overcome past delays. This approach can lead to a situation where a large portion of the work is shifted into a revised schedule to complete with an unrealistically short duration at the end of the contract performance period. The COR must monitor such a situation to be sure that the contractor is using the project schedule and updates for their intended purpose, which is to ensure that the work efforts keep up with the approved schedule.

6.2.3-20 *Contractor's Daily Construction Reports*

If required by the construction contract, the contractor fills out daily construction reports. These reports are submitted each week to the COR or the firm responsible for contract administration functions. The contractor must maintain copies at the job site. Exhibit 6.2.3-20 is an example of a daily report.

6.2.3-30 *Monitoring Fixed Mechanization Work*

The mechanization resident engineer monitors installation of fixed mechanization.

6.2.3-40 *Monitoring Environmental Work*

An A/E or a CMSSC, with appropriate assistance from the FSO operations environmental staff, monitors the performance of environmental work.

6.2.3.a *Personnel* 

6.2.3.b *Using Suppliers to Monitor Contract Performance* 

6.2.3.c *Review of Supplier Submittals* 

Also see chapter 8 of the Postal Service Facilities Contract Administration, Pricing, and Claims course textbook titled *Construction Administration and Facilities Inspection Handbook*.

6.2.4 **Delivery** 

6.2.5 **Right to Adequate Assurance of Performance** 

6.2.6 **Bankruptcy** 

6.3 **Quality Assurance**

6.3.1 **Inspection and Testing** 

6.3.1-10 ***Construction Inspections***

Clause B-33, *Inspection and Acceptance (Construction)*, establishes the Postal Service's right to make progress inspections and perform tests to determine whether the construction work conforms to contract requirements. This clause requires that Postal Service inspections and tests be performed at reasonable times and in such a manner as not to delay the contractor's work unnecessarily. Inspection requirements for each project are determined on a case-by-case basis, taking into account project cost and complexity, safety considerations, availability of qualified inspectors, and costs of inspection.

6.3.1-11 ***Construction Inspection Purposes***

Regular, periodic inspections are conducted to:

- a. Detect and report deficiencies in material and workmanship.
- b. Detect and report noncompliance with contract drawings and specifications, or with other technical documents, procedures, standards, codes, or regulations.
- c. Provide early detection of unacceptable work items.
- d. Permit timely issuance of written notices to the contractor of all rejected work items.
- e. Ensure that the contractor has the earliest opportunity to take corrective action without delay, in an orderly manner, before job completion.
- f. Overcome the inability to make inspections of deficient work that may be hidden and not detectable at final inspection.
- g. Ensure that necessary environmental mitigation measures are accomplished and to avoid delays, fines, etc. that may arise out of violations of environmental permits, regulations, or other requirements.
- h. Ensure that all appropriate safety measures are taken, including compliance with the Department of Labor's Occupational Safety and Health Administration (OSHA) requirements.

6.3.1-12 Construction Inspectors

Construction inspectors are employees of any of the following organizations:

- a. The Postal Service.
- b. An A/E firm under contract through exercise of an option for construction services.
- c. A CMSSC.
- d. The construction contractor itself, or testing or inspection firms retained by the contractor, if there is an approved quality control plan.

The contractor is responsible for performing all contractually required inspections and tests and for maintaining quality control through its own inspectors. The function of inspectors employed by the Postal Service, by A/E firms providing construction services, or by CMSSCs is quality assurance, not quality control.

6.3.1-13 Manner of Conducting Inspections

Inspection is conducted so it will not unreasonably interfere with the contractor's progress. Excessive or unreasonable inspection can be grounds for a claim. For this reason, the inspection procedure is thoroughly discussed and coordinated during the preconstruction conference.

6.3.1-14 Construction Inspection Reports

Every construction inspection is thoroughly documented with the date, time, and location of the inspection; what was inspected; the inspector's findings; and names of all parties participating in the inspection. Exhibit 6.3.1-14 is a format for a construction inspection report. If an environmental problem requiring notice to a regulatory agency is observed during an inspection, contact the FSO operations environmental staff immediately (some problems require notice to an agency within 24 hours).

6.3.1-15 Pre-Occupancy Safety and Health Inspection

When construction is between 90 percent and 100 percent complete, an on-site Postal Service team must inspect the construction work. The team reports any deficiencies to the contracting officer and the purchase team. The inspection is conducted in accordance with MI AS-510-87-3, *Compliance with OSHA Standards — Facility Construction Program*.

6.3.1-16 Accessibility Inspection

Before acceptance of the facility, the COR, the A/E, or the CMSSC (if any) must make an inspection. The designer of record or the construction monitor must furnish a signed statement certifying that the facility has been constructed to be in compliance with Postal Service Handbook RE-4, *Standards for Facility Accessibility by the Physically Handicapped*.

6.3.2 **Acceptance** 

6.3.2-10 ***Responsibility for Acceptance of Construction Work***

The contracting officer is responsible for acceptance of work performed pursuant to a construction contract. Acceptance is accomplished after consultation with the purchase team.

6.3.2-11 ***Binding Effect of Acceptance of Construction Work***

Acceptance by an authorized Postal Service representative is conclusive except when latent defects, fraud, gross mistakes amounting to fraud, or Postal Service rights under any warranty or guarantee prevent it.

6.3.2-12 ***Inspection and Acceptance Procedures for Construction Contract Closeout***

The COR accomplishes the following major tasks and related actions prior to closing out a construction contract:

- a. Conduct a preliminary completion inspection.
- b. Prepare a preliminary completion punchlist (if appropriate based on the progress of the work).
- c. Conduct a substantial completion inspection.
- d. Prepare a substantial completion punchlist.
- e. Confirm completion or correction of all punchlist items and final completion of the work.

6.3.2-13 ***Preliminary Completion Inspection***

To expedite closeout procedures, a preliminary completion inspection may be conducted jointly with the pre-occupancy safety and health inspection (see 6.3.1-14). The COR, A/E, or CMSSC (if any) conducts the inspection and assembles a list of work items remaining to be completed or corrected. This preliminary punchlist is provided to the contractor.

6.3.2-131 ***Submission of Manuals and Warranties at Preliminary Completion Inspection***

The contractor should have available all operation and maintenance (O&M) manuals, instructions, and equipment warranties and guarantees required by the contract specifications. O&M manuals, instructions, equipment warranties and guarantees not available are identified on the preliminary punchlist and submitted prior to the substantial completion inspection.

6.3.2-132 ***Option to Postpone Preliminary Punchlist Inspection***

If the development of a punchlist is premature because the volume of work remaining is excessive, the COR should postpone the inspection.

6.3.2-14 Substantial Completion Inspection

A substantial completion inspection is conducted on every construction project to accomplish the following purposes:

- a. Determine whether the work is substantially complete.
- b. Prepare a punchlist of work items that must be completed and corrected to achieve final completion.
- c. Receive contractor final approval submittals (see 6.3.2-144).

6.3.2-141 Scheduling of Substantial Completion Inspection

The following steps are taken to schedule the substantial completion inspection:

- a. The construction contractor notifies the COR in writing of the date the facility will be substantially complete.
- b. The COR obtains the A/E's confirmation that it concurs with the contractor's notice regarding the date that the facility will be substantially complete.
- c. The COR schedules the substantial completion inspection for the earliest possible time following the projected substantial completion date.
- d. The COR notifies appropriate personnel of the substantial completion inspection date and requests their attendance at the inspection (see 6.3.2-142).

6.3.2-142 The Substantial Completion Inspection Team

The substantial completion inspection is conducted by the COR and the A/E or CMSSC. The contractor and representatives of the occupying organization accompany Postal Service personnel. This inspection team should include the same persons who participated in the preliminary inspection and environmental professionals as appropriate.

6.3.2-143 Conducting the Substantial Completion Inspection

The inspection team reviews the facility for compliance with the contract documents, making a room-by-room survey and ensuring that all equipment is in working order. All items listed on the preliminary punchlist are reinspected, and all tests originally listed as unacceptable are conducted again. The inspection team proceeds with the inspection, preparing a substantial completion punchlist of any remaining defects and omissions. The list provides all information necessary to locate and correct any deficient items. By the time the inspection is completed, the COR recommends whether the project is substantially complete (see 6.3.2-145).

6.3.2-144 Substantial Completion Inspection Submittals

If the following items have not been previously submitted, they must be submitted at the substantial completion inspection:

- a. A complete set of as-built drawings annotated to show all authorized changes and variations from the original contract drawings.
- b. All outstanding operation and maintenance manuals and instructions for equipment items.
- c. All environmental operating permits, manifests, etc.
- d. All outstanding equipment warranties and guarantees.
- e. Keys.
- f. Spare parts.
- g. Occupancy permit (for leased facilities) and inspection certificates.

6.3.2-145 *Standards for Determining Substantial Completion and Acceptance*

When a project is determined to be substantially complete, the project is ready for beneficial occupancy, and it is considered complete and ready for use in accordance with Clause B-34, *Notice to Proceed and Commencement, Prosecution, and Completion of Work*. The determination may be made only if:

- a. The project is acceptable for its intended use.
- b. All the work is completed in accordance with contract requirements with the exception of minor items identified on the substantial completion punchlist.

For the project to be substantially complete, the punchlist must:

- a. Include only items that can be corrected within 30 days after the substantial completion date (except for items requiring special weather conditions).
- b. Contain no items that affect mail operations or the proper and safe functioning of the building.
- c. Be primarily cosmetic.
- d. Contain no incomplete or inconclusive test reports.

6.3.2-15 *Actions Following Substantial Completion Inspection*

Regardless of when a construction contract is determined to be substantially complete, the COR must always withhold sufficient money (retainage) from the contractor's progress payments to cover the cost of completing all known remaining work. The money is withheld until all work (including all punchlist items) is completed in accordance with contract requirements.

6.3.2-151 *When the Work is Not Substantially Complete*

If, at any time during the substantial completion inspection, the COR finds that the existing deficiencies lead to a determination that the facility is not substantially complete, the inspection may be cancelled immediately (or completed to develop a more complete list of deficiencies for the contractor's information). Reschedule the inspection in accordance with 6.3.2-141. The COR must issue a formal notification of nonacceptance with a copy of the list of

deficiencies. The notification must instruct the contractor to submit a second written request for substantial completion inspection after completing or correcting all the deficient work items listed. The COR distributes copies of this notification to all members of the substantial completion inspection team.

6.3.2-152 *When the Work is Substantially Complete*

When the facility is determined to be substantially complete, the COR should:

- a. Inform the contractor that a recommendation will be made to the contracting officer that the work appears to be substantially complete.
- b. Promptly provide a copy of the substantial completion punchlist to the contractor so that corrective action can start immediately.
- c. Inform the contractor that final payment may not be requested until all punchlist items have been corrected and accepted by the delegated Postal Service representative.
- d. The contracting officer completes Form 1233, *Project Financial Completion Report*, indicating a completion stage of Technical Final (see Exhibit 6.3.2-16).

