

# Division of Construction

## Change Order Procedure

### March 9, 2015

#### CHANGE ORDERS IN “DRAFT” STATUS

Step 1: Section Supervisor or Designee writes a change order in SiteManager.

Step 2: Once the change order is complete with all necessary items, detailed explanations and standard explanations, a PDF or HTML copy is sent out for review and comment **ONLY** to the PDP Branch Manager. The PDP branch manager must review the change order to ensure that all necessary information is included.

- Do not reference names of individuals in change orders
- **Every change order must address contract time.** A statement must be included even when contract time is unaffected by the change. (SEE ATTACHMENT for example explanations).
  - **For Specified Completion date projects a date MUST be entered in SM on the Time adjustment page.** IF this is not done the system will show a revised date on the contract of 00/00/00.
- Fuel/Asphalt adjustments need the letting date and dates of the work that the adjustment is applicable.
- Each item must have a standard explanation code (SEE ATTACHMENT for codes currently available in SiteManager)
  - *PLEASE NOTE – Standard Explanation 027 (This item shall include all labor, equipment, materials and overhead necessary to complete this item of work.) appears on all change orders automatically and does NOT need to be manually added.*
- **All supplemental items must include a statement justifying the costs** (For example: a comparison of the supplemental item to the average unit bid price or the unit price of an item on a project that is in similar region to the current project). Also, supplemental items are to be numbered beginning with 8000 and increasing.
- Each item must have a detailed explanation
- Reference to standard specifications/standard drawings when possible
- Include station numbers and plan sheets when possible on explanations
- Seek comments from the Project Development Branch Manager
- Provide supporting documentation for change orders. If change order references information is on file, then that information must be sent with the change order. (There have been many instances where a note was included that the information was on file in the section office and for whatever reason the information was unavailable when needed)

**MAKE SURE THE CHANGE ORDER PROVIDES A DETAILED DESCRIPTION WITH A CLEAR UNDERSTANDING OF WHY THE CHANGES WERE MADE. THE GOAL OF THE DESCRIPTION IS FOR SOMEONE UNFAMILIAR WITH THE PROJECT TO BE ABLE TO READ THE CHANGE ORDER AND HAVE AN UNDERSTANDING OF WHY THE CHANGE WAS MADE. PLEASE BE CONCISE.**

**WHAT? WHERE? WHY?**

Step 3: **DRAFT NOT READY FOR REVIEW IN SITEMANAGER.** After the PDP branch manager and section supervisor agree with the change order, and then the section supervisor should send a PDF or HTML copy of the SiteManager change order *funding* report (CHOR) to the PD&P branch manager and Chief District Engineer (CDE). **The section supervisor should also send a copy to the Contractor to review as well. Sending the change order to the Contractor may help with instances where items are inadvertently omitted or other instances where incorrect prices are included.**

**\*\*\*\*DO NOT SEND AN EMAIL COPY TO THE DIRECTOR OF CONSTRUCTION, THE ASSISTANT STATE HIGHWAY ENGINEER, CENTRAL OFFICE LIAISON OR CHANGE ORDER MANAGER.\*\*\*\***

**DO NOT FORWARD THE “DRAFT” CHANGE ORDER FOR REVIEW IN SITEMANAGER UNTIL THE PD&P BRANCH MANAGER HAS REVIEWED AND APPROVED THE DRAFT COPY.**

**\*\*\*\*Many instances where the PD&P Branch Manager is not reviewing and all review is being done by the Central Office Field Liaison. This step is important in preventing this from occurring. \*\*\*\***

Step 4: Forward the “draft” change order for review in SiteManager to the following:

Section Supervisor  
District Branch Manager for PD&P  
Central Office Change Order Manager  
Central Office Div. of Construction Field Liaison  
Director of Construction  
Deputy State Highway Engineer for Construction

**\*\*Step 4a:** The Central Office Field Liaison will email a copy of the change order to FHWA if applicable and the district branch manager for PD&P. **FHWA will email their response to the change order to the central office liaison and section supervisor.**

Step 5: The central office field liaison or section supervisor should check for funding approval on the following project types: FD05 (State Resurfacing), CB06 (Rural Secondary) and FE02 (Bridge Maintenance). If the section supervisor obtains funding approval, he/she should email the approval to their appropriate central office field liaison.

