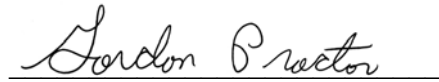


Approved:



Gordon Proctor, Director

Policy: 27-010(P)

Effective Date: June 20, 2003

Responsible Office: Division of
Construction Management

Supersedes Policy: 512-004(P)

Dated September 29, 1998.

CHANGE ORDERS

POLICY STATEMENT:

It is the policy of the Ohio Department of Transportation (ODOT) is to use change orders on construction projects to accomplish the following:

- Add work that is necessary to complete the project as intended by the original plan.
- Implement an accepted Value Engineering Change Proposal according to the procedure on **Value Engineering 510-008(SP)**.
- Compensate the Contractor for costs incurred and allowed mark ups because of recognized changed conditions, compensable delay costs, and awards granted the Contractor by the Department Dispute Resolution and Administrative Claim Process.
- Adjust unit bid prices according to applicable specifications and standard procedures.
- Change contract specifications or to accept with a cost savings, non-specification material incorporated into the Work but is performing satisfactorily.
- Add work that is necessary to eliminate an immediate threat to human life or to reopen a highway closed by a natural disaster or extraordinary event as provided by *ORC 5517.02*.

Because change orders represent the awarding of work to a contractor without competitive bidding, no work that is not necessary to complete a project as originally intended shall be added to a project, but shall instead be contracted through the Department's competitive bidding process. Convenience or lower costs are not valid reasons to avoid the competitive bidding requirements of State law.

Added work must be within the existing Right-of-Way, covered by the approved environmental document, and within the work limits stated in the plans or extended by the District Deputy Director.

Change orders will not be used to pay contract incentive payments. These payments will be made on the CMS LIQID screen.

The ODOT District Construction Offices will write and approve all change orders according to **510-010(SP)**.

The District Construction Offices shall negotiate with the Contractor for prices to perform change orders and justify the fairness and reasonableness of the resulting agreed prices. This price justification shall be documented in the change order. Each District Construction Office will obtain a subscription to the Blue Book either by printed book, CD-ROM, or via the Internet in order to have quick and accurate access to equipment rates.

The District Deputy Directors will authorize emergency change orders as allowed by *ORC 5517.02 or 5525.14*, on behalf of the Director. The District Deputy Directors are responsible for determining that the authorized change order was not suitable for contracting by a separately bid contract or required authorization by the State Controlling Board. Any violation to the above will be subject to *ORC 5525.99*.

The District Construction Offices shall confer with the FHWA when major change orders are contemplated on projects identified as Federal oversight projects, according to **510-010(SP)**. District Construction Offices shall confer with the appropriate Program Manager on change orders that will be paid from a central office fund, according to **510-010(SP)**.

District Construction Offices shall code change orders to track in CMS deficient plan preparation and other reasons for change orders.

District Construction Offices shall process change orders promptly to minimize the amount of work performed without a contractual basis and to promptly non-perform unnecessary contract bid item quantities or change order quantities to reduce financial burdens on the Contractor. Districts shall process change orders for the estimated cost of significant force accounts in order to compensate contractors as the force account is completed.

Work that is redesigned shall be performed by the Contractor under change order authorization unless the Contractor and District agrees not to perform the redesigned work.

The Office of Construction Administration shall do the following: 1) draft requests for State Controlling Board approval of change orders that require such action and, 2) prepare the Department's quarterly report to the State Controlling Board as required by *ORC 5525.14* and according to **510-010(SP)**.

AUTHORITY:

Construction and Material Specifications, January 1, 2002.

Construction and Material Specifications, January 1, 1997.

Ohio Revised Code 127.16, 5517.02, 5525.11, 5525.14, and 5525.99.

Federal Aid Policy Guide 635.

REFERENCES:

Standard Procedure Number **510-0101(SP)** Processing of Change Orders and Determination of Additional Contractor Compensation

Standard Procedure Number **510-008(SP)** Value Engineering

Standard Procedure Number **510-010(SP)** Acceptance of Nonspecification Material

SCOPE:

This policy is for the use of Construction Projects, District Construction Offices, and the Office of Construction Administration to promptly process change orders, determine fair and equitable Contractor compensation for such change order, and to process State Controlling Board Requests and quarterly reports required by State law .

BACKGROUND:

State law, *ORC 5517.02*, and Federal-aid regulations require the Department to contract for work let to the lowest competent and responsible bidder after advertisement of the project letting.

The Director is authorized, under *ORC 5525.14*, to add Extra Work to a project without competitive bidding and to increase or decrease contract quantities as necessary to complete the project. This authority is limited to the lesser of \$100,000 or five-percent of the original contract price on projects over \$500,000. On projects of \$500,000 or less, the Director's authority is limited to \$25,000. Added quantities and Extra Work beyond these monetary limits are subject to State Controlling Board approval and reporting.

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This policy **27-010(P)** and the accompany standard procedure **510-010(SP)** are issued to give the District a detailed policy and procedure for processing change orders. This policy and procedure will ensure fair and reasonable prices for change orders. They will prevent compromising the competitive bidding process and the appearance of favoritism to any contractor, and they will minimize the risk of fraud.

This policy supersedes Policy Number **512-004(P)** effective date of September 29, 1998.

TRAINING:

The Office of Construction Administration is responsible for training District personnel in the processing of change orders.

FISCAL ANALYSIS:

This policy will not have any fiscal impact to the Department.