



**NORTH CAROLINA**  
Department of Transportation



# 2017 Contract Administration Workshop Supplemental Agreements

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# Supplemental Agreements

A Supplemental Agreement is an agreement between the Department and the Contractor that amends the contract as necessary to satisfactorily complete the proposed construction.

# Supplemental Agreements

- 104-3 – Alterations of the Work
- 104-5 – Adjusted Unit prices
- 104-7 – Extra Work - New work items
- Contract Times
- Other Terms

# Supplemental Agreements

## Ask Yourself

What is the scope of the proposed work and is it needed to satisfactorily complete the project?

# Supplemental Agreements

## Description

Detailed description - Narrative form – What it is, What it includes, Where is it located

First sentence should summarize the change

Include Specification reference - Extra Work, Additional Work, Altered Work, or Other

# Supplemental Agreements

## Description

Should be written so that those not familiar with the project can understand it.

Include Special Provisions, Plan Revisions, Attachments

Does not include justification

# Supplemental Agreements

## Description

48" CSP Y-9 Detour – Compensate Contractor for installation of approximately 75' of temporary 48" corrugated steel pipe (CSP) at station 25+66 –Y9- Detour as shown on Plan Sheet 2-S. The work shall be performed in accordance with Articles 300 and 310 of the 2012 Standard Specifications for Roads and Structures. Payment for installation and removal of the pipe shall be in accordance with the Project Special Provision for Temporary Detours (page 36 of the Contract)

# Supplemental Agreements

## Justification

Why is the SA needed

What Supports it - Plan Revision/Error,  
R/W Issue, New Development

Who requested it

# Supplemental Agreements

## Justification

The pipe is shown as 48" CSP on the roadway plan sheet 2-S, but as a 48" Reinforced Concrete Pipe (RCP) on the Pipe Summary sheet 3-X. There is no Line Item in the Contract for 48" CSP, only 48" RCP. However, due to the temporary nature of the pipe; the Engineer has elected to use CSP.

# Supplemental Agreements

## Things to Consider

Must determine the items and quantity needed and how they will be paid for

Could be new items or existing items

# Supplemental Agreements

## Things to Consider

May be a reduction/elimination of some items

RE should provide an estimate of quantities to the contractor – may need to work together

# Supplemental Agreements

## Price Negotiation

Prices may not be the same as at bid time due to inflation, salary increases, materials price increases

Average bid prices – are only a guide/place to start but may not be the final resting place

# Supplemental Agreements

## Price Negotiation

Consult with other units – Technical Services, Roadway/Structure Design, Geotech, Signing/Delineation, Other SA's

Don't be scared of a big number

# Supplemental Agreements

## Pricing

Consider Impacts to the schedule

Consider the risks involved – **The more information the lower the risk the better the price**

# Supplemental Agreements

## Pricing

Materials may be unique

Labor may be dedicated to another project

Equipment may be specialized

# Supplemental Agreements

## Cost Control

How to lower the overall cost – look at the quantities in relation to unit price

It costs to do supplemental agreement work

Contractor should submit the Standard Pricing Form found in the CM

### SUPPLEMENTAL AGREEMENT PRICING FORM

Assemble separately for each operation within the Supplemental Agreement

Project Number	Date
Turn-around time needed to avoid project delays Day(s)	
Potential impacts to project schedule should be discussed when prices are requested	
Brief description of Supplemental Agreement	
If work is subcontracted, describe portion of work performed by Prime	
Describe special conditions that affect pricing (Risk)	
<b>Materials*</b>	
Cost	\$
Transportation Costs	\$
Anticipated fabrication and/or delivery time	
*Provide description of material(s) and source(s)	
<b>Labor*</b>	
Labor cost	\$
Labor Burden (Percent mark-up to labor cost)	
*Provide certified annual labor burden	
\$	
*Attach quantity, duration, labor classification and wage rates of anticipated work force.	
<b>Equipment*</b>	
Cost	\$
*Attach quantity, type, production rates and duration of associated equipment. Identity rented equipment separately.	
*Describe any equipment that is idled during operations or associated with crew and idled by operation.	
<b>Subtotal of costs associated with work</b>	
\$	

SUPPLEMENTAL AGREEMENT PRICING FORM.pdf - Adobe Reader

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Fill & Sign Comment

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<b>Equipment*</b>	
<b>Cost</b>	\$
*Attach quantity, type, production rates and duration of associated equipment. Identify rented equipment separately.	
*Describe any equipment that is idled during operations or associated with crew and idled by operation.	
<b>Subtotal of costs associated with work</b>	\$
<b>Subcontract</b>	
<b>Subcontract Administration Cost (percent mark-up on cost subtotal)</b>	\$
<b>Overhead</b>	
<b>Overhead Cost (percent mark-up on cost subtotal)</b>	\$
<b>Profit</b>	
<b>Profit Cost (percent mark-up on cost subtotal)</b>	\$
<b>Total Supplemental Agreement Price</b>	\$
<b>Time Extension*</b>	<b>Days</b>
*Provide justification for any proposed time extension	
The costs detailed herein, although an estimate of the proposed work, are based upon the most accurate available information and/or historical costs of similar operations.	

8.50 x 11.00 in

# Supplemental Agreements

## Allowable Mark Ups

Labor Burden – Force Account typically allows 35%

Office Burden – Overhead – typically 5-25%

Profit – Typically 10%

# Supplemental Agreements

## Allowable Mark Ups

Subcontractors will add markups and then the Prime will add markups for administration

This is part of doing business

# Supplemental Agreements

## Time Extensions

Does the SA affect/delay the controlling operations

How does it affect the completion date

Should seasonal limitations be considered

# Supplemental Agreements

## Types of Time Extensions

- No additional time
- TCUCW
- Pro Rata
- Set Amount

1<sup>st</sup> three don't extend time during the life of the project – Best to resolve at the time the SA is negotiated if possible

# Supplemental Agreements

## Time Extensions

- Be sure to include time extensions on all applicable ICT's
- How to Undo an incorrect Time Extension Eraser Button



HiCAM [sprod]

File Edit Functions Inquiries References Admin Tools Window Help

### Review Supplemental Agreement Detail

Contract: C203207 Description (nickname): Reid to North Kannapolis  
 Contract Adjustment: SA 22.0 Description: "Waterline Additional Work" this Supplemental Agreement provides comp  
 Status: New Total Amount: \$1,000.00

General **Contract Times** Line Items WBS Detail Approval History

Contract Time Considered Upon Completion of Work  No Contract Time Extension or Pro Rata 1

Cont Time	Cont Adj	Description	Completion Date	Substantial Compl Date	Revised Compl Date	Damages Rate
00		OVERALL CONTRACT TIME	05/15/2017		00/00/0000	\$200.00
01		COMPLETE ALL WORK EXCEPT PLANTIN	10/19/2016		00/00/0000	\$2,000.00

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# Supplemental Agreements

## Authority Levels

### Under the Specifications

- RE – Up to \$100k and up to 30 days
- ACE – Up to \$200k and 30-90 days
- SCE – Greater than \$200k and 90 days
- DE/DCE – Unlimited for time and compensation
- Verbal Approval - \$25,000 (104-8(A))

