

Volume

1

CHANGE MANAGEMENT CHANGE ORDER GUIDELINES AND REQUIREMENTS FROM
FACILITIES AND CONSTRUCTION MANAGEMENT DIVISION- SCHOOL BOARD OF BROWARD
COUNTY (SBBC)



Guide to Change Order s

SCHOOL BOARD OF BROWARD
COUNTY- FACILITIES AND
CONSTRUCTION MANAGEMENT
DIVISION- CONTRACTS
DEPARTMENT

Change Management- Change Order Guide

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Change Orders, CCD's and CUD's- a Change Management tool.

A guide to processing Changes to the Contract for Project Managers, Contractors and Consultants..

This guide has been created to help all stakeholders in the Construction Process, no matter what kind of Construction delivery system you use, how to handle Changes in the contract. Change is inevitable. There will always be changes to the contract, no matter how perfect a set of documents there is. The Owner may change his mind and want something different. The contractor may find something that was hidden that could not have been reasonably planned for. The consultant may make an error in the plans or specifications that has to be overcome. In any event, there is always a need to change something. So this manual was created with the idea that if everyone speaks a common language with how Changes are to be addressed, the easier and less time consuming it will be for each party to the contract to deal with those changes.

Goals

Overall it should be the goal of the Facilities and Construction Management Division, including Contracts, Design and all the Project Managers to reduce the number of Change orders, and the quantity of change orders, and the dollar amount for Change Orders as a percentage of the Construction cost.

Definitions- Change Order Terms

HERE, TO BE BRIEF, ALL CHANGE MANAGEMENT ITEMS- INCLUSIVE OF CHANGE ORDERS, CONTINGENCY USE DIRECTIVE'S (CUD'S) , CONSTRUCTION CHANGE DIRECTIVES (CCD'S), ETC WILL BE REFERRED TO AS CHANGE ORDERS.

Definitions- Change Order Terms

All The terms and definitions for Change Orders, Construction Change Directives (CCD's) and Contingency Use Directives (CUD's) is defined in the Contract, under General Conditions Section 00700, The agreement form (Document 00520).

Architect's Supplemental Instructions (ASI): Architects Supplemental Instructions and Project Consultants Supplemental Instructions are the same. These instructions are written by the Project Consultant to make minor changes in the work, without a change in the contract sum or contract time. These may arise out of an interpretation of the Contract Documents.

Change Order: Change Orders are Changes to the Construction contract that occur after award of the Contract, while being within the General scope of the contract. The Changes may include Changes to project schedule duration, changes to the scope of the contract, and changes may be additive or negative. The Changes may be precipitated by the Project Consultants Supplemental Instructions, usually referred to as ASI's, Construction Change Directives and Change Orders Requests.

Change Order Summary: Change order summary is an Owners form that documents the Change Orders that have occurred in the project from its start to completion. The Change Order Summary is often used 1) for verification of Errors and Omissions (E and O's) Change Orders, (for the portion of E and O's that exceed the norm for the area.), for closing out the project with the contractor at Final Acceptance, and a tool to see that Change Orders being processed are not duplicated.

Once School Board Approval has been obtained for any change to the contract schedule or cost, a standardized form letter(specify the number of days from Board approval date that it should be expected that this letter will be issued) will be sent to the contractor and copied to the design consultant recognizing the change and authorizing a change to either the Schedule of Values or the project schedule or both.

Construction Change Directive (CCD): A Construction Change Directive is issued when the work is critical to the project schedule or would cause a hazard for occupancy if not corrected. In the event of an immediate need (safety, building damage) or if the Consultant and Project Manager are unable to reach agreement with the Contractor on the cost or the amount of time required, then a Construction Change Directive (CCD) is issued so as to not delay the project. The CCD is issued, sent to the Board for approval, and the Change Order for these changes should be ready for approval at the next available Board meeting. In the event that the Contractor is still unwilling to agree or sign the CCD, the item is issued without his approval.

Contingency Use Directive (CUD): Utilized to adjust the schedule of values in the GMP after Bidding and Award to reflect the awarded contract amounts or an unforeseen condition change order when using Construction Management at Risk Contracts. CUD' s are not to be used for owner requests or consultant errors. A credit change order to the owner savings line is required before such funds can be used for owner requests or consultant error Change Orders. See Article 6 of the CM/ TPM agreements.

