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**Construction Information Memorandum No. 2-2005**

TO: Division Engineers

ATTN: Division Construction Engineers

FROM: Terry McDuffie  
Construction Engineer

RE: Renewable Contracts

Over the past several years, the Department has begun letting renewable contracts such as those for maintenance roadside mowing. These type contracts were common in the mid-to-late 1990's, however the practice was discontinued due to policy changes concerning mowing requirements.

Since that time, the Department has changed several business practices including the use of CPMS for accounting operations and SiteManager for contract administration documentation. Both of these systems, coupled with other policy changes, will affect the administration and documentation for these type contracts. The purpose of this CIM is to clarify the current contract administration procedures.

**Original Contract:**

The contract is let, and the work is performed and documentation maintained like a normal maintenance or construction project. After all work has been satisfactorily completed, the Division will recommend acceptance for maintenance as outlined in Subarticle 105.15(c). This office will then notify the contractor in writing that the work has been accepted and the Department will assume the maintenance thereof. The Division stops time charges and begins processing the final quantities and estimate as outlined in Article 109.12. The contractor advertises the project completion as specified in Item 105.15(c)4.

**Contract Renewal Option:**

These type contracts contain a clause allowing the Department to exercise the option to renew the contract at least one time with said option to contain the same pricing, terms and conditions contained in the original contract. In order to proceed with a renewal option, the Division should notify this office of their request to renew the contract as soon as practical. However, this should be done no later than the acceptance for maintenance letter referenced above. It may be included as a provision of this letter. Consequently, this office will notify the Bureau of Office Engineer of this request.

Then, the Department must provide the contractor with a written Notice of Intent to renew along with certain contract renewal documents. Depending on the terms of the contract, the contractor may or may not have the option to decline the renewal without penalty of default. If the contractor does renew, this written Notice of Intent serves as the award letter.

The contract renewal documents are then processed including new bonds and the execution of the contract that is signed by all affected parties (i.e., the contractor, the Director, the Governor, etc.). The date of the Governor's signature is the Execution Date for the renewal contract.

**Contract Changes:**

Because of the requirements of CPMS and SiteManager, certain required contract numbers are modified in order to maintain a unique identifying number. The Contract ID is one of those and will be modified by adding an "R" or "S" to the end. For your information, the Contract ID is listed near the top of the Proposal page and is a unique field that is based on the year, month, day and call number of the project letting. For example, if a project was let to contract on January 16, 2004 with call number 61, the Contract ID would be 20040116061. So during the first renewal year, this number would be revised to 20040116061R.

The project number itself will basically stay the same. It will have the wording of (RENEWAL) or (RENEWAL2) after the project number. This additional wording will provide clarification about the contract status. However, the nine-digit CPMS number (i.e., charge number) will not be changed. All contractor payments and charges for E & I and final quantity preparation will continue to be made to this original charge number. This number is tied to the project budget, and revisions would cause too many problems for accounting and maintenance personnel.

After all the renewal documents are executed and the contract revisions outlined above are completed, the Bureau of Office Engineer will issue a Notice to Proceed for the renewed contract.

**Renewal Contract:**

The renewed contract is uploaded from PES/LAS to CPMS and SiteManager, and includes the new key dates. The contractor will begin work again in accordance with the Notice of Proceed and perform the contract items in accordance with the terms of the contract. Time charges will begin anew. The Division will maintain the documentation the same as the original contract with the exception that all project work is recorded in SiteManager under the renewed contract by selecting the revised Contract ID.

As far as processing estimates, the numbering sequence will start over with No. 1. Since it is a new contract, the numbering sequence should reflect it accordingly.

**Second Renewal Contract:**

If specified by the terms of the contract, the Department may renew the contract for a second time. If the Department exercises this option, all the guidance outlined above is still applicable. The Contract ID for the example above will be 20040116061S ("S" for second renewal).

**Conclusion:**

It has been several years since we have had to administer these type contracts. Hopefully, this CIM clarifies the proper contract administration based on current policies and practices.

If you have any questions concerning this memorandum or these contracts, please contact this office.

TM/WJP/wjp

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Ms. Alvena Williams

Mr. G. M. Harper

Mr. Ronnie Baldwin

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