



State of Connecticut • Department of Public Works
Bureau of Design & Construction • 165 Capitol Ave., Hartford CT 06106

Change Order Manual



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Appendix A. DPW Sign off authority matrix

Appendix B. Forms

725F	Agency Change During Construction Request
730F	Request for Information
731F	RFI Response
732F	Supplemental Instructions
733F	Proposal Request
734F	Change Order Proposal
735F	Change Order Proposal Workbook
736F	Construction Change Directive
737F	Change Order

Appendix C. Checklist

1.0 General Requirements

1.1 Introduction

An effective change order process requires potential construction change orders to be subject to a systematic review and approval process. This process should minimize the DPW's risk through increased controls while increasing the accountability of those involved with processing change orders. It is the DPW Project Manager's responsibility to ensure that all change orders represent changes to the contract documents and that they are reasonable in nature and cost and are supported by contemporaneously prepared documents. Improved internal DPW controls and policies will significantly reduce the potential for contractor claims in addition to streamline the change order process.

This Change Order process was developed to ensure that all Change Orders are fair and reasonable in nature, and cost, and have been reviewed and approved by the appropriate parties/stakeholders. Deviation from this procedure could result in increased construction claims, financial risk and misuse of State funds. It is the responsibility of the DPW Project Manager to ensure that all Change Orders are issued in accordance with the requirements of the contract documents and this manual.

1.2 Objective

This manual is intended to provide the DPW Project Managers and other staff with one consolidated source documenting the Change Order process and the steps required to successfully meet the administrative and procedural requirements of contract modifications. This manual contains a narrative section outlining the Change Order process and is supported by flowcharts illustrating the different steps involved in the creation of a Change Order. Also included are copies of the required forms incorporated throughout the Change Order process as well as a summary checklist that will assist the Project Manager with the processing of each Change Order.

When a change order is executed, the file should provide traceability several years after the project is complete. This means that an auditor will be able to follow the transaction and decision making through a sequence of documents either in the file or referenced by the file in order to arrive at the same conclusion. The file should also provide verification and documentation as to:

- Entitlement Review**
- Cost Review**
- Process Compliance**
- Change Order Classification**

1.3 Change Order Overview

By definition a Change Order is a written authorization to a Contractor, signed by the Owner, authorizing a change in the Work, an adjustment in the Contract Sum and/or an adjustment in Contract Time. At any time, the DPW may order modifications in the Work consisting of additions, deletions or other revisions. A summary of the DPW's Change Order process is provided in Flowchart F-1.5.

1.3.1 The three steps to the Change Order process are summarized as follows:

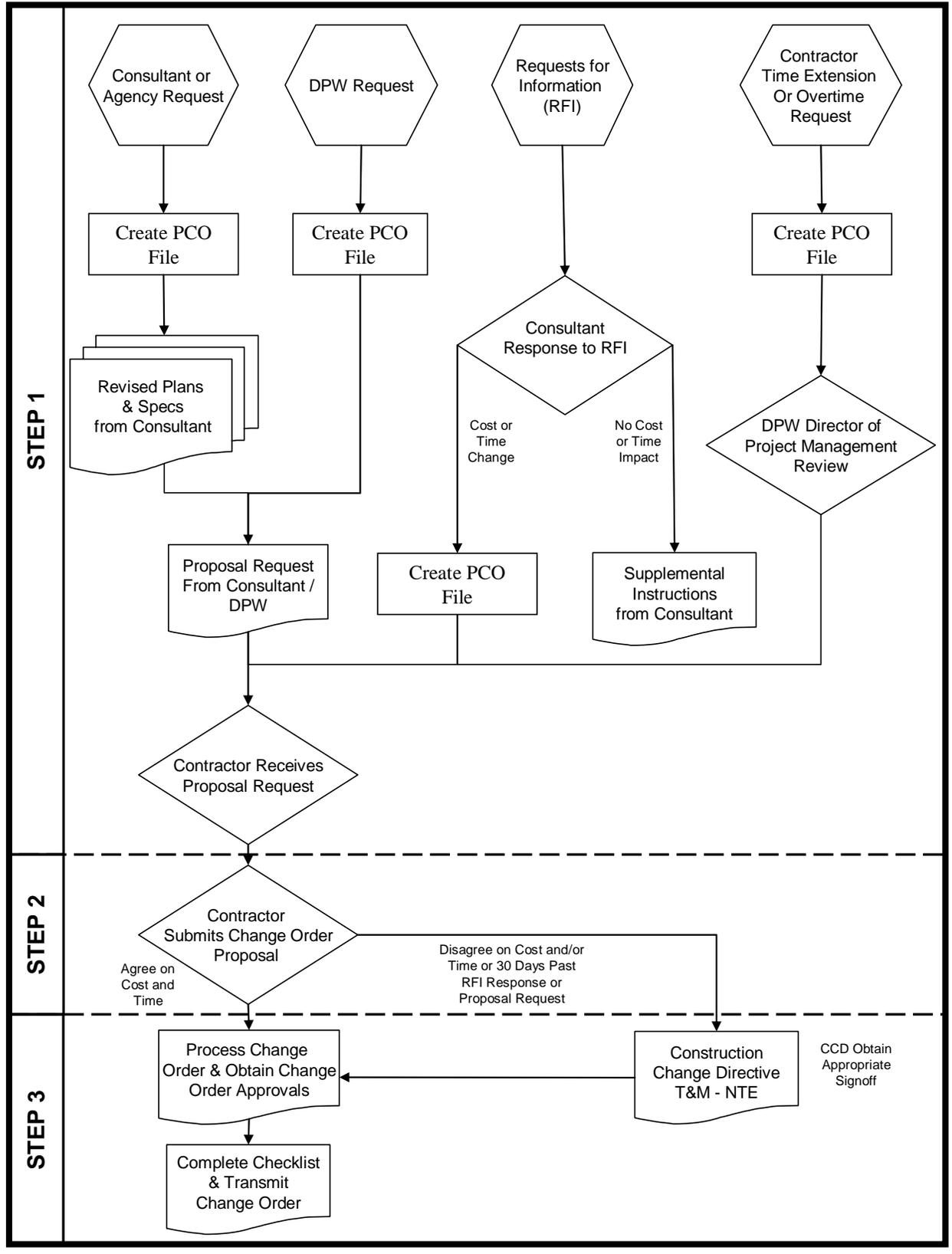
- 1.) Recognition and Generation of the need for a Change Order
- 2.) Receive and Review of a Change Order Proposal
- 3.) Negotiation, Processing and Approval of a Change Order

1.4 Stakeholders

The stakeholders and their roles in the change order process are defined as follows:

- 1.) **DPW** – Also referred to as the “Owner.” The DPW acting through its Commissioner or specifically authorized Department personnel administers the construction project on behalf of the User Agency.
- 2.) **Project Manager (PM)** - A DPW employee designated and authorized by the Commissioner, to be responsible for the overall management and oversight of the Project, and to represent the User Agency.
- 3.) **Construction Administrator (CA)** - An individual or firm, under contract to, or employed by the DPW, commissioned and/or authorized to assist the Project Manager in his/her duties and oversee the fulfillment of all requirements of the Contract Documents. The CA may be a DPW employee, consultant, or any other designee as authorized and identified by the DPW. For those projects when a CA is not designated, the PM or APM shall act as the CA.
- 4.) **Consultant** – An individual or organization under contract with the DPW, commissioned as the design professionals to prepare the contract drawings and specifications (“plans and specs”). The Consultant provides assistance during the construction process including but not limited to; RFI response, submittal reviews, construction inspection, change order review and claim review. Refer to the Consultant contract for specific responsibilities. The Consultant may be used in capacity as CA.
- 5.) **Agency** – The State of Connecticut User Agency (Agency) that has administrative authority of the facility in/at which the Work is being performed or will take ownership upon completion of a new facility.
- 6.) **Contractor / General Contractor (GC)** – An Individual or Organization, under contract with the DPW, that is responsible for performing the Work in accordance with the Contract Documents.
- 7.) **Construction Manager/Construction Manager at Risk (CM)** - An Individual or Organization, under contract with the DPW, that is responsible for providing both construction management and general contractor services in accordance with the Contract Documents.

1.5 Overview Flowchart F-1.5



2.0 Step 1 – Generation of the Need for a Change Order

A change to the contract is typically generated based upon the occurrence of one of the following events;

2.1 RFI:

2.1.1 Request for Information for Document Deficiencies

The RFI is the vehicle through which questions are formally asked with regard to the Contract Documents. In the event that the contractor (or a subcontractor) determines that some portion of the drawings, specifications, or other contract documents requires clarification or interpretation by the Consultant, the contractor shall submit a Request for Information (RFI) in writing to the Consultant via the PM/CA. Requests for Information may only be submitted by the contractor and shall only be submitted on form **730F Request for Information**. In the Request for Information, the contractor shall clearly and concisely set forth the issue for which clarification or interpretation is sought and why a response is needed from the consultant.