- A CUD is utilized after the above steps are taken and entitlement, cost and project schedule changes are agreed upon.
- The CUD should be returned to the Construction Manager when executed by the Deputy Superintendent of Schools and Board Approval is obtained.

The CUD is particularly used for Unforeseen items and for financial adjustments to the Contingency Line item in a CM at Risk or TPM contract. This CUD may not be used for Owner requests, unless the Owner is requesting an adjustment to the Owner savings line.

Once School Board Approval has been obtained for any change to the contract schedule or cost, a standardized form letter (within ten (10) business days from Board approval date that it should be expected that this letter will be issued) will be sent to the contractor and copied to the design consultant recognizing the change and authorizing a change to either the Schedule of Values or the Project schedule or both.

CHANGE ORDER GUIDELINES

Change Order Proposal Request: This is one of the first documents in the preparation of a change order. The owner, the consultant or the contractor may under certain conditions request a change in the contract. A proposal request is issued to document that request and to identify the cost and time necessary to accomplish that request.

Entitlement: Entitlement is the determination that a Change Order is appropriate for the project and the contractor is entitled to being paid to make the change. Entitlement to the Change Order is essential prior to beginning the evaluation of the costs attributed to the change order.

Example 1: a contractor may submit a change order request for an item that was on the plans and specifications, but the subcontractor didn't provide him a bid on that item. The Contractor fixes the scope of work of all the subcontractors, so in that case it is up to the General Contractor to resolve who performs the work, but from the Owners perspective, the work is included in the project and it is then clear that the Contractor should provide the work at no additional cost to the Owner.

Example 2: The Owner asks the architect to include in the project a monument sign for the campus. The drawings did not include the monument sign. However the owner feels that it will be a good move to provide this kind of signage and information to the parents and also serve as an architectural feature. Because it is in addition to the scope, the Contractor is entitled to being paid for the change.

Do's

- Be simple in writing Description of Change and Reason for Change. Project Managers will write both and give them to the Consultant to put into the Change order form, SF 720. Always use the latest approved form.
- Include a transmittal with the Change Order item as it goes thru the process of getting approved. Contractors/Consultant's should use the transmittal form included in their contract. Project Managers should use the "Project Managers Change Order Review Approval form." Change Orders submitted without the appropriate transmittal form will get rejected.
- Check spelling and grammar before submitting.
- Check math before submitting the Change Order.
- Roundup or round down to the nearest whole dollar. No cents will be approved on Change Orders.
- Submit enough backup to have the Change Order proposal evaluated and approved hopefully on the first submission. When in doubt about whether a piece of documentation should be added or not, add it. It can always be taken away later.
- Include % amounts by each item when they add Profit, overhead, and bond amounts. Bonds are always 1%, no matter what a contractor pays for bonds. Some subcontractors have been showing 2% or more for bonds when it is not allowed.
- Include enough time when processing a change order for approval to allow enough time for Contracts Dept cost estimators and/or outside cost estimators to review and approve Change Orders before they can be processed for approval on the School Board agenda. Allow 3 days for Contracts Dept Cost estimators. Allow one week or more for outside cost estimators, and the three days for in-house Contracts Dept cost estimators to approve Change orders that are over \$100,000 or whenever conditions are necessary to get the outside cost estimators involved in looking at each change order.
- Do allow markup in the Change Order that is consistent with the values included in the contract. Contractor markup- on a Design-Bid- Build (DBB) or any other construction type other than TPM or CM at Risk, The General Contractor is entitled to 10% overhead, 5% profit and 1% bond. Subcontractors are allowed 5% overhead, 10% profit, and 1% bond. However, look at your contract, the contract will be the final word.
- Use the forms supplied with the contract to submit Change Orders for School Board approval. Only those forms must be used. General

CHANGE ORDER GUIDELINES

Contractor, if so equipped, may propose to the Owner for approval, their form which presents the same information on the Owners form, and is compatible with the Owner's information system and computer software.

The General Contractor must propose the form(s) in advance and receive approval of the owner prior to the first submission of the required item. Allow two weeks from submission to approval/denial.

- Include backup anytime additional days is requested in the Change Order. Backup should include last schedule approved at the regular monthly requisition meeting and a revised schedule showing the critical path and the impact of the days being requested. If this is not done, Project Manager's should reject the Change Order. Without that backup, additional days won't be approved.

