



ASSOCIATED BUILDERS & CONTRACTORS  
OF THE CAROLINAS

# OFF-SITE STORAGE PAYMENT POLICY

# GOALS

- 1) TO IMPROVE EFFICIENCY IN THE PUBLIC CONSTRUCTION PROCESS.
- 2) FOR PROCEDURAL INNOVATIONS TO MATCH INNOVATIONS IN MATERIALS AND TECHNOLOGY.
- 3) TO UPDATE CURRENT POLICY LANGUAGE TO MATCH IMPROVEMENTS AND INNOVATION.

# CURRENT POLICY

ARTICLE 31(d): Payment for off-site storage requirements

1. Limited space on-site for storage;
2. Stored in the name of the owner;
3. Independent, licensed, bonded warehouse;
4. Approved by the designer, owner and the State Construction Office; and
5. Located as close to the site as possible.

# PROPOSED CHANGE

- Remove the term “bonded” from the policy
- “Should the contractor desire to include any such materials or equipment in his application for payment, they must be stored in the name of the owner in an independent, licensed, ~~bonded~~ warehouse approved by the designer, owner and the State Construction Office and located as close to the site as possible.”

# WHY?

- The term “bonded warehouse” is misleading.
- The types of bonds currently provided by “bonded” warehouses do not adequately protect owners and architects.
- The industry would be better served and protected by allowing contractors to store materials in an approved location, after providing the appropriate bonds and insurance.

# EXAMPLES OF “BONDED WAREHOUSES”



# How “Bonded Warehouse” is Most Commonly Used

- Definition: “a warehouse under bond to the government for payment of customs duties and taxes on goods stored or processed there.” - Merriam-Webster Dictionary
- Warehouse for the storage of imported, dutiable merchandise - U.S. Customs and Border Protection
- Foreign Trade Zone - N.C. Gen. Stat. § 55C-1 et. seq.
- A warehouse for storage covered by a fidelity bond

# TYPES OF BONDS USED BY “BONDED WAREHOUSES”

- Single Transaction Bond - a bond in an amount at least the total value, plus duties, taxes, and fees, of the goods; minimum \$100.00
- Continuous Bond - a bond in the amount of 10% of duties, taxes, and fees paid for a 12-month period; minimum \$50,000
- Temporary Import Bond - required when goods are brought into the US without payment of a duty to guarantee they will be exported
- Fidelity Bond - protects against fraudulent acts or theft by specified individuals, usually employees



# WHAT ARE “STORED MATERIALS”

- SCO Policy Article 31(d):
  - Materials that are customized or fabricated specifically for that project
  - For example:
    - Pre-fabricated boilers;
    - Curtain Walls;
    - Custom Glass.

# WHAT ARE NOT CONSIDERED “STORED MATERIALS”

- General or common materials that are easily transferred or used on other projects
- SCO Policy Article 31(d):
  - Raw materials;
  - Piping;
  - Conduit;
  - CMU;
  - Metal Studs;
  - Gypsum Board.



**Attachment F - Certificate of Store Materials**  
**(must be available for view by the 15th of the Month)**  
**(Offsite material must be approved prior approve by Owner [REDACTED])**  
**(Must be in a bonded warehouse in Wake County with no exeptions)**

# NEGATIVE EFFECTS ON CONSTRUCTION INDUSTRY

- Contractors must increase their bid for anticipated off-site storage;
- Increases cost to Owner;
- Materials may not be covered by the appropriate type of bond; OR
- Contractors must store materials on their property without payment AND with no additional protection for the Owner.

# POTENTIAL BENEFITS TO THE INDUSTRY

- Lower bid prices
- Materials covered by appropriate bonds
- Clarifies off-site storage requirements
- Better quality of products
- Less warranty items
- More pre-tested, pre-approved items

QUESTIONS