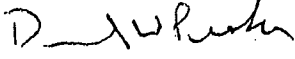


OFFICE OF CONSTRUCTION

MEMORANDUM

TO: All CID Personnel, District Construction Personnel, and
Holders of Construction Directives

FROM: David Peake 
Deputy Director, Field Operations
Office of Construction

DATE: September 24, 2008

SUBJECT: Construction Directive 07220.100.23
Change Order Authorization for Construction Contracts

CD 07220.100.23 has been revised to reflect recent changes to the delegation of authority as approved by the Administrator via Memorandum dated May 27, 2008.

The procedure for Construction Change Orders relative to Utility Work has also been updated to address situations where the cost responsibility for additional utility work cannot be determined in a timely manner.

If you have any questions, please call Charlie Zellman at 443-572-5247.

Attachment

cc: Mark Flack
Martin Ratchford
Georgia Russell
Charlie Zellman
Regional Construction Engineers
Assistant District Engineers – Construction

SUBJECT: Change Order Authorization for Construction Contracts

PURPOSE:

To provide a standard for preparation of Change Order Authorizations (CO) by showing the flow sequence of the process with references to other documents.

REFERENCE:

Standard Specifications and subsequent revisions; Stewardship Plan – Approval Matrix; SHA Directives; DOT Policy; and DOT Contract Processing Guidelines.

PROCEDURE:

Construction Change Orders Relative to Utility Work:

1. The District Engineer (DE), or designee, shall notify the District Utilities Engineer (DUE) with regard to the scope of the additional work.
2. The DUE shall contact the affected Utility Company for concurrence of the proposed additional work. Once concurrence is documented, the DE or designee shall prepare the CO and issue a copy to the DUE. CO for utility work shall include a statement from the DUE that addresses the cost responsibility statement (UC-10 or agreement) of the State Highway Administration and of the Utility Company. If the Utility Company fails to respond in a timely manner, the CO shall be processed at 100 percent State responsibility until negotiations are resolved. The DUE shall transmit a copy of the CO to the OOC Utility Team Leader.
3. The OOC Utility Team shall review the CO to insure that the cost responsibility statement has been addressed.
4. Upon execution of the CO, the OOC Utility Team shall forward a copy to the Receipts and Disbursements Section for billing purposes.
5. Upon payment for the additional work performed by the Contractor, the Receipts and Disbursement Section will bill the Utility Company based upon the cost responsibility statement. The Receipts and Disbursement Section shall distribute copies of the Utility Company billing to the DUE and the OOC Utility Team.

PROCEDURE:

ALL Construction Change Orders:

1. DE establishes need for additional work Authorization.
2. DE or his delegate negotiates with the Contractor for a price of the work if required and computes extension of time if applicable.

3. On Non-Exempt Projects, the DE shall obtain Federal Highway (FHWA) concurrence by coordinating with them prior to, during, and after the negotiation process.
4. If the cumulative CO total, including the one under consideration, exceeds the District Engineer's approval authority, prior approval is required before execution by the Contractor.

Listed below is the delegation of authority as approved by the Memorandum dated May 27, 2008 by the Administrator:

A. District Engineer (DE):

Up to 10% or 50 days/\$500,000 whichever is less. The Director, OOC, shall approve any change that cumulatively exceeds the above and each \$100,000 increment thereafter.

B. Director, Office of Construction (D/OOC):

Up to 25% or 100 days/\$750,000 whichever is less. The Deputy Administrator/Chief Engineer for Operations shall approve any single authorization over \$500,000 and any change that cumulatively exceeds the above and each multiple of \$500,000 thereafter.

C. Deputy Administrator/Chief Engineer for Operations (DA/CEO):

Over 25% or up to 200 days /\$1,000,000 whichever is less and any single authorization over \$500,000. The Administrator may acknowledge any change that cumulatively exceeds the above and each multiple of \$1,000,000 thereafter. The Administrator's acknowledgement of these changes will be determined by the Deputy Administrator.

5. Prior approval shall be recorded and submitted with a copy of the CO whenever the levels in Step 4-A are exceeded. For non-exempt contracts, concurrence of FHWA shall be noted on this same form.
6. The DE shall complete the CO, obtain the signature of Contractor or Authorized Agent (including title of person signing and name of firm), sign, and transmit to D/OOC. The following shall be included with the transmittal:
 - A. Explanation/Justification of time extension, indicating whether Work Day or Calendar Day and whether compensable or non-compensable.
 - B. Explanation/Justification of all items with indication that supporting documentation is on file at the District Office.
 - C. Prior approval form as indicated in Procedure #4 (if required).
 - D. The District will be responsible for obtaining FHWA concurrence on ALL Non-Exempt CO.

E. Federal Aid Exempt Projects will not require FHWA approval except under the following conditions:

1. The CO requires signature of the DA/CEO
2. The CO is for a major bridge project
3. Claims
4. Negotiated settlements
5. The CO changes the scope, character, or termini of the project

When a CO will ultimately be processed to FHWA, the District will be responsible for obtaining FHWA concurrence and shall clearly indicate number approved under exempt project procedures as per Stewardship Agreement.

CO that fall into these categories shall be discussed with FHWA prior to processing.

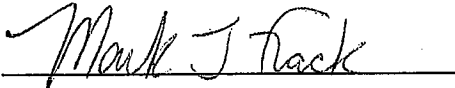
- F. All authorizations shall be sent directly to the D/OOC. Each CO shall be a combination of both additional work and extension of time. In cases where there is no time extension for a particular CO but a previous CO did extend the time, both sections shall be completed.
- G. Any CO and overrun of a substantial amount shall be cleared through the DA/CEO Office prior to authorizing the Contractor to proceed. The DA/CEO will expect careful screening of all CO and overruns with only those essential to the project being submitted for approval.
- H. The DE shall maintain a file that includes the prior estimate of costs, price negotiations, and final agreed-upon prices.
- I. Any CO that involves Design Errors or Omissions shall contain a statement to that effect. The criteria noted in CD 07220.100.24 shall be followed.
- J. Any CO that exceeds \$1,000,000 or 200 days shall be accompanied by a memo to the Administrator.
7. The D/OOC will review and sign CO as required (Delegation of Authority Memorandum, May 27, 2008 from SHA Administrator) and transmit the CO to:
- A. Office of Finance, or
 - B. DA/CEO with supporting documentation for review and approval, and transmittal to the Office of Finance, or
 - C. DA/CEO with supporting documentation and memorandum of transmittal to the Administrator for review and approval, and transmittal to the Office of Finance

8. Office of Finance will audit CO for correctness and arithmetic, item numbers and approval signatures, certify availability of funds, assign a Change Order Authorization number, and distribute copies to each Responsibility Unit involved.
9. For Federal Aid Projects, DE assembles copies of the CO and supporting documents with letter of transmittal to FHWA Division Administrator requesting approval and forwards them through office of DA/CEO.
10. Deputy Director, OOC distributes copies of the CO showing FHWA approval.
11. The DE will provide the cumulative CO total (including total amounts and days) on the District Engineers Certificate of Completion of Work when final package is submitted.



Deputy Director, Field Operations
Office of Construction

APPROVED:



Director, Office of Construction