Don'ts

- Don't Use Acronyms. Change Orders with Acronyms will not be accepted.
- Don't write the Description of Change and the Reason for Change to be identical on Change Order form, SF 720, including the Change Order request form.
- Don't include Builder's Risk and General liability Insurance on each Change Order as a markup. These are adjusted at the end of the project by a final Change Order.
- Don't submit proposals with only subcontractors only proposal form (that's includes their qualifications etc,)
- Don't submit Change Order Proposals with qualifications by the General Contractor or subcontractor. They will not be accepted.
- Don't justify the reason for a change order with " The Principal requested the Change." The Principal of the school is a customer. However they have no authority to request or demand changes that are implemented on their say so. Project Managers should discuss Principal's requests with their Senior PM and PM III prior to processing a change order for a Principal requested change. If PM doesn't review with Senior PM and /or PM III prior to submitting to Contracts Dept for review and approval, it will be returned unapproved.
- Don't include Cents on a Change Order final cost.
- Don't hold on to a Change Order to group them for processing to the School Board. Once it has been determined that a Change Order is needed, The Contractor is entitled to be paid for the Change order in a reasonable period of time. By holding a change order, you are holding up his money. By doing that you set up an adversarial relationship, instead of a cooperative relationship to get the school project completed timely.

CHANGE ORDER GUIDELINES

- Don't submit Change Orders for approval where the backup is insufficient or backup doesn't support the prices that are in the Change Order. It has to be clear to anyone looking at, even if for the first time.
- Don't let Contractors fool you. You may ask for backup like invoices, job tickets etc. Contractors are reluctant to give them up. They may say that they don't have any, they didn't create any or some excuse. You have a right to see them. 'The Public Company Accounting Reform and Investor Protection Act of 2002,(also known as Sarbanes-Oxley Act of 2002,) was a US Federal act created to protect public interest." The Right to Audit clause which is in all our contracts, allows us to access "all" the contractors files at any time during the construction project and for a certain duration after the project is closed out, usually five years. Your contract has the final word.

Additionally, Contractors are required to take certain financial courses in order to keep their Contractors license. If they don't provide you the information they are required to, they have breached the contract and their ethical responsibility as being a State of Florida Certified Contractor or subcontractor. You can file a complaint with the Department of Professional Regulation, and their license could get revoked.

Change Order Authority

Authority for Changes

- The Manager's Responsible- No matter what- Everyone looks to the Manager as being responsible (perceived authority)
- School Board has all the Authority, which is why items are prepared for the School Board's approval. (School Board policy 7006)

There are in fact different levels of authority for the approval of Change Orders that are in place to expedite a project. Currently the Board policy and our contracts read that the Deputy Superintendent can approve up to 5% of the total original construction contract amount. That means he could approve up to 5% as accumulative total, to expedite the work, while the CO's would still have to go to the Board for post approval.

Those that are in place are being revised to read:

Project Manager up to \$10,000. and/or 10 consecutive calendar days
With co-approval of superintendents designee as listed for each of the
Following:

Senior Project Manager \$50, 000 and/or 30 consecutive calendar days

Executive Director, Project management, \$100, 000 or 60 consecutive calendar days each.

Deputy Superintendent, FACMD, \$200,000. and/or 90 consecutive calendar days each.

The Change Order would still require School Board post approval on the first available Board meeting date after the approval.

Change Order Process

Role of the Contracts Department

The Contracts Department serves as a check and balance function or Oversight and Accountability function in house before the Change Order is officially approved by the School Board. Contracts Department :

- 1) Reviews the Change Order for entitlement. Entitlement must be established first before looking at any of the rest of the Change order.
- 2) Reviews for conformance to the contract- using the proper forms, providing the proper backup and information, seeing that the Consultant has done proper due diligence in preparing the change order,
- 3) Checks the math to see that the amounts are proper. Checking the amounts allowed for percentages in relation to what is allowed in the contract- ie % for bonds allowance by General Contractor and subcontractor.
- 4) Makes sure that the contractor has not added any qualifications or stipulations in his proposal or on the change order form that directly contradict the language in the CO form.
- 5) Checks to see that the Change order is reasonable, not excessive, and when possible can be compared against a standard such as RS Means Costworks to verify that the Dollar amounts quoted by the contractor are proper and not usurious.