After the substantial completion inspection, the COR prepares a letter for the contracting officer's signature, attaching a copy of the punchlist (see Exhibit 6.3.2-152 for a sample acceptance letter). The contracting officer should issue a letter notifying the appropriate manager/postmaster that the facility has been accepted and is ready for occupancy.

6.3.2-16 *Final Completion Inspection and Final Acceptance*

Upon receipt of notice that substantial completion punchlist items have been completed or corrected, the designated postal representative must inspect these items by comparing them to the punchlist and confirming their completion in writing when appropriate. This may be done by sending a confirming letter or by checking off, annotating, and initialing a copy of the substantial completion punchlist. Upon confirmation that the contractor has completed all the items on the substantial completion punchlist, final contract completion is achieved. The contracting officer completes Form 1233, indicating a completion stage of Technical Final (see Exhibit 6.3.2-16). A letter under the contracting officer's signature should be sent to the contractor to indicate final acceptance of the work. Final acceptance begins the warranty period under Clause B-61, *Warranty (Construction)*.

6.3.2-20 *Partial Occupancy Before Acceptance*

Standard policy is that facilities are not to be occupied in whole or in part before final acceptance. However, the contracting officer may exercise the right of partial occupancy per Clause B-36, *Postal Service Partial Occupancy*. Consider conducting a substantial completion inspection of the occupied portions if the space appears nearly complete.

6.3.2-21 *Effects of Partial Occupancy Before Acceptance*

When the Postal Service occupies part of an incomplete facility, the right to charge the contractor liquidated damages for that portion of the facility may be lost. In addition, the Postal Service may issue an equitable adjustment in the contract price to compensate for any increase in costs incurred as a result of the partial occupancy.

6.3.2-22 *Notice of Partial Occupancy Before Acceptance*

An official notice signed by the contracting officer must be sent to the contractor regarding the partial occupancy. The notice:

- a. Delineates the area of partial occupancy and work remaining.
- b. States any facility operating costs that the Postal Service is responsible for due to its occupancy, such as utilities for the occupied area.
- c. Requests that the contractor notify the Postal Service sufficiently in advance of the required dates for occupancy to eliminate or mitigate any conflicts or problems.
- d. Contains a copy of the punchlist.

Exhibit 6.3.2-23 is a sample partial occupancy letter.

6.3.2-30 *Contract Closeout*

The COR is responsible for ensuring that the following major closeout tasks and related actions are completed:

- a. Architectural Barriers Compliance certificate, by the A/E, if applicable.
- b. Final payment to the contractor.
- c. Form 5002, *Construction Contractor Performance Evaluation* (Exhibit 6.1.2-21) for the construction contractor.
- d. Form 7477-A, *Architect-Engineer's Performance - Design Phase Evaluation*, (Exhibit 6.1.2-21a, chapter 6A), to evaluate A/E performance during the design phase.
- e. Form 7477-B, *Architect-Engineer's Performance - Construction Phase Evaluation* (Exhibit 6.1.2-21b, chapter 6A) to evaluate A/E performance during the construction phase.

6.3.2-31 *Contract Final Payment*

Final payment (including release of retention) is processed after these steps have been taken:

- a. Determination that all work required by the contract has been completed, including all punchlist items.
- b. Determination that all contract price and time adjustments have been made (by change order) except those adjustments that may result from items excepted from the contractor's release.

- c. Withholding of sufficient funds from payment to offset liquidated damages, if assessable (see PM 2.2.6), including labor violations, inspection costs chargeable to the contractor, or any other indebtedness of the contractor to the Postal Service for which an offset may properly be made.
- d. Execution of a contractor's release, with appropriate exceptions, by the contractor along with a final payment request.
- e. Furnishing of as-built drawings, warranties, guarantees, spare parts and spare parts lists, Postal Service training and training manuals, mounted instructions, mechanization testing, O&M manuals, and completion photographs as required by the contract specifications and drawings.

6.3.2-32 *Related Project Closeout Actions*

The COR ensures the files are updated and placed in proper order for future storage.

A/E contract adjustments should have been completed, so all previous documents (plans and specifications) from 10 percent through 100 percent may be removed from the files for disposal. Any other contracts, such as those with construction management personnel, must be finalized, including the transfer of appropriate Postal Service records and samples to the new facility.

6.3.2-33 *Project Closeout Checklist*

The COR uses a checklist (Exhibit 6.3.2-33) during project closeout.

6.3.2-40 *Completion of Form 1233*

Form 1233, *Project Financial Completion Report*, (Exhibit 6.3.2-16) must be processed at the following points during the construction of a facility project:

- a. At technical final.
- b. At the administrative and fiscal completion.

6.3.2-41 *Technical Final*

Technical final is when the work is 90 percent paid. Submission of Form 1233 to the St. Louis Information Systems Service Center serves as notification for a transfer of the accumulated costs from work-in-process to plant, property, and equipment-in-service accounts. The form must be completed as a technical completion report whenever the project funding document was Form 4209, *Project Authorization* (Exhibit 6.3.2-431a).

6.3.2-42 *Processing Form 1233 for Technical Completion Phases*

The COR must update the project description and identify the project status as Beneficial Occupancy/Usage and attach outstanding punchlist items to the technical status report.

The COR prepares a Facilities Management System (FMS) Data Input Sheet showing the physical characteristics of the facility as of the final inspection.

The certified Form 1233 and the updated Data Input Sheet are processed by the FSO to permit the necessary accounting reclassification of the project status.

The original Form 1233 is sent to the St. Louis Information Systems Service Center for accounting reclassification.

6.3.2-43 *Administrative and Fiscal Completion*

The COR prepares Form 1233 on both capital and expense projects when they reach the administrative and fiscal completion stage. Administrative and fiscal completion of a project takes place when all outstanding change orders have been processed and all work has been completed, including punchlist items.

6.3.2-431 *Processing Form 1233 for Administrative and Fiscal Completion*

In processing Form 1233 for administrative and fiscal completion, the COR must take the following steps:

- a. Determine that all outstanding change orders have been completed (including the punchlist items), release of claims has been received, and final construction payment has been made.
- b. Review all Forms 4209, *Project Authorization* (Exhibit 6.3.2-431a), to determine whether there are unsettled cases of A/E negligence and take appropriate action in accordance with 6.5.1-21, chapter 6A.
- c. Prepare Form 1233 (Exhibit 6.3.2-152b) indicating administrative and fiscal completion and forward it to the contracting officer for certification and signature.
- d. Adjust all unliquidated Project Authorization Control System (PACS) balances with Form 4211, *Facility and Fixed Mechanization Project Contract Commitment Order* (Exhibit 6.3.2-431b).
- e. Adjust final Form 4209 to deauthorize or authorize funds as required.

6.3.2-432 *Processing Form 1233 for Administrative and Fiscal Completion with Unsettled Claims*

An administrative and fiscal completion report may be prepared for projects that have reached the final completion stage except for unsettled claims, based on the following conditions:

- a. The contracting officer, after consultation with the purchase team, determines that settlement of the claims will take an extended period of time because of protracted negotiations or litigation.
- b. The Form 1233 contains a statement in block 10 that claims are pending.
- c. The contracting officer makes the requirements organization aware that a new Form 4209 (see Exhibit 6.3.2-431a), must be prepared for the final settlement amount.
- d. The new project authorization number must be different from the closed-out project authorization number.

6.3.3 **Receiving Reports** 

6.4 **Payments and Financing**

6.4.1 **General** 

6.4.2 **Invoices** 

6.4.3 **Payment** 

6.4.3.f ***Final Payment***

See 6.3.2-30 through 6.3.2-33 for an explanation of final payment in connection with construction contracts.

6.4.4 **Withholding Payments** 

6.4.4-10 ***Retained Percentage Under Construction Contracts***

In the case of construction contracts, five percent of the agreed amount due for completed and accepted work is normally retained until final completion and acceptance of the work (see Clause B-48, *Payment (Construction)* or Clause FB-308 ALT 1, *Payment Design/Construction, Fixed-Price*).

6.4.4-11 ***Reduction of Retained Percentage***

Reduction of the retained percentage may only be made upon the contracting officer's written authorization, after consultation with the purchase team, under the following conditions:

- a. The satisfactory in-place work must be 50 percent complete.
- b. The contractor must continue to make acceptable progress (authorization to reduce the retained percentage in progress payments can be revoked by the contracting officer at any time if the contractor is no longer maintaining acceptable progress).
- c. The contractor must request a reduction in writing.
- d. The A/E and the CMSSC (if any) must forward the request for reduction to the contracting officer with recommendations.

The reduction is made on the first progress payment after the contracting officer's written authorization.

6.4.4-12 *Reduction of Retained Percentage After Substantial Completion*

A further reduction of the retained percentage of progress payments (beyond the reduction covered by 6.4.4-11) may be granted upon written authorization of the contracting officer under the following conditions:

- a. Substantial completion must be achieved.
- b. The contractor must apply for the reduction in writing.
- c. The A/E and the CMSSC (if any) must forward recommendations to reduce the retained percentage to the contracting officer. The recommendations consider and account for possible liquidated damages, overpayments made in the breakdown items, the extent of defects and omissions, and uncompleted testing.

6.4.5 *Progress Payments* 

6.4.5-10 *Construction Contract Progress Payments*

Monthly progress payments are made in accordance with the requirements of the construction contract. The amount of each payment is based on work completed during the payment period. A progress payment request should be based on a schedule of values (see 6.4.5-13) or on a cost-loaded network analysis system schedule. Payments are accompanied by proper invoices for amounts claimed for stored materials and by a construction progress schedule update in accordance with the terms of the construction contract.

6.4.5-11 *Review of Construction Contract Progress Payments*

The COR must review a construction progress payment request for completeness and accuracy and forward it to the contracting officer for final approval. If previously processed progress payments are found to be erroneous, an appropriate correction must be made in subsequent payments. When work nears completion, cost estimates of uncompleted work are made. Ensure that the remaining funds are adequate to cover the cost of uncompleted work.

Payment should not be made for any work that is not in accordance with the contract documents.

6.4.5-111 *Review of Progress of Construction*

Progress measurement is essential to determine the reasonableness of each monthly request for a progress payment. If progress is not measured, a progress payment might in fact be an advance payment, which is improper.

6.4.5-12 *Authority to Approve Contract Progress Payments*

Only a contracting officer may approve payment requests.

6.4.5-13 Contract Schedule of Values

A schedule of values (contract price breakdown) is prepared by the contractor and submitted for contracting officer approval on every construction contract where two or more payments are required. If the contractor does not submit a schedule of values promptly after notice to proceed, the COR should request one in writing (see Exhibit 6.4.5-13).

