

LIQUIDATED DAMAGES AND MONETARY DEDUCTIONS

Liquidated Damages are deductions for Construction Engineering (CE) assessed to the contractor for failure to complete the work within the prescribed time. Construction Engineering is generally a State Aid Expense.

If liquidated damages are assessed on the project and federal funds are non participating on the CE, then the reduction for liquidated damages is not pro-rated on the pay request. This will result in no credit given to Federal Highway.

If liquidated damages are assessed on the project and Federal funds are participating on the CE, then the liquidated damages must be pro-rated on the pay request. This will result in credit given to all categories including Federal Highway.

Monetary Deductions are other time related deductions assessed to the contractor for road user costs (traffic delays and public inconvenience). Monetary deductions must be reasonable, defined and justified in the special provisions. Monetary Deductions are also used on intermediate contract completion dates.

If Federal funds are participating on the project and there are Monetary Deductions, the deduction must be pro-rated.

If the monetary deduction is tied to a particular category that is non-participating, then the deduction can be made from that category only.

Change orders are encouraged as back-up for Liquidated Damages or Monetary Deductions. If a change order is not submitted, some form of documentation is required to support the claim.