Process for Review by the Contracts Department:

- 1) Project Manager receives Change Order item from the Consultant and Contractor.
- 2) Project Manager reviews the Change Order to determine entitlement and that he/she is satisfied that the Change Order as presented is appropriate cost, for the work involved. (up to this point the Project Manager should have been involved in knowing about the Change Order item, what brought it about, monitoring the Contractor as to when he was given the item to price out and following up to see that he priced out in time.)
- 3) If Project Manager is not satisfied with the Change Order, he/she must reject the Change order item, send it back to the contractor/consultant identifying the reason(s) the change order is being rejected. The Project Manager has a responsibility to review the Change as mentioned in number 2 above and to reject for cause when appropriate. Project Manager shall not arbitrarily process the Change order without review to

satisfy the consultant and/or contractor that he agrees with the item and is processing it.

- 4) Project Manager will fill out "Project Managers Change Order Approval form" to send to the Contracts Department.
 - 1) The form acts as a transmittal for the Project Manager.
 - 1) The PM acknowledges that he has reviewed the Change Order etc and approves it.
 - 2) Pm in short form explains why contractor or CM is entitled to the Change order entitlement.
 - 3) Certain other information is elicited to make sure that we have some information that we need so that we don't go back and forth to collect it to process your item.

Project Manager should review the contract terms before sending a Change Order to Contracts Department for approval. This means checking the markups allowed by the contract for the General Contractor, TPM, or CM and the subcontractor's markup.

1. Contractor markup- On a Design-Bid- Build, or any other Construction project type other than TPM or CM at Risk, At this writing, the Contractor is entitled to 10% overhead, 5% profit and 1% bond. Subs are entitled to 5% overhead, 10% profit and may only allow for bond amount of no more than 1%.

Subcontractor's who want to be paid more than the 1% allowed on bonds, only remedy is to include the cost above the 1% limit in their proposal, but specifically excluded from the bonds section. For example, a sub has a 2% bond. The sub can only be paid the 1%. The other 1% has to be included in the proposal included in other line items or just not included at all. However, look at your contract, your contract will always be the final word.

The Project Manager or his assigned Secretary or Clerk Specialist III or IV, is to place the Change Order item in the bin in Building 8 to be reviewed by Contracts. (If the item is sent by pony or sent in person, it may be delayed) From the time it is entered into the Contracts Database, it takes three (3) days to get reviewed and logged out. It may be impossible at times to get Change Orders reviewed and out in 3 days. This is when a number of project managers deliver quite a number of change orders to be processed when they are trying to get on a specific Board agenda.

The Change order gets a brief look over when it is first looked at, after its been logged in. The look over is to see if there are items that are so incomplete that it warrants rejection and no further action. If the Change Order is to be rejected, that's when the Project Manager will receive from Contracts a form " Return of

CO, CDD, CUD to Project Manager.” That form will have checked off the items that are inadequate or prompted the return.

Resubmittals

It is now Standard procedure of Facilities and Construction Management Division (FACMD) of the School Board of Broward County Florida to allow the Contractor a submittal of his Change order item and one resubmittal of the same item for approval. Only one resubmittal is allowed for the contractor to make the revisions necessary as requested by the Facilities and Construction Management Division staff or their independent cost estimators reviewing the Change order item.

However, when a Project Manager gets into having two or more resubmittals of the same change order item, the Facilities and Construction Management Division may charge the consultant and the contractor for the cost of reviewing and approving the resubmittal beginning with the second resubmittal and every one thereafter until the Change Order is approved. The charge will specifically be for the review and approval of the Change Order item. It is not a penalty fee. If the Project requires an outside cost estimator review the change orders or if the project is over \$100,000, then those change orders will be reviewed and approved by the outside cost estimator to SBBC. Once approved by the outside cost estimator, it goes to the School Board in house Cost estimator for approval.

In the case of the outside cost estimator, the cost for reviewing and approving the Change order item is the cost charged to the School Board for review and approval in full for each resubmittal.

In the case of review and approval by the School Board’s cost estimator in order to get approval, it is simply a \$100 processing fee. This cost does not reimburse the School Board of Broward County for the full impact of the cost of the review by School Board staff prior to approval.