6.4.5-131 Format of Contract Schedule of Values

The form in Exhibit 6.4.5-131 is used to record the schedule of values. When individual work items are large (mechanical and electrical), subsidiary schedules can be prepared to facilitate closer determination of progress. When a cost-loaded Network Analysis System is used, costs can be allocated to individual activities and the activity cost breakdown can be used as a highly detailed schedule of values. This kind of schedule can be automatically processed by computer.

6.4.5-132 Review and Approval of Contract Schedule of Values

The COR must review the initial schedule of values to ensure that it is fair and reasonable. It must be approved before the first progress payment is due. Approval may not be based on a token review, since the cost breakdown forms the basis of future progress payments. The COR considers the following points in undertaking the review:

- a. Each work item listed should be completely accounted for and include both material and labor.
- b. Overhead and profit must be prorated through each of the work items.
- c. The values of early starting work items may not be inflated; the contractor must be asked to justify any item that appears unreasonable or inflated (Exhibit 6.4.5-132).
- d. All work elements identified in the contract must be covered.

6.4.5-14 Payment for Stored Materials

Unless otherwise provided in the specifications, payment for stored materials may be made under the two sets of conditions listed in 6.4.5-141 and 6.4.5-142.

6.4.5-141 Payment for Materials Stored On-Site

Payment for materials stored on-site are made when:

- a. The contract price exceeds \$50,000.
- b. The material is inventoried.
- c. The contractor submits invoices showing the quantity and value of material claimed.
- d. Invoices are retained in the contract file.
- e. Current invoices are checked each month with those previously filed to prevent duplicate payments.

6.4.5-142 *Payment for Materials Stored Off-Site*

Payment for materials stored off-site are made when:

- a. The contract price exceeds \$50,000.
- b. The material is stored properly in an insured or bonded warehouse, storage yard, or similar suitable place within 25 miles of the site or a reasonable distance in excess of 25 miles as approved by the contracting officer, after consultation with the purchase team.
- c. The contractor furnishes properly executed bills of sale for the material upon which payment is being made.
- d. These bills are retained in the contract files.
- e. To facilitate inventory of material on site, the contractor submits an itemization of previous on-site material, new deliveries, amount placed, and amount remaining.

6.4.5-15 *Payment for Bonds Under Construction Contracts*

A contractor may claim the actual cost of bonds in its payment requests. Satisfactory evidence to support the contractor's payment of bond premiums must accompany the payment request.

6.4.5-16 *Use of Contractor's Invoice*

The contractor's invoice may be used instead of Form 4211-B (Exhibit 6.4.3.f-11, chapter 6A) for the following:

- a. Contracts of short duration when only one payment is required.
- b. Contracts for installation of selected capital equipment items, such as scissors lifts and cluster boxes.

6.4.5-17 *Steps for Processing Progress Payments Under Contracts*

Follow the steps below to process progress payments under construction contracts:

- a. The contractor partially completes its portion of the payment request, Form 4211-B, at the time the monthly payment request is due.
- b. The contractor submits the payment request directly to the COR (or to the COR via the A/E or CMSSC) who checks the payment requested against actual progress and stored materials.
- c. The A/E or CMSSC promptly reviews the payment request (it is best for the A/E or CMSSC and contractor to meet in advance and review the contractor's draft).
- d. If the A/E or CMSSC is not processing payment requests promptly, the COR instructs the contractor to submit the original payment request to the COR with a copy to the A/E/CMSSC. (The A/E and the COR confer by phone regarding the accuracy of the contractor's request.)

- e. The COR completes Form 4211-B after receipt of a payment request from the contractor.
- f. Any changes made to the dollar amount(s) must be initialed by the COR and a copy sent to the A/E or CMSSC and to the contractor.
- g. The original signed payment request must be retained in the contract file.
- h. Payroll sheets and release of claims forms must be retained in the contract file.

6.4.5-18 Progress Payments Under Small Contracts

The use of a detailed schedule of values may not be necessary on small, non-complex projects. On such projects, progress may be measured in terms of cubic yards of concrete placed, square feet of surface painted, or square yards of roof installed. However, progress payments are based on satisfactory work in place.

6.4.5-181 One-time Payments Under Small Construction Contracts

For small projects, a one-time payment following satisfactory completion may be more appropriate than progress payments. Use Form 4211-A, *Facility and Fixed Mechanization Project Contract Payment Authorization* (see Exhibit 6.4.5-181).

6.4.6 Limitation of Cost or Funds 

6.4.7 Assignment of Claims 

6.5 Contract Modifications

6.5.1 General 

6.5.1-10 Modifications to Construction Contracts

Construction contract modifications should be avoided because they may cause disruption of the contract work, delays, and added costs. In some cases, however, design deficiencies must be corrected, unforeseen conditions must be addressed, and Postal Service-requested changes must be made. Construction modifications to correct design deficiencies and unforeseen conditions should only be approved when, if not corrected, they would prevent construction operations from continuing; impair the safety, quality or use of the facility; or increase the cost. Construction modifications should be approved only if they are essential to operations.

6.5.1-11 Contract Clauses Related to Contract Modifications

A contract includes clauses that address contract modifications and change orders. CORs should familiarize themselves with the clauses listed below.

<u>Clause No.</u>	<u>Title of Clause</u>
B-9	<i>Claims and Disputes</i>
B-10	<i>Pricing of Adjustments</i>
B-11	<i>Termination for Convenience</i>
B-13	<i>Termination for Default</i>
B-15	<i>Notice of Delay</i>
B-16	<i>Suspensions and Delays</i>
B-19	<i>Excusable Delays</i>
B-21	<i>Change Order Accounting</i>
B-32	<i>Differing Site Conditions</i>
B-33	<i>Inspection and Acceptance</i>
B-37 and FB-313	<i>Changes (Construction)</i>
FB-271 and FB-309	<i>Equitable Adjustments</i>

6.5.1-12 *Postal Service Cost Estimate for Contract Modifications*

Prepare a Postal Service cost estimate before negotiating a final price to a modification or change order.

6.5.1-13 *Timeliness of Review and Approval of Contract Modifications*

Purchase teams should be aware of all necessary reviews and approvals for potential contract modifications. Timeliness is important when a delay in issuing a construction contract modification could seriously impede construction operations, resulting in delay costs chargeable to the Postal Service. If the anticipated dollar value of the modification plus the current value of the contract exceeds the contracting officer's authority, the contracting officer must determine who is the next higher authority authorized to sign the modification (see PM 1.5.3.b).

6.5.1-14 *Proposed Contract Modification Preparation and Issuance*

Prepare and issue modifications in accordance with the following steps:

- a. If the anticipated dollar value of the modification plus the current value of the contract will exceed the contracting officer's authority, the contracting officer must determine the next higher authority authorized to sign the modification (see PM 1.5.3.b), or request such authority from the manager, Major Facilities Purchasing.
- b. The amendment/modification format created by the design and construction contract system (DCCS) must be used to document each modification to the contract.
- c. The description of the proposed modification is concise, explicit, and tells the contractor what is to be done. Include appropriate revised drawings or sketches as necessary to ensure the contractor is aware of the location and limits of the work.
- d. Forward the proposed contract modification to the contractor with a cover letter signed by the COR requesting a cost proposal (see Exhibit 6.5.1-14).

When an A/E or CMSSC is involved, the cover letter and modification may be forwarded through the A/E or CMSSC.

- e. Copies of the proposed modification are distributed as follows:
 - (1) Original and one copy to the contractor, with cover letter.
 - (2) One copy to the contract file with back-up information.
 - (3) One copy to the A/E, if applicable.

6.5.1-15 Processing the Contractor's Cost Proposal for Proposed Contract Modification

After the contractor submits its cost proposal to the A/E or CMSSC (if any) or the COR for review, the following steps are taken:

- a. The A/E or CMSSC reviews the proposal and forwards it to the COR, along with a recommendation regarding acceptance, areas of disagreement on cost (if any), and the A/E's detailed cost estimate.
- b. The COR determines the reasonableness of the contractor's cost proposal and prepares an independent estimate for comparison and for use in any subsequent negotiations. (When applicable, the A/E's cost estimate may serve as the Postal Service estimate. Exhibit 6.5.1-15a provides a sample format that may be used).
- c. The COR reviews the contractor's proposal to determine reasonableness (within 10 percent of the Postal Service estimate) and to determine whether all items included are allowable.
- d. The COR or CMSSC conducts negotiations with the contractor to resolve any differences.
- e. If the contractor's proposal requests a time extension, the COR determines whether the contractor has provided sufficient written justification defining the impact of the proposed modification on the construction progress schedule. (Time extensions to the contract completion date should not be granted when the work as modified can be performed concurrently with base contract work and without affecting the critical path of construction.)
- f. The contracting officer determines whether additional bonding or consent of the contractor's surety is required.
- g. The COR completes Form 4909, *Findings of Fact for Contract Modifications* (Exhibit 6.5.1-161).
- h. After reaching an agreement with the contractor regarding price and time extension (if any) for the contract modification, the COR completes a Form 7330, *Amendment/Modification* (Exhibit 6.5.1-15b) and forwards it to the contractor for execution. Upon return of the executed modification by the contractor, the contracting officer signs and returns a copy of the modification to the contractor.
- i. Should agreement not be reached with the contractor, the contracting officer, after consultation with the purchase team, determines an equitable price and time extension (if any), and then prepares, executes, and

forwards a separate modification to the contractor with directions to proceed with the change. The contracting officer must advise the contractor of the right to appeal described in Clause B-9, *Claims and Disputes*.

- j. The COR ensures that the contractor updates the construction progress schedule and the schedule of values to reflect approved construction modifications and time extensions.