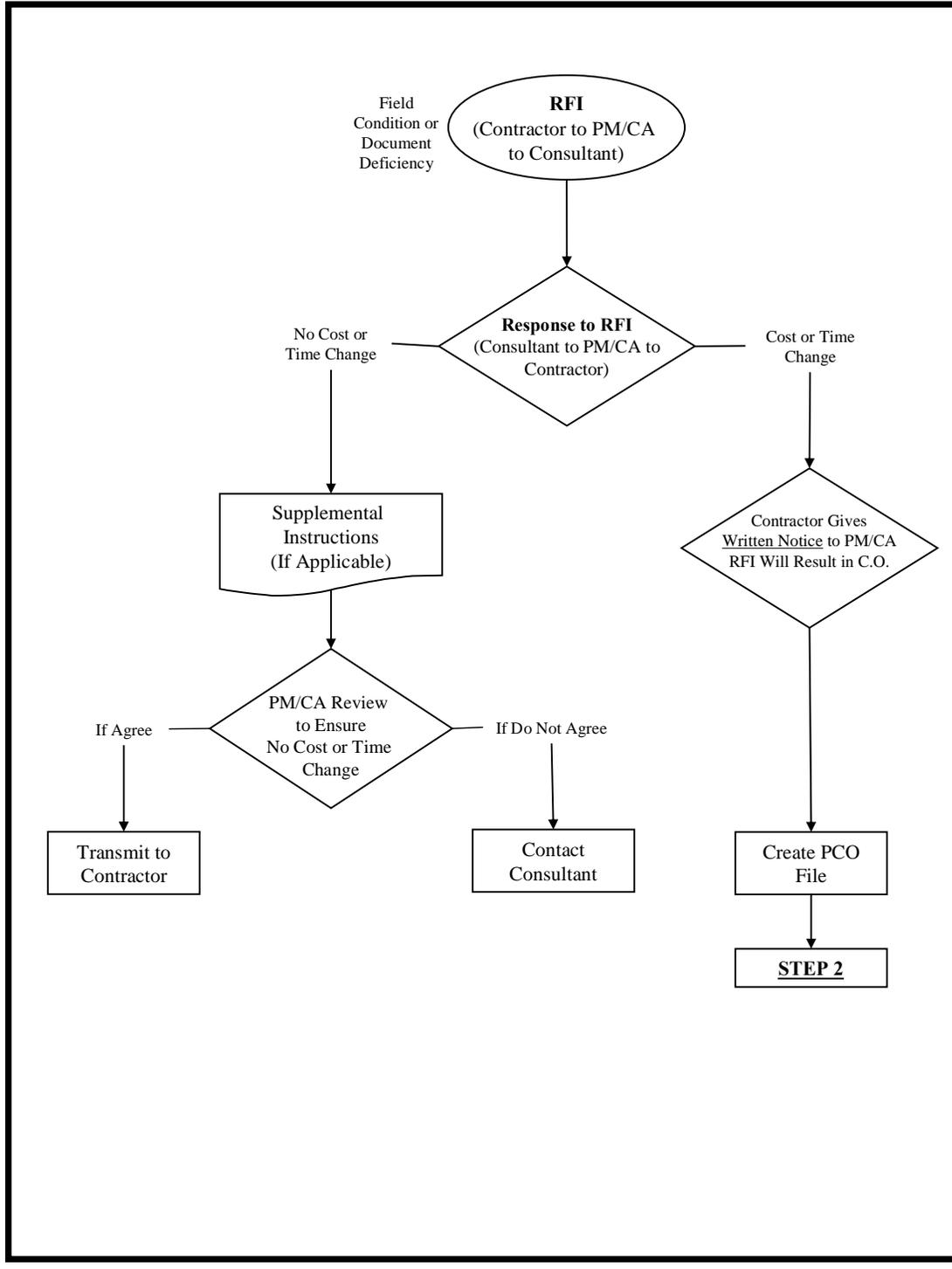
2.1.2 Response to RFI

The RFI Response is the vehicle which formally answers the RFI and shall be issued by the Consultant to the Contractor via the PM/CA, in accordance with the contract, unless the Consultant determines that additional time is necessary to provide an adequate response and has informed the PM/CA of this determination. The Consultant's RFI Response shall be delivered on form **731F RFI Response** and include all pertinent information required to answer the initial RFI. In the event the Contractor believes that the Consultant's response to a particular RFI will cause a change to the Work, the Contractor shall give notice to the PM/CA in accordance with the contract documents.

The Consultant may, as a part of the Response to RFI issue Supplemental Instructions, using form **732F Supplemental Instructions**. These Supplemental Instructions are intended to clarify the Contract Documents for which the Consultant has determined there is no impact to the Contract Sum and/or the Contract Time. Supplemental Instructions may be issued as a stand alone document or as part of a Response to RFI. The PM/CA should review the

Supplemental Instructions to determine, independently, if the Supplemental Instructions will have no impact on the Contract Sum or the Contract Time. If the PM/CA determines that there may be cause for an increase in the Contract Sum or the Contract Time, the PM/CA should contact the Consultant before transmitting the Supplemental Instructions to the contractor and shall create a **Potential Change Order (PCO)** file.

2.1.3 RFI Process: Flowchart F-2.1.3



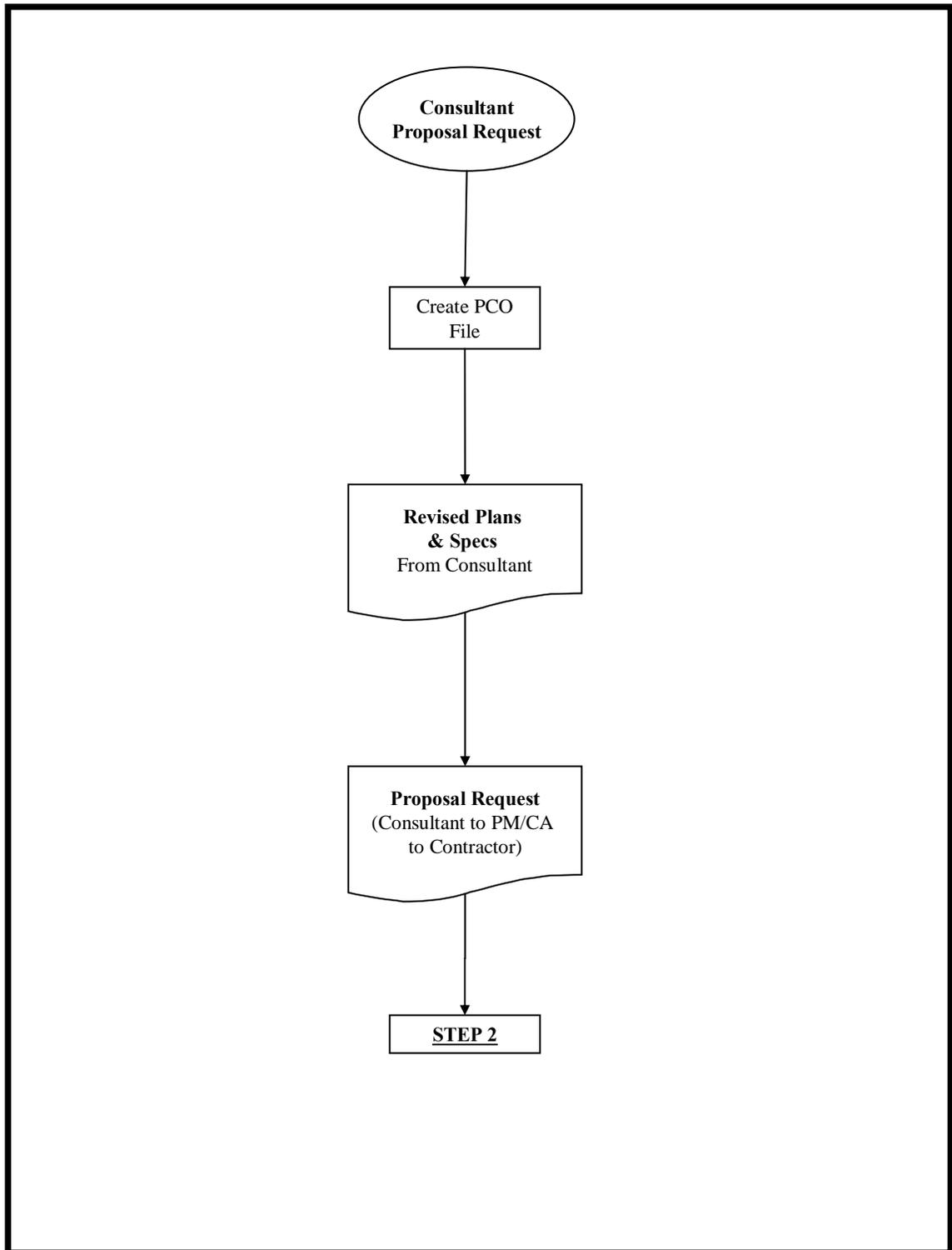
2.2 Proposal Requests

A Proposal Request is generated by the DPW in the event of a Consultant initiated Request for Proposal or an approved Agency Request. A Proposal Request is issued for the sole purpose of obtaining a Contractor quote for a proposed change in the Work and shall not be considered a direction either to stop work in progress or to execute the proposed change. The Proposal Request will be issued to the Contractor via the PM/CA. The Proposal Request shall include a detailed description of proposed changes in the Work and if necessary, shall include supplemental or revised drawings, sketches and specifications. Proposal Requests shall be issued in numerical sequence and numbers should not be used more than once even if the proposal request is cancelled.

