VPO *Every project teaches the next.*

CONTRACT INSIGHTS REPORT

Sedimentation Basins 1–4 Upgrade Project

Lanmore Valley Water Treatment Plant — Project No. 2611

SAMPLE REPORT · Generated from a real public-sector contract. Names and identifying details have been changed.

Owner	Lanmore Valley Regional Water Authority
Delivery method	Design-Bid-Build (low bid); lump-sum and unit-price bid schedules
Design engineer	Halvorsen Engineering Group (Engineer with contract-administration authority)
Contract time	Two milestones — chain-and-flight Substantial Completion by April 15, 2027; plate settlers by April 15, 2028
Basis	Bid-stage contract documents (Notice Inviting Bids, Bid Schedules, Agreement, General and Supplemental General Conditions)

HOW TO USE THIS PLAN

This is your project-setup plan — not a review of your contract, and not legal advice. It takes your contract as the input and answers one question: **given what you've already committed to, what do you have to stand up now to run this project smoothly?** On an equipment-driven job inside a live plant, most of the risk sits in procurement, sequencing, and getting the new equipment accepted as operable — so that is where this plan concentrates.

At a glance — all 11 setup areas

Setup area	Status
1. Scope & Owner's Project Requirements	🟡
2. Schedule & Time Management	🔴
3. Cost Management & Budget Controls	🟡
4. Change Management & Claims Avoidance	🟡
5. Records, Documentation & Information	🟡
6. Roles, Responsibilities & Authority	🟡
7. Quality Management	🟢
8. Procurement & Bid Packaging	🔴
9. Safety, Regulatory & Insurance	🟡
10. Communications & Meetings	🟢
11. Closeout & Handover	🟢

🔴 Needs attention first 🟡 Setup needed 🟢 Well-covered

THE SINGLE MOST IMPORTANT SETUP MOVE ON THIS PROJECT

The Owner pre-purchased the chain-and-flight equipment — about $3.81M, less roughly $0.32M already paid — and assigns that purchase order to the installing Contractor (Bid item 2; Purchase Order Assignment). At assignment, responsibility for delivery, inspection, storage, and warranty of equipment you have already funded changes hands.

Before you assign the purchase order, wrap it: a delivery and inspection protocol, storage and insurance for Owner-funded equipment, and a warranty pass-through so the manufacturer's warranty runs to you. Without these, you carry nearly $3.5M of exposure with no management wrapper around it (detail in §8).

1. Scope & Owner's Project Requirements

The Work upgrades Sedimentation Basins 1–4: demolish the existing chain-and-flight sludge collectors, install the new Owner-furnished chain-and-flight equipment, add structural concrete and electrical, and procure and install 96 MGD of high-rate inclined plate settlers (**Notice Inviting Bids**). The scope is well defined. Two things drive the risk: payment is tied to an operating system, and the plant stays in service throughout.

Define "complete and operable" before the first submittal

The equipment items pay for a **complete and operable** sludge-collection and plate-settler system (**Bid items 6–7**), and the Contractor furnishes everything required for performance testing and start-up (**GC 6.02.D**). Write the performance-test acceptance criteria with the Engineer now, so "done" means demonstrated working, not bolted down.

Owner objectives this plan protects

- Get the new equipment delivered, installed, and accepted as operable on the two-phase schedule.
- Protect the Owner's ~$3.81M of pre-purchased equipment through delivery, storage, and installation.
- Keep the treatment plant in service and each basin's outage controlled.
- Hold a complete record of equipment submittals, testing, and start-up for warranty and operations.

2. Schedule & Time Management

The Work runs in **two phases with separate substantial-completion milestones** — chain-and-flight by April 15, 2027, plate settlers by April 15, 2028 (**Notice Inviting Bids**) — with time of the essence (**Agreement Art. III**). Your exposure is not the calendar; it is the running plant.

A MANAGEMENT OBLIGATION YOUR CONTRACT CREATES

Basins come out of service one phase at a time while the rest of the plant keeps treating water, and portions can return to service early under Partial Utilization (GC Art. 1). **Build the basin outage and sequencing plan into the accepted schedule before NTP:** which basins are down when, the treatment capacity you must hold, and the tie-in windows.

Accept the schedule deliberately

The Contractor's schedule is finalized at a meeting held at least 7 days before the first pay application (**GC 2.06**). Before you accept it, require the pre-purchased equipment delivery dates and the Engineer's submittal-review turnaround as dated activities, so a delivery or review slip shows up before it stalls a phase.

Know your completion leverage

Liquidated damages apply per day of delay (**GC 14.07; SGC 18.01**) — confirm the amount — plus additional daily damages if remaining work isn't finished within 45 days after Substantial Completion (**Agreement Art. III**). Track both clocks from NTP.

