



Illinois Department of Transportation

Office of Highways Project Implementation / Bureau of Construction
2300 South Dirksen Parkway / Springfield, Illinois 62764

Subject:
Contract Changes
Articles 104.02 and 109.04

CONSTRUCTION MEMORANDUM NO. 4

Effective: September 10, 2020
Expires: Indefinitely

This memorandum supersedes Construction Memorandum No. 7-4 dated January 23, 2017.

This memorandum provides the procedures by which highway construction contract changes will be administered, as well as the circumstances under which such changes will be permitted. These procedures are designed to ensure compliance with the letter and spirit of all applicable laws, to foster proper administration of the provisions of all Department-let highway construction contracts in accordance with accepted legal principles, and to avoid disputes that can arise when it is necessary to modify the terms of a highway construction contract. These procedures apply to all contracts that are let by the Department of Transportation. It should be noted, that for the purpose of this memorandum, the term “changes” includes change orders and adjustments.

A contract change is one of the most important aspects of contract administration. By definition, it alters the contract work from that awarded under the competitive bidding process and, therefore, requires clear explanation and careful consideration. The approval of the Regional Engineer on such an order ([BC 22](#)), Authorization of Contract Changes, signifies complete review of and support for the change proposed.

The applicable state laws are the [Illinois Procurement Code](#) (30 ILCS 500), the [State Finance Act](#) (30 ILCS 105/9.02) and the [Criminal Code](#) (720 ILCS 5/33E). The Secretary of Transportation and the Director of Highways have directed further changes in procedure both to bring the Department into conformance with the laws and to better enable the Department to administer contract changes (Departmental Order 2-2, Signature Authority).

Basic Requirements

- All contract changes must be germane to the original contract.
- On a limited basis, Small Purchases may be approved by the Central Bureau of Construction and paid for under an existing contract.
- All extra work must be approved and directed in writing before the work begins. The method of payment should be determined prior to beginning any extra work.
- The written approval of a contract change and the written directive to the contractor may or may not be the same document. The approval or the directive can be in the form of an e-mail, Resident's memo, form [BC 2256](#) (Prior Approval Authorization of Contract Change), form BC 22 (Authorization of Contract Changes) or other written instrument (paper or electronic), as appropriate.
- The contract change must be approved by a person who has direct or delegated authority to approve the type, scope or value of the work involved in the change.

- The written approval for a contract change must include a determination that the work is germane to the contract, and the reasons for this germaneness determination.
- Ordinarily, emergency purchases / contracts are procured as outlined at <https://www.ilga.gov/commission/jcar/admincode/044/044000060C01200R.html>. However, in case of an immediate hazard to public safety, the Resident is granted limited authority to initiate work if immediate action is necessary.
- Contract changes for individual extra work efforts greater than \$100,000 must be published in the Transportation Bulletin on the Internet. An extra work effort is comprised of all the work, paid under one or more new or existing pay items, necessary to accomplish the goal of the extra work. To the extent practical, the districts are asked to submit a separate BC 22 for each extra work effort that requires publication. The Central Bureau of Construction will not try to dissect the items on the BC 22. Instead, the relevant information treated as a whole, will be published.
- Contract changes greater than \$100,000 must also be reviewed by the Procurement Policy Board (PPB). The [BC 24](#) (Request for Procurement Policy Board Waiver) is to be submitted to the Central Bureau of Construction to provide the information in the format agreed to by the PPB. Certain changes require the waiver prior to beginning the work.
- The delegated authority to approve contract changes is in relation to the entire work effort involved in the change. A work effort may involve payment under several different pay items. The delegated authority levels are for the net value of a work effort, including both additions and deductions to the various pay item quantities involved in the changed work effort.
- Residents will assign a two-digit code number to each authorization line item, to categorize the type of change involved in the line item. This requirement applies primarily to State projects. For Local Agency projects, there is a single category code (33) that is to be used for all contract changes. (See Attachments 1 & 2)

Change Order - Contract Adjustment

[44 Administrative Code Part 6](#) provides the following definitions:

Change Order – A change in a contract term, other than as specifically provided for in the contract, which authorizes or necessitates any increase or decrease in the cost of the contract or the time for completion for procurements subject to the jurisdiction of the Chief Procurement Officers appointed pursuant to Section 10-20. (Section 1-15.12 of the Code)

Contract Adjustment – A written price adjustment that adds to or deducts from a contract in accordance with provisions included in the original contract, including but not limited to increases or decreases in quantities, incentives, changed conditions and the addition of missing pay items called for in the specifications.

In the past, the terms change order and authorizations have been used interchangeably. To help administer contract changes, the terms change order and contract adjustment will be used as defined above. The term authorization is used more generically to refer to all the contract changes and adjustments submitted on a

BC 22. See the Procurement Policy Board section for further discussion on Change Orders and Contract Adjustments.

Major and Minor Changes

It is the policy of the Department to require the approval of the Central Bureau of Construction prior to a commitment for all major changes in the plans or contract provisions. The prior approval of the Federal Highway Administration is required for all major changes on projects that are currently considered Projects of Division Interest (PoDI) and/or Projects of Corporate Interest (PoCI).