2.2.1 Consultant Initiated Requests for Proposals:

The Consultant will issue a detailed description of proposed changes in the Work to the Contractor, through the PM/CA, that may require an adjustment to the Contract Sum and/or the Contract Time. If necessary, the description will include supplemental or revised drawings and specifications. Such requests shall be submitted on form **733F Proposal Request**.

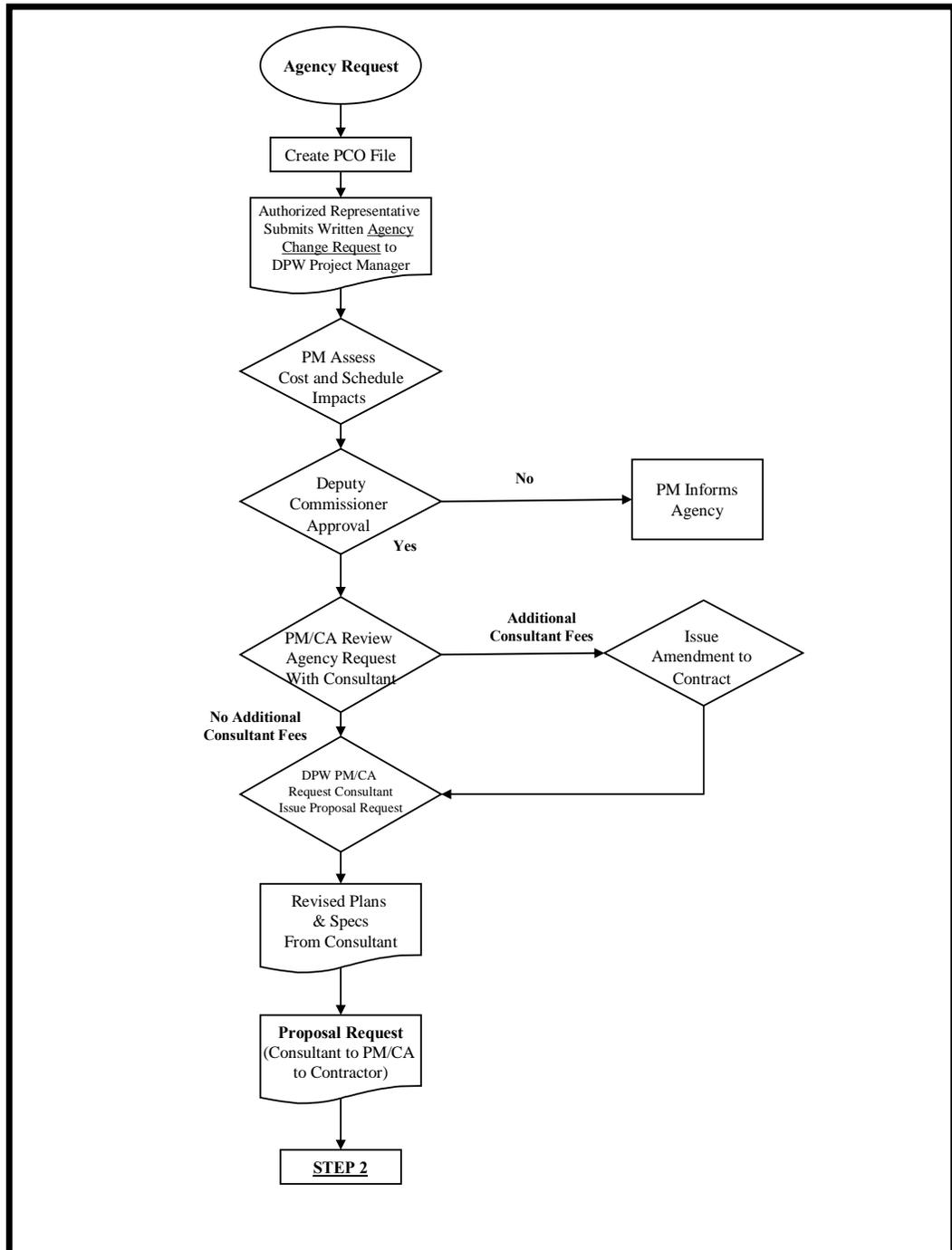
2.2.2 Consultant Proposal Request: Flowchart F-2.2.2



2.2.3 Agency Requests:

If the user Agency is requesting a change in the Work, an authorized representative from the requesting agency will submit a form **725F Agency Change During Construction Request** for a proposed change to the PM/CA. The DPW PM will review the request for a proposed change with the CA (if applicable) and obtain approval from the Deputy Commissioner or his/her designee prior to review with the Consultant. Upon the Deputy Commissioner's approval of the Agency Request, the PM/CA will then request that the Consultant prepare and issue a "Proposal Request" that will be transmitted to the contractor through the PM/CA.

2.2.4 Agency Request for Proposal: Flowchart F-2.2.4



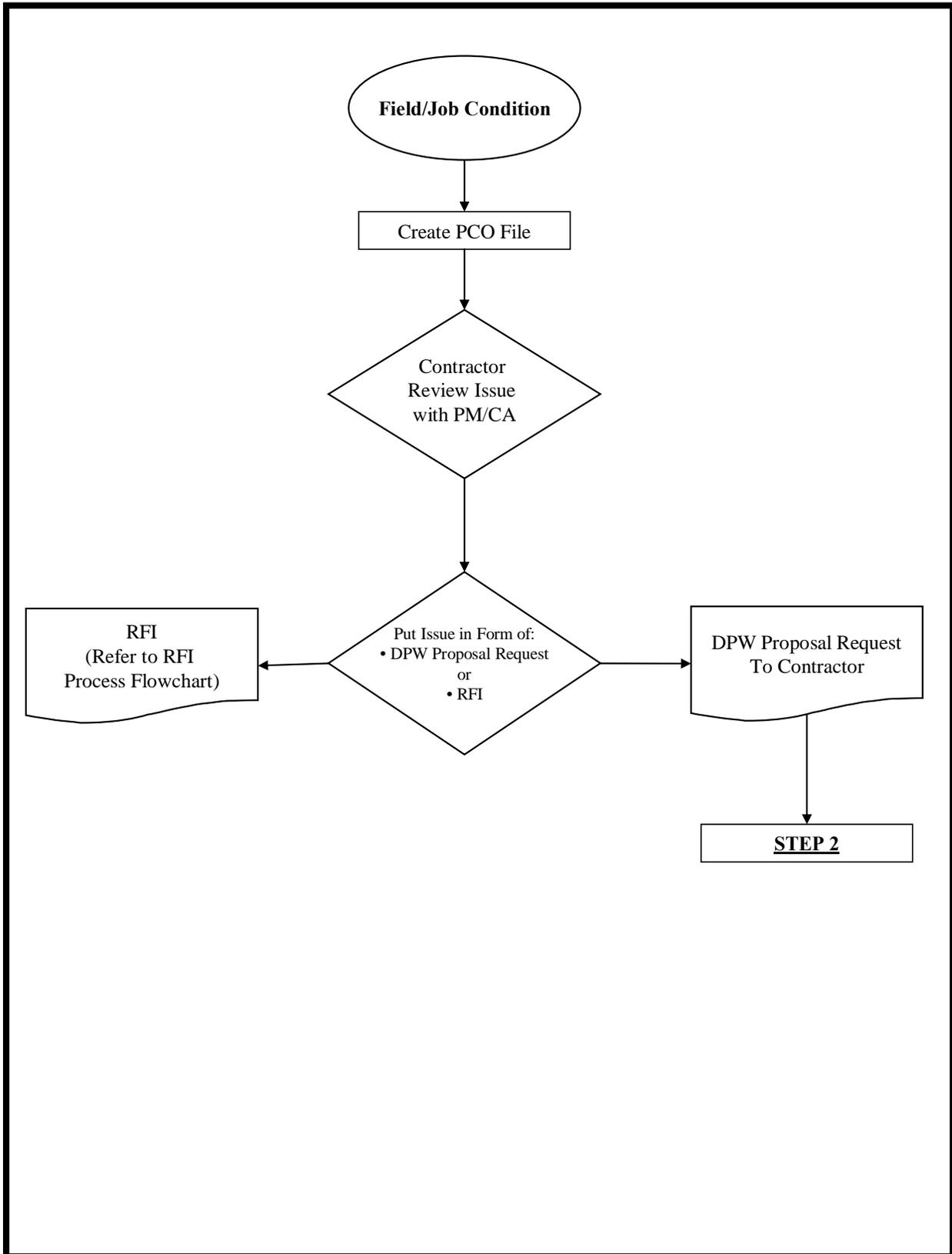
2.3 Job/Field Conditions:

Some changes in the Work are driven by Job/Field Condition originated modifications such as “Differing Site Conditions.” Differing Site Conditions are subsurface or latent physical site conditions which differ materially from conditions described in the specifications or an unknown physical site condition of an unusual nature, which differed materially from that which would ordinarily be encountered and would generally be recognized as part of the character of work. When a Job/Field Condition arises that requires a change to the Work the nature of the change shall be captured by one of the following documents:

- A “Request for Information” (RFI) submitted by the Contractor to the Consultant, through the PM/CA, for which the Consultant has provided an appropriate response via a “RFI Response .”
- A “Proposal Request” submitted by the PM/CA to the Contractor

The Change Order process for a Field/Job Condition shall conform to the same process as any other “RFI Response ” or “Proposal Request.”