6.5.1-151 Allowable Costs for Contract Modifications

The contractor prepares a detailed cost breakdown on a Construction Cost Estimate form similar to Exhibit 6.5.1-15a. When subcontractors are involved, a separate detailed cost breakdown is attached, defining each subcontractor's share of the work. The contractor summarizes the estimate in the summary portion of the form as follows:

- a. Direct labor — include direct labor costs for personnel up to and including the foreman level. Other supervisory labor is included in the allowance for overhead.
- b. Insurance — include Workmen's Compensation and Public Liability Insurance. The actual rate of insurance paid by the contractor must be shown. Unemployment insurance is not included here; it belongs in item i below.
- c. Materials — include material costs and sales tax on material, if paid. Sales tax is allowed on material only, not on labor.
- d. Equipment — include delivery costs and a rental rate for power tools and equipment (including fuel, oil, and maintenance, if applicable).
- e. Deducts — offsetting credits for labor, materials, and equipment should be taken for the cost of base contract work deleted from the contract.
- f. Subtotal — items a through e are subtotaled to determine the total direct costs.
- g. Overhead — include an overhead percentage to cover the use of small tools, incidental job burdens, general office expense, bond premiums, wages and salaries of indirect labor (project managers, superintendents, timekeepers, watchmen, secretaries, and clerks), fees for permits (including environmental permits), and all other expenses not included in direct costs. The maximum overhead must not exceed 10 percent of direct costs of work performed by the contractor with its own forces.
- h. Profit — do not use predetermined percentages or limitations on profit. Assess the complexity of the work, the resources required of the contractor, the timing of the change, and the risk taken in performing the work. Simple straightforward changes, for example, do not warrant a high profit percentage. The maximum profit must not exceed 10 percent of direct costs of work performed by the contractor with its own forces.
- i. Employment taxes — include payments made under FICA, FUTA, and any state unemployment taxes paid (if applicable) based on the direct labor charges in Item a. Specify the rate of FUTA and the state unemployment

- tax. The contractor and its subcontractors are not allowed profit, overhead, or commission on employment taxes paid under FICA, FUTA, or state law.
- j. Subcontracts — include the total amount of subcontractor costs, with back-up information on the subcontractor's letterhead. When subcontractor costs are a component of the general contractor's costs, they should include a breakdown of overhead and profit (not exceeding 10 percent each) for the subcontractor. The general contractor may apply commission not exceeding 10 percent to the subcontractor costs. Regardless of the number of subcontract tiers, the total mark-ups paid (general contractor's plus subcontractor's) may not exceed 10 percent overhead and 10 percent profit below the contractor level plus a general contractor's commission of 10 percent.
 - k. Total — total items f through j to arrive at the total increase or decrease to the contract amount.
 - l. In the case of proposals covering both increases and decreases in the contractor's costs, the overhead and profit are computed on the net change only. On proposals for decreases, the appropriate amounts of overhead and profit are added to the decrease in direct cost.

6.5.1-16 *Review and Approval of Proposed Contract Modifications*

The COR manages the review of a proposed modification before it is submitted to the contractor for pricing. The COR ensures that there is a thorough evaluation of the benefits and adverse effects of each proposed construction modification. When applicable, A/E or CMSSC services are used to assemble, document, and coordinate information related to the proposed modification. At a minimum, the review determines the:

- a. Reasons for the modification, that is, changes in Postal Service requirements, unforeseen conditions, design errors, or design omissions.
- b. Estimated cost of the modification, its effect on contract schedules, and its effect on contract drawings and specifications.
- c. Availability of funds for accomplishing the modification.
- d. Additional work caused by the modification is neither a part of the original contract nor included in any previous approved modification.
- e. Proposed modification is within the general scope of the contract (legal counsel may be consulted in making this determination).
- f. Practicality of obtaining competitive proposals for the additional work.

6.5.1-161 *Findings of Fact for Proposed Contract Modifications*

After negotiating a proposed modification to a construction contract, the COR prepares Form 4909, *Findings of Fact for Contract Modifications* (Exhibit 6.5.1-161). The purchase team reviews the form before the contracting officer signs it and issues the modification. Check the appropriate block to indicate the reason for the modification. This requires a judgment by the person preparing the form as to the responsibility of the A/E for any or all costs of the modification. If the A/E is determined to be responsible for any or all costs of the modification, a

copy of Form 4909 is placed in the A/E file for future reference when preparing the A/E's performance evaluation.

6.5.1-162 *Approval of Proposed Contract Modifications*

After the COR's review of a proposed contract modification has been completed, all determinations and findings along with appropriate recommendations are presented to the purchase team for a decision to proceed with the proposed modification. If the decision is favorable, a proposed contract modification is issued to the contractor. If the decision is unfavorable, a memorandum rejecting the proposed modification stating the reasons for rejection, is distributed to all interested parties.

6.5.1-20 *Distribution of Approved Contract Modifications*

Distribute the approved contract modification as follows:

- a. Three originals to the contractor, with cover letter, for the contractor to sign and return for Postal Service counter-signature.
- b. One fully executed original to the contract file with back-up information and one to the contractor with a cover letter.
- c. One copy to the A/E or CMSSC (if applicable).

6.5.1-30 *Price to be Determined Later Modification Procedure*

Contracting officers may not use letter contracts or not-to-exceed (NTE) letters in lieu of these price-to-be-determined-later (PDL) procedures. These expedited procedures for issuing contract modifications are used *only* when *immediate* implementation of a construction modification is required to eliminate a hazardous or unsafe condition, to prevent a work stoppage, and/or to avoid an unnecessary increase in cost or time extension. In such cases, a PDL modification letter may be used. Form 4909 must document the reasons for usage of this PDL procedure. Follow the steps in 6.5.1-31 through 6.5.1-33.

6.5.1-31 *PDL Modification Request*

The COR prepares the PDL modification indicating the NTE dollar amount for the contracting officer's signature and sends it to the contractor via telecopy (fax) or certified letter. The contracting officer must commit funds (Form 4211 is issued) *before* issuing a PDL modification letter. The modification letter provides the contractor with a detailed scope of work and requests that the contractor provide a detailed cost breakdown, including any additional time required to perform the modified work. The letter must indicate the date by when the final agreement of the PDL must be negotiated (see 6.5.1-32).

6.5.1-32 *Final Agreement on PDL Modifications*

Issue a completed modification (Form 7330) based on a final agreement with the contractor as soon as possible after issuance of a PDL modification letter, but prior to 50 percent completion of the modified work or the date indicated in the letter. If final agreement cannot be reached within this time frame, the

contracting officer must issue a unilateral modification (Form 7330) establishing an equitable adjustment of the contract price and the time.

6.5.1-33 *Monitoring Performance of PDL Modifications*

The project manager of the COR must monitor the progress of the modified work and the date indicated for final agreement and advise the contracting officer accordingly.

6.5.1-40 *Contract Modification Log*

The contracting officer establishes and maintains a contract modification log for each assigned contract. For each modification, the log tracks the modification number, a description of the work involved, adjustments in contract time and price, and the dates of requests for pricing, submittals of pricing, and execution.

6.5.2 *Change Orders* 

6.5.3 *Equitable Adjustments for Delays* 

6.5.3.a *General* 

6.5.3.a-10 *Contractor's Obligation to Perform in a Timely Manner*

The contractor has contractually agreed to complete the work within the time specified and is obligated to plan the work, order materials, employ labor, and coordinate all details to ensure completion within that time. The contractor alone is committed contractually to the Postal Service for completion of the work within the allotted time and is responsible for timely performance by contractors and subcontractors.

6.5.3.a-11 *Contractor's Responsibility for Nonexcusable Delays*

If the contractor fails to perform the work diligently or to complete the work within the time specified, the contractor is subject to termination for default, the assessment of damages, or both. Delays caused by the contractor are termed nonexcusable because they do not give the contractor the right to a time extension or compensation for associated costs. This differs from the treatment given to excusable and compensable delays (see 6.5.3.b and 6.5.3.c). Examples of nonexcusable delays include the failure to provide manpower or construction equipment needed to maintain scheduled progress, late submittals or deliveries of materials or equipment, mismanagement of subcontractors, and failure to obtain timely environmental permits or approvals which are the contractual responsibility of the contractor.

6.5.3.a-12 *Notice of Time Extension Requests*

If the contractor is delayed for any reason that entitles it to a time extension in accordance with the contract documents, the contractor must notify the contracting officer of the delay within the time and in the manner required by the contract. In making a time extension request, the contractor must satisfy all the requirements of the contract, including any pertinent terms of a scheduling

specification or provision. If the contractor fails to do so, any right to a time extension may be waived.

6.5.3.a-13 *Prompt Consideration of Time Extension Requests*

It is Postal Service policy to expedite all requests or claims for additional time. Prompt time adjustments make it easier for the contractor to schedule and manage remaining work and help the Postal Service to avoid costly claims for constructive acceleration (see 6.5.3.e-40).

6.5.3.a-14 *Responsibility for Justifying Time Extensions*

The contractor is responsible for identifying delays and justifying entitlement to time extensions. However, when the contractor fails to sustain its burden and the Postal Service knows that a time extension can be justified, the extension should be granted notwithstanding the contractor's failure to justify it.

6.5.3.a-15 *Manner of Justifying Time Extensions*

The contractor should promptly furnish as much information as possible in support of any time extension request. The following types of information should be provided:

- a. The portions of the work affected.
- b. Dates during which each portion of work was affected.
- c. An explanation of why and to what extent the delay affected the critical path of construction (and therefore the project completion date).
- d. Any data or analysis that must be submitted in order to satisfy all the requirements of the contract, including any pertinent terms of a scheduling specification or provision.
- e. Any other data that may be in the contractor's possession and may aid the contracting officer and the purchase team in evaluating the time extension request.

6.5.3.a-16 *Documenting Justification for Time Extensions*

The COR prepares a memorandum for the file justifying the time extension in all cases where time extensions are granted. The contracting officer must concur with the extension.

A justification for a time extension must include:

- a. A chronological description of events substantiating the proposed extension, including references to all pertinent information that is attached or available in the contract file.
- b. A tabulation of how the number of days of delay was determined, citing dates during which excusable delays occurred.
- c. If the contractor requested more time than is being recommended, the basis for the lesser recommendation in detail.

6.5.3.a-17 *Monitoring Excusable and Compensable Delays*

Because excusable and compensable delays may result in additional construction costs or delayed occupancy for the Postal Service, it is important that the COR monitor such delays while they are occurring. When applicable, A/E services may perform the monitoring which should include the activities described in 6.5.3a-171 through 6.5.3a-174.

6.5.3.a-171 *Contractor Expenses*

To the extent that they are not being satisfactorily tracked in standard daily documentation, the COR or CMSSC initiates and maintains a record of affected equipment, labor, and other contractor expenses.

The record of contractor expenses includes, but is not limited to, the following items:

- a. Construction equipment — owned or rented, operating or idle.
- b. Tools — power, hand-operated, or in storage.
- c. Labor — engineers, supervisors, foremen, journeymen, laborers, and clerical or office personnel.
- d. Overhead — office space, trailers, telephones, janitorial and office supplies, and utilities.

6.5.3.a-172 *Photographs*

The COR or CMSSC should take photographs of the areas affected by the delay and label and date them clearly.

6.5.3.a-173 *Idle Resources*

When the delay affects only certain portions of the work, the COR or CMSSC ensures that all equipment, tools, and labor used in other project areas are not claimed by the contractor as being idle.

6.5.3.a-174 *Part-Time Resources*

When equipment, tools, and labor are used on a part-time basis, the COR or CMSSC ensures that the contractor does not claim the time in use as idle time.

6.5.3.a-18 *Modifications for Time Extensions*

Incorporate approved time extensions into the contract by a contract modification.

