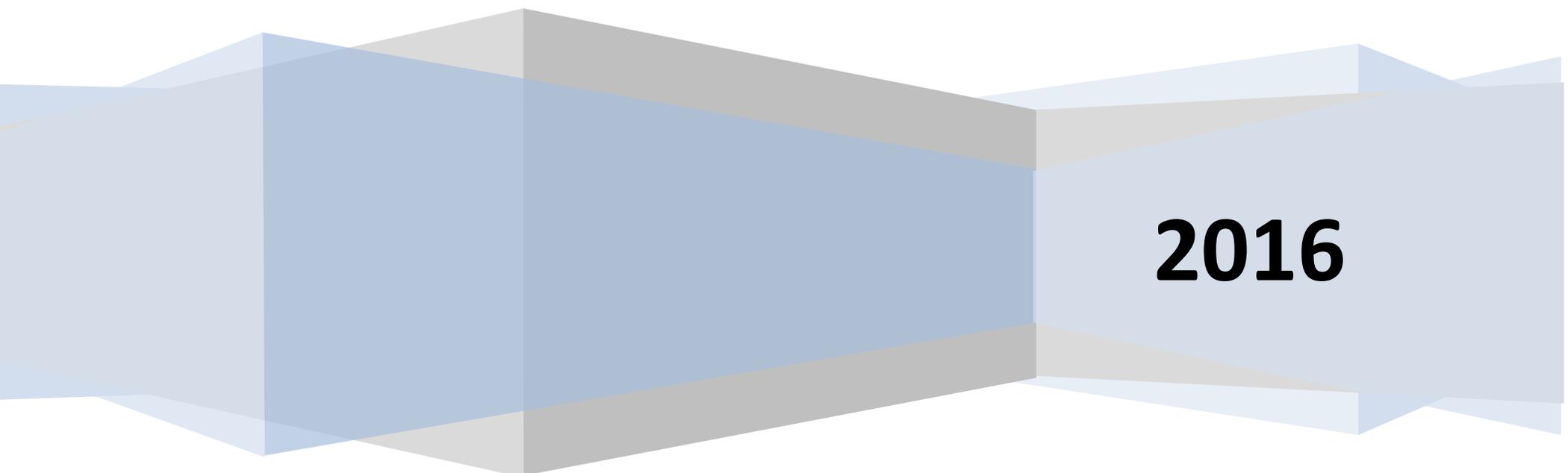


# Issuing Contract Change Orders

[Standard Specifications 104.2.2](#)



**2016**

## Background and purpose:

This procedure will ensure fair and reasonable prices and time extension for change orders, prevent compromising of the competitive bidding process.

## General

Work added or modifications to the Contract Documents made by change order must be only those which are necessary and integral to the completion of the project as intended by the original plan. Work that is not necessary to complete a project as originally intended must not be added to a project by change order and must be contracted through the Department's competitive bidding process or the department's emergency contracting process. Convenience or lower costs are not valid reasons to avoid the competitive bidding requirements of State Statutes.

Added work must be:

- . Within the existing Right-of-Way
- . Covered by the approved environmental document and waterway (NEPA)
- . Miscellaneous permits
- . And within the project limits stated in the plans.

All change orders must be processed expeditiously to ensure prompt payment according to *ASP4*.

The terms, conditions, and justification for change orders must be fully documented in the "Contract Modification Justification (CMJ)" section of the change order.

An applicable reason code must be entered for each line item or grouping of items for the change order.



## Change Order Process (See CMM 2-42.1)

### **Independent Cost Analysis**

Project Engineers should provide an independent estimate of revised work before performing the work.

Project Engineers may request proposed labor time, material accounting, equipment cost, and time accounting and material supplier quotes. Force Account markup must not be part of this accounting.

# Change Order Checklist

PROJECT NAME:

PROJECT NO.:

COUNTY:

CHANGE ORDER NO.:

YES   NO   N/A

1. Is the work eligible?

This refers to nature of work, location and scope of work.

2. If work is eligible, has nature and justification been adequately described?

3. Is the Change Order needed to rectify design errors (Errors & Omissions)?

4. Does change order involve rework?

A. If rework is involved could it have been reasonably avoided?

B. If the change order involves utility relocation, was a reasonable effort made to approximate the location during design?

5. Will the change order work result in a change in the original design criteria/scope?

6. Will the work cause some other problem or put stress on other equipment or processes that may not have been considered?

7. Does the change need FHWA prior approval (See [CMM 2-42.6](#))?

8. Has a complete derivation of the cost been included?

A. If cost breakout is unit price, are unit prices used in agreement with prices listed in the bid documents?

B. If cost breakout is not unit price, does the cost include?

1. A detailed breakout of labor - job classification, rate of pay and hours worked

2. A detailed breakout of material - including a unit cost for each item

3. A detailed breakout of equipment used - including an hourly or daily rate for equipment used

4. Are overhead and profit markup reasonable and in accordance with specifications?

9. Will approval of this change order result in cumulative cost to date for change orders exceeding contingency funds?

10. Will there be an impact on the contract time or interim completion date?

11. Has the change order been signed and dated by the contractor, engineer (Responsible Charge), and FHWA (for FHWA oversight projects)?

## Preliminary Considerations

### **When preparing to write a contract change order, consider the following:**

- Have you consulted with the designer?
- Is it necessary to issue Errors and Omissions Notice (see [FDM 8-1](#))?
- What is the overall impact on the original planned work?
- Will the contract time be affected?
- When a project is nearing completion, what are the impacts of extending contract time? Consider the effect the change will have on completion time.
- If contract time cannot be determined when the change order is written, how will the time adjustment be determined?
- Will the proposed contract change order affect or change the contractor's means and method?
- Is the proposed work covered in the contract?
- Is the time and cost adjustment determined? Do not defer an adjustment in compensation to a later date.

### **Answering “yes” to any of the following questions indicates that the new work may be outside the scope of the original contract:**

- Is the type of work for the proposed change different from other types of work within the original contract?
- Is it necessary for the prime contractor or subcontractors to mobilize additional forces and equipment to perform the work of the proposed change?
- Will the estimated cost of the proposed work, when combined with all other contract changes, be outside the approved contract allotment?
- Does the proposed change delete work from the original contract?
- Does the proposed change delay completion of the contract?
- Is the proposed change outside the original project limits?
- Can the project be completed as bid without the proposed change?