2.3.1 Job/Field Conditions: Flowchart F-2.3.1



2.4 Contractor Generated Time Extension and Overtime Requests (Administrative / Non- Specific Events)

A Contractor may submit a form **734F Change Order Proposal** for an increase in Contract Sum and/or Contract Time which was not solicited by a specific RFI or Proposal Request. If the Contractor submits a proposal for a time extension or for payment of overtime, not as a part of a specific change, the proposal shall be approved by the DPW's Director of Project Management. For time extensions, this shall be required even if the Contractor is not requesting additional funds. These types of requests need to be carefully reviewed and tracked to prevent a possible claim situation. Please note that Contractors' requests for additional compensation due solely to material and/or labor rate escalation are not allowed and shall be immediately rejected.

2.5 PCO File

In addition, it is during this initial phase, Step 1, that the PM/CA is required to create a "Potential Change Order" (PCO) file to track each potential change order. A PCO number should be assigned to every potential change order item and all correspondence associated with this item shall include the assigned PCO number. The PCO numbers shall be issued in numerical sequence and used only once. The intent of the PCO file is to provide a historical compilation of documents associated with any potential change regardless of whether or not the PCO becomes an actual Change Order. This PCO file should include all correspondence regarding the potential change including all associated RFIs, Proposal Requests, sketches, bulletins, Change Order Proposal submissions and any other correspondence between the PM/CA, the Consultant and Contractor related to the potential change.

3.0 Step 2 – Change Order Proposal

3.1 Change Order Proposal:

3.1.1 Change Order Proposal Summary

When either a ‘Response to RFI or a “Proposal Request” from the Consultant or the DPW results in conditions that may require modifications to the contract, the Contractor may propose changes in Contract cost and time by submitting a Change Order Proposal to the Consultant through the PM/CA on form **734F Change Order Proposal**. Include statements outlining the reasons for the change and the effect of the change on the Work. Indicate the effect of the proposed change on the Contract Sum and Contract Time. Comply with requirements in the Contract Documents for “Equals and Substitutions” if the proposed change requires an equal or substitution of one product or system for a product or system specified.

3.1.2 Change Order Workbook

The Change Order Proposal shall include form **735F Change Order Workbook** that provides accurate detailed and itemized breakouts of the components of the requested change amount. A Change Order Proposal shall include completed workbooks for the General Contractor as well as any of the subcontractors that will be performing work as a part of the Change Order Proposal. The workbook shall clearly indicate and be signed by the individual who prepared it. The supporting documentation from the contractor shall also:

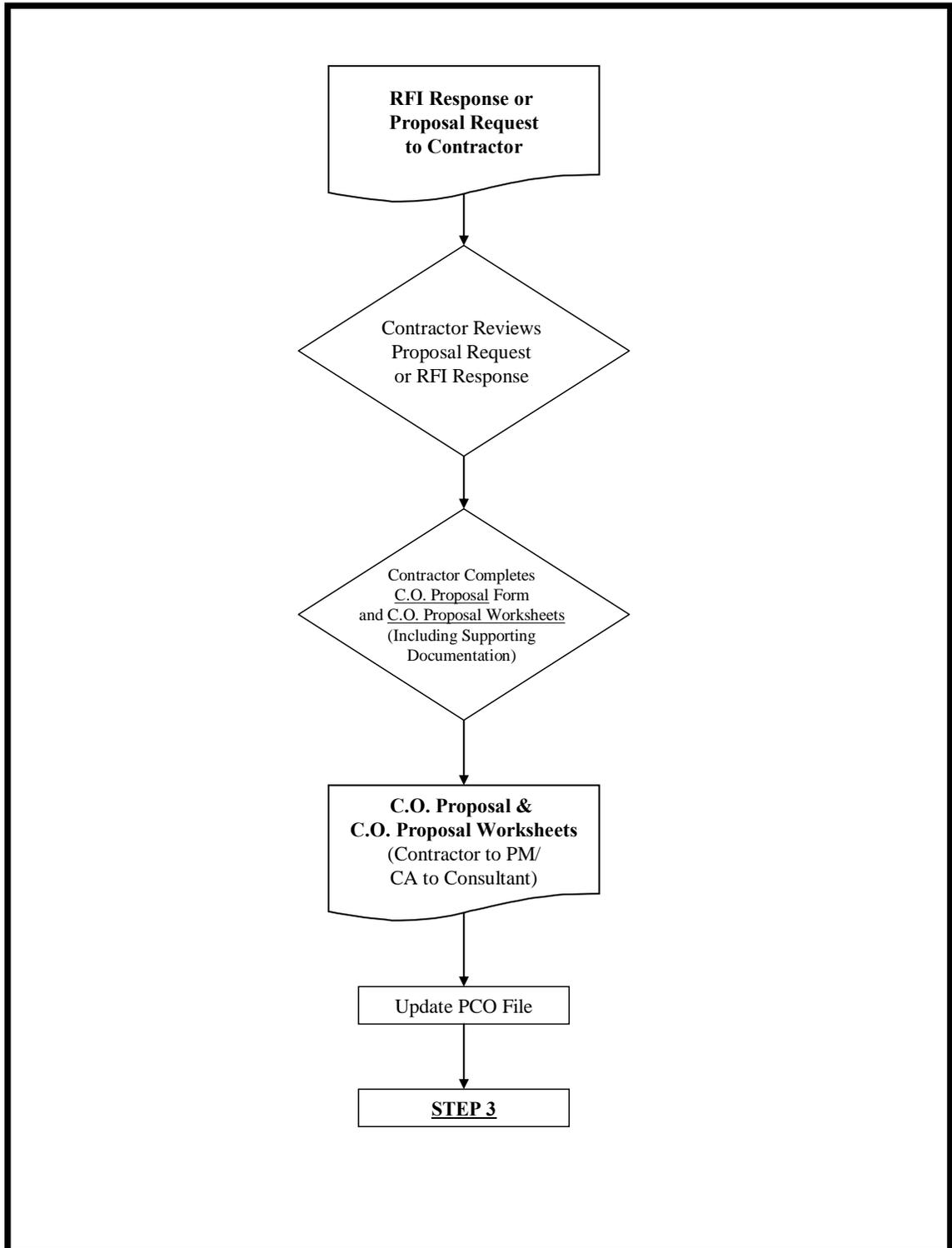
- 1.) Include a list of material and equipment quantities of products required and unit costs, with total amount of purchases to be made. Where requested, furnish survey data to substantiate quantities as directed by the General Conditions of the Contract for Construction.
- 1.) Indicate applicable delivery charges and equipment rental.
- 2.) Include applicable State of Connecticut sales tax. Typically the State of Connecticut construction contracts have the following tax implications:
 - a) Materials purchased which will be physically incorporated and become a permanent part of the project are tax exempt.
 - b) Tools, supplies and equipment used in fulfilling the requirements of construction contract are not exempt.

c) Services that are resold by the contractor are tax exempt. For example, if a General Contractor hires a plumber, carpenter or electrician, a resale certificate may be issued to the subcontractor because these services are considered to be integral and inseparable component parts of the building contract.

- 3.) Include Labor and Labor related expenses (i.e.: Taxes, Benefits, Workers Comp. Insurance).
- 4.) Include Overhead and Profit Markup in accordance with the contract.
- 5.) Include Subcontractor costs and markup on Subcontractors cost in accordance with the contract.
- 6.) Include Bond costs without Overhead and Profit Markup.

Any “Change Order Proposal” submitted for a specific event without being generated as a result of a “Request for Information” or as a response to a “Proposal Request” will be immediately returned to the Contractor and placed on hold until the appropriate “RFI” or “Proposal Request” has been generated.

3.1.3 Change Order Proposal: Flowchart F-3.1.3



3.2 Construction Change Directives:

3.2.1 CCD Summary

A “Construction Change Directive” (CCD) is the authorization from the DPW to the Contractor to proceed with a specifically defined scope of work. A CCD shall be issued as an interim measure if the PM/CA and Contractor can not;

- agree on the cost of the work or the time necessary to complete the work or
- if a Change Order Proposal is not negotiated with the Contractor within 30 days of receipt of the RFI Response or Proposal Request.

If a PM/CA feels a CCD needs to be issued for other than the two reasons stated above, the PM/CA shall obtain approval from the Supervising Project Manager.

3.2.2 CCD Process

All CCDs shall be issued to the Contractor on a Time & Material (T&M) basis with a Not to Exceed (NTE) value or by using pre-established unit rates with a NTE value. **The PM/CA shall define the NTE value based on the value of Contractor’s Change Order Proposal or other documented basis.** In no instance shall the NTE price be established by the PM/CA without adequate research and calculated support for its determination.