3. Cost Management & Budget Controls

This is a mixed lump-sum and unit-price contract with a commodity index on stainless steel. The payment mechanics are sound; what's missing is your tracking. Use each lever deliberately:

Contract lever	What it says	Your setup move
Unit-price quantities	Owner may adjust quantities up to 25% at the same unit price (Instructions to Bidders)	Track installed vs. bid quantities; treat the 25% swing as a managed decision
Commodity indexing	Plate-settler stainless-steel prices may be indexed as specified (Notice Inviting Bids)	Set up index tracking and documentation so escalation is verified, not just invoiced
Materials on hand	Stored materials/equipment paid at 95% of value (Pay Application form)	Tie stored-equipment payments to verified delivery and your insurance/title position
Retainage	5% withheld each progress payment (Pay Application form)	Keep a retainage schedule; drive punch and operability sign-off to release it
Late-payment interest	Unpaid amounts bear 12% per annum (Agreement Art. VI)	Run pay-application clocks tightly — this rate is steep
Mobilization / demob	Each limited to 5% of contract price (Bid Schedule A)	Confirm the split so front-loading stays contained

Add a running cost-to-complete and quantity forecast so unit-price overruns and the stainless index surface mid-project, not at final reconciliation.

4. Change Management & Claims Avoidance

Changes are made by Change Order recommended by the Engineer and approved by the Owner (**GC Art. 10**), and each executed Change Order carries a full accord-and-satisfaction waiver of further time and cost for that change (**Change Order form**). Price each change right the first time — there is no second pass.

> **A MANAGEMENT OBLIGATION YOUR CONTRACT CREATES**
>
> This work opens decades-old concrete basins and removes embedded equipment, so differing site conditions are a live risk. The contract requires written notice before the condition is disturbed and no later than 14 days after discovery, or the claim is waived (GC 4.03). **Stand up a differing-site-conditions log from NTP** — so a genuine hidden condition is documented in time, and a claim without proper notice can be evaluated on the record.

Build an entitlement step before pricing

Decide whether a change is owed before you negotiate what it costs, and log every change from request through executed Change Order.

5. Records, Documentation & Information

An equipment job generates a heavy paper trail — submittals and shop drawings, or-equal rulings, test and start-up records, O&M manuals, record drawings — plus the procurement records for the assigned purchase order. Getting it into one place is what makes warranty administration and the operations handoff clean.

- **One system of record** with version control — equipment submittals, or-equal rulings, test and start-up records, and the assigned-PO documentation together.
- **The full log set** — submittal, RFI, Change Order, and differing-site-conditions logs — opened at the preconstruction conference.
- **A warranty and O&M file** started now. Capture manufacturer warranties (including the pass-through on the pre-purchased equipment) as they arrive, not at closeout.

6. Roles, Responsibilities & Authority

> **A MANAGEMENT OBLIGATION YOUR CONTRACT CREATES**
>
> The Engineer holds strong contract-administration authority: sole judgment on or-equal and substitute equipment (GC 6.04), recommendation of every progress and final payment (Agreement Art. V; GC Art. 14), and certification of Substantial Completion (GC Art. 14). All Contractor communications run through the Engineer (GC 6.01.B). **Set turnaround expectations for submittals, or-equal rulings, and pay recommendations now** — slow Engineer turnaround on a phased equipment job becomes your schedule risk.

Speak with one Owner voice

Several Owner officers hold defined roles — the General Manager executes the Agreement, the Chief Engineer issues the Notice of Award, and the Project Manager administers the work (**Agreement forms**). Confirm signature authority and change-approval thresholds among them before the preconstruction conference.

> ***Counsel —*** *The Agreement's Article II carries two alternate paragraphs (Owner-as-Engineer vs. an external Engineer). Confirm the executed version names Halvorsen Engineering Group so the Engineer's authority is unambiguous.*

Publish the responsibility matrix

Function	Owner / PM	Engineer (HEG)	Contractor
Or-equal / substitute rulings (GC 6.04)	I	A / R	R
Equipment submittal / shop-drawing review	I	A / R	R
Progress-payment recommendation (Art. 14)	A	R	R
Change Orders	A	R	C
Pre-purchased equipment / PO assignment	A / R	C	R
Substantial Completion certification	A	R	R

7. Quality Management

The contract's quality provisions are solid. Your job is to make performance testing the gate, not a formality.

- **Make start-up the acceptance gate.** The Contractor furnishes everything for performance testing and start-up (**GC 6.02.D**); agree with the Engineer on the tests that prove each system is complete and operable.
- **Hold materials to the standard.** Materials and equipment must be new and of good quality (**GC 6.02.E**); or-equal items are judged solely by the Engineer (**GC 6.04**).
- **Set inspection hold points** with the Engineer, including factory or delivery inspection of the pre-purchased equipment.