A. Major is considered to apply to any contract change that:

1. Revises the alignment or typical section of the mainline roadway, ramps, frontage roads or crossing areas.
2. Revises the access control (either temporary or permanent).
3. Accelerates work on the project involving payment for premium time or loss of productivity (or involving other forms of acceleration e.g., winter protection of concrete) greater than \$20,000 per contract.
4. Revises the staging of construction or the traffic control plan and reduces the number of lanes open to traffic or otherwise impacts traffic flow or traffic patterns.
5. Changes the limits of the project or adds omitted work.
6. Impacts a protected environmental resource or modifies an environmental commitment such that follow-up coordination is required with the affected entities.
7. An extra work effort at contract unit prices, agreed unit prices or force account methods that equals or exceeds a total cost of \$250,000.
8. Contract Claims filed in accordance with Article 109.09. (See Construction Manual – Guidelines for Review of Contract Claims)
9. Changes the Method of Measurement or Basis of Payment for an item of work.
10. Small Purchases procured in accordance with [44 Administrative Code Part 6 Section 6.100\(b\)](#) (i.e. the Department's Procurement Rules). (Small Purchases will not require prior approval from FHWA on PoDI / PoCI projects)

B. Minor is considered to apply to any contract change that is:

1. An adjustment in unit prices, less than \$250,000, specifically required by the Standard Specifications or a Special Provision; (a traffic control price adjustment is one example).

2. An extra work effort that is to be accomplished at contract unit prices, agreed unit prices, force account or a combination thereof that does not classify as Major and will not result in a total cost equal to or exceeding \$250,000. Again, to the extent practical, the districts are asked to submit a separate BC 22 for each extra work effort. The Central Bureau of Construction will not try to dissect the items on the BC 22. Instead, the authorization's net change will be treated as a whole when classifying an authorization as a major or minor.
3. Adjusting contract quantities to final as-built quantities.
4. Acceleration of work on the project costing \$20,000 or less per contract.

Approval Procedures

The Criminal Code and the Illinois Procurement Code both include provisions that require documentation of prior approval, depending on the nature and value of the change and the value of the original contract. The State Finance Act contains additional approval requirements governing higher value changes.

These provisions have created a complex web affecting the addition of work to a contract and the payment for that work. From the perspective of the contractor, proper and timely approval facilitates lawful and timely payment.

Therefore, in order to assure compliance with Illinois and Federal law, the Department's Determination to protect the public interest, and the expeditious prosecution of the work, the following requirements are established to be followed in approving all contract changes (see also Departmental Order 2-2):

1. All extra work must be approved in writing and a copy provided to the contractor before the work is begun. When the written approval is in paper form the approval must include the signature of the person who approved the change. When the written approval is electronic a written signature is not required. In addition, the person granting the approval must have direct or delegated authority to approve such a change. The written approval must also include a description and reason for the change, a statement that the change is germane and a description of why the change is germane (unless an Emergency Purchase Affidavit is filed).
2. The Resident is directly authorized to verbally or by action (i.e. layout) approve and direct additional quantities to contract pay items, when the quantities can be considered balancing. The Resident is not directly authorized to approve additional quantities if there is a significant discrepancy in the plan quantities, or the amount is greater than \$20,000.

When verbal approval is given for balancing quantity adjustments, the Resident should submit these quantities on form BC 22, Authorization of Contract Changes, in a timely basis as needed to ensure timely payment to the contractor for significant additions. The original contract documents serve as the written authorization to the contractor to proceed, so no separate written directive to the contractor is needed.

- 3. The Regional Engineer has the authority to approve minor changes less than \$250,000. The levels of delegated authority for minor contract changes on projects are as follows:

| | |
|---------------------------------|-----------|
| Implementation Engineer | \$150,000 |
| Construction Engineer | \$100,000 |
| Supervising Field Engineer | \$40,000 |
| Resident Engineer or Technician | \$20,000 |

All delegations listed above are mandated down to the level of Residents. The Regional Engineer may delegate additional authority above these minimum levels.

For such added work, the district may proceed with the added work prior to submitting the BC 22 to the Central Bureau of Construction. However, change orders greater than \$100,000 require the Procurement Policy Board’s waiver prior to work beginning (as noted later). The BC 22 will indicate that this is a minor addition. The Regional Engineer’s (or their designee’s) approval of the BC 22 will be accepted as approval of the work. An approved BC 22 should be submitted as soon as possible to the Central Bureau of Construction. All district approvals shall comply with the law, the contract and Department policy.

- 4. The Engineer of Construction is authorized to approve change orders to expedite or accelerate the construction work (Major Change) up to a value of \$250,000.
- 5. The Engineer of Construction is authorized to approve payment of “small purchase” work under an existing contract.
- 6. The Engineer of Construction is authorized to approve claim settlement offers up to a value of \$250,000.
- 7. In accordance with Departmental Order 2-2, Signature Authority, the Secretary must approve all changes resulting in a net addition of \$250,000 or more.

Finance Code Requirements:

In accordance with the State Finance Act and Departmental Order 2-2, when a single or cumulative contract change results in a net change that is equal to or greater than \$250,000 in a fiscal year, before funds may be obligated for such a change, the BC 22 must have the approval of the Secretary, Chief Fiscal Officer, Chief Counsel and the Chief Procurement Officer for the Department’s construction and construction related procurements. (These same approvals are required for contracts having an awarded amount of less than \$250,000, if / when cumulative changes result in an adjusted contract value becoming equal to or greater than \$250,000.)

