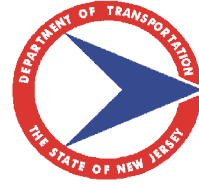


New Jersey Department of Transportation

1035 Parkway Avenue, PO Box 600, Trenton, New Jersey 08625-0600

Baseline Document Change Announcement



Retainage

BDC06S-05

May 08, 2006

SUBJECT: Revision to Subsections 109.05 & 109.07 to the 2001 Standard Specifications regarding retainage.

Subsections 109.05 & 109.07 of the 2001 Standard Specifications have been revised to comply with Federal Transportation's rule regarding 49 CFR part 26.29 requiring payments to subcontractors by prime contractors without withholding retainage. It also changed the retainage schedule to comply with State law R.S.27:7-34, which requires retainage held to be 2% on the entire Contract amount and 1% after Substantial Completion.

The following revisions have been incorporated in both the English unit Standard Input *SI2001EI* and Metric unit Standard Input *SI2001MI* as of May 08, 2006.

SECTION 109 – MEASUREMENT AND PAYMENT

109.05 Partial Payments.

SUBPART 1 OF THE SECOND PARAGRAPH IS CHANGED TO:

1. Each subcontractor or supplier has been paid any amount due from any previous progress payment and shall be paid any amount due from the current progress payment and no retainage is being withheld from any subcontractor on federally funded projects; or

THE SEVENTH PARAGRAPH IS CHANGED TO:

From the total amounts ascertained as payable, excluding subcontracted work on federally funded projects, an amount equivalent to two percent of the amount due on the total adjusted Contract price will be deducted and retained pending Substantial Completion. Any amounts paid to the Contractor in the form of incentive payments for early Completion and positive pay adjustments will not be included in the adjusted Contract price when calculating retainage.

109.07 Payment Following Substantial Completion.

THE FOURTH PARAGRAPH IS CHANGED TO:

In the first estimate following Substantial Completion, the Department will reduce retainage to one percent of the total adjusted Contract price excluding subcontracted work on federally funded projects, unless it has been determined by the

Commissioner that the public interest requires the withholding of additional retainage. If retainage is held in cash withholdings, the reduction is to be accomplished by payment under the next partial payment. If retainage is held in bonds, the Department will authorize a reduction in the escrow account.

Implementation Code R (ROUTINE)

Changes must be implemented in all applicable Department projects scheduled for Final Design Submission at least one month after the date of the BDC announcement. This will allow designers to make necessary plan, specifications, and estimate/proposal changes without requiring the need for an addenda or postponement of advertisement or receipt of bids.

Recommended By:

ORIGINAL SIGNED

Lynn D. Rich
Director,
Quality Management Services

Approved By:

ORIGINAL SIGNED

Richard T. Hammer
Assistant Commissioner,
Capital Program Management