6.5.3.b ***Excusable Delays*** 

Excusable delays are caused by factors that are not the responsibility of the contractor and therefore entitle the contractor to a time extension. If the Postal Service is not responsible for the delay, the contractor is entitled to a time extension only and not to compensation for additional costs incurred. If the Postal Service is responsible for the delay, the contractor is entitled to monetary compensation as well as a time extension. These delays are compensable delays (see 6.5.3.c).

6.5.3.b-10 *Strikes and Jurisdictional Disputes*

Strikes and jurisdictional disputes are excusable delays. If the contractor is delayed in completing the work because of a strike or jurisdictional dispute, the request for a time extension must include the circumstances that led to the strike or jurisdictional dispute. The request includes dates, trades involved, other trades affected, portions of the work affected, the net effect on overall project completion time, and any other appropriate factual data, such as letters from unions and newspaper clippings.

6.5.3.b-11 *Unusually Severe Weather*

Weather that hinders or prevents work is not a basis for a time extension unless the weather is more severe than reasonably is to be expected in the locality at the time of year. In that case, the weather is treated as an excusable delay.

The contractor must file a timely notice that it was delayed by unusually severe weather. The notice includes: (1) a statement of the portions of the work affected, (2) an explanation of the reasons work was prevented or hindered by the weather if not readily apparent, (3) the dates on which such portions of work were affected, (4) the total number of days the job in its entirety was delayed, and (5) any other information that would help the contracting officer, such as official weather bureau climatological data for a 10-year period, local weather bureau data, and daily project records.

6.5.3.b-12 *Late Delivery of Materials and/or Equipment*

The contractor may be entitled to a time extension for a delay caused by late delivery of materials and equipment, but only if the delay is ultimately attributable to an excusable cause. The contractor submits documentation that clearly establishes that deliveries were delayed for unforeseeable causes beyond the control and without the fault or negligence of the contractor, contractors, or subcontractors. The documentation includes, at a minimum: (1) a statement of the circumstances; (2) copies of correspondence showing that the contractor had reasonable assurance of timely supply; (3) copies of orders showing the date placed; (4) copies of invoices, delivery receipts and the like showing shipping or delivery dates; and (5) copies of correspondence showing diligent attempts to obtain materials when needed from other sources.

6.5.3.c **Compensable Delays** 

Compensable delays are caused by factors that are the responsibility of the Postal Service because of express or implied contract terms. They entitle the contractor to a time extension and to compensation for additional costs incurred. Examples of express contract terms that can be the basis for compensable delays include the clauses governing changes, differing site conditions, and suspensions of work required by the Postal Service. By operation of law, all contracts contain implied terms that include the duty to cooperate or the duty not to interfere with the other party's performance. Refusing to provide the contractor site access or information necessary to proper performance are examples of how the Postal Service could breach these duties and cause compensable delays.

6.5.3.c-10 *Delays Caused by Differing Site Conditions*

When the contractor encounters differing site conditions, it notifies the contracting officer promptly before proceeding with the work affected by these conditions in accordance with Clause B-32, *Differing Site Conditions*. Examples of differing site conditions include unforeseeable subsurface rock or hazardous or environmentally unsafe materials. If the contractor believes the conditions will delay completion of the project in its entirety, the contractor's request for an equitable adjustment of time must be supported with factual data, such as a description of the condition, the portions of work affected, the overall effect on the project, important dates, and any additional data that will aid the contracting officer and the purchase team, in reaching a prompt determination.

6.5.3.c-11 *Delays Caused by Suspension of Work*

Under Clause B-16, *Suspensions and Delays*, if all or any part of the work is suspended, delayed, or interrupted, the delay is compensable if it is the result of the contracting officer's:

- a. Directive or action in administering the contract.
- b. Failure to act within the time specified in the contract (or within a reasonable time if one is not specified).

6.5.3.c-12 *Suspensions Not Ordered by the Contracting Officer*

If the contractor claims a suspension of work for reasons other than a suspension order issued by the contracting, the COR immediately investigates to determine the cause and recommend to the contracting officer:

- a. Appropriate corrective actions, including actions to minimize any potential impact on the contract price and schedule.
- b. Rejection of the contractor's claim, with reasons for the rejection.

6.5.3.c-13 *Avoidance of Compensable Delays*

With the exception of differing site conditions, most causes of compensable delays are within the control of the Postal Service and are likely to result in the contractor asserting a claim for suspension of work or breach of the duty to cooperate. The Postal Service should exercise its control over the underlying causes of such delays to avoid and minimize them whenever possible. Causes of these types of delays include:

- a. Delay in issuing a NTP or a partial NTP.
- b. Delay in making the site available after issuing the NTP.
- c. Unreasonable delay in issuing a change order.
- d. Delay caused by defective specifications.
- e. Interference with the contractor's work.
- f. Slow approval of shop drawings.
- g. Delay in providing Postal Service-furnished equipment.

- h. Delay in furnishing interpretations of drawings and specifications.

6.5.3.d Concurrent Causes 

The contractor is entitled to the additional number of days the project is delayed in its entirety. The contractor is not entitled to a time extension for a delay that is concurrent with another delay for which time has been previously granted. The contractor is not entitled to an extension for a delay that is concurrent with a delay caused by the contractor.

6.5.3.e Acceleration 

6.5.3.e-10 *Acceleration of Construction*

A construction contractor can accelerate the performance of the work by manipulating resources in a variety of ways such as adding labor and equipment, using overtime, using additional shifts, and increasing the concurrency of different operations. Such actions often increase the contractor's costs to perform (even despite offsetting savings in time-related costs) and may be grounds for additional compensation, depending on the reasons for the acceleration effort.

6.5.3.e-20 *Voluntary Acceleration of Construction*

The contractor is not entitled to compensation for costs to accelerate if the acceleration is undertaken voluntarily for the contractor's own purposes or in order to overcome nonexcusable delays.

6.5.3.e-30 *Directed Acceleration of Construction*

If the project is on schedule and the Postal Service directs the contractor to accelerate the work to achieve an earlier completion date than the contract requires, the directive constitutes a change and entitles the contractor to compensation for increased costs incurred in complying with the directive. If the Postal Service directs the contractor to accelerate because the project is behind schedule as a result of nonexcusable delays, the contractor is not entitled to compensation for costs of acceleration.

6.5.3.e-40 *Constructive Acceleration of Construction*

If the contractor accelerates the work to overcome excusable delays, the Postal Service may be liable for the costs of constructive acceleration. A constructive acceleration exists when the following occurs:

- a. The contractor encounters a critical excusable delay and files a proper time extension request.
- b. The Postal Service improperly denies the request by an explicit response, or constructively denies the request by failing to act on it in a timely manner or by indicating that the original completion date will be enforced.
- c. As a result, the contractor accelerates performance and incurs actual acceleration costs.

6.5.3.e-50 *Evaluation of Acceleration Versus Delay*

Issuing a modification including a time extension is not the only means of addressing the impact of excusable delays on a construction contract. As an alternative, the Postal Service may issue a modification calling for acceleration of critical activities necessary to bring the project back on schedule. To fully consider the cost impact of any excusable delay, the contracting officer, in consultation with the purchase team, takes the following steps:

- a. Obtains from the contractor a proposal for the least costly method of accelerating the work to overcome the delay by focusing only on necessary critical trades, equipment, and work sequences.
- b. Obtains from the contractor a proposal for the cost of the delay to project completion assuming the time extension is granted and there is no acceleration to overcome the delay.
- c. Evaluates the significance to the Postal Service, financial or otherwise, of timely completion versus delayed completion.
- d. Determines the best solution for the Postal Service by examining the three items above together and issues a contract modification in accordance with that determination.

If the delay is excusable but not compensable, the cost of a modification granting a time extension is zero, and the cost of a modification requiring acceleration will be a (above) minus b (above), since the contractor is responsible for the delay costs if an extension is granted. In this case, these two figures should be offset in evaluating the acceleration solution.

If the delay is compensable, the cost of a modification granting a time extension will be b, and the cost of a modification requiring acceleration will be a. In this case, these two figures should be compared as alternative solutions, since the Postal Service bears cost responsibility for either delay or acceleration.

6.5.4 **Novation and Change-of-Name Agreements** 

6.6 Postal Service Property 

6.7 Subcontracting Policies and Procedures 

6.8 Claims and Disputes

6.8.1 **General** 

6.8.1-10 *Alternative Dispute Resolution* 

The Postal Service supports and encourages the use of alternative dispute resolution (ADR) as an effective way to understand, address, and resolve conflicts with contractors.

6.8.1-20 *Guidelines for Construction Claims Prevention*

The COR administers every contract fairly and in accordance with the contract terms and conditions.

6.8.1-21 *Alertness to Potential Claims*

The COR remains alert to potential claims by:

- a. Monitoring ongoing construction and anticipating upcoming construction to identify potential problems, evaluating the conditions involved, and coordinating with the responsible design organization and contractor to prevent or minimize problems.
- b. Monitoring the comments of the contractor's personnel, evidence of unusual record keeping, and the tone of contractor's correspondence.

6.8.1-22 *Maintenance of Accurate Correspondence*

The COR responds, promptly and in writing, to any written statements by the contractor that are not correct.

6.8.1-23 *Prompt Response to Contractor Complaints*

Upon learning of a contractor's complaint that may lead to a future claim, the COR should discuss the situation with the contractor as soon as possible to consider its merits and validity.

6.8.1-24 *Action on Complaints That Are Deemed Valid*

When the contractor raises a valid complaint, the COR takes appropriate corrective actions within the limits of authority delegated by the contracting officer, including recommending that the contracting officer negotiate a construction modification to correct the problem.

6.8.1-25 *Action on Complaints That Are Deemed Not Valid*

If the COR believes a complaint is not valid after discussing it with the contractor, the COR presents the complaint in dispute to the contracting officer and, if any questions involving design expertise are involved, to the A/E. If the differences cannot be resolved within the terms of the contract, the COR advises the contractor of the contract provisions pertaining to the notice and pursuit of claims. The COR prepares a memo to the file to record any information obtained up to that point.

6.8.1-26 *Documentation of Potential Claims*

The COR gathers and documents evidence for use in potential claims.
Examples of such evidence include:

- a. Inspection reports and monthly progress reports, especially those that include records of work that might be the subject of claims, instructions given to the contractor's representatives, and statements they have made relating to claims.
- b. Special memoranda for the record that address complaints or disputes that might lead to future claims including records of telephone conversations with the contractor or its representatives.
- c. Records of existing conditions, including surveys, test reports, samples of materials, and photographs identified by contract number, date, subject, and location.

6.8.2 *Claim Initiation* 

6.8.3 *Decision and Appeal* 

6.9 Contract Termination 

6.9.1.c *General Principles* 

6.9.1.c-10 *No-Cost Settlement*

See PM 6.9.1.c.2.