The Central Bureau of Construction will coordinate with the executive officers to obtain these approvals. It is understood that these approvals may be obtained after the work has already been ordered, when the BC 22 includes only minor changes approved at the district level. The Central Bureau of Construction will obtain these approvals, when applicable, for all major changes before the work is approved.

Coordination with FHWA:

By agreement, the Federal Highway Administration (FHWA) reviews all authorizations of contract changes on selected contracts identified as a PoDI or PoCI, and other contracts that may be required by the Oversight Agreement. Currently, the FHWA is

developing new procedures for their oversight of the Department's construction program. The FHWA is no longer identifying new contracts as a PoDI or PoCI. The FHWA last provided a PODI/POCI project list in federal Performance Year 2019 (PY 19). All contracts identified on that list shall be administered according to the following procedures. Questions about the list of active PoDI or PoCI projects can be directed to the Central Bureau of Construction.

The FHWA's prior approval is required for major changes. The FHWA's prior approval is not required for minor changes. It is recognized that some additions exceeding \$250,000 may, by their nature, not require prior approval. These additions include Balance Final Field Measurements (category code 01), Allowable Contingencies (category code 03), and Specification Performance Adjustments (category code 16) for which the work and the method of payment is included in the contract.

The district should keep the FHWA Transportation Engineers (TEs) aware of pending major changes during project visits or through telephone calls or e-mails.

Authorization Approval Process:

The Resident Engineer prepares a BC 22 and requests additional District Office review and approval. Upon obtaining the District approval, the District submits the BC 22 to the Central Bureau of Construction for additional approvals (if applicable) and processing. When central office or FHWA approvals are required, the Central Bureau of Construction will coordinate obtaining these approvals. When FHWA approval is required, the FHWA TE will notify the Central Bureau of Construction in writing (paper or electronic) whether or not the change is approved for federal participation.

Prior Approval Process:

For work efforts requiring central office or FHWA prior approval, the Resident Engineer prepares a BC 22 (or BC 2256) and requests additional District Office review and approval. Upon obtaining the District approval, the District submits the BC 22 (or BC 2256) to the Central Bureau of Construction for additional approvals and processing. The Central Bureau of Construction will coordinate obtaining these approvals. The Central Bureau of Construction will notify the District when the needed approvals are obtained so that the added work may proceed. The required FHWA prior approvals must be in writing (paper or electronic) and included on or attached to the BC 22 (or BC 2256).

The BC 2256 is primarily intended for use when prior approval is required but insufficient time exists to fully prepare a BC 22 before starting the approval process. If a BC 2256 is used to obtain the prior approval. A BC 22 must still be submitted as soon as practicable. The approved BC 2256 must accompany the BC 22 for processing as per the approval process described above.

Local Agency Contracts Awarded by the Department

The laws noted above apply to State-let local agency projects as well as State contracts. Residents on local agency projects must coordinate carefully with the districts to ensure that any changes made to a contract are within the limits prescribed by the laws. Delegation of approval authority will be discussed with the local agency Resident at the preconstruction conference.

Failure to follow the procedures in this memorandum could result in the loss of State or Federal-Aid participation in the cost of the project.

The district will obtain the local agency's approval of major changes and added work prior to approving a BC 22. This will afford the local agency the opportunity to determine that the necessary funding is available and that the completed project will be acceptable for maintenance.

Environmental Commitments

When a change on any project, regardless of project funding or highway system, modifies an environmental commitment or permit requirement, it will be necessary to have the District Environmental Coordinator, and the central Bureau of Design and Environment as appropriate, reevaluate the continuing validity of the environmental document. The reevaluation shall be coordinated, as necessary, with affected agencies to determine the acceptability of the proposed change and the need for mitigation, prior to implementing the change. When the reevaluation indicates a change in the impacts evaluated in an approved federal environmental document, prior approval of the Federal Highway Administration (FHWA) will also be required. Changes to permit requirements will be coordinated with the permitting agency.

Transportation Bulletin

The Procurement Code and the rules promulgated under this Code require that all contract changes for which the value of the extra work effort is greater than \$100,000 must be published in the Department's volume of the Illinois Procurement Bulletin. IDOT's volume is called the Notice of Contract Awards Transportation Bulletin. For germane contract changes, the publication of this information will be coordinated by the Central Bureau of Construction. However, in order to comply with the disclosure requirements and time limits of the law it is essential that the districts submit all the necessary information with the authorization in a timely manner.

The Central Bureau of Construction will submit for publication the following information from an authorization:

- Contract Number
- Project description. The description will be the one published in the Transportation Bulletin and will be obtained from the Bureau of Design & Environment after the contract is let.
- The name of the prime contractor.
- Description and reason for the change. This will be copied in its entirety directly from the BC 22 submitted by the district.
- Net Change shown on the BC 22.
- Determination statement that the change is germane, and the reason why it is germane. This will be copied from the BC 22 submitted by the district.

Procurement Policy Board

On July 30, 2004 legislation was enacted establishing the Procurement Policy Board (PPB). One of the functions of the PPB is to provide oversight of the procurement of construction activities. As a result, all Authorizations resulting in an increase to the contract greater than \$100,000 require the review and waiver from the PPB. The BC 24 (Request for Procurement Policy Board Waiver) is to be submitted to the Central Bureau of Construction to provide the information in the format agreed to by the PPB.