Step 6: The Section Engineer and PD&P Branch Manager **must apply their approval in SiteManager** before the Central Office Field Liaison will review and approve the change order.

**\*\*Step 6a: Failure to complete any request to provide additional information or to make suggested changes by Central Office, will delay processing.**

Step 7: The Section Engineer or designee must keep track of the change order within SiteManager. Once the Deputy State Highway Engineer for Construction has approved the change order in draft status, it can then be switched to pending status.

**\*\*\*VERY IMPORTANT\*\*\*** IF CHANGES ARE MADE TO THE CHANGE ORDER \$\$ AMOUNT AFTER IT IS FORWARDED FOR REVIEW IN SITEMANAGER, PLEASE NOTIFY THE CENTRAL OFFICE CHANGE ORDER MANAGER. FAILURE TO DO THIS WILL DELAY PROCESSING OF THE CHANGE ORDER WHEN IT IS RECEIVED FROM THE CONTRACTOR.\*\*\*\*\*

**\*\*PLEASE CHECK THE PROJECT ENGINEER’S RESOURCE CENTER LOCATED ON THE DIVISION OF CONSTRUCTION’S WEBPAGE FOR AN UPDATED LIST OF REVIEWED CHANGE ORDERS.\*\***

[http://transportation.ky.gov/construction/sm/Change\\_orders/tsmp-co\\_review.xls](http://transportation.ky.gov/construction/sm/Change_orders/tsmp-co_review.xls)

## **CHANGE ORDERS IN PENDING STATUS**

Step 1: The Section Engineer should switch the change order status in SiteManager from “**Draft**” to “**Pending**” after the Deputy State Highway Engineer for Construction approves it in SiteManager.

**\*\*DO NOT SEND AN EMAIL TO THE CHANGE ORDER MANAGER STATING THAT THE CHANGE ORDER HAS BEEN SWITCHED TO PENDING STATUS.\*\***

Step 2: The Section Supervisor prints, signs the change order and then forwards it to the CDE for his/her signature.

Step 3: The Section Engineer or CDE’s office should mail, fax, or scan and email the signed change order to the Contractor for signatures along with a letter stating that the change order is to be returned to the following address:

**Kentucky Transportation Cabinet  
State Highway Engineer’s Office  
200 Mero Street, 6<sup>th</sup> Floor  
Frankfort, Kentucky 40622**

Step 4: The Section Engineer should then forward the pending change order for final approval in SiteManager to the following:

- Contractor- Select the Section Supervisor (Approves the change order when it is mailed to the Contractor)
- Deputy State Highway Engineer (Approves the change order when the signed copy is received from the Contractor)
- State Highway Engineer’s Office (Approves the change order when the State Highway Engineer signs it)
- Final Approval MARS Change Order (Approves the change order when the Div. of Accounts approves the funding for the change order)\*

\* Please note that the period of time between the Commissioner of Highway’s approval and the EMARS final approval may take a couple of weeks. Final approval cannot be applied in SiteManager (released for payment) until funds have been received from Program Management to cover the money involved in the change order. However, if it has been longer than a month, please inquire about the status of the change order with Central Office Construction. **It is important to remember that a pay estimate cannot be completed on a change order item until it has obtained “FINAL APPROVAL” in SiteManager.**

Step 5: After everyone has applied the final approvals in SiteManager, the Change Order Fund Manager will complete the following:

- Attach a copy of the signed change order to the contract header in SiteManager for Contracts let prior to September 17, 2010
- Place a copy of the signed change order in ProjectWise for Contracts let September 17, 2010 and beyond
- Email a copy or ProjectWise link of the signed change order to the PD&P Branch Manager and the District Change Order Creator
- Email a copy to FHWA
- Mail or Email a copy to the contractor of the signed change order

**CRITICAL CHANGE ORDERS** – A critical change order is anything that will stop work on a project. **Please note that very few change orders are CRITICAL.**

Step 1: The Section Supervisor or designee will send an email detailing the reason for the change with an estimated price to complete the work. Please include a description of why the change is an emergency and verbal approval is necessary. This email should be sent to the Branch Manager for Project Delivery and Preservation (PDP) and the Central Office Field Liaison.