6.10 Remedies and Damages 

Exhibit 6.1.1.b-10a

**Sample COR Designation Letter for Construction Contract
(When A/E or CMSSC is Retained) (Page 1 of 2)**

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project name/location]
Contract No. _____
Designated Representatives

The purpose of this letter is to notify you of my designated representatives and their current authorities and limitations for administering the referenced contract.

[Name], [position], is the Contracting Officer's Representative (COR) for this contract and is responsible for the following aspects of administration of the contract:

- Reviewing and negotiating contract modifications,
- Reviewing and recommending progress payments,
- Reviewing contractor construction schedules,
- Reviewing contractor compliance with labor standards provisions,
- Reviewing contractor compliance with minority business subcontracting program (if any), and
- Coordinating architectural-engineering services.

The architect-engineer firm or construction management support services contractor of [name and address] has been retained by the Postal Service to provide the following services during construction:

- Performing on-site surveillance of construction activities and routine contract administration and coordination,
- Interpreting plans and specifications as required and issuing clarifying information to the contractor,
- Directing the contractor to correct or remove defective work or work not in compliance with the plans and specifications,
- Soliciting cost proposals from the contractor for contemplated contract modifications and reviewing and making recommendations,

Exhibit 6.1.1.b-10a

**Sample COR Designation Letter for Construction Contract
(When A/E or CMSSC is Retained)** (Page 2 of 2)

- Reviewing the contractor's construction schedules and progress payment requests and making recommendations,
- Monitoring the contractor's compliance with safety regulations,
- Preparing plans and specifications for contemplated contract modifications,
- Reviewing and approving contractor's shop drawings, catalog cuts, coordination drawings, samples, and the like for conformance with requirements,
- Reviewing and approving operating instructions and maintenance manuals, and
- Selecting colors, textures, and other related architectural items as specified.

All contractor correspondence will be with or through [name of A/E firm or CMSSC] except as specifically provided elsewhere in your contract. All authority not specifically delegated here remains vested with the Contracting Officer.

Sincerely,

Contracting Officer

Receipt Acknowledged:

(Signature of COR)

(Signature of Contractor)

(Signature of A/E or CMSSC)

Exhibit 6.1.1.b-10b

**Sample Letter Designating Authorized Representative
(When No A/E or CMSSC is Involved)**

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project name/location]
Contract No. _____
Contracting Officer's Representative

The purpose of this letter is to notify you of my designated representative and his/her current authorities and limitations for administering the referenced contract.

[Name], [position], is the Contracting Officer's Representative (COR) for this contract. In this capacity, the COR is authorized to:

- Provide on-site surveillance of construction activities, routine contract administration, and coordination,
- Interpret plans and specifications as required and issue clarifying information to the contractor,
- Direct the contractor to correct or remove defective work or work not in compliance with the plans and specifications,
- Review, negotiate, and process contractor cost proposals for contemplated contract modifications,
- Review and process contractor's construction schedules and progress payment requests,
- Review contractor's compliance with labor laws, safety regulations, equal employment opportunity requirements, and minority business subcontracting program (if any),
- Prepare plans and specifications for contemplated contract modifications,
- Review and approve contractor's shop drawings, catalog cuts, coordinator drawings, samples, and the like for conformance with requirements,
- Review and approve operating instructions and maintenance manuals, and
- Select colors, textures, and other related architectural items as specified.

All authority not specifically delegated here remains vested with the Contracting Officer.

Sincerely,

Contracting Officer

Receipt Acknowledged:

(Signature of COR)

(Signature of contractor)

Exhibit 6.1.2-21

Form 5002, Construction Contractor Performance Evaluation

U.S. Postal Service Construction Contractor Performance Evaluation	Instructions Evaluate the Performance Elements below. If 'unsatisfactory', explain. Provide facts concerning specific events or actions to justify your evaluation. Comment on contractor's general performance, judgment, and integrity. Mark any non-applicable elements "N/A".
--	--

Project	
Firm Name	Contract Number
Firm Address	Contract Date
	NTP Date

Performance Elements			Report
S – Satisfactory U – Unsatisfactory (Use reverse for Comments & Explanations)	S	U	Report Date
Contract Submittals (Shop Drawings, etc.)			Check One: <input type="checkbox"/> New Construction <input type="checkbox"/> Repair & Alterations <input type="checkbox"/> Mechanization
Superintendence			
Change Order Activity (by Contractor)			
Record (As-built) Drawings			Scheduled Completion Date:
Material Substitutions			Actual Completion Date:
Quality of Materials and Workmanship			
Control of Subcontractor Activity			Construction Contract Amounts:
Adequacy of Work Force			Award _____
Safety Practices			Contract Modifications:
O & M Manuals/Instructions			No. _____ Amount _____
Job Cleanliness & Traffic Control			
Met EEO & Labor Standards			Liquidated Damages Amount per Calendar Day
Completion of Punchlist			
Spare Parts Delivery			Liquidated Damages Amount Assessed
OVERALL EVALUATION			

Evaluator and Concurrence

USPS Evaluator (Typed Name, Title & Signature)	Date
USPS Contracting Officer (Typed Name & Signature)	Date

PS Form 5002, May 1982

Exhibit 6.2.1-11a

Sample Preconstruction Conference Invitation Letter

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project name and location]
Contract No. _____
Preconstruction Conference

The Preconstruction Conference for Contract No. _____ has been scheduled for [date] at [time]. This meeting is intended to provide you with an administrative orientation and is primarily for your benefit. An agenda is enclosed, and your questions are invited. The presence of your firm and your major subcontractors is required. Please take the steps necessary to ensure that the following persons attend:

- Your project manager,
- Your job superintendent, and
- Representatives of your major subcontractors.

Those persons designated below as receiving copies of this letter should also attend.

Sincerely,

Contracting Officer

Enclosure: Agenda

cc: COR
Manager, ASO
The Postmaster
A/E, CMSSC, or both

Exhibit 6.2.1-11b

Sample Preconstruction Conference Agenda (Page 1 of 4)

PRECONSTRUCTION CONFERENCE AGENDA

Facility: _____ Date: _____
Type of Work: _____ PMSS#: _____
Contract No.: _____
Project Authorization No.: _____
Contract Amount: \$ _____
Effective Date of Contract - NTP _____ (Day after receipt of NTP)
Required Contract Completion Date: _____ Liquidated Damages \$ _____ per day

ATTENDEES

- (1) U.S.P.S. Project Coordinator (P.C.) _____
Address: Facilities Service Office, 2 Hudson Place, 5th Floor, Hoboken, NJ 07030-5502
Telephone No. (201) _____
- (2) Architect/Engineer (A/E) _____
Representative:
Title/Authority _____
Address _____
Telephone No. _____ Zip + 4 Digits _____
- (3) Contract Firm: _____
Represented by: _____ Title: _____
Address: _____
Telephone No.: _____
- (4) Others (including subcontractors, USPS Personnel, with name, telephone no. and firm they represent). Attach list of all attendees of this meeting.
Postmaster/Station Manager _____
Building Maintenance _____
Support Serv. Representatives or _____
Operations, Safety, Division _____
- (5) A/E to keep minutes of all meetings & submit Project Construction Status Reports. Advance notice of meetings must be given to A/E, G.C., P.C.

Exhibit 6.2.1-11b

Sample Preconstruction Conference Agenda (Page 3 of 4)

General Discussion & Clarifications:

The contractor will communicate with the USPS via the A/E, if applicable, otherwise the USPS PM. This includes technical contract matters and payments. When strictly administrative matters are involved, written correspondence must be direct to USPS. Anything affecting basic contract terms must be brought to the attention of the CO.

Wage Rates shall be posted in a conspicuous manner, located so as to be readily accessible to all employees as per contract requirements. The Contractor is advised that his employees (and those of sub-contractors) will be interviewed throughout the course of the contract to verify that Wage Rate requirements are being complied with. Also, work crews will be observed for proper balance between journeymen and laborers, apprentices and helpers.

The Contractor shall comply with Equal Employment Opportunity (EEO) requirements for participation of Minority Business Enterprises as subcontractors/suppliers on this contract. The report shall be submitted within 30 calendar days after award of the contract and using format as shown.

The Contractor shall report to the Contracting Officer his efforts to comply with the contract requirements for participation of Minority Business Enterprises as subcontractors/suppliers on this contract. The report shall be submitted within 30 calendar days after award of the contract and using format as shown.

Completed Certified payrolls must be submitted direct to the USPS (PM) at weekly intervals. All progress payments are subject to receipt of payrolls. It is the Contractor's responsibility to check sub-contractor's payrolls and to certify them as correct and complete.

A breakdown of total contract price showing amount included for each principal work category, on both a percentage and unit price basis shall be submitted to the A/E for approval. This will be used as a basis for determining progress payments. Use standard Form (4211-B) provided by the Project Manager at this meeting.

Prepare and submit to the A/E a list of all sub-contractors and suppliers and the extent of their job activity and involvement. This shall also emphasize the direct activities of the Contractor to insure that the required 12% of the contract work is being accomplished by him with his own organization.

The Progress Schedule shall be prepared and submitted to the A/E for review. When acceptable, the A/E will forward the Progress Schedule to USPS Project Manager. An updated copy shall be attached to each progress payment request throughout the construction period. The Contractor shall revise the Progress Schedule as required if, for any reason, it no longer reflects the actual progress and schedule as a result of delays or work changes. This does not infer approval of any delays by the USPS not is to be construed as a basis for waiver of liquidated damage claims. It is only for overall information as related to scheduling.

Contractor shall furnish a listing of all required shop drawings, catalog cuts, technical information, samples, laboratory tests, long-lead items and/or any other critical items or requirements. Make reference to the respective specification section and regularly follow-up on all items to maintain the schedule and avoid delays affecting overall project completion. The A/E and USPS Project Manager shall be notified in writing of all delays.