Change Orders require a waiver prior to beginning the work. Change Orders include plan omissions, design changes, acceleration and other germane additions for which no provision is included in the original contract. (Category Codes 9, 19, 28 and 30)

Contract Adjustments do not require a waiver prior to beginning the work. Contract Adjustments, which would include balancing, incentives and other additions for which both the work and the method of payment are included in the contract as well as additions for missing pay items where the work was included in the plans, plan errors, plan quantity errors and differing sight conditions. (Category Codes 1, 3, 12, 16, 22, 24, 26, 29, and 85)

Authorizations resulting in a net change of \$100,000 or less, regardless of Category Code are not required to be submitted to the PPB.

Authorizations with the Category Codes 33 may or may not be considered Change Orders. These Authorizations should be examined on a case by case basis.

On Local Agency projects, Category Code 33, the Local Agency will be responsible for making the determination of a Change Order. If the determination is not readily apparent, consult the District Office or Central Bureau of Construction.

When determination is made that an Authorization (BC 22) or Prior Approval (BC 2256) will be in excess of \$100,000, the Resident Engineer, District Office, or Local Agency will submit the BC 24 to the Central Bureau of Construction. CMMS and ICORS users can transmit the information electronically. For non-CMMS / non-ICORS contracts, the BC 24 form can be emailed to DOT.PPBW@illinois.gov or faxed to 217-524-4922.

The information will be published in the Transportation Bulletin and then reviewed by the PPB. See <http://apps.dot.illinois.gov/changeorder/> for the PPB waiver status. A copy of the waiver documentation should be retained in the Resident's file.

Additionally, notification of a waiver may be sent by e-mail to select District personnel. The Districts are responsible for supplying a list of e-mail recipients to the Central Bureau of Construction and keeping the list current.

The process for approving Authorization of Contract Changes (BC 22) or Prior Approval Authorizations (BC 2256) which are Major Changes or require central office approvals remains the same. The IDOT approval for these BC 22's (or BC 2256's) can be processed concurrently with the submittal for PPB review; however, the work for BC 22's (or BC 2256's) considered Change Orders cannot begin until the PPB has granted a waiver. For this reason, timely submission of the BC 24 is critical to minimizing delay to the contract. A copy of the submitted BC 24 should be attached to the BC 22 (or BC 2256). If a waiver is received from the PPB prior to the BC 22 (or BC 2256) being submitted to the Central Bureau of Construction, the waiver should be attached to the BC 22 (or BC 2256).

Contract Renewals

For contracts containing provisions for a renewal, the following procedures apply. (Please note the terminology is “renewal” and not “extension”.)

Notify the contractor in writing of the Department’s desire to renew the contract and have the Contractor concur in writing.

Obtain the Contractor’s signature on the BC100 (Bureau of Construction Contract Renewal Form) prior to the original contract ending date and in accordance with the contract renewal special provision.

Submit the BC 24 for the PPB review. Procurement law requires the PPB waiver be requested within 10 days of the Department electing to exercise its option to renew the contract. In the Reason for Extra Work section of the BC 24 note this is a contract renewal. For example, “This is renewal 1 of 1 as provided for in the contract.”

Submit the BC 100, BC 22, and PPB waiver to the Central Bureau of Construction. The Central Bureau of Construction will obtain the required central office approvals, submit the package to the Comptroller, and inform the District when required approvals have been granted.

Submittal of BC 22 - Authorization of Contract Changes

All contract pay item quantity changes must be submitted to the Central Bureau of Construction on form BC 22, Authorization of Contract Changes. The submittal should include Regional Engineer’s (or their designee’s) approval.

The guidelines for including line item changes on an authorization (BC 22) are as follows:

- To the extent practical, submit a separate BC 22 for each extra work effort. This is primarily important for major changes or when the value of the extra work effort exceeds \$100,000, or has some possibility of exceeding \$100,000 on future authorizations.

If subsequent authorizations (BC 22’s) are needed to adjust the quantities involved in the extra work effort, those authorizations should use the same Authorization Number as the original and assign a sequential Authorization Letter to the subsequent authorizations. For example, if the items related to the original authorization are submitted on Authorization Number 22, then later authorizations for the same change order should be numbered and lettered as 22A, 22B, etc. The explanation on these subsequent authorizations will include the cumulative total of this work effort. (Note that subsequent line items used to balance previously submitted force account or agreed unit price extra work pay items should be designated with the same category code as the original submittal of the line items.)

- Small Purchases to be paid under an existing contract are to be submitted on a separate BC 22, since the determination statement will be different from ordinary, germane contract changes.
- Contract changes which represent balancing of quantities can be submitted together on a single authorization. The description of the changes can be, simply, “Balancing final quantities.”

- New pay items for force accounts or agreed unit prices representing individual work efforts (not part of another work effort) can be submitted together, or included on a balancing authorization. If it is known that the total value of the work represented by each item is less than \$100,000, and the net value of the BC 22 is less than \$100,000.

Both the Procurement Code and the Finance Code forbid line item changes to be artificially divided among separate authorizations so as to avoid any of the requirements of the laws.

Documentation

Written Direction vs. Written Approval:

As stated in Article 109.04, Payment for Extra Work, all extra work must be directed in writing to the contractor. However, the written directive to the contractor to proceed with the extra work may or may not be the same document as the written approval of the extra work. For example, approval of the work may be documented on form BC 22, but the directive to the contractor may be accomplished by an e-mail from the Resident.