Step 2: The Central Office Field Liaison will forward the email to the Director of Construction along with any comments. The Central Office Field Liaison will obtain FHWA approval if applicable.

Step 4: The Director of Construction can give verbal approval to proceed with critical change order work. If the item is a large sum of money, then the Deputy State Highway Engineer for Construction will have to be consulted. Every effort will be made to get an expedited decision.

Step 5: The Central Office Field Liaison or Director of Construction will notify the PD&P Branch Manager and Section Supervisor of the decision concerning the requested critical change order item.

Step 6: If verbal approval is given, enter the change order into SiteManager as soon as possible. The intent is for the change order to be drafted immediately after receiving verbal approval.

**OVERRIDE CHANGE ORDERS**

What is an override change order? An override change order is a zero dollar change order that is used to establish an item in a contract. Override change orders can be used to create items such as Liquidated Damages and Non-Specification Material. Both of these items are part of the contract, however, there was no bid item established in the

original contract. The override change order function eliminates Line Item Adjustments and allows for better tracking of these items.

How do I get an override change order? Email the Division of Construction Change Order Manager the following: contract ID, item that you need established, and reason for this item. In most cases, the entire process can be completed within one day. Once you receive notification that the override change order has been completed, you may use the item on the next estimate.

#### Examples of Override Change Order Items:

- Milling Reimbursement
- Liquidated Damages
- Non-Specification Material
- Fuel & Asphalt Adjustment (If the adjustment is negative or when the project has a surplus of funds to cover a positive amount)
- Lot Pay Adjustment (If the adjustment is negative or when the project has a surplus of funds to cover a positive amount)

**\*\*\*\*DO NOT MAIL OVERRIDE CHANGE ORDERS TO THE CONTRACTOR FOR A SIGNATURE. A SIGNATURE IS NOT NEEDED. \*\*\*\***

### **ESTABLISHING A NEW ITEM**

Prior to getting an item established, the section engineer should examine current bid items that are available within the system. If there is an existing bid item that could be used with a supplemental description to further describe the new supplemental item, this should be done rather than creating another bid item.

The use of the “extra work” (EW) bid item is strongly discouraged and should not be used without obtaining prior approval from central office construction. The extra work item creates problems within the SiteManager Materials module when there is any type of testing involved.

If the above methods have failed and a new bid item is needed, below is the process for getting a new bid item established.

Step 1: Please email the Central Office Change Order Manager requesting that a new item be established. Include the following information on the email: Contract ID, Bid Item Description and Measurement of Payment for the item.

Example: A project engineer requested that a bid item be established for the following Grout for Box Beams (LF) for the 2008 spec year. SiteManager contained a bid item for Grout for the 2004 spec year. So, the following action was taken:

Bid Item for the 2008 Spec Year for the following was established:  
GROUT L.F. 2008 Spec Year

The project engineer will be able to use this bid item with a supplemental description as follows:

GROUT BOX BEAMS (where BOX BEAMS would be the supplemental description that will be added in SiteManager). The project engineer would then provide a detailed description of exactly what is expected from the Contractor concerning the new bid item with a detailed description of how the price provided by the Contractor was justified.