To provide an example: U Save Em Construction’s change order on their project was for \$1,000,000. The change order was to provide items that seemed to be omitted from the project construction drawings but were necessary to complete the work. Contractor made obligatory first resubmittal. There was still missing information- backup from subcontractor for labor hours performed. (This is a project where excavation was done and job tickets ordinarily are kept for each load, etc.) However, Subcontractor didn’t want to supply labor hours or said they didn’t have any records of it. They were lost. (This is usually a tactic by the Contractor when economic times are uncertain to get more money than he is legally entitled to.)

General contractor adds in to his proposal costs that are for his staff's time on the change order that arguably is a part of his overhead etc. He adds other costs that look like he is padding his costs.

The Additional review by the outside cost estimator costs up to \$1,000. That cost for the additional review amount should be assignable to the Contractor.

The additional review by the School Board cost estimator is required to get school board approval. That charge is \$100.

Recovery from Contractor is determined as:

Outside Cost Estimator Review- Actual Cost- \$1,000.00

In House School Board Cost Estimator- \$ 100.00

Total: \$1,100.00

If the reason why the Change Order was resubmitted a second time, had to do with consultant error, then the cost for the recovery would be charged against the contractor and the consultant equally. In this example, each the Contractor and the consultant would pay the total cost above divided by two or \$550.

The cost for the resubmittals are to be deducted from the Contractors pay application. The Contract allows for the PM to do this. General Conditions Section 00700, Article 10. Withholding Payment to the Contractor. It says that the Project Manager may withhold payments to the Contractor for any of the following reasons, but not limited to these:

10.01.05 Subject to Owners written notice to contractor in accordance with the contract documents back charge items for work performed by owner or another contractor at the request of owner, which work is within the scope of the work under this construction contract.

10.01.09 Damage to the owner or another contractor

10.01.12 Failure of the contractor to submit the information or documents required by this contract or reasonably required by Owner, including but not limited to schedules and daily logs.

The resubmittals of the Change Orders when they extend into the second resubmittal and beyond are a damage to the owner. They are a damage to the outside cost estimator who has to look at them again until he is paid for that service. It is a backcharge item as in 10.01.05. It also encompasses 10.01.12

because it is information that the contractor is required to submit to be able to get a change order approved. By not doing so, it is a failure of Contractor to submit information required by the contract.

Whenever the \$Dollar amount of the extra resubmittals is known, then a Change Order is prepared to officially deduct that amount from the Contractor's pay application.

Approval by the School Board:

The Change Order Approval Form- (Owners form to process on the School Board agenda is filled out by the Project Manager, after the Contracts Department has approved the item.) This form and the Change Order with all backup is sent to Executive Director of Project Management or designee to approve to go on Board agenda. This is sent to Building 1(Debbie Connelly and Susan Teich) to be collated and processed on the next available agenda. The Project Manager may check to see that a Change Order has been approved by using the links on the in-house computer system, Capweb,.

Once School Board Approval has been obtained for any change to the contract schedule or cost, a standardized form letter (will be prepared within ten working days from Board approval date by the Senior Project Manager, Construction.) will be sent to the contractor and copied to the Design Consultant recognizing the change and authorizing a change to either the Schedule of Values or the Project schedule or both.



More Tips

Change Management-Using Change Orders, CCD's and CUD's
Contracts Department- Facilities and Construction Management Division- SBBC
Introduction
Overview

Construction Change Order Section 01250 Contract Modification Procedures

- Read this section. Check to see it is in your contract. Know what to do

"

- It should be easier
- Must know how to do the process in order to better understand how to make it easier.
- Oversight and Accountability Reviews have driven changes in the way we do business and why it is the way it is! Best way to stop having to do this is to do better at documenting the project and getting what we paid for. In other words, do it right the first time.

Change Management

- Project Managers unwittingly take on the responsibility of the Contractor or Consultant when they want to see an item resolved and do the consultants/contractors work for them. Don't do that. They let you do their job

for them because you let them dump on you. Hold your architects and Contractors accountable. If they don't do it right, don't pay them as much.

-
- Best way to stop having to do this (Process Change Orders) is to do better at documenting the project and getting what we paid for.

We have changed policy related to submittal of CO's:

The Project Manager is always the one who should know the most about his project .

Contracts dept only processes or reviews Change orders for Entitlement, conformance to the contract etc. before they go to the Board for approval.

