Selecting the best contracting method and specification can help an agency receive the best surface for the dollar. There are several types of contracting techniques that are used to place all of the risk on the contractor or agency and others that distribute the risk among the involved parties. However, if the agency owns its own equipment and does all the work in-house, it isn’t necessary to develop a contracting method.

When deciding on the type of contract to be used, the agency must decide how much risk it’s willing to bear. Each type of contract, specification, or warranty allocates the risk between the agency and the contractor in a different way. If the agency places the entire burden on the contractor, it will likely pay a premium for shedding the risk. On the other hand, if the agency takes all the risk, the contractor may be unmotivated to avoid risk on the agency’s behalf.

Three typical types of contracts are let for thin maintenance surfaces: lump sum contract, a unit price for the area, and a unit price for the material. All have advantages and disadvantages.

**Lump sum**

In a lump sum contract, the contractor provides the agency with one price that includes materials, labor, mobilization, overhead, and profit. Lump sum projects can be risky for a contractor if more material is used than initially estimated because the extra cost of that material is absorbed by the contractor. Consequently, contractors are more likely to raise the total price of a contract to allow for contingency funds. They may also decide to save money by decreasing the amount of materials used to cut the risk of material overruns. This can result in a low quality surface.

**Unit price for area**

In a unit price for area contract, the agency pays a set amount per unit of area covered. This provides flexibility in case the agency wishes to add or subtract work from the contract. The adjustment is made by simply paying for more or fewer units. If mobilization is paid as a separate item, the contractor does not have to “bury” that expense in the unit price for area, and the agency may be able to add additional work for less cost than if mobilization were not a separate item. However, with this method, the contractor’s profits will increase if it uses less material. Agencies are sometimes concerned that insufficient material will be placed unless they are vigilant about the application rates. In most cases, contractors are concerned about agency satisfaction, so this is not an issue.

**Warranties**

If the contractor is given some latitude with regard to material selection and construction methods, a warranty can be included in the specification. One-year warranties are sometimes used for thin maintenance surface construction. In general, if the surface is performing well at the end of a year, it will usually perform satisfactorily for its expected life. Note that the warranty should not include items that are beyond the scope of thin maintenance surface capabilities such as correcting structural failures or withstanding aggressive snow plowing.
**Construction season**

When constructing a new surface on a pavement, it's best to place the surface in the hottest and driest weather possible. Hot and dry weather helps the water in an emulsion or the cutters in a cutback evaporate quickly which speeds up the curing process. Also, avoid placing a TMS when the project is threatened with rain or cold weather.

It should be stated in a contract that the construction should be completed before a specified date to ensure that the surface is not constructed too late in the season. Additionally, the specifications should state that the construction should not take place if there is a threat of rain.

If an agency has its own crews, the maintenance department should have a policy that states that all surfacing should be performed by a specific date. A common last day in Iowa is August 15th. This allows time for crews to finish work and stripe the pavements before school starts.

Many times it's advantageous to perform maintenance such as crack sealing or patching well before the construction of the surface in order for the crack sealing material to cure or the patch to compact under traffic. If the agency wants to ensure that surface construction takes place after these other maintenance activities, this should be noted in the specifications or maintenance policy.