Current List of Individuals

Central Office Change Order Manager – Beth Whitt  
Deputy State Highway Engineer for Construction – Bob Lewis  
Director of Construction – Ryan Griffith

Standard Explanation No.	Standard KYTC text listed in SiteManager.
1	Asphalt Lot Pay Adjustments according to Standard Specifications
2	Ride Quality Adjustment.
3	Fuel and Asphalt Adjustments.
4	Contract Omission – Extra Work is required as a result of a Contract Omission.
5	Utility Issue – Extra Work is required as a result of a Utility Issue
6	Contract Item Overrun – Extra Work is required as a result of a Contract Item Overrun.
7	Geotechnical Issues – Extra Work is required as a result of Geotechnical Issues.
8	Owner Induced Enhancement – Extra Work is required to improve or enhance the project.
9	Environmental Issues – Extra Work is required to comply with environmental laws and specifications.
10	Contract Incentive – The Project Proposal requires the Contractor to be compensated by the Department for the agreed upon prescribed Incentive
11	Project renewal for the subsequent calendar year.
12	Accounting Adjustment.
13	Value Engineering Proposal.
14	Cost is less than or equal to 110% of the average unit bid price.
15	Itemized cost breakdown supplied by the contractor including equipment, labor materials, and time needed to perform proposed work.
16	Cost comparison to the competitive bid contracts in an area or district for items similar to scope of work.
17	Item special in nature, unit price/cost justified by the Contractor.
18	Cost Plus Worksheets (Documentation for cost plus worksheet attached to the change order as supplemental data.)
19	Formal Partnering.
20	Contract Item underrun.
21	Claim Settlement.
22	Steel Price Adjustment
23	Liquidated Damages
24	Specification/Special Note Change
25	Non-Specification Material to Remain in Place
26	Incorrect Project Wage Rates were included in the contract when let. This item is to reimburse the contractor the difference between wage rates as bid and the correct wage rates that should have been included in the contract.
27	This item shall include all labor, equipment, materials and overhead necessary to complete this item of work.
28	Milling Reimbursement
29	Non-Participating Item
30	The Fuel and Asphalt Adjustments difference between supplemental specification Section 109.07 from 1/1/06 and standard specification Section 109.07 of applicable specification book will be non-participating Federal Funds
31	Right-Of-Way Issue-Extra work is required as a result of right-of-way issues.
32	Plan/Proposal Error-Extra work is required due to an error in the contract plans and/or proposal.
33	Contract Time is Unaffected.
34	Pricing established as per Specification 104.02.02 (Overrun and Underrun Formulas).
40	Fuel and asphalt adjustment will be calculated using 1/1/06 Supplemental to the Standard Specification for Section 109.07 Price Adjustments for work performed after 7/1/05 per 5/1/06 memo.
50	Contract renewal as agreed upon in the current contract for the subsequent calendar year. All provisions of the original contract will apply to this renewal.



## Examples of Time Adjustment Explanations

### 1 Contract Time is Unaffected.

#### Working Days Contract

2 Extend Working Days from \_\_\_\_\_ as Specified in the contract to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Working Days."

3 Extend Working Days from \_\_\_\_\_ as Specified in Change Order \_\_\_\_ to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Working Days."

#### Calendar Day Contract

4 Extend Calendar Days from \_\_\_\_\_ as Specified in the contract to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Calendar Days."

5 Extend Calendar Days from \_\_\_\_\_ as Specified in Change Order \_\_\_\_ to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Calendar Days."

#### Specified Completion Date Contract

6 Change the Specified Date of Completion from \_\_\_\_\_ as Specified in the contract to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Days."

7 Change the Specified Date of Completion from \_\_\_\_\_ as Specified in Change Order \_\_\_\_ to \_\_\_\_\_.  
"A Net Increase of \_\_\_\_\_ Days."

QUICK CHANGE ORDER REVIEW CHECKLIST		
	Yes	No
1. Does the change order address contract time?		
2. Check spelling.		
3. Check grammar.		
4. Is the change order written in a manner such that someone who is unfamiliar with the project can understand what was done and why it was done?		
5. Do all items have standard explanations?		
6. Do all items have detailed explanations?		
7. If supplemental items are included on the change order, are they number correctly? (8000, 8001)		
8. Do supplemental items contain price justifications?		
9. Is supporting documentation available in ProjectWise if it is referenced in the change order?		
10. Do fuel/asphalt adjustment change orders contain letting date and date which work was completed?		