

Oklahoma Department of Transportation

Cancelled Material on Projects Construction Control Directive No. **19960508**

February 15, 2002

Scope: To determine the procedure for addressing cancelled material on construction projects or material taken into warehouse stock.

This Directive applies to where a city, county or state has funded all or part of the project or, where the Federal Government has funded all or part of the project.

With reference to Section 109 PAYMENT FOR CANCELED ITEMS of the Standard Specifications, when construction materials are part of the original contract and have been delivered to the project, but the work scheduled to utilize the materials is canceled, dispose of the materials as follows:

The best solution is to request the contractor to return the materials to the supplier. This might result in some transportation costs and a "restocking fee."

If the materials cannot be returned and since the Federal Government cannot participate in the cost of any items that are not used in the work, the materials belong to the local funding authority. The unused materials are to be delivered to the owners facility.

Place a line on the estimate in category 8500 which reflects the contractor's cost (not the bid price), attach a copy of the contractor's invoice and a copy of the receipt for the materials from the owners facilities, to the estimate on which the payment is made and to the final estimate. If the project is federally funded in part, be sure to indicate non-participating in Federal funds.

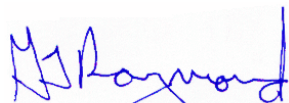
If the project is funded 100% with Federal funds, confer with the owner to see if they want the materials and if they are willing to be billed for them. If they are not interested in the materials, or not willing to pay the cost, the materials are to be delivered to the appropriate ODOT warehouse.

The processing of a change order may be required depending on the

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circumstances of the cancelled material. The following table gives guidance in determining whether the processing of a change order is required:

Material Taken Into Warehouse Stock	
Situation	Change Order Required?
Pay item work was cancelled and the contractor is requesting reimbursement for the cost of the material only.	No Payment for the material is covered by the specifications. The cost of the material can be placed on the estimate without processing a change order ¹ .
Pay item work was cancelled and the contractor is not only requesting reimbursement for the cost of the material but also preparatory and/or incidental costs associated with the cancellation.	Yes The cost of this cancellation of work has caused the owner(ODOT or the Local Government Entity) to incur additional costs. A change order is required to document the additional costs over and above the cost of the material only.
Pay item work was cancelled and the contractor was able to return the materials to the supplier but, requests reimbursement of a restocking fee which he must pay to the supplier.	Yes The cancelled work has generated costs other than the cost of the material only-a change order is required.



George Raymond, P.E.
Construction Engineer

¹If the Resident Engineer desires to document the change in design, a change order may be executed.