All CCD change orders, on a cumulative basis, require the proper approvals per the DPW Approval Matrix (*see appendix A*). All CCDs shall be recorded in the PM/CA’s PCO log at their NTE value until Change Order amounts are finalized. **Note:** *All CCDs shall be issued in consecutive order i.e.: CCD No. 5 must never be issued prior to CCD No. 4. In the event of a cancellation that number shall not be reused.* As with all other types of changes the PM/CA shall create and populate a PCO file for each change in the work whether or not it is administered via the CCD process. Please note that CCDs will not, for any reason, be issued as a vehicle to compensate a

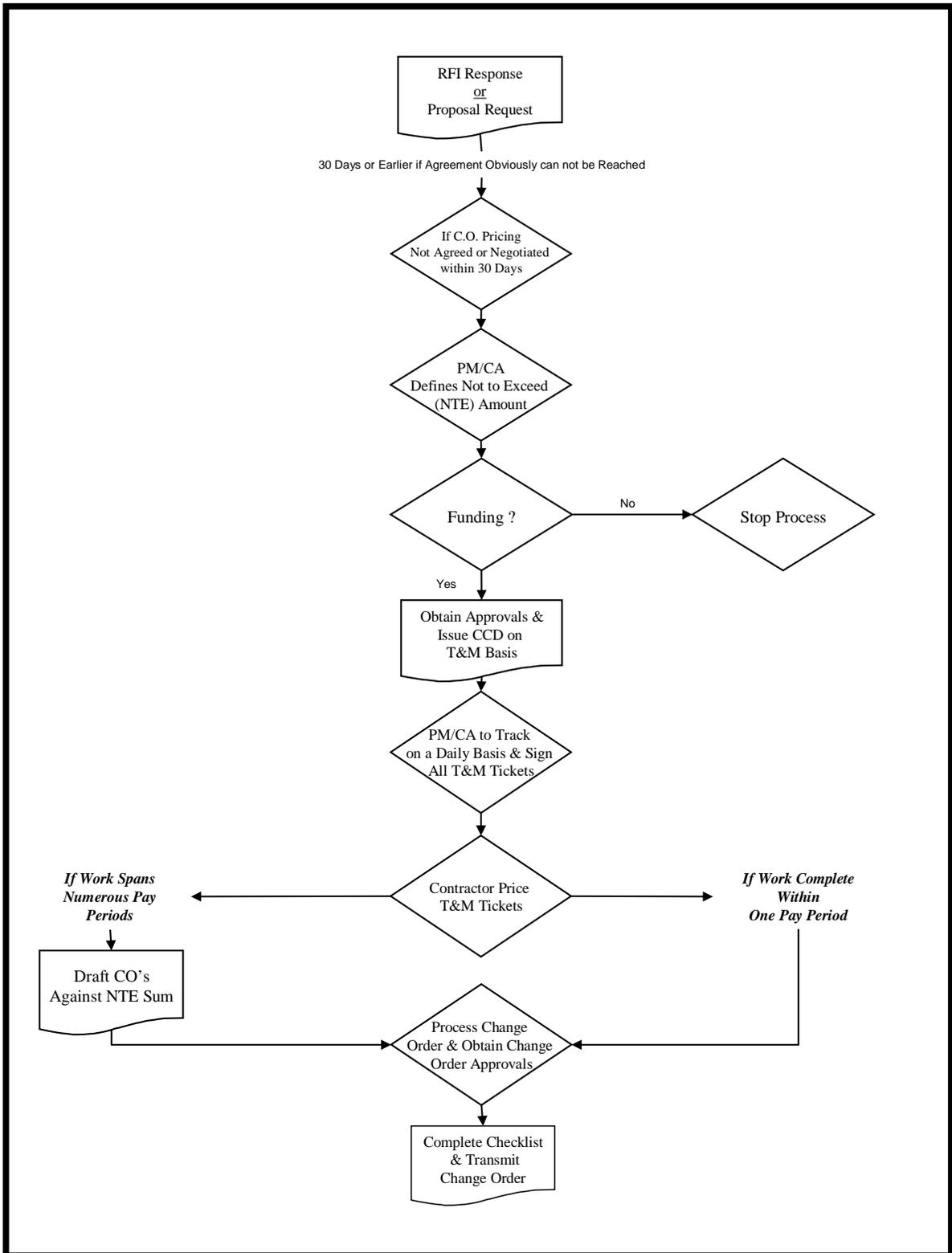
Contractor for overtime needed to expedite a project schedule or as a means to divide a specific scope of work into smaller parts to bypass the Change Order approval matrix.

All work completed for a CCD change item shall be tracked in the field. Daily tickets for all labor and equipment usage must be signed and submitted by the contractor and verified and signed by the construction administrator. A copy of each verified ticket shall be retained by the construction administrator at the time of verification. Material invoices shall be submitted by the contractor for material installed as part of the CCD. When unit rates are employed, the construction administrator shall verify and document the quantity of units installed as appropriate. The construction administrator shall verify quantities and the reasonableness of costs. The **740F Cost Plus Work Daily Report** is available to be used for this purpose. Upon completion of the work identified in the CCD, a Change Order will be issued in the amount of the verified work as described above, but not for more than the Not to Exceed amount. If actual costs will exceed the NTE amount the appropriate documentation and approvals will be required. The PM/CA is responsible to verify the labor rates, material costs, equipment rates and other claimed costs in accordance with the procedures set forth in Step 3 of this manual prior to generating a Change Order. All tickets, material invoices and other daily or individual supporting documentation shall be itemized on a single statement clearly summarizing the total costs. If the work governed by the CCD is not completed within one (1) pay application period, the PM/CA may write more than one Change Order against a specific CCD to allow payment to the Contractor for work completed. However, the combined total of the Change Orders for completed work can not exceed the original NTE amount established by the CCD. In this case where multiple Change Orders are going to be issued for one individual CCD and a corresponding PCO, each Change Order shall include a cumulative subtotal for the cost of the CCD to date.

If a CCD has been issued to the Contractor for work that the Consultant subsequently issues a Proposal Request, the PM/CA shall not transmit the Proposal Request to the Contractor for pricing via a Change Order Proposal. After confirming that the work included in the Proposal Request is covered by the CCD, the PM/CA and Contractor

shall continue with the CCD process and file the Proposal Request in the PCO file, which will serve as contemporaneous support to the change order upon completion of the CCD.

3.2.3 Construction Change Directives: Flowchart F-3.2.3



4.0 Step 3 – Change Order Processing & Approval

4.1 Confirm funding availability

Regardless of the type of change, the PM/CA shall confirm that there are sufficient funds in place and available for any change modification. If funds are not available, then the PM should **STOP** the Change Order process and ensure that the work has not begun

4.2 Review of C.O. Proposal

Upon receipt of the Change Order Proposal from the Contractor, it is the PM/CA's responsibility to review the proposal and the proposal worksheet to ensure that all requirements are met prior to issuing a Change Order. The PM shall review and confirm the Accuracy and Reasonableness of the Change Order Pricing. For Lump Sum Change Orders not based upon three (3) quotes from different sources, T&M, or unit rates, the following shall be included in the file:

Change Order Value:

≤ **\$100,000** - A written statement signed by the CA as to the reasonableness of the costs and quantities included in the change order

> **\$100,000** ≤ **\$500,000** - In addition to the above, the file must include a detailed cost estimate for the work included in the change order

> **\$500,000** - In addition to above, a third party cost estimate, which may be obtained from an outside source hired by the construction administrator, for the work included in the change order

The Change Order Proposal review shall include the following components:

4.2.1 Materials & Equipment

Materials include any substance specified for use in the construction of the project while equipment is defined as the machinery and equipment together with the necessary supplies for upkeep and maintenance including the tools and apparatus necessary to maintain the equipment. The PM/CA should have a thorough understanding of the change modification in order to identify and

quantify the material and equipment elements which should be specifically addressed in the pricing proposal. The PM/CA should verify the proposed quantities versus the contract documents (plans, drawings and specifications) and ensure that the Change Order Proposal includes all supporting vendor/supplier quotations. The PM/CA should verify unit costs, when applicable, by reviewing unit costs for any of the items that are included in the original contract, calling vendors to obtain quotes and/or reviewing previous Change Order Proposals for consistency. **Note:** *No Change Order Proposal shall be negotiated if the request is solely for the escalation of material prices over those originally carried by the Contractor in its original bid.*

4.2.1.1 Rental Rates

All equipment purchases and rental rates, if not specified in the Contract, should be reviewed and compared against other information sources such as the Blue Book (rentals) or Green Guide (purchases) to check for reasonableness. The Blue Book and Green Guides are industry standard pricing guides which are offered by Equipmentwatch.com. When comparing prices for equipment rentals, the PM/CA shall use the monthly rate, pro rated, as provided by the Blue Book.

4.2.1.2 Delivery charges and sales taxes

Typically materials which will be physically incorporated and become a permanent part are exempt from State sales taxes but tools, supplies and equipment used in fulfilling the construction contract are not exempt. Delivery charges should be reviewed for reasonableness.