The BC 22 may be used as both the written approval of the work and the written directive to proceed only when it has been fully approved before the work is to be started. Do not forward a copy of the BC 22 to the contractor unless it includes the approval of a person with sufficient authority to approve the change.

For minor changes, the BC 22 may be considered the written approval when it is approved by, or for, the Regional Engineer, as long as this approval occurs before the contractor is directed to perform the work. In this case, the district may use some other form to direct the contractor to proceed with the work.

To avoid ambiguities that could result in contract disputes, the written directive to the contractor must provide a clear description of the work to be performed, including any reference to any applicable specifications by which the work is expected to be performed. The method of payment should also be determined at that time.

Description and Reason for the Change:

There must be an explanation for each item, or group of items, which someone not familiar with the project can understand. Brief explanations such as "balancing" and "change of fund key" are acceptable. If extra work is directed by a member of the district staff, the individual's name and title should be included with the explanation. For example, "Supervising Field Engineer Bill Smith directed that the culvert under the field entrance left of Station 09 + 010 be lowered to prevent the ponding of water in the ditch."

On subsequent BC 22's for an extra work effort (e.g. #11A, 11B, etc.), the description and reason will be repeated on each authorization.

Keep in mind that for authorizations to be published in the Transportation Procurement Bulletin, the description and reason will be published but not the actual line items. Make sure the written description is understandable when read separate from the actual BC 22.

Determination Statement:

A determination statement must be included on all documents approving extra work efforts. The determination statement must also be included on the BC 22 (whether or not a separate document was used to document approval of the work).

For germane (ordinary) contract changes, the determination must state that the change is germane, and explain why the change is germane.

The portion of the determination statement that is required by the Criminal Code for germane changes is: "The undersigned determine that the change is germane to the original contract as signed."

The Procurement Code goes a step further and requires that under certain conditions a determination be made as to why the change is germane. The following typical germaneness determinations can be used, when appropriate. However, actual circumstances may require greater detail.

1. The undersigned determine that the change is germane to the original contract as signed, because provision for this work is included in the original contract.
2. The undersigned determine that the change is germane to the original contract as signed, because work of this type was included in the original contract, and the additional efforts of this work are within the intent of the contract and Department policy.
3. The undersigned determine that the change is germane to the original contract as signed, because the change represents an adjustment required by the contract, based on unpredictable developments in the work.
4. The undersigned determine that the change is germane to the original contract as signed, because the change in design is necessary to fulfill the original intent of the contract.
5. The undersigned determine that the change is germane to the original contract as signed. See attached sheet for additional explanation of germaneness.

For Small Purchases paid under an existing contract, the following determination statement is to be used:

6. Small Purchase procured in accordance with Section 6.100(b) of the Department Procurement Rules. The undersigned determine that this change is in the best interest of the State and is authorized by law.

The germaneness determination specified for a contract change should be consistent between the BC 24 (when required), the BC 2256 (when used), the initial BC 22, and subsequent BC 22's (when applicable).

It is not permissible to simply place a germaneness code (e.g. G1, G2, etc.) on the BC 22. A determination statement must be used.

Miscellaneous BC 22 Documentation:

The following miscellaneous information must be noted on the BC 22 submitted to the central office:

- Type of Authorization: Contract Adjustment, Change Order.

- Major vs. Minor: Indicate whether the contract changes included on the BC 22 represent a major or a minor change.
- FHWA Oversight: On Federal-aid projects, indicate if the project is classified as a PoDI / PoCI.
- Project Location: This is intended to be a brief description of the entire project, for the benefit of the reader unfamiliar with the project. Specific location descriptions related to the included contract changes will be included with the Reason and Description, as appropriate.
- Resident/Supervisor: The name of the Resident and the IDOT Supervising Field Engineer should be noted. Typically, both individuals should approve the authorization.
- Designer: It should be noted whether the plans related to the changes included were prepared by the Department ("In House") or by a consultant. If prepared by a consultant, then the name of the consultant will also be noted.

Supporting Documentation:

When additional documentation is required to support a contract change, it should be submitted with the BC 22. The documents should reference the specific contract change by including the contract number and the authorization number on each document.

Errors and Omissions:

If the contract plans were prepared by a consultant and the contract change is categorized as an error or omission, a copy of the Errors and Omissions memo from the District Bureau of Project Implementation to the District Bureau of Program Development must be included with the authorization. Refer to [Chapter 8, Section 8-4.01, Damage Due to Consultant Errors and/or Omissions, of the Design and Environment Manual](#) for proper documentation procedures of contract changes caused by an error or omission.

Agreed Unit Prices:

Agreed unit prices require the District Estimator's review and written approval. An authorization that contains agreed unit prices will have the District Estimator's written approval or comments attached.

The contractor's written request for an Agreed Unit Price (AUP) must contain a written description of the work, quantity, and price. In order to expedite the review of an AUP request by the District Estimator, if higher than historical bid prices for a given type of work effort are requested by the contractor, justification for the higher costs (e.g., lower production rates due to confined areas, small quantities which may have higher unit prices, limited availability of material, etc.) should be clearly documented and provided in the contractor's request. Other justification that would assist the District Estimator in evaluating requests could also include documented material costs such as actual price quotes from a material supplier, a contractor's unit cost worksheet, associated mobilization costs, an "estimated" force account bill, documented production rates for the type of work specified, or any other non-typical situation which would substantiate the higher costs.