Entitlement is pretty much straight forward- actually the dollar costs should be straight forward as well. But it isn't always that way. Because the PM's know their projects, you are in a better position to know all the quirks surrounding the approval of change orders in your job.

Why do change orders fail to get processed? The Unlucky 7 reasons are:

1. The item has been pushed through without looking at it to check for mistakes etc. .
2. There is no entitlement or entitlement can't be established from the amount of Information provided.
3. Math is wrong.
4. The language that is used in writing the Change order doesn't make it easy to read or understand, defies proper Grammar. Spelling is wrong too.
5. Wrong forms are being used.
6. Backup doesn't match the Change Order in \$\$
7. All the parties haven't signed the Change Order, or haven't signed all of them, one party has changed the language on the actual CO form that is not appropriate to do.

We have added a new form: The form is to help speed the processing of Change orders.

- 1) PM acknowledges that he has reviewed the Change Order, etc, and approves it
- 2) PM in short form explains why contractor or CM is entitled to the change order- entitlement.
- 3) Certain other information is elicited to make sure that we have some information that we need so that we don't go back and forth trying to collect it to process your item.

Contracts Department wants to speed up the processing of Change Orders, Our goal is that by providing the tools to the Project Manager to facilitate approval of or rejection of change orders on a timely basis, and by insisting that Consultants and Contractors do their part, that the processing of Change Orders will be expedited and not cumbersome. Once everyone is using the common language and doing the forms and submittals the right way, we can simplify the process even further. But it takes work on everyone's part to do that.

Example: Items that have been submitted back in December 2006, and resubmitted multiple times before it is finally was right to process; This took at least 3 resubmittals or more.

All items will bear the 3 day rule: It will be processed within 3 days of coming into our department: Processed means:

- 1) It will be returned to you immediately due to insufficient information. There is not enough information to connect the dots.
- 2) A request has gone out to you for information to expedite, we waited two days- No info was received, so it is rejected for insufficient information.
- 3) Entitlement cannot be proven based upon what was submitted.
- 4) Contractor have added Qualifiers that they are not permitted to do.(this can easily be remedied by the PM removing the sheets containing the Contractor qualifications when PM processed the CO.
- 5) There are math errors or problems in the Change Orders that are being returned corrected. It is up to Debbie Connelly and Jack Cooper to determine if the item has to be sent back to the Architect and Contractor (CM) to be fixed, and resubmitted.

There may be some times when the 3 day rule is impossible to meet- That is when the number of change orders being submitted at any one time prevents our doing so.

We can move a large number of Change Orders through providing we have the resources, computer programs etc. Some change orders can take several days to review based on the fact that information has to be verified, phone calls made to architect, PM, CM. Or whoever to piece together the info that would permit approval. One project manager submitted a proposal in which the response took several days of work- so when it was scheduled along with the others being processed through the office, it would look like it took over a week.

Often times, an email is sent out saying that the deadline is a certain date and the last date to submit Change Order is Junely (this is a fictitious

month- but represents a contraction of June and July) X to get on the Board agenda. What Front Office may not always take into account is the number of Change Orders and the dollar amount for each one. Most of the time, The Project Manager should assume that if you are in a hurry, you can be assured that even if you try to get it in for review, it is going to be the next Board meeting after the one that you wanted it to go on, Unless you have the specific Direction from Mr. Garretson or Rick Ragland.

The processing of the Change Order involves the following activities, after it has been logged in by Andrea for tracking:

- 1) Review of Entitlement-
- 2) Check the Change Order form for math, signatures, consistency, backup- This is the connecting of the dots. This is where the Contracts Department checks to see that everything is put together to tell the story concisely that is needed to get the item approved by the School Board.
- 3) logging in to other Change Order databases that allows us to track the time it takes to process, the reasons for return of CO item, etc.
- 4)

Resubmittals: We get resubmittals of the same item- multiple times. For example recently- The Consultant was told to redo the Reason for Change. The reason for change was redone on one page only. There are 4 copies of the same submittal being sent for approval. Consultant should submit and revise all copies.