4.2.1.3 Small Tools

These include items such as shovels, picks, rakes and power tools which are expected to be utilized on a project. **Note:** *These costs shall not be approved as part of the Direct Cost of a Change Order as they are included in the Contractor's overhead mark-up percentage.*

4.2.2 Labor & Related Expenses

The PM/CA should analyze the types of labor by labor classification/trade (e.g., carpenter, electrician, plumber, etc) and the number of workers and hours required to accomplish a particular change modification. The PM/CA should have a thorough understanding of the changes in the work to determine if the quantity of hours proposed is reasonable and justified. This may require a further breakdown of the work into identifiable physical segments to determine whether the contractor's estimate is based on proper planning and the sound use of labor with reasonable expectations of efficiency. In addition, all supporting subcontractor labor estimates should be attached as backup to the Change Order.

4.2.2.1 Overtime Labor

The PM/CA should also review the use of overtime labor, which will require prior approval by the Director of Project Management if included in the proposal, to determine if it is required by the change modification. If overtime is required the PM/CA should confirm whether the entire overtime rate should be applied or only the overtime portion/premium portion (i.e.: the premium portion only in lieu of premium plus base rate). The labor rates by classification and the associated benefits shall meet all prevailing wage requirements and shall be reviewed by the PM/CA for consistency against the certified payroll reports and previous Change Order Proposals.

4.2.2.2 Labor Rate Escalation

Note: *No Change Order Proposal shall be negotiated if the request is solely for the increased labor rate over those originally carried by the Contractor in its original bid.*

4.2.3 Labor Taxes & Workers Compensation

Tax on labor should only be applied to Hourly Base Rate and Cash Benefits as calculated on the Change Order Proposal worksheet. In addition, the Worker's Compensation Insurance rate shall be verified for reasonableness and accuracy

and shall be supported by a letter from the contractor's insurance company verifying the actual rate per trade based upon payroll if the rate has not been previously provided at the time of Contract award.

4.2.4 Overhead & Profit

Included in OH&P are items such as small tools & supplies, home and field office overhead, job and home office salaries. However, the PM/CA should:

- Confirm that the rates are in accordance with the contract terms and conditions.
- Confirm that the Contractor's mark-up on its self-performed work is actually for self-performed work and not that of any subcontractors.
- Review the mark-ups in the subcontractor proposals for adherence to the contract terms and conditions.
- Ensure that the mark-up on work performed by subcontractors includes only those costs proposed by the subcontractors.
- Confirm OH&P is calculated prior to the addition of any bond costs.

4.2.5 Additional Bond Costs

Estimated additional bonding costs associated with the value of a change order will be added to each change order on the bottom of the Change Order worksheet and carried in the Change Order log. This estimate can be based upon an established rate or sliding scale or other reference provided by the bond company at the beginning of the project. If bond costs are not included in the Contractors Change Order Proposal, the PM/CA shall estimate the bond costs based on pricing provided in the Contractors original bid. **In addition, the Contractor must notify the bonding company at each \$500,000 increase to the contract value as the cumulative result of the change orders. A copy of the Consent of Surety must be provided to the DPW PM prior to execution of any change order which exceeds each cumulative \$500,000 threshold.**

For example, if a contractor's change orders No. 1 through 4 total \$485,000, and the next change order (No. 5) is in process for \$40,000, the cumulative effect of change order No. 5 will exceed the first \$500,000 threshold (\$485K + \$40K = \$525K). This change order shall not be executed until the contractor has notified the bonding company of the cumulative increase in Contract value and the DPW PM has received a "Consent of Surety" from the bonding company acknowledging the increase in coverage. (note: the next threshold would be at \$1,025,000)

All bonding costs will be reconciled upon completion of the project and will be verified by a written document/invoice from the bonding company that summarizes the final contract status and the final bond costs. The total bond cost invoiced from the bonding company should be compared to the accumulated bond costs paid to date via the contract and approved changes and a Change Order shall be issued for the reconciling amount. **Note:** *OH&P is not allowed on bond costs.* A change order to adjust the total Bond cost shall be the last numbered Change Order for the project and must be issued even if documenting a zero dollar adjustment.

4.2.6 Jobsite Overhead

These items include General Condition costs which include job expenses that are required specifically for the project but cannot be reasonably allocated to any specific work item within the project. (i.e. Field Staff Salaries, Office Trailers and Supplies, Temporary Electric and Water, Telephone, Dumpsters, Sanitary Facilities, etc.). **Note:** *Unless additional contract days are requested by the contractor, and are approved, these costs can not be included in the Change Order.*

4.2.7 Home Office Overhead

These costs are not allowed in a change order. Such overhead includes costs to operate a contractor's home office which are not incurred solely for a

particular project and are not tracked as part of the contractor's job costing system. Home Office Overhead typically includes costs associated with home office rent, home office utilities, accounting staff, management staff, general insurance, legal fees, marketing costs and other costs that are not directly related to a specific job site. If a contractor submits these costs as part of a Change Order Proposal, the proposal must be rejected and notice given to both the Director of Project Management and the Claims Administrator.

4.2.8 Additional Costs or Time Extensions for Damages

If, as part of a change order proposal, a contractor is requesting additional Contract days or costs for *Lost Productivity (inefficiency)*, *Idle Equipment*, *Lost Profits*, *Interest*, *Extended Home Office Overhead* and/or *Extended Jobsite Overhead*, the PM/CA shall:

Reject the proposal and notify both the Director of Project Management and the Claims Administrator. The above is a listing of the most common elements, but there others. If unsure whether or not an item may be included in a change order, contact the claim administrator for clarification.

4.3 Summary of Allowable / Unallowable Costs

In summary, it is the PM/CA's responsibility to understand which change order costs are allowable and which costs are not allowed by Contract; they are summarized as follows;

Allowable Costs:

- Materials required for work described in the Proposal Request.
- Equipment rentals necessary to perform work at pro-rated monthly rate as shown in Blue Book or Green Guide for equipment purchases.
- Labor Rates & Labor Benefits that meet prevailing wage requirements.
- Overtime Labor if specifically required by work in the change order.
- Payroll Labor Taxes and Workers Comp. Insurance
- Overhead and Profit which includes small tools & supplies, home and field office overhead, job and home office salaries.
- Bond Costs without Overhead and Profit Markup.

Unallowable Cost:

- Equipment rentals at daily rates (all rentals should be at pro-rated monthly rate).
- Small tools & supplies, home and field office overhead, job and home office salaries. These costs are included in the Overhead and Profit markup.
- Overhead and Profit Markup on Bond Costs.
- Lost Productivity (inefficiency), Idle Equipment, Extended Home Office Overhead and/or Extended Jobsite Overhead .

4.4 Negotiation

Upon review of the Contractor's pricing, negotiations between the PM/CA and the Contractor may be required to resolve any Change Order pricing and/or quantity discrepancies. If the discrepancies can not be resolved, notify the Supervising Project Manager for assistance and if still not resolved within 30 days of the RFI Response or Proposal Request, then a Construction Change Directive (CCD) will be issued to the Contractor (refer to the CCD process in Section II). It is the PM/CA's responsibility to ensure that all pricing is reasonable and consistent with the contract documents. Upon successful negotiations, a Change Order can be processed for the General Contractor.

4.5 Categorize Change Order

All Change orders shall be classified as a Document Deficiency, Agency Request, Field Condition, or Non-Specific (NS). All document deficiency Change Orders shall be reviewed and signed off by the DPW Chief Architect for classification purposes. It should be noted that this signature step should not impede the Change Order process as it is solely for classification purposes and is not part of the Change Order approval process.

4.6 Change Order Review Signatures

After concurring with a Contractor's "Change Order Proposal", the PM/CA will issue the Change Order for the Consultant's review and signature. If the Change Order is the result of an Agency Request, the PM/CA will review the "Change Order Proposal" with the Authorized Representative from the User Agency, and in the case

of a CHEFA project, with the Authorized Representative from CSU for their approval. All change orders shall have documentation in the file of concurrence by the consultant, construction manager, and project manager and other approvals as required in appendix A. Should a change order need to be executed without review and concurrence by the construction administrator and/or consultant, approval by the SPM is required and documentation must be included in the file as to the reason.

4.7 Change Order Numbering

It is at this point that the Change Order number will be issued. **Note:** *All change orders shall be issued in consecutive order i.e.: Change Order No. 5 must never be issued prior to Change Order No. 4.* The Change Order numbering does not have to follow, and in most situations will not follow, the same sequence as the PCOs.