The District Estimator must document whether the approval was based on an estimates worksheet, historical bid prices, concurrent similar projects or some other basis in

accordance with the Bureau of Design and Environment guidelines. A copy of the documentation should be submitted with the authorization.

FAS ID's and CCS Codes (a.k.a. Fund Keys):

State and federal accounting procedures require that all contract changes be posted to the correct FAS ID (Fund-Area-System) and CCS Code (County-Construction Type-Safety Type). (The FAS ID / CCS Code combination is known as a Fund Key in CMMS). The FAS ID and CCS Code of each line item must be identified. All changes for the same combination of FAS ID and CCS Code must be grouped together on the BC 22. If CMMS is used to create the BC 22, this grouping is performed automatically.

Eligibility of Roadway Maintenance Work for Federal Funding:

The broad category of work called Roadway Maintenance has, in the past, included various sub-categories of work, some eligible for federal funding and some not eligible for federal funding. The following presents a breakdown of what types of roadway maintenance work are eligible for federal funding and what types are not eligible for federal funding:

A. Types of Roadway Maintenance Work that are Eligible for Federal Funding:

- Patching, overlays, and repairs of roadway to accommodate staged traffic configuration;
- Placement, repairs and maintenance of permanent guardrail damaged within construction zones when the temporary lane configurations expose the guardrail to increased risk of damage (e.g., traffic staged closer to guardrail or other safety appurtenance than will be in final configuration) and no accident report exists allowing the Department to recover costs through the Motorist Caused Highway Damage (MCHD) program (presuming every effort has been made to pursue reimbursement for any damage to guardrail from parties responsible for the damage).

B. Types of Roadway Maintenance Work that are normally not Eligible for Federal Funding:

- Permanent Safety Appurtenances (Guardrail, drums, attenuators, signs, etc.) damaged when traffic configuration and appurtenance are in their permanent configuration whether before, during or after project construction activities;
- Culvert cleaning;
- Snow plowing;
- Mowing;

Work that is eligible for federal funding and work that is not eligible for federal funding are to be broken out into separate authorizations. Work efforts not eligible for federal funding/participation under the descriptions above are to be separated into 07A fund keys. The description of work included on an authorization for work associated with roadway maintenance should be detailed sufficiently to clearly specify which type of roadway maintenance work is being performed in order to assure eligibility for federal funding.

Force Account:

When balancing force account work a recap should be provided as shown below:

| | | |
|---|----------|------------------|
| Authorization #11 | Estimate | \$20,000.00 |
| Authorization #11A | Estimate | <u>32,000.00</u> |
| Total | | \$52,000.00 |
| Actual Billing | | \$51,959.03 |
| Total Deduction this Authorization #11B | | (\$40.97) |

Force account billings and daily reports are not to be submitted with the authorization and will be retained in the district's files.

New Pay Items and Special Item Numbers:

When new pay items are added to the contract, the districts will use the following format for creating the pay item number:

- For force accounts, the first three characters of the number should be "FRC". The second three digits will correspond to the authorization number on which the item was first submitted. The last two digits will normally be "00", but if more than one new pay item is submitted on the same authorization, then change the last two digits (e.g. "0A", "0B", etc., or "01", "02", etc.) to distinguish the additional items.
- The unit of measure for force account items is DOLLAR (\$), and the unit price is \$1.00. The value of the force account is given in the quantity of the force account pay item.
- For agreed unit price items, the first two characters should be "X9" and the third character will be the district number. The remaining characters should follow the same scheme as described above for new force account items.

For example, the pay item number "FRC01000" identifies a force account that was first submitted on authorization number 10. "X9100401" identifies a new agreed unit price item from District 1 that was the second new agreed unit price pay item number submitted on authorization number 4.

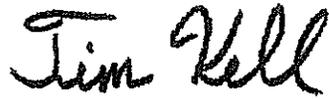
In addition, the Department is tracking historical data on certain pay items that may be added to contracts. A list of these Special Pay Item Numbers is included at the end of this memorandum (see Attachment 3). If any of these types of work are added to a contract, the Resident will use the appropriate special pay item number from this list.

The list is organized by change category, to show which change category should be indicated when the item is added to the contract. Note that some of the special pay items are rarely used anymore, but are maintained in the list for historical reasons.

All the special item numbers begin with "XXX". If the same special item number is needed more than once on a contract, the last two digits of the item number can be changed for the additional occurrences, such as "0A", "0B", etc., or "01", "02".

Handwritten Copies:

On projects where IT resources are not available, Residents should hand write, in ink, a legible [BC 22](#), and submit it to the district office for typing. The [BC 22](#) submitted to the Central Bureau of Construction must be typed.

A handwritten signature in black ink that reads "Tim Kell". The signature is written in a cursive, slightly slanted style.