Resubmittals come without a transmittal or acknowledgement of what is transpiring. PM.s, contractors and consultants think it is sufficient to resubmit without a cover memo that says what they have done. It is not appropriate. These will be sent back. It doesn't take much to write a quick memo as to what was revised or done. If the resubmittal of the Change Order does not come with a transmittal that explains what has taken place and been revised to suit the rejection memo, This is what will happen:

- 1) The item will be returned.
- 2) If Contracts Dept elects to review it, it may be treated as a new review or seem to be reviewed that way. That may mean if there are other errors in the resubmittal that were not picked up the first time, they may be the second time and returned for correction. (This is not being done to penalize the Contractor, or the PM. This is being done to facilitate correction of the item and getting it to you as quickly as possible.

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Supplement 1

This is supplemental information provided in discussions and meetings with Jack Cooper. The text as shown is what Jack Cooper wrote up including his comments on what was needed for the items that weren't resolved or written about. It is included here to act as a guide to identify information that is not in the material here, and what needs to be added here to make it work.

CHANGE ORDERS:

Change Orders are changes to the original (Contract documents after award of project)(deleted-scope of work)¹or project schedule duration and both may be either additive or negative. Changes to the standard construction contract are defined by Article 33 of the contract General Conditions, Section 00700. The purpose of this procedure is to provide an overview of the sequence of the review and approval or denial process and obtaining school board approval. Change Orders (CO) to the contract should be evaluated timely (within X days) Based on adding up all the durations of time that the item is in each parties hands- and if entitlement is determined then the item should be on the next available Board agenda.

- The first level of evaluation is entitlement of the change. This evaluation should be a joint effort with the design consultant and SBBC project manager to be confident that the requested change is beyond the original scope of work within the contract (Documents)². Entitlement is based upon review of the contract documents with the conditions proposed in the change. If the item is clearly absent from the documents or conditions have changed since the bid, then the contractor is entitled to additional contract sums and/or time.

- In the event a change order becomes necessary please direct the consultant to obtain a cost proposal from the contractor (Document 01250b).The Contractor should process a Change Order item to the consultant in no more than 10 Calendar days. This proposal should

¹ By Rick Ragland made Changes, done by Drew Lippman, 2/4/08

² By Rick Ragland made changes, done by Drew Lippman 2/4/08

then be reviewed/evaluated by the consultant for completeness and cost efficiency within X days.(within 5 calendar days or 3 business days) If the CO is recommended,(PM writes description of Change and Reason for Change)³ the design consultant should prepare the District's Change Order Item form (SF720), sign, obtain the contractor's signature and submit the form to the SBBC project manager for processing. (I do not agree to signatures until all have approved, including the cost estimator) The Project Manager should, in order to keep the processing time down to a minimum, sign the Change Order, before they process to cost estimator. If they don't agree with the Change Order and don't want to sign, they shouldn't be sending the Change Order to be processed.

- If the Design consultant recommends the Change Order by submitting the SF 720 form signed it should be cost/schedule evaluated by the project manager within X days,(project manager should have 5 calendar days or 3 business days to review and approve) then SBBC Contracts staff (SBBC Contracts staff should have 5 calendar or 3 business days) and/or an independent cost consultants within X days as determined by the cost of the change. (Outside consultants depending upon the level of Change orders that they are reviewing should have no more than 5 calendar days for any Change Order under \$100,000, those above \$100,000 will take more time.) (Consider thresholds, ie, PM can sign up to \$XXXX, PM III \$XXXX, Senior PM \$XXXX, etc....as per the proposed Policy 7006 changes) (PM can process up to \$2500, PM III-\$7500 Senior PM- \$15,000 Deputy Superintendent up to 5% or \$50,000 on every project under \$1million, and 3.5% on anything above \$1 million to 10,000,000.

- Upon receipt of the executed CO form, place the item on the next available agenda. The agenda request form will require additional project information including the change order coding information. Change orders are coded by "Owner request, Unforeseen Condition and Consultant Error/Omission". (Who makes this determination?) PM should make the initial determination- as they are closest to the project. If there are errors in the coding, those people above the project manager in rank are able to change the coding as they deem necessary based upon the circumstances. (Consultant should

³ By Rick Ragland made changes, done by Drew Lippman 2/4/08

make the initial determination, and include the SR PM and the PM III to make the determination if it is not clear.)⁴

- This coding is extremely important for later use in possible recovery of part of the change cost and in evaluating the design consultant performance in execution of the project. The contractor should perform no work on this item until Board approval of it has been obtained.