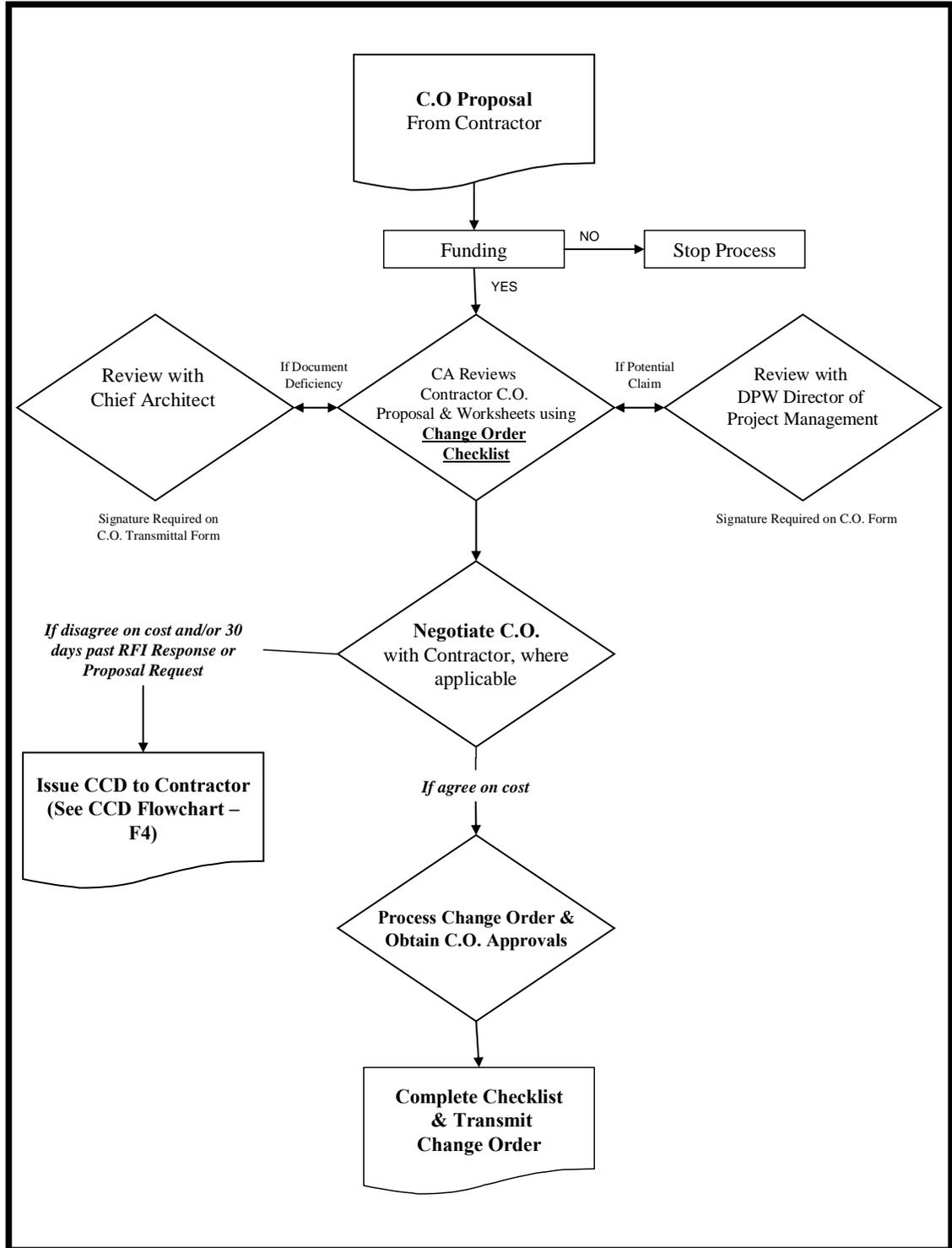
4.8 Change Order Approval

Upon recommendation of a Contractor's "Change Order Proposal", by the PM/CA, Consultant and Agency, if applicable, the ***Contractor Change Order must be approved by the appropriate level of DPW management as shown in the attached DPW sign-off authority chart dated April 5, 2004 (Section IV).***

4.9 Change Order Approval Checklist

The Change Order Approval Checklist includes the key data elements and documentation required for each change order and should be utilized by the PM/CA during the Change Order proposal review. The completed checklist shall be included as the first page in the "CO/PCO file".

4.10 Change Order Processing & Approval: Flowchart F-4.10



5.0 Appendices

Appendix A. DPW Sign off authority matrix

Memorandum

TO: Distribution
FROM: James T. Fleming, Commissioner
DATE: April 5, 2004
RE: Signatory Authority

I am attaching a new chart regarding sign-off authority for architect/engineer consultants and contractors or construction administration. All guidelines are effective immediately, April 5, 2004. If you have any questions, please call Deputy Commissioner David O'Hearn at 713-5850.

Attachment: (1)

JTF:q

Entity	Item	APM	PM	SP M	Manager above SPM	Deputy Review	Commissioner Approval
Architect/Engineer Consultants	Formal Contracts	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	All
	Informal Contracts	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	All
	Task Letters	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	All
	Commission Letters	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	As referred
	Amendments	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	As referred
	Contract Payments	Project Manager designated for a specific project has Sign-off Authority for no more than 50% of the amount of any design phase which must be accompanied with a deliverable submitted in accordance with the contract terms. No more than 50% will be paid prior to full completion of that phase.			Above % Cap	Review Above % Cap	As referred
Contractor Or Construction administration (includes A-E)	Formal Contracts	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	All
	Informal Contracts	Authors of documents must sign-off and then have SPM review and initial.			Sign-off required for \$100,000 and over	Review All	All
	Application for Payment	Project Manager designated for a specific project has Sign-off Authority up to 10 % of contract total per payment.			Above % Cap	Review Above % Cap	As referred
	Change Orders and Construction Change Directives	Up to \$5,000	Greater than \$5000 and up to \$25,000	Greater than \$25,000 up to \$50,000	Sign-off required for greater than \$50,000 up to \$100,000	Review Above \$100,000	As referred

Appendix B. Forms

725F Agency Change During Construction Request

730F Request For Information

731F RFI Response

732F Supplemental Instructions

733 F Proposal Request

734F Change Order Proposal

735F Change Order Proposal Workbook

736F Construction Change Directive

737F Change Order

730F Request For Information: Form



State of Connecticut

Request For Information



Department of Public Works

To: Consultant **Date:**
DPW Project Number:

Project Name and Location:

From: General Contractor

References: Specification Section Number: **Paragraph:**
Detail Number:
Drawing Number:

Please submit a clarification or interpretation for the above described Contract Documents for the below noted Request for Information within **SEVEN (7) DAYS**, or notify the General Contractor in writing of the date on which you anticipate submitting your clarification or interpretation.

Request for Information:

SAMPLE

Reason for RFI:

SAMPLE

Attachments:

Requested by: General Contractor's name _____ Signature

Copies : PM CA Subcontractor: Other: File

731F RFI Response: Form



State of Connecticut

RFI Response



Department of Public Works

Issued in Response to RFI Number

Date: m/d/yr

To: General Contractor

Department of Public Works Project No:

From: Consultant

Project Name and Location: project location

References: Specification Section Number:

Paragraph:

Drawing Number:

Detail Number:

This response clarifies or interprets the above referenced Contract Documents and does not change any requirement of the Contract Documents. In the event that the Contractor believes this response does change the Contract Documents, the Contractor shall give immediate written notice to the Project Manager through the Construction Administrator that the Contractor intends to submit a Change Order Proposal. Failure to give such written notice immediately and to proceed with the Work, in accordance with RFI Response, shall indicate the Contractor's acceptance of this clarification or interpretation of the Contract Documents with no change to the Contract Sum or the Contract Time.

RFI Response:

SAMPLE

Attachment(s): Proposal Request No.

Response issued by: Consultant

signature

date

Copies : PM CA Other

File

732F Supplemental Instructions: Form



State of Connecticut



Department of Public Works

Supplemental Instructions

In response to RFI Number	Supplemental Instructions Number	Date: m/d/yr
To: General Contractor	Department of Public Works Project No:	
From: Consultant	Project Name and Location:	

References: Specification Section Number:	Paragraph:
Drawing Number:	Detail Number:

The following Supplemental Instructions, issued in accordance with the Contract Documents, describe the minor changes in the Work which shall be effected with no change in the Contract Sum or the Contract Time. Proceeding with the Work, in accordance with these Supplemental Instructions, indicates the General Contractor's acknowledgement that there will be no change in the Contract Sum or the Contract Time.

Supplemental Instructions:

SAMPLE

Attachments:

Supplemental Instruction Issued by:	Consultant	_____	_____
		Signature	Date
Accepted by:	General Contractor	_____	_____
		Signature	Date

Copies : PM CA Other: File

733 F Proposal Request: Form



State of Connecticut

Proposal Request



Department of Public Works

PCO No.	Issued In response to RFI No.	Proposal Request No.	Date: m/d/yr
To:	General Contractor		Date: m/d/yr
From:	Consultant	Department of Public Works Project No:	
		Project Name and Location:	project loc

In accordance with the requirements of **Article 13** of the General Conditions, please submit a Change Order Proposal quotation, including a completed Change Order Proposal Workbook, for a change in the Contract Sum and/or the Contract Time for the proposed modifications to the Contract Documents described below. Submit this proposal within **Seven (7) days** or notify the Construction Administrator, [redacted], of the date on which you anticipate submitting your proposal.

THIS IS NOT A CHANGE ORDER, A CONSTRUCTION CHANGE ORDER, A DEFECTIVE OR A DEFERRED TO PROCEED WITH THE WORK DESCRIBED BELOW FOR THE PROPOSED MODIFICATIONS.

