



**COLORADO**

**Department of Transportation**

Office of the Chief Engineer

# **CONSTRUCTION BULLETIN**

Construction Engineering Services  
Branch

**Administrative Settlement  
Process Update**

2025 Number 4

Date: December 30, 2025

*Replace Section 120.7.2 Administrative Settlement of the CDOT Construction Manual*

## **Revision of Section 120.7.2 Administrative Settlement in the CDOT Construction Manual**

### **1. Administrative Settlements**

An Administrative Settlement is defined as an agreement that is not justified solely on a contractual basis using factual information. This is in contrast to a change order, which must be justified on a contractual basis using factual information. The Chief Engineer and the Region Transportation Directors (RTDs) are the only CDOT individuals with authority to pursue an Administrative Settlement between CDOT and a Contractor. The Office of the Attorney General (OAG) will prepare a Settlement Agreement for all Administrative Settlements.

The Settlement Agreement must be based on discussions with the following:

- Chief Engineer,
- Region Transportation Director (RTD),
- Region Project Team,
- Construction Area Engineer,
- FHWA Area Engineer,
- Engineering Contract Services - Construction Contracts,
- Office of the Attorney General (OAG) - Transportation Unit,
- and the Office of the State Controller (OSC).

The CDOT Project Team, in coordination with the Construction Area Engineer, will provide all necessary information to the FHWA Area Engineer as early as practical for federal-aid projects on the NHS.

The Settlement Agreement shall be an attachment to the Contract Modification Order (CMO) which shall be distributed to the Contractor. The rationale for the Settlement Agreement should be documented in the Letter of Explanation for the resulting CMO.

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## 2. Roles & Responsibilities:

### A. Construction Area Engineer

- Is responsible for ensuring all steps of this process are executed properly.

### B. Region Project Team

- Project Team (or RTD) will send the OAG-approved draft of the Settlement Agreement to the Contractor for the Contractor's review with a due date and time for responding. If the Contractor responds with proposed edits, coordinate with OAG for review and approvals.
  - i. If the Contractor is represented by counsel, after the Project Team sends the first OAG-approved draft of the Settlement Agreement to the Contractor, OAG and counsel for Contractor may exchange subsequent drafts of the Settlement Agreement directly while coordinating with their respective Project Team.
- Obtain a copy of Contractor's W-9 and send it to the OAG.
- For federal-aid projects on the NHS, obtain FHWA concurrence and determine federal-aid eligibility of the settlement.
- Prepare the CMO and attach the fully executed Settlement Agreement to distribute to the Contractor through the change order approval process provided in Section 120.7.5 of this Construction Manual.

### C. Office of the Attorney General (OAG) - Transportation Unit

- Will prepare the Settlement Agreement.
- If the Contractor is represented by counsel, after the Project Team sends the first OAG-approved draft of the Settlement Agreement to the Contractor, OAG and counsel for Contractor may exchange subsequent drafts of the Settlement Agreement directly.
- Will communicate with and obtain concurrence from OSC (Office of State Controller) and send the Contractor's W-9 to OSC once both CDOT and the Contractor agree to the terms of the Settlement Agreement.

### D. The Office of the State Controller (OSC)

- Will determine the form and content of all Settlement Agreements
- Will perform debt check on the Contractor

### E. Engineering Contract Services - Construction Contracts

- Will upload the agreement in OnBase and make adjustments to the purchase order in SRM.
- Will provide a copy of the final executed agreement to all stakeholders/parties after the DocuSign routing signature process by CDOT Controller is completed.

### F. CDOT Controller

- Will route the agreement for signature execution via DocuSign after receiving it through OnBase from Construction Contracts.

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### 3. Signatories for the Administrative Settlement Agreement

The Chief Engineer, RTD, and Construction Area Engineer will coordinate with the OAG to prepare the Settlement Agreement for all Administrative Settlements. Once approved by all parties to the Settlement Agreement, the parties shall sign the Settlement Agreement via Docusign. The executed Settlement Agreement must include the signatures of the OSC, the Chief Engineer, and the Contractor.

### 4. Processing Payment

Upon completion of the change order process, the Region Project Team will provide the Projects and Grants Accounting Unit ([dot projectsandgrantsaccounting@state.co.us](mailto:projectsandgrantsaccounting@state.co.us)) and their Regional Business Office a copy of the CMO including the Settlement Agreement no later than three (3) working days prior to running an interim pay estimate. Note, unless the CDOT Controller has completed their close out of the Purchase Order settlement process, which orders the settlement funding Purchase Order in SRM, the pay estimate cannot be run. Please see the Engineering Contract Services - Construction Contracts team for questions on the status of the Purchase Order.