- If the work is critical to the project schedule or would cause a hazard for occupancy (and has just been discovered, not talked about for weeks or months) ⁵then a Construction Change Directive (CCD) should be issued. In the event of an immediate need (safety, building damage, unable to reach agreement with the contractor on cost or contractor delay claim) of a change to the project a Construction Change Directive (CCD) may be issued to the contractor which follows the steps listed above except is Board approved subsequently. All CCD must have the (SR PM's Const) (deleted-Executive Director's???)⁶ and Deputy Superintendent's approval before issuance. You must submit the CCD for Board approval for the next available Board meeting. (The Change Order and CCD should be prepared and processed simultaneously so that the Change Order is sent to the board for approval on the Board agenda immediately following the CCD approval. It may not always be possible to get the CO on the next board meeting for approval if the cost or some other backup is missing.

- A Change Order Summary will be compiled for you from the change order documents approved by the Board; (using Prolog) this will be utilized at project Final Acceptance. All CO are coded as "Consultant Error", "Owner Request" or "Unforeseen Condition", the PM should make this evaluation after discussing the change with the design consultant. (If you have already stated further up who

⁴ By Rick Ragland made changes, Done by Drew Lippman, 2/4/08

⁵ By Rick Ragland made Changes, done by Drew Lippman, 2/4/08

⁶ By Rick Ragland made changes, done by Drew Lippman, 2/4/08

is supposed to make the first evaluation of CE, OR and UC, then it doesn't need to be stated here.

Need to include the following issues:

1. No qualifying commentary by the contractor should be accepted, ie, reserving future rights, exclusions, etc.
2. Time extensions, time impact analyses, review criteria, etc.
3. Project close-out – settling liquidated damages, E&Os, etc.
4. Dispute Resolution – What to do when the parties disagree
5. Documents required in the CO, ie, a checklist

**THE SCHOOL BOARD OF BROWARD COUNTY,
FLORIDA**
Contracts and Compliance Department

FACILITY: _____
 PROJECT: _____ Project No _____
 CONSULTANT: _____ Date: _____

RETURN OF CHANGE ORDER, CCD, CUD to PROJECT MANAGER

Deficiencies are as follows or checked below:

The Contracts Department has reviewed the Change Order or Changes submitted And found that there were deficiencies in the submittal for approval. The Change Order has been reviewed and the problems found are checked below. These should be corrected and resubmitted.

- Description of Change and Reason for Change are insufficient
- Contractor or sub including qualifications not acceptable to SBBC.
- Consultant or Contractor modified the form or language in the form.
- There is no entitlement proven.- no reason to pay for this Change.
- Changes may not be requested by the Principal or other staff.
- Backup information is insufficient
- Transmittal from Project Manager is missing
- All Change Orders must be signed by all three parties.⁷
 (_____)other (_____)Other
 (_____)
 - Other (_____)
 - Other (_____)

⁷ If the Project Manager does not sign the Change Order, the Project Manager must have reason for not signing the Change Order when submitting to the Contracts Department. In any event, the Project Manager must sign the Change Order before it is approved by the Senior Project Manager, Construction, and placed on the School Board agenda. In either case, if the project manager doesn't sign, the item will be returned rejected. The Purpose is to move the Project along, and reduce the possibilities for creating errors.

"CHANGE ORDERS"		Form needed
Pm sets up an operating file to use during the Project		
Consultant, Contractor (CM or TPM), or Project Manager find during the construction phase, problems and corrections or additions/deletions to the work. Consultant then prepares for the Contractor document 01250A- Proposal request.		Document 01250a, Proposal Request,
Contractor/CM prepares the proposal, taking subcontractors proposals, and collating into one proposal.		01250b- Change Order request, Document 01250C, Worksheet Detail, Document 01250D. Proposal worksheet Summary 01250d- for subcontractors and contractors,
Change Order sent to Contracts Dept for review (This acts as transmittal) (PM fills out)		<u>Project Managers Change Order Review Approval Form</u>
Contracts department reviewed/approved the Change Order, and shows in the bottom left hand corner the \$ amount approved.	1	Project Managers Change Order Review Approval Form
Return of Change Order, CUD, CCD to Project Manager For missing information, errors-		Return of Change Order, CCD, CUD to Project Manager form
School Board approves Change Order		
Change Order Approval memo sent to Contractor/CM		Change Order approval memo