Description of the Work:

SAMPLE

Attachment

Proposal Requested by: consultant's name _____ Signature _____ Date _____

Copies: PM CA Agency Other: _____ File: _____

734F Change Order Proposal



State of Connecticut

Change Order Proposal



Department of Public Works

RFI No.	Proposal Request No.	Change Order Proposal No.	Date: m/d/yr
To:	Project Manager		DPW Project No:
From:	General Contractor	Project Name and Location:	

This Change Order Proposal quotation with attached itemized Change Order Proposal Workbook(s), per Article 13 of the General Conditions, is for proposed modifications to the Contract Sum or Contract Time of the Contract Documents and is based upon the above noted RFI and Proposal Request .

Description of Proposed Change:

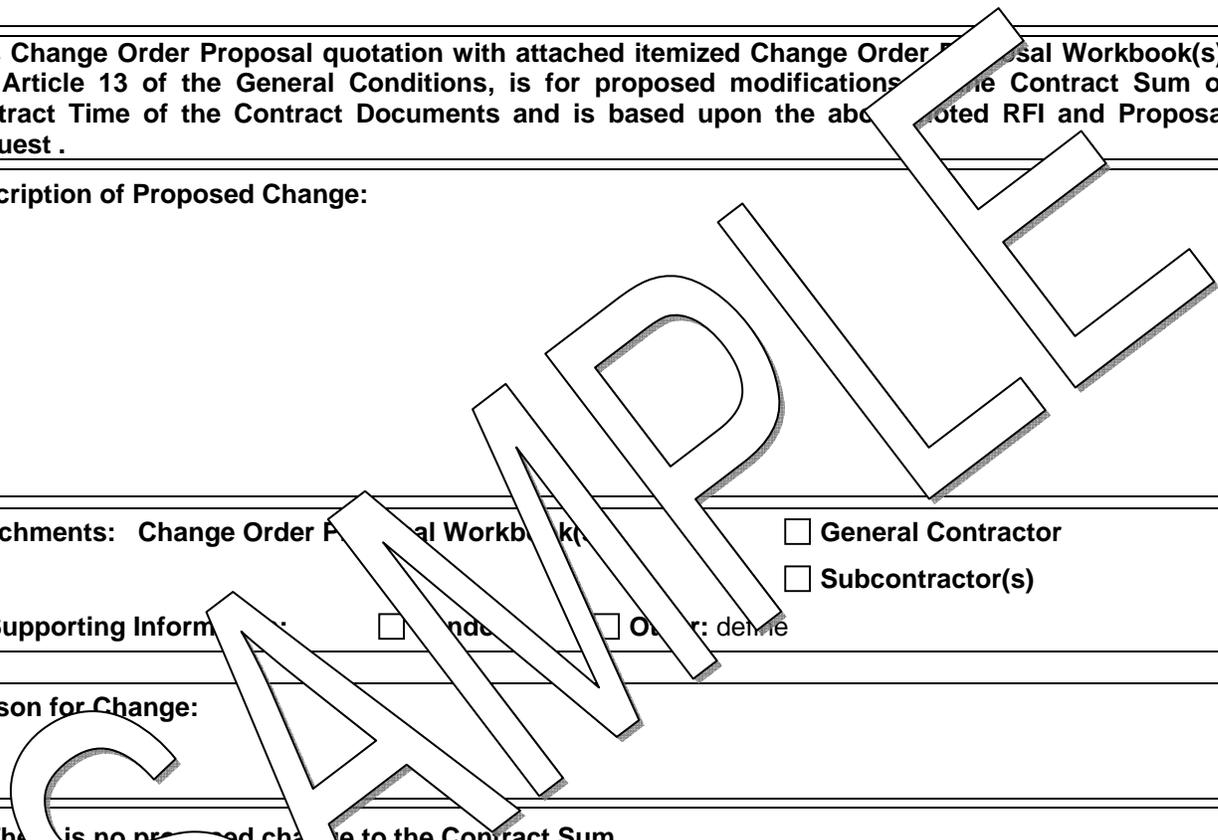
Attachments: Change Order Proposal Workbook(s) General Contractor
 Subcontractor(s)
 Supporting Information Index Other: define

Reason for Change:

There is no proposed change to the Contract Sum
 The Contract Sum will be Increased Decreased by \$
 There is no proposed change to the Contract Time
 The Contract Time will be Increased Decreased by Days

Change Order Proposed by: typed name of General Contractor _____ Contractor's Signature

Copies : CA Consultant Agency Subcontractor Other: File



736 Construction Change Directive



State of Connecticut

Construction Change Directive



Department of Public Works

PCO No. **RFI No.** **PR No.** **Construction Change Directive No.** **Date: m/d/yr**

To: General Contractor

Department of Public Works Project No:

From: Project Manager

**Project Name
and Location:**

In accordance with the requirements of Article 13 of the General Conditions, the Contractor is hereby authorized and directed to make the following change(s) to the Contract. All work under this Construction Change Directive shall be done on a Time and Material (Cost Plus) basis or Unit Price.

The basis of final amount of adjustment to the Contract Sum shall be as follows:
 The final amount shall be subject to a Change Order Proposal that requires review and Change Order approval in accordance with the requirements of **Article 13** of the General Conditions.
 The amount of this Construction Change Directive for labor and materials shall not exceed:

When signed by the Project Manager and received by the Contractor, this document becomes **EFFECTIVE IMMEDIATELY** as a Construction Change Directive (CCD), and the Contractor shall proceed with the change(s) noted above.

Project Manager **name** _____ **signature** _____ **date** _____

Signature by the Contractor in _____ Contractor's name _____ the basis of the final amount of adjustment in the Contract Sum as set forth in this Construction Change Directive (CCD).

General Contractor By: _____ **signature** _____ **date** _____

_____ **signatures** _____ **date** _____

CSU USE	Reviewed By	typed name		
	Reviewed By	typed name		

Copies: CA Consultant Other: Agency File

737F Change Order: Form



State of Connecticut

Change Order



Department of Public Works

PCO No.	RFI No.	PR No.	COP No.	CCD No.	Change Order No.
To: General Contractor		Date: m/d/yr			
From: Project Manager		Department of Public Works Project No:			
Project Name and Location:					

Pursuant to Article 13 of the General Conditions, the General Contractor is hereby authorized and directed to make the following change(s) to the Contract Documents:

Reference(s): Drawing(s) No(s). _____ Specification Page(s) No(s). _____
Change requested by: _____

Change Order Designation:

Document Deficiency Architectural Code Structural CS-Civil/Soil Electrical Mechanical Other Specific
Enter Letter Designation | **If Document Deficiency Chief Architect's signature required on checklist**

Agency Request

Job Condition

Original Contract Sum: _____
 Net Change by previously authorized Change Orders: _____
 Amount of this Change Order: _____
 Total Amount of Change Orders to Date: _____
 Revised Contract Sum as of this Date: _____

Contract Time will be: Unchanged Increased by number _____ Day(s) or Increased by number _____ Days

As of the effective date of this Change Order the Date of Substantial Completion shall be _____ yr

Reviewed By Construction Administrator: _____ typed name _____ signature _____ date _____
 Reviewed By Architect/Engineer: _____ typed name _____ signature _____ date _____

CSU USE Reviewed By: _____ typed name _____ signature _____ date _____
 Reviewed By: _____ typed name _____ signature _____ date _____

Accepted By the General Contractor: _____ typed name _____ signature _____ date _____
(Retain 1 copy, return signed and dated form to DPW)

Signature Authority:

\$25,000.00 up to	Supervising Project Manager
\$50,000.00 up to	Director of Project Management
\$50,000.00 up to	Director of Project Management
\$100,000.00 up to	Deputy Commissioner
Greater than \$100,000.00	Commissioner

This Change Order is not valid until approved and signed by the Project Manager

Approved by the Project Manager: _____ typed name _____ signature _____ date _____

Copies: GC -2 copies SPM CA Agency Consultant DPW Acct - (3) File

Appendix C. Checklist

750L Checklist: Form

DPW Project No.

Change Order No.

Project Name:

and Location:

Type of Change Lump Sum Unit Price Cost Plus

- Initiating Documents included (RFI; RFI Response; PR; CCD etc.)
- Supporting Documents attached or referenced
- Change Order Proposal review by:
 - CA/CM (if not SPM approval obtained and explanation included)
 - Consultant (if not SPM approval obtained and explanation included)
 - Agency
 - PM
- Change Order fully executed
- Bond premium included (No overhead or profit included)
- Consent of Surety (if applicable)
- Statement of Reasonableness
- Detailed estimate (if greater than \$100,000.00)
- Third Party estimate (if greater than \$500,000.00)
- Extension of Time or Overtime Request (signed off by Director of Project Management)

Change order Classification

- Document Deficiency – Chief Architect's signature _____
 - Field Condition
 - Agency Request
 - Non Specific
- File completed

Signature of preparer _____

Date: _____

Compilation: Louis Taylor

Review: Joel Baranowski
Bruce Bockstael
Kenneth Fitzgerald
Kevin Jackson
Scott Jellison
Robert Zysk