8. Procurement & Bid Packaging

Procurement on this job is unusual: you bought the core equipment, and the Contractor installs it. That is good for schedule and the single largest exposure in the contract.

Wrap the purchase order before you assign it

Bid item 2 pays the Contractor for the Owner-purchased chain-and-flight equipment — $3,812,400, less $318,900 already paid to the supplier — under an assigned Procurement Contract (**Bid item 2; Purchase Order Assignment**). The Notice to

Proceed issues only after the executed Purchase Order Assignment is received (**Instructions to Bidders**), so the wrapper has to be in place before NTP:

- **Delivery and inspection protocol** — who receives, inspects, and documents condition at delivery.
- **Storage and insurance** for equipment you have already funded, tied to the 95% stored-materials payment.
- **Warranty pass-through** so the manufacturer's warranty runs to the Owner through the installer.

  Counsel — *Confirm the Purchase Order Assignment carries the manufacturer's warranty through to the Owner and states when risk of loss transfers.*

Run the plate-settler index as a procurement control

Bidders name the plate supplier and the stainless-steel weights for each milestone (**Bid Schedule A, item 7**), and stainless prices may be indexed (**Notice Inviting Bids**). Lock those bid weights as the baseline the index is applied against.

Administer substitutions through the Engineer

No or-equal products are considered before award (**Notice Inviting Bids**); afterward, or-equal and substitute requests run through the Engineer's sole-judgment process, at the Contractor's cost for evaluation (**GC 6.04**).

9. Safety, Regulatory & Insurance

- **Safety in a live plant.** The Contractor is solely responsible for means, methods, and safety (**GC 6.01.A, 6.11**); confirm the coordination protocol for work around active process units.
- **Insurance and bonds.** Verify 100% performance and payment bonds and sureties rated A- or better, listed on Treasury Circular 570, before work; the performance bond stays in force at least one year after completion (**GC 5.01**).
- **Permits and equal opportunity.** The Contractor obtains construction permits (**GC 6.06**) and complies with EEO requirements (**GC 6.08**).
- **Confirm the federal overlay.** The Agreement incorporates federal requirements through the Supplemental General Conditions (**Agreement Art. IX; SGC 21**). If state-revolving-fund or similar funding applies, set up prevailing-wage and domestic-material (American Iron and Steel) tracking before the first payment — relevant given the stainless content.

10. Communications & Meetings

- **Start with the preconstruction conference** (**GC 2.05**) and the schedule-finalization meeting (**GC 2.06**); set a standing agenda — schedule, deliveries, submittals, changes.
- **Keep one channel through the Engineer** (**GC 6.01.B**); decide how Owner input reaches the Contractor without cutting across that line.

- **Minutes and action tracking** at every meeting — the contemporaneous record protects you on a phased, claim-prone equipment job.

11. Closeout & Handover

- **Close phase by phase.** Manage to the Certificates of Substantial and Final Completion, each tied to Engineer certification (**Agreement forms M–N; GC Art. 14**); use Partial Utilization to return basins to service as phases finish.
- **Collect before you pay.** Assemble O&M manuals, record drawings, and equipment warranties before final payment (**Final Completion form**), and confirm the warranty period (**GC Art. 13**).
- **Close financially** with Consent of Surety for Final Payment and the Affidavit of Payment (**Agreement forms O–P**).

Before Notice to Proceed — Your Setup Checklist

These are the decisions to make before mobilization, where they are cheapest to get right — ordered by leverage.

1. **Wrap the pre-purchased equipment** — delivery and inspection protocol, storage and insurance, and a warranty pass-through — before the purchase order is assigned.
2. **Build the basin outage and phasing plan** into the accepted schedule, with treatment capacity and tie-in windows.
3. **Confirm the Engineer arrangement** (Article II), set review turnaround times, and publish the RACI and change-approval authority.
4. **Define operability acceptance** — the performance tests and start-up that prove each system is complete and operable (**GC 6.02.D**).
5. **Open the differing-site-conditions log** (14-day notice, (**GC 4.03**)) and add an entitlement step to the change process.
6. **Set up cost controls** — quantity tracking against the ±25% swing, stainless-index baseline, and stored-materials payment tied to delivery.
7. **Confirm the funding overlay** (SGC 21) and open the system of record and full log set.

Prepared from your contract documents and project intake. Augments your project team and legal counsel; not legal advice. Because this is a bid-stage document set, several terms (liquidated-damage amounts, insurance limits, warranty period, federal requirements) are set in the Supplemental General Conditions and the executed Agreement; where that is so, this plan flags the item to confirm rather than assuming a value.