Tim Kell, P.E.
Engineer of Construction

Authorization Chart

| Code | New Category | Authorization Type | BC 24 Prior Approval | Germane Reason* |
|-------------|---|---------------------------|-----------------------------|------------------------|
| 01 | Balance Final Field Measurements | Adjustment | No | 1 |
| 03 | Allowable Contingencies | Adjustment | No | 1 |
| 09 | Design Change | Change Order | Yes | 4 |
| 12 | Utility Cause Change/Addition | Adjustment | No | 3 |
| 16 | Specification Performance Adjustment | Adjustment | No | 1 |
| 19 | Contract Acceleration | Change Order | Yes | 2 |
| 22 | Differing Site Condition | Adjustment | No | 3 |
| 24 | Contract Administration | Adjustment | No | 1 |
| 26 | Highway Plan Quant Omission or Error | Adjustment | No | 1 |
| 28 | Highway Design Engineering Error | Change Order | Yes | 4 |
| 29 | Bridge Plan Error or Omission | Adjustment | No | 1 or 4 |
| 30 | Construction Engineering Error | Change Order | Yes | 5 |
| 33 | Local Agency Project | *** | *** | ** |
| 85 | Miscellaneous | Adjustment | No | ** |

Authorizations \$100,000 or Less, Regardless of Type, Do Not Require a BC 24
All Authorizations > \$100,000, Regardless of Type, require a BC 24

- * Most common reason. Could vary based on individual circumstances.
- ** Could be any of the 5 reasons
- *** Could be either

Change Category Descriptions

| <u>Code</u> | <u>Category</u> |
|-------------|--|
| 01 | Balance Final Field Measurements <p>Changes needed to account for the difference between estimated plan quantities and final, as-built quantities, when the work is built to the lines and grades shown on the plans. The Resident should use reasonable judgment whether an adjustment is within the expected tolerance for the accuracy of plan quantities.</p> <p>This category also includes bookkeeping changes and maximum payment adjustments.</p> <p>Note that this category does not include balancing changes for extra work items or quantities since the total cost of the extra work effort should be designated under the same, appropriate category code.</p> <p>Changes in this category are always considered germane since they are a specified adjustment of pay quantities to perform the specified work. Contract changes of this type do not require additional written direction to the contractor prior to the start of the work.</p> |
| 03 | Allowable Contingencies <p>These are “built-in” changes that are required by the specifications or state-wide changes in department policy based on the type of work involved in the contract or conditions found at the job site. Generally, changes in this category are work efforts called for in the contract but specified to be paid for as extra work, or they are planned contingencies, that is, work efforts that depend on the actual field conditions which could not be known at the time of design.</p> <p>Examples include accident cleanup, anti-strip additive, repairing water main breaks, water main or service breaks, temporary drainage facilities, mowing prior to final inspection, additional cofferdams, cofferdam inspection, cofferdam excavation, storage of structural steel, pile splices, replacing damaged pipe, repairing state-owned traffic signal control equipment, additional flaggers or traffic control devices, replacing temporary striping, repair traffic barrier terminals or sand impact attenuators, railroad flaggers, pavement cleaning, temporary access, blading earth shoulders (adjacent to resurfacing), preparing or repairing existing base, covering CRCP patches, preservation of stone markers and survey monuments, installation and electricity charges for traffic signal and lighting service installations, repairing slope failures, excess field office telephone charges, samples for destructive testing, additional erosion control devices, traffic control price adjustments, investigation and cleanup of hazardous or controlled waste, and adjustments in contract unit prices as provided in the contract.</p> <p>Changes in this category are most always germane to the contract, since provision for the work is included in the specifications. Germaneness of this type of change would be questionable, though, if the cost of the change was grossly disproportionate to the value of the original contract.</p> |
| 09 | Design Change <p>This category includes all changes in the specifications or design that are not specified in another category without regard as to why they were initiated or who initiated them. Care must be taken to determine the germaneness of any design change.</p> |
| 12 | Utility Caused Change/Addition <p>Compensation to the contractor for compensable delay damages caused by utilities, locating utilities, as well as changes in the design made primarily to accommodate or avoid utilities within the right-of-way.</p> <p>Note that this category does not necessarily include miscellaneous bills paid in accordance with Article 109.05. Such bills should be included under category 03, if more appropriate.</p> |

Contract changes in this category are considered germane contract adjustments, insofar as the changes are provided for in the contract.

16 Specification Performance Adjustment

This category includes adjustments or credits to the contract as result of deficient work or materials accepted by the Department, assessment of liquidated damages, incentive/disincentive adjustments, thickness and smoothness adjustments, traffic control deficiency deductions and erosion control deficiency deductions.

Note that most of these types of adjustments have special pay item codes (XXX____) associated with them.

These adjustments are specifically provided for in the contract and are, therefore, considered germane contract adjustments. Since these adjustments must occur after the work is performed, the requirement for prior written approval does not apply to this type of change.

19 Contract Acceleration

Adjustments made to the contract for the purpose of accelerating the contractor's progress in the work. Examples include pay for Premium Time, High-Early Cement, and Wintertime Concrete Protection.

22 Differing Site Condition

Compensation to the contractor for additional costs incurred when subsurface or latent physical conditions are encountered in the project, in accordance with Art. 104.03.

24 Contract Administration

Any costs added to the contract as a direct result of a contract claim settlement.

Note that the Contract Acceleration category should be used for an item such as Premium Time, if the acceleration item is not an explicit part of the formal claim.

All additions and deductions in pay items or quantities, including the actual value engineering incentive payment, as a result of the acceptance of a value engineering proposal from the contractor.

All other changes related to state costs for administering the contract. Examples include samples for destructive testing (such as for bearing pads), contractor furnished equipment and Partnering,

Any costs in this category that are provided for in the contract are germane contract adjustments.