PRE-CONSTRUCTION CONFERENCE AGENDA
Projects \$100,000 and Above

- A. Administrative Procedures
 - 1. Correspondence
 - 2. General Information
 - 3. Role of the Field Construction Office
 - 4. Authorities and Limitations (see attached letter)
 - 5. Letter from contractor indicating who is authorized to sign change orders

- B. Fixed-Price Construction Contract Clauses
 - 1. Claims and Disputes (Clause B-9)
 - 2. Changes (Construction) (Clauses B-37 and FB-271)
 - 3. Differing Site Conditions (Clause B-32)
 - 4. Suspensions and Delays (Clauses B-15, B-16, and B-19)
 - 5. Performance of Work by Supplier (Clause B-42)
 - 6. Superintendence by Supplier (Clause B-43 and FB-237)
 - 7. Working Hours (Clause FB-202)
 - 8. Use of Premises (Clause B-44)
 - 9. Permits and Responsibilities (Clause B-47)
 - 10. Preference for Domestic Construction Materials (Clause 1-10)
 - 11. Payment (Construction) (Clause B-48 or FB-308 ACT 1)
 - 12. Participation of Small, Minority-Owned, and Woman-Owned Business (Clause 3-2)
 - 13. Small, Minority, and Woman-Owned Business Subcontracting (Clause 3-1)
 - 14. Equal Opportunity Affirmative Action (Provision 9-3)
 - 15. Inspection and Acceptance (Construction) (Clause B-33)
 - 16. Accident Prevention (Clause B-38)
 - 17. Shop Drawings, Coordination Drawings, and Schedules (Clause B-56 and DB-366)
 - 18. Record "As-Built" Drawings (Clause B-57 and DB-337)
 - 19. Construction Progress Chart (Clause B-59)
 - 20. Postal Service Partial Occupancy (Clause B-36)
 - 21. Warranty (Construction) (Clause B-61)
 - 22. Subcontracts (Construction) (Clause B-46)
 - 23. Building Codes, Fees, and Charges (B-49)
 - 24. Liquidated Damages (Clause 2-10)

- C. Labor Standards
 - 1. Davis Bacon Act (Clause 9-3)

- D. General Conditions
 - 1. Small, Minority, and Woman-Owned Businesses – discuss percentage of the total dollar value of subcontracts
 - 2. Contract documents
 - 3. Network Analysis System (NAS)

Exhibit 6.2.3-20

Daily Construction Report (Page 2 of 2)

Equipment on Site	Quantity	Description of Operation

Location of Concrete Pours	Cubic Yards	Cubic Yards to Date

Material Received	Supplier	Quantity	Del'y. Slip No.

Meetings, Discussions, Visitors, Delays, Etc.

Environmental conditions requiring immediate notice to authorities and Postal Service staff

Preparer's Signature: _____

Exhibit 6.3.1-14

Construction Inspection Report

Construction Inspection Report No. _____

Project Name: _____ Date of Inspection: _____

Contract No.: _____ Name of Inspector: _____

Contractor: _____ Architect: _____

Work or Materials Inspected	Location on Site	Time of Inspection	Inspection Findings

Other Parties Participating in the Inspection	Organizational Affiliations

Signature: _____

Exhibit 6.3.2-152

Sample Acceptance Letter

UNITED STATES POSTAL SERVICE

February 3, 1998

Mr. John Doe, Project Superintendent
Doe Construction, Inc.
1234 Main Street
Far Hills, NJ 07931

Ref: Beneficial Occupancy
West New York, NJ - Guttenberg Branch Office
Contract # 123456-97-B-01 59

Dear Mr. Doe:

Inspection for the purpose of full beneficial occupancy of the West New York, NJ -Guttenberg Branch Office facility, being postalized under the referenced contract, was conducted on Thursday, January 29, 1998. The inspection party included:

Name	Firm
John Doe	Doe Construction
Rachel Roe	Roe Electric
Frank Jones	Postal Service - Postmaster
Robert Smith	Postal Service - New York FSO

The inspection resulted in the full acceptance of the facility and in the transfer of the facility to the US Postal Service, for final custody subject to the correction of the open deficiencies listed on the enclosed Punchlist. In accordance with the warranty provision of the contract, acceptance by the Postal Service on January 29, 1998 marks the beginning of the one-year warranty period.

To facilitate correction of deficiencies that may develop during the warranty period, Frank Jones - Postmaster of the West New York, NJ - Guttenberg Branch Office has been authorized to direct all requests for correction directly to your office. Your responsibilities include repairing or replacing those items that were improperly installed or are found to be defective. You will be advised in writing any time deficiencies are identified under the terms of the contract.

Sincerely,

David Brown, Contracting Officer

Enclosures

cc: Postmaster

Exhibit 6.3.2-16

Form 1233, Project Financial Completion Report

United States Postal Service				1233	
PROJECT FINANCIAL COMPLETION REPORT				Date	Control Number
Installation Name					
Description of Work					
Project Authorization Number		Change Code	B/A Finance Number	FMS Project Number	
Actions: <input type="checkbox"/> A. Technical Final <input type="checkbox"/> B. Administrative and Fiscal <input type="checkbox"/> C. Project Cancellation <input type="checkbox"/> D. Project Deletion <input type="checkbox"/> E. Date Change					
Comments					
Personal Property is involved <input type="checkbox"/> Yes <input type="checkbox"/> No Fixed Mechanization is involved <input type="checkbox"/> Yes <input type="checkbox"/> No If personal property is involved, complete and attach the Project Completion Reports Form 1233-A (Mechanization Identification and Cost Allocation) and Form 1233-B (Personal Property Identification and Cost Allocation).					
Certification To be Completed by the Construction/Project Manager					
The undersigned has inspected this facility or equipment and agrees that the project is satisfactorily completed and may be accepted for Postal use. If applicable, attach deficiency report (punchlist).					
Signature			Date Signed		
Name, Title, Address and Phone Number					
Administrative actions have been completed and final payments approved for project report. Do not complete this part unless Action B or C is checked.					
Contracting Officer Name and Signature		Date Signed		Prepared By	
Contracting Officer Title, Address, and Phone Number				Contact Person	

PS Form 1233 March 1992 – 20260-6425, Rev. 7.00

Exhibit 6.3.2-33

Construction Project Closeout Checklist (Page 1 of 2)

Construction Project Closeout Checklist

Project Name _____ Contract No. _____ Date _____

Architect-Engineer _____

Contractor _____

Activity	Date completed
Substantial completion inspection scheduled with contractor/customer	
Substantial completion inspection completed	
Substantial completion certified	
Substantial completion punchlist completed	
Acceptance letter to contractor	
Warranties received	
As-builts received	
As-builts to A/E	
As-builts to customer	
As-built record of materials received	
Shop drawings complete	
Operations and Maintenance manuals received	
Spare parts received	
Payrolls received	
Keys received	
Keys given to customer	
Shop drawings, submittals, O&M manuals, as-built record of materials given to customer	
Completion photos taken	
Completion photos to CO	
Acquisition/facility data forms (SF and mark system) submitted	
Contractor's release of claims received	
Certificate of accessibility received	
Environmental and hazardous materials certificates received and environmental permits, manifests, etc. received	
Facility inventory sheet completed	
Project Completion Report Form 1233 indicating a Completion Stage of Technical Final completed	
Final payment on the construction contract made	
Final payment on the design contract, including any options, made	
Final payment on the CMSSC contract (if any) made	
Form 4211 processed to adjust total commitments to agree with total payments	

Exhibit 6.3.2-33

Construction Project Closeout Checklist (Page 2 of 2)

Activity	Date completed
Form 4209 issued to adjust total amount authorized on the project to agree with total payments	
Completion Report Form 1233 indicating a Completion Stage of Administrative and Fiscal completed	
Form 5002, Construction Contractor Performance Evaluation completed	
Form 7477-B, A/E Performance Evaluation completed	
Warranty deed in file	
Mortgagee's agreement in file	
Recorded lease in file	
FMS Project Code 8A project for warranty inspection (to start 10 months from acceptance date) set up	
Close out project in FMSWIN	

Exhibit 6.3.2-431a

Form 4209, Project Authorization

United States Postal Service				4209	
 PROJECT AUTHORIZATION				Date	Control Number
Installation Name					
Description of Work					
Project Authorization Number		Change Code	B/A Finance Number	FMS Project Number	
From			To		
Item Description	Account Number	Index Code	Additional Amount Authorized	Previously Authorized Amount	Total Authorized To Date
Total →					
Remarks and Limitations					
Approving Official Name and Signature			Date Signed	Prepared By	
Approving Official Title, Address, and Phone Number				Contact Person	

PS Form 4209 March 1992 – 20260-6425, Rev. 7.00

Exhibit 6.3.2-431b

Form 4211, Facility and Fixed Mechanization Project Contract Commitment Order

		FACILITY AND FIXED MECHANIZATION PROJECT CONTRACT COMMITMENT ORDER			4211	
					Date	Control Number
Installation Name						
Description of Work						
Project Authorization Number		Contract Number		Change Code	B/A Finance Number	FMS Project Number
Item Description	Account Number	Index Code	Additional Amount Committed	Previously Committed Amount	Total Committed To Date	
Contract Type		Contract Start Date		Contract End Date		Days Allowed for Payment by Prompt Payment Act
Payee Name and Address (6 lines maximum)					Contractor's Taxpayer ID No.	
					Parent Company Taxpayer ID No.	
					Yes	No
					Contractor Address Change	
					Parent Co. Pays the Tax	
					Small Business	
					Minority Bus. Enterprise	
					Woman-Owned Business	
					Labor Surplus Area	
					Educ./Non-Profit	
Remarks						
Contracting Officer Name and Signature				Date Signed		Prepared By
Contracting Officer Title, Address, and Phone Number					Contact Person	

PS Form **4211** March 1992 – 20260-6425, Rev. 7.00

Exhibit 6.4.5-13

Request for Contract Cost Breakdown

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project Name and Location]
 Contract No. _____
 Cost Breakdown

Please refer to Clause B-46 Payment (Construction) or Clause FB-308 ALT 1 that require the submission of a cost breakdown before submission of your first progress payment request.

As of this date, this required breakdown has not been received. Your earliest fulfillment of this contract requirement is requested. Please feel free to call or write if you have any questions that may need clarification. Your first progress payment request cannot be processed until you obtain an approved construction cost breakdown.

Sincerely,

Contracting Officer

cc: COR
 A/E

Exhibit 6.4.5-131

Contract Cost Breakdown/Schedule of Values (Page 1 of 3)



Schedule of Values

Facility:
Contractor:
Date:

Item	Description of Work	Scheduled Value	Work Completed				Work Remaining		
			Previous Application	This Application		Total Completed and Stored	%	Balance to Finish	Retainage
				Work In Place	Stored Materials				
Division 1	General Conditions								
1.0	Overhead								
1.1	Bonds & Insurance								
1.2	Permits & Fees								
1.3	O.&M. manuals								
1.4	Training								
Division 2	Sitework								
2.0	Paving (off-site)								
2.1	Utilities (off-site)								
2.2	Clearing & Grubbing								
2.3	Demolition								
2.4	Earthwork (develop.)								
2.5	Earthwork (finish)								
2.6	Utilities (on-site)								
2.7	Electrical (site)								
2.8	Paving								
2.9	Exterior signage								
2.10	Fences & Gates								
2.11	Landscaping								
Division 3	Concrete								
3.0	Site Concrete								
3.1	Building Concrete								
Division 4	Masonry								
4.0	Masonry								
Division 5	Metals								
5.0	Structural Steel								
5.1	Steel Joists								
5.2	Steel Deck								
5.3	Metal Studs								
5.4	Handrails & Railings								
Division 6	Wood & Plastics								
6.0	Rough Carpentry								
6.1	Finish Carpentry								
Division 7	Thermal & Moisture								
7.0	Roofing System								
7.1	Wall Insulation & V.B.								

