

City of Miami

Department of Capital Improvements Program (CIP)

Policy and Procedures for Construction Change Orders

OVERVIEW

The goal of the City of Miami is to establish standardized procedures for the documenting and process of change orders. Change orders can result from numerous factors, including some that result from multiple issues. These factors include:

- ✚ Owner driven changes
- ✚ Errors and Omissions
- ✚ Field Directives
- ✚ Unforeseen/Hidden Conditions
- ✚ Regulatory requirements
- ✚ Contractor driven

However, the process remains the same for obtaining and approving change orders. The two critical steps are the submission and review of a Change Proposal Request (CPR) and upon approval of the resulting Change Order. The CPR Forms (Forms CPR Part A-C) must be used when there is a request for additional compensation, time, or use of contingency funds.

PROCEDURES

Identification of Need

Prior to the submissions of a CPR there must be written documentation establishing the need for a Change Order. This will happen in one of three ways. The first is where the architectural/engineering firm (A/E) issues a written notice requesting the contractor to submit a CPR. The second is where the City, through the Construction Manager, requests that the contractor submit a CPR. The third is where the contractor notifies the A/E and/or the City that a change order is required and that they will be submitting a CPR.

The second step in the process is for the contractor to submit the CPR. At a minimum the contractor must submit Parts A & B. Part C is to be completed where additional detailed information is required to substantiate the request for a change order. The contractor is to submit the change order proposal directly to the Construction Manager for review.

Completion of CPR Forms

The contractor must complete the CPR forms, including all information required by the forms. Failure by the contractor to submit a completed form is to result in rejection of the request without further review. The contractor must also attach supporting documentation to substantiate their costs, from subcontractors, suppliers, equipment rental firms, etc.

CIP Review

Upon receipt of a CPR the Construction Manager is to evaluate the CPR. Where the CPR involves design issues the Construction Manager is to forward the CPR to the Project Manager for review prior to conducting their review. Where an outside Architect or Engineer of Record (A/E) is used the Project Manager shall coordinate the A/E reviews. An outside A/E has a maximum of fourteen (14) calendar days to review and approve or reject a CPR. All concurrences or rejections of a CPR must be noted on the CPR and the reviewer must sign the CPR upon completion of their review. Where a CPR is rejected the person rejected the CPR shall include the basis for rejection. The Construction Manager shall maintain a Change Order Log where all pending change orders are identified.

When required the Project Manager shall review the CPR and accept or reject the CPR within five (5) calendar days, unless A/E review is required. The Construction Manager shall have ten (10) days to review the CPR. As part of the review process the Construction Manager, in conjunction with the Project Manager, shall determine the reason for the CPR, which shall be noted on the CPR.

Upon completion of the review for a rejected CPR the Construction Manager shall forward a written response to the contractor detailing the reasons why the CPR has been rejected. The rejected CPR and a copy of the rejection letter are to be placed in the project file.

Upon concurrence with the CPR the Construction Manager is to complete the Change Order Form (Form CO) and forward the CPR and Change Order to their Team Leader for review. See below for procedure for completion of the Change Order Form. The Team Leader is to complete his/her review within three (3) calendar days. Where the Team Leader rejects the CPR and/or Change Order the Team Leader shall note the rejection on the form, sign and return the CPR and Change Order to the Construction Manager for further action, which may include, correcting information or rejecting and returning the CPR to the Contractor. Upon concurrence with the CPR the Team Leader shall note the concurrence, sign the CPR and forward to the Assistant Director for review. The Assistant Director shall review and note whether he/she is rejecting or concurring with the CPR and/or Change Order, sign the form and return the CPR to the Team Leader for appropriate action. All rejections must include the basis for rejection of either the CPR or Change Order Form. The Assistant Director shall complete his/her review within three (3) calendar days.

Change Order Approval and Acceptance

Upon acceptance of the Change Order the Assistant Director will determine the requirements for execution. If City Commission approval is not required the Team Leader will forward three copies of the Change Order Form to the contractor for signature and advise the contractor if they have to update their bonds or insurance. Upon receipt of the executed Change Order Form and any required updated bonds and insurance the Change Order and all supporting documentation is to be forwarded to the Assistant Director who will execute the Change Order and forward the Change Order to the Director for signature. Upon signature by the Director the executed copies will be returned to the Team Leader. The Team Leader shall forward one original of the Change Order to the contractor. The Project Manager will notify the Finance Section that a new or revised purchase order is required. If a Notice to Proceed (NTP) is required the Construction Manager will prepare the NTP letter for the Assistant Director's signature. The NTP will be issued upon notification from the Finance Section that a purchase order has been issued or revised.

Where the Change Order requires City Commission approval the Construction Manager will notify the Contracts Section that the required legislative documents need to be prepared and submitted. The Construction Manager will assist the Contracts Section in preparing the necessary legislation. Upon approval of the City Commission the procedures outlined above will be followed.

Change Order Form

As stated above the Change Order form is to be drafted when the Assistant Director and submitted with the CPR to the Team Leader. All spaces on the form are to be completed. Where there are multiple items in the change order the items are to be listed separately on the form. If there is insufficient space and attachment is to be used. The Change Order form is not to be signed by the Contractor until all required approvals have been obtained.

In the Reasons for Change section the basis for the change is to be noted. Where there is only one reason that reason is to be identified with an "X". Where there are multiple reasons each reason is to be given a number. The corresponding number is then to be placed at the end of

each line item. The Change Order Form is not to be signed until after it has been received and reviewed by the Team Leader.

Acceptance of the Change Order

The signatures on a CPR do not mean that the Change Order has been approved by the City. Only an executed Change Order Form approves the Change Order and binds the City. The only persons authorized to execute a Change Order on behalf of the City within CIP are the Director, and Assistant Directors.

Should you require additional information please contact Gary Fabrikant at 305-416-1224 or gfabrikant@miamigov.com.