PEND OREILLE COUNTY
NEWPORT, WASHINGTON

RESOLUTION NO. 2019- 23

ADOPTING THE PUBLIC WORKS CONTRACT CHANGE ORDER MANUAL

WHEREAS, the power to make contracts can only be only exercised by the County Commissioners, or by agents acting under their authority, and

WHEREAS, the county routinely enters into public works contracts to construct and improve roadway, buildings and other improvements, and

WHEREAS, the contract documents routinely require alterations of the contract documents to successfully complete the Work intended, and

WHEREAS, the Board of Commissioners of Pend Oreille County desire to establish clear written direction on procedures to be followed to alter public works contracts;

NOW THEREFORE, BE IT RESOLVED that the attached Public Works Contract Change Order Manual is adopted for use by Pend Oreille County for road, building and other public works contracts;

BE IT FURTHER RESOLVED that the use of the above referenced Manual is limited to the Public Works Department.

ADOPTED this 24 day of September, 2019.

BOARD OF COUNTY COMMISSIONERS
PEND OREILLE COUNTY, WASHINGTON

Karen Skoog, Chairman

Mike Manus, Vice-Chairman

Stephen Kiss, Member

ATTEST:

Crystal Zieske, Clerk of the Board

Public Works Contract Change Order Manual

1. Purpose

A Change Order is any alteration of the bid plans and specifications for a project as awarded during construction. Pend Oreille County intends to honor the agreements made with the Contractor at all levels. The County's representatives must be clear in communicating to the Contractor that when an agreement is reached, it is subject to further approval. It is the intent of this policy to allow maximum flexibility to resolve issues, maintain the integrity of the contract documents and further the progress of the work.

The need for a change order usually arises from one of the following reasons:

1. Unforeseen conditions such as rock, unsuitable soils, unrecorded utility lines, third party damage, flooding or similar circumstances
2. Clarification of the contract documents requirements
3. Errors and omissions in the contract documents
4. Changes in specified work due to unavailability of specified materials
5. Changes in requirements of a regulatory agency
6. Changes originated by the County
7. Changes originated by the Contractor

All change orders shall document the following elements:

1. Description of the change
2. Cause and justification of the change order
3. Change in material
4. Independent cost estimate
5. Change in contract cost
6. Change in contract time
7. Change in scope of work

1.1 Guidelines

Communication and collaboration between the designer, engineer and the inspector on changes is essential to a successful project. The collective wisdom/experience in determining the extent and need for a change is preferred to a single individual's determination.

Representatives of Pend Oreille County are not to sign contractor offered documents, which contain reservation clauses that reference unidentified impacts of time and or cost.

The change order process will be addressed with the contractor at the pre-construction conference.

2. Definitions

Board: Board of County Commissioners for Pend Oreille County

Construction Engineer: individual(s) assigned to field construction management

County: Pend Oreille County

County Engineer: the designated public official for Pend Oreille County

Design Engineer: individual(s) assigned to design the project

Inspector: The County's representative, designated by the Project Engineer, who inspects the contract work in detail

Project Engineer: The County's representative who directly supervises the engineering and administration of the construction project

Standard Specifications: The WSDOT/APWA "Standard Specifications for Road, Bridge and Municipal Construction" latest edition, unless an earlier edition is specifically referenced.

3. General Considerations

3.1 Approval to Proceed

The final approving authority must grant preliminary approval to proceed with a proposed change order or field change immediately after the need of a change is identified. The request to proceed should include, at a minimum, why the change is needed, general terms of the change, estimated cost (range of cost is acceptable) and the change in contract time.

All change orders shall be executed before work proceeds unless directed otherwise by the Project Engineer.

3.2 Variation in Estimated Quantity

Contracts are set up with estimated quantities and unit prices. Contractors are paid for the actual measured quantities and are paid using those unit prices. Standard Specifications Section 1-04.6 states that changes in the original bid item that exceed 25% may qualify for a payment adjustment of the contract price. No cost change orders may be issued to document material placement where the plan quantities are not clearly shown in the plans and specifications.

3.3 Change in Scope of Work

The project scope of work is defined by the Contract Documents. Proposed changes in the project scope of work may be subject to competitive bidding requirements of State and County regulations. See the Pend Oreille County Purchasing and Procurement Policy for guidance regarding the competitive bid limits.

The scope of work includes all items and quantities listed in the plans and specifications, including those work items named as incidental to a listed work item. Proposed work caused by unforeseen or changed site conditions may be considered part of the project scope of work. Proposed work required to complete the project as specified may also be considered within the project scope of work. If work is added to the project that was not included in the original contract or part of a lump sum item, it may be considered a change in scope.