Exhibit 6.4.5-131

Contract Cost Breakdown/Schedule of Values (Page 2 of 3)

Item	Description of Work	Scheduled Value	Previous Application	Work Completed			Total Completed and Stored	%	Work Remaining	
				Work In Place	Stored Materials				Balance to Finish	Retainage
Division 8	Doors & Windows									
8.0	Doors & Frames									
8.1	Specialty & Grilles									
8.2	Impact Traffic Doors									
8.3	Storefronts									
8.4	Hardware									
8.5	Other Glazing									
Division 9	Finishes									
9.0	Gypsum Board									
9.1	Tile									
9.2	Acoustical Ceiling									
9.3	Asphalt Plank Flooring									
9.4	Resilient & Carpet									
9.5	Painting									
Division 10	Specialties									
10.0	Toilet Accessories									
10.1	Flagpoles									
10.2	Interior Signage									
10.3	Lockers									
Division 11	Equipment									
11.0	Dock Equipment									
Division 12	Furnishings									
12.0	Casework									
Division 13	Special Construction									
13.0	IDS System									
13.1	Retail CCTV									
13.2	Investigative CCTV									
13.3	EAS System									
13.4	Fire Alarm System									
Division 14	Conveying Systems									
Division 15	Mechanical									
15.0	Plumbing									
15.1	Fire Sprinkler System									
15.2	HVAC System									
15.3	HVAC Test & Balance									
Division 16	Electrical									
16.0	Electrical Power									
16.1	Electrical Lighting									
Subtotal	Site Development	\$	-	#2.0, #2.1, #2.2, #2.3 and #2.4						
	Site Improvement	\$	-	#2.5, #2.6, #2.7, #2.8, #2.9, #2.10, #2.11 and #3.0						
	Building	\$	-	Construction costs not including Sitework cost						
	Total	\$	- \$	- \$	- \$	- \$	-	\$	-	\$ -

Exhibit 6.4.5-131

Contract Cost Breakdown/Schedule of Values (Page 3 of 3)



Schedule of Values Definitions

Facility:	Facility name and state.
Contractor:	General Contracting company name.
Paving (off-site) #2.0:	Off-site improvements such as streets.
Utilities (off-site) #2.1:	Off-site utility improvements and relocation of utilities.
Earthwork (develop.) #2.4:	Rough grading, removal of unsuitable material and importation of fill.
Earthwork (finish) #2.5:	Finish grading.
Electrical (site) #2.7:	Site lighting and related electrical work.
Paving #2.8:	Asphalt and concrete paving and striping.
Exterior signage #2.9:	Exterior and building mounted signage.
Landscaping #2.11:	Soil treatment, landscaping and irrigation systems.
Site Concrete #3.0:	Curbs and gutters, sidewalks and retaining walls.
Building Concrete #3.1:	Foundations, slab-on-grade, cast-in-place and precast concrete.
Site Development:	Site construction costs that make the site usable and increase the value for the Postal Service and subsequent users. This includes: Paving (off-site) #2.0, Utilities (off-site) #2.1, Clearing & Grubbing #2.2, Demolition #2.3 and Earthwork (development) #2.4
Site Improvement:	Site construction costs that are necessary for the construction of the project, but do not necessarily increase the value of the site for subsequent users. This includes: Earthwork (finish) #2.5, Utilities (on-site) #2.6, Electrical (site) #2.7, Paving #2.8, Exterior signage #2.9, Fences & Gates #2.10, Landscaping #2.11 and Site Concrete #3.0
Building Cost:	Construction costs that do not include Sitework costs.

Exhibit 6.4.5-132

Disapproval of Contract Cost Breakdown

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project Name and Location]
Contract No. _____
Cost Breakdown

The contract cost breakdown submitted per your letter dated (_____), is not approved because the submitted breakdown fails to provide an adequate basis for determining progress payments in accordance with Clause B-48 Payment (Construction) of the referenced contract.

Your breakdown is unacceptable and must be resubmitted because of the following specific reasons:

1. You have not broken down labor and material costs.
2. You have not associated labor and material for definable work items, such as paint rooms 10 and 12; or electrical outlets, column one to column ten.
3. You have too many high-cost lump sums (work elements should not exceed \$5,000 unless a single cost (such as \$40,000 equipment cost for a 10-ton A/C unit) makes it exceed \$5,000).
4. We do not see any line items of work covering testing.
5. We do not see any quality control inspection [if control paragraph from Division I is in contract] for work items requiring your internal pre-final/final inspection.
6. Your work line item description is too vague; we cannot determine from your descriptions exactly what work is covered.
7. You have no work items to cover these other items of work in your contract.

Please resubmit this information in accordance with the terms and conditions of your contract by [date].

Sincerely,

Contracting Officer

cc: COR
A/E

Exhibit 6.5.1-14

Request for Cost Proposal for a Proposed Change

UNITED STATES POSTAL SERVICE

Contractor's Name

Contractor's Address

Dear _____:

Subject: [Project Name and Location]
Contract No: _____
RFP# _____

Please submit to this office your detailed cost proposal for all labor, material, and equipment necessary to accomplish the following change. Please remember that in your contract requirements, overhead and profit are not allowed on FICA/FUTA at any tier. All further correspondence regarding this work must be identified to the above-referenced RFP# until incorporated into this contract by written modification.

Your proposal should be submitted for the following work [narrative - if insufficient, provide attachments]:

In addition to your cost proposal, please indicate any changes to the construction schedule as a result of the proposed change.

This letter is a request for a price proposal only and is not an authority to proceed. This authority is being withheld pending receipt and review of your detailed cost proposal. Please submit your cost proposal no later than [date] to [name of COR].

Sincerely,

Contracting Officer

Exhibit 6.5.1-15a
Cost Estimate (Page 1 of 2)

Construction Cost Estimate	A/E <input type="checkbox"/>	
	Contractor <input type="checkbox"/>	
	USPS <input type="checkbox"/>	

PROJECT

city _____ state _____ facility _____ sheet _____ of _____

contract no. _____ contractor _____ change request no. _____

date _____

DESCRIPTION

SUMMARY

_____ At an increase in the contract price of \$ _____ (broken down in itemized detail below)

_____ At no change in the contract price

_____ At a reduction in contract price of \$ _____ (broken down in itemized detail below)

_____ With an extension of _____ calendar days to the period of performance

Cost Detail

a. Direct labor (attach supporting detailed estimate)
 \$ _____

b. Insurance \$ _____

c. Materials and equipment (attach supporting detailed estimate) \$ _____

d. Deduct offsetting debt or credit for materials, labor and equipment (attach supporting detailed estimate) \$ (_____)

Subtotal \$ _____

e. Overhead (_____ %) \$ _____

f. Profit (_____ %) \$ _____

g. Employment taxes under FICA and FUTA \$ _____

h. Subcontracts \$ _____

Company	Category of Work	Amount

Subcontract Total \$ _____

Contractor's Commission on Total of Subcontracts \$ _____

Total Increase or decrease of contract price \$ _____

Exhibit 6.5.1-15b

Form 7330, Amendment/Modification

U.S. POSTAL SERVICE: CONTRACT/ORDER MODIFICATION

1. MODIFICATION NO.: M01 TO CONTRACT/ORDER NO.:
 2. a. DATE ISSUED: b. REQUEST NO.:
 c. FINANCE NO.:

3. CONTRACTOR: 4. ISSUED BY:
 U. S. Postal Service
 Facilities Customer Service, Rm. 4800
 475 L'Enfant Plaza West, SW
 Washington, D. C. 20260-6235

ATTENTION:

FOR INFORMATION CALL:

ACO CODE:

5. The above numbered contract/order is modified as set forth in Block 6, by change order issued pursuant to authority of Changes Clause 11-26. The contractor is required to sign and return 3 copy/copies of this modification to the Issuing Office (See Block 4).

6. DESCRIPTION OF MODIFICATION:

Except as provided herein, all terms and conditions of the document referenced in Block 1, as heretofore changed, remain unchanged and in full force and effect.

7. ACCOUNTS PAYABLE DATA is changed, see Block 6 above.

Previous Grand Total	:	\$.00
Value of Modification	:	\$.00
New Grand Total	:	- 0 -
New Net Total (less discounts)	:	\$.00

8. SIGNATURES: CONTRACTOR

U.S. POSTAL SERVICE

Signature

Date

Signature

Date

Name of Person Authorized
to Sign

Title

Name of Contracting Officer

Exhibit 6.5.1-161

Form 4909, Findings of Fact for Contract Modifications

U.S. POSTAL SERVICE FINDINGS OF FACT FOR CONTRACT MODIFICATIONS				
PROJECT	PROJECT NO.	MODIFICATION NO.	CONTRACT NO.	
A-E	CONTRACTOR			
1. REASON FOR MODIFICATION (<i>Check one</i>) <input type="checkbox"/> USPS CHANGE <input type="checkbox"/> FIELD CONDITION <input type="checkbox"/> DESIGN DEFICIENCY				
2. NECESSITY FOR CONTRACT MODIFICATION				
3. PRICE JUSTIFICATION				
4. TIME JUSTIFICATION		5. COST DATA a. Basic contract amount _____ b. Previous Mod. Nos. 1 thru _____ c. This Mod. No. _____ d. Total (a + b + c) _____ e. Changes directed (Notice to Proceed Issued) but unsettled (1) A/E Estimate _____ (2) Contractor's proposed cost _____ f. Total (d + e) _____ (1) With A/E Estimate _____ (2) With contractor's proposed cost _____ g. Present MODS to Date of Contract Award (b + c) _____ a _____		
AVAILABILITY OF FUNDS				
INDEX CODE	AMOUNT AUTHORIZED ON FORM 4209	AMOUNT COMMITTED ON FORM 4211	AVAILABLE FUNDS	AMOUNT OF THIS MODIFICATION
	\$	\$	\$	\$
	\$	\$	\$	\$
7. Amount estimated recoverables due to design deficiency _____ →				\$
APPROVALS				
APPROVAL RECOMMENDED		APPROVED FOR PCM CONFORMANCE		
PERSON PREPARING MODIFICATION (<i>Signature</i>)	DATE	CONTRACTING OFFICER (<i>Signature</i>)	DATE	
APPROVED FOR CATEGORIZATION AND EXPLANATION (<i>Signature of Appropriate Manager(s)</i>)				DATE

PS Form 4909, June 1985

(See Instructions on Reverse)