

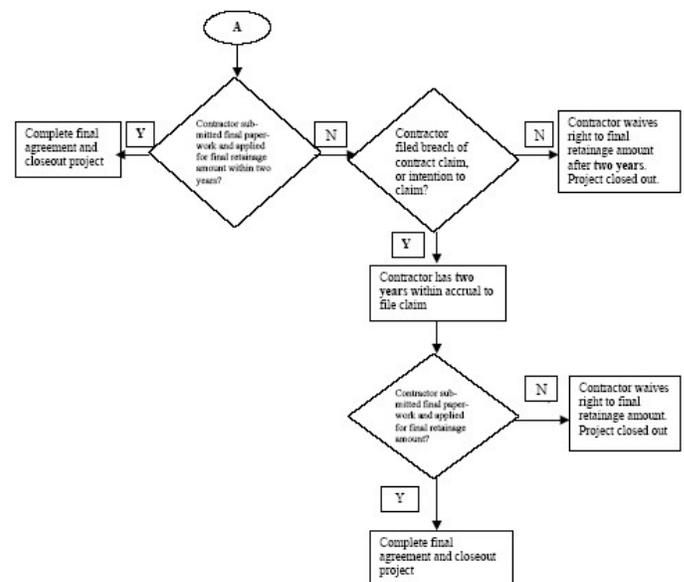
Speeding Project Closeouts / Streamlining Local Financing

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Several issues are discussed in the literature that generally affect the termination of an infrastructure contract and the transfer of project ownership to the government agency. These issues include project construction claims, dispute resolution and cost overruns. Research studies have analyzed the nature of such claims and specific insights are offered into the fundamental causes of claims that delay projects. Dispute resolution in the construction industry is another concern for project delay. Disputes can be expensive and litigation can cause even longer delays. Research sources offer solutions to both the classification and frequency of disputes and claims with respect to damage type, highway project element and fundamental causes.

The last phase in a construction project life cycle is project closeout. This phase begins when substantial completion is achieved and the owner finally accepts the project after it has been determined that the project meets its established goals. Project closeout procedures generally determine the contract deliverables, authorities of the contractor and the agency, and the responsibilities between the parties. Some studies have produced techniques and methods for organizational structure, contracting procedures, methods of project funding, and risk allocation strategies. Contract closeout periods can be established for critical reviews that protect the interests of both the contractor and the agency. The objectives of this study were to identify the causes of delays that slow or prevent construction project closeouts and to present recommendations for actions that would resolve them.

Flow diagrams of a generic public closeout procedure and NYSDOT's current procedure were developed. "Time of the essence" was identified as an inherent flaw in NYSDOT's procedure that prevented it from determining the point at which it was entitled to treat a contractor as having waived its rights to the final retainage amount. Based on a review of the relevant statutes and case law, it was determined that two years should be set as the legal limit for settling closeout claims. A modification of NYSDOT's current procedure was recommended for adoption and implementation. A new flow diagram which incorporated this modification was developed as well as draft letters of notification and instruction to contractors.



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