3.4 Independent Estimate of Cost

All change orders require an independent estimate of cost. Acceptable cost estimating procedures include but are not limited to the following:

1. Contract unit bid price
2. Contract unit bid price of similar item with adjustments
3. Unit bid price or quote on other similar contracts with adjustments
4. Third party estimate or quote
5. Engineering estimate of labor, material and equipment costs
6. Work begun under force account procedures and converted to other payment methods.

4. Classification and Authority Level

4.1 "Minor Change" Bid Item

The Contract Proposal must contain the "Minor Change" Bid Item in order to utilize the flexibility provided by Field Changes and Minor Changes procedures below. The regular change order procedure is the only type of change order available for Contracts without a "Minor Change" bid item.

The Minor Change item cannot be used to change the scope of work.

4.1.1 Field Changes

Field Changes are of limited scope, impact, complexity and cost. Guidelines for these limitations include changes that do not increase the contract time by more than ½ working day, and/or cost less than $2,000.Field changes cannot have ripple effects on designs, redirect storm flows, redirect permanent traffic patterns, etc. Field Changes require an agreement between the contractor and the inspector or engineer prior to execution of the work and must represent a resolution to the cause of the change.

No cost field changes may be used to document work performed at unit bid prices that is not adequately shown on the contract plans. The work is paid for under the contract bid item and not

included in field change aggregate costs.

Inspectors, construction engineers and project engineers are authorized to make Field Changes.

Field Changes are aggregated under the Minor Change bid item.

4.1.2 Minor Changes

Minor Changes are authorized when the Contract Documents contain a "Minor Change" bid item. This item will be established as a calculated lump sum. Credits, debits, changes in working days and no cost changes may all be processed under the minor change method at the discretion of the Project Engineer.

Minor changes can be used for payments or credits amounting to $5,000 or less and/or may address time up to two (2) working days.

The Board may unilaterally increase the cost limit for Minor Changes up to a maximum of $25,000 and/or increase the maximum time up to five (5) added working days for a project at the Board's discretion.

4.2 Regular Change Orders

Regular change orders are all those changes that exceed the criteria for field changes and minor changes. The Project Engineer may determine the regular change order process is more appropriate for any change order.

The Public Works Director is authorized to approve regular change orders up to $10,000 and/or may address contract time up to five (5) working days. The Board may increase that limit to $25,000 on a particular project.

Regular change orders that exceed the above Public Works Director's authority level shall be approved by the Board.

5. Documentation

5.1 Field Changes

Field changes are to be documented by the Inspector and noted in the inspector's daily report (IDR). The agreed cost and time impacts are to be identified specifically. A redlined copy of the plan sheet area or the specification that was changed and how it was changed is to be attached to the IDR. Field changes will be paid under "Minor Change". Field changes will be assigned letter(s) sequentially for reference purposes. All documentation is to be turned into the Construction Engineer and reviewed, tallied and filed under Minor Change in the project files.

5.2 Minor Changes

Minor changes are to be documented by the Construction Engineer in the minor changes item of the contract. A memo must identify the cost and time impacts specifically. Minor changes will be paid under item "Minor Change" as per the standard specifications. The Construction Engineer is to document in writing a cost estimate validating the agreed pricing. The Project Engineer shall review and approve all documentation. All documentation will be filed under minor changes in the project files.

5.3 Regular Change Orders

Regular change orders are to be documented by the Construction Engineer with a change order as per the standard specifications. A memo must identify the cost and time impacts specifically. Relevant documents (Plan sheets, cross sections, specification language, certifications,pictures, correspondence,etc.) showing the change and all effects of the change shall accompany the memo. The Construction Engineer shall perform a cost estimate of the change prior to negotiating or agreeing to the change. Regular changes will be assigned a new item number(s) consecutively. The Project Engineer shall review and approve all documentation. All documentation will be filed under change orders in the project file even if redundant in nature so that the complete package is located under change orders.

6. Routing and Notification

Field changes are to be routed to the project records via the construction engineer.

Minor changes are to be identified in the progress payments with the bid item number and field change letter, contain a short descriptor and cost. Notification of these changes will be by the progress payments and no further routing or notification is required.

Regular changes are to be reported to the Project Engineer and Public Works Director with an estimate of cost and time impact as soon as they are identified. Changes under $10,000 can be completed upon approval of the Public Works Director. Changes over $25,000 require Board approval. A pending change order number will be assigned and a memo noting the above information shall be completed. The Project Engineer will notify programming of significant budget effects or impacts. Upon receiving funding approval the County Engineer, the Project Engineer or Construction Engineer will negotiate the tentative change. Once tentative agreement has been reached with the contractor a change proposal memo will be forwarded to the Project Engineer. The proposal memo will contain the relevant parameters and request final approval of the change. Upon approval of the change, the Construction Engineer will prepare the change order documents and have the contractor sign the change order. Once signed by the contractor the construction engineer will forward it to the Project Engineer and then to the Public Works Director for signature. The original of the approved change order will be placed in the project file with copies to the Contractor and the Inspector.