26 Highway Plan Quantity Omission or Error

Changes in plan quantity due to significant discrepancy between plan quantity and the as-built quantity with no change in the intended scope of work shown on the plans, as well as changes for a pay item that was not include in the plans, but for which the work was called for in the plans with the intention of paying for such work as a separate pay item. This category does not include errors in bridge plans.

Design errors in this category are not a change to the intended design but include costs that, had the error not been made, would have been included in the awarded contract amount.

Changes due to account for plan quantity errors are generally considered germane contract adjustments, unless the error is so large that the additional quantity changes the nature of the work or could be considered under a separate contract.

28 Highway Design Engineering Error

Changes in pay items or quantities resulting from an inappropriate design, given field conditions that were known or should have been known at the time the plans were being prepared. This category may include resolution of commitments made during the planning and design of the project, if the resolution was not adequately addressed in the plans. This category does not include errors in bridge plans.

Design errors in this category involve costs that should not have been paid had the original plans been correctly designed.

Changes due to design errors require special consideration, as some design errors changes could change the scope of the contract and would not, therefore, be considered germane.

29 Bridge Plan Error or Omission

Any changes resulting from an error in the bridge plans.

Note that a change is categorized as an error only if the issue involving the change was something that the designer should have known about, was within the scope of the design, and should have addressed in the plans. This category does not include errors or omissions in the highway plans.

Changes due to design errors require special consideration, as some design errors changes could change the scope of the contract and would not, therefore, be considered germane.

30 Construction Engineering Error

Additional compensation to the contractor due to errors in layout or construction within the responsibility of the department. This category includes construction errors by both in-house staff and consultant construction staff.

Work in this category is generally considered germane to the contract, since the extra cost is needed to restore the work to what was intended by the contract. This work would be considered a change order.

33 Local Agency Project

All changes on a local agency project can be grouped under this category. The other categories are intended to identify changes on State projects.

In regards to the germaneness or classification (contract adjustment vs. operational/non-operational change order) of the change, refer to the discussions noted under the appropriate category.

85 Miscellaneous

Changes not included in any other category above. (It is intended that this category be used rarely, if at all.)

Special Pay Item Numbers

| <u>Category</u> | <u>Pay Item Nbr</u> | <u>Special Item</u> | <u>Typical Units</u> |
|-----------------|---------------------|---|----------------------|
| 16 | XXX00100 | Failure to Open Lanes to Traffic | DOLLAR |
| 03 | XXX02100 | Railroad Flaggers | DOLLAR |
| 03 | XXX03100 | Traffic Control Price Adjustments (per contract specifications) | EACH, L SUM, DOLLAR |
| 03 | XXX03200 | Antistrip Additive | DOLLAR |
| 03 | XXX04000 | Mentor Protégé Reimbursement | DOLLAR |
| 03 | XXX05000 | CCDD Testing | DOLLAR |
| 03 | XXX05100 | CCDD Extra Costs | DOLLAR |
| 03 | XXX15000 | Pay Items Subject to RACIF | DOLLAR |
| 85 | XXX06000 | PLA Reporting | DOLLAR |
| 16 | XXX16000 | Traffic Control Deficiency | CAL DAY |
| 16 | XXX16100 | Credit Non-Compliant Work | DOLLAR |
| 16 | XXX16200 | Credit Non-Compliant Material | DOLLAR |
| 16 | XXX16300 | Erosion Control Deficiency | CAL DAY |
| 16 | XXX16400 | Credit Specification Non-Compliance | DOLLAR |
| 16 | XXX16500 | DBE Goal Not Met | DOLLAR |
| 16 | XXX16700 | Idling Deficiency | CAL DAY |
| 16 | XXX16800 | Ultra Low Sulfur Diesel Deficiency | CAL DAY |
| 16 | XXX16900 | Diesel Retrofit Deficiency | CAL DAY |
| 16 | XXX17100 | Liquidated Damages | CAL DAY |
| 16 | XXX18100 | Incentive Payment | DOLLAR |
| 16 | XXX18200 | Disincentive Deduction | DOLLAR |
| 16 | XXX18300 | Contract Compl Incentive | CAL DAY |
| 16 | XXX18400 | Contract Compl Disincentive | CAL DAY |
| 16 | XXX18500 | Lane Rental Incentive | CAL DAY |
| 16 | XXX18600 | Lane Rental Disincentive | CAL DAY |
| 19 | XXX19100 | Acceleration | DOLLAR |
| 16 | XXX19500 | Warranty Incentive | DOLLAR |
| 16 | XXX19600 | Warranty Disincentive | DOLLAR |
| 16 | XXX19700 | PFP Incentive | SQ YD, SQ M, DOLLAR |
| 16 | XXX19800 | PFP Disincentive | SQ YD, SQ M, DOLLAR |
| 16 | XXX19900 | PFP Resolutions Testing | DOLLAR |
| 16 | XXX20000 | PFP Credit Non-Compliant Material | DOLLAR |
| 16 | XXX201** | Thick Dis PCC _____ | SQ YD, SQ M |
| 16 | XXX202** | Thick Inc PCC _____ | SQ YD, SQ M |
| 16 | XXX203** | Thick Dis FD HMA _____ | SQ YD, SQ M |
| 16 | XXX204** | Thick Inc FD HMA _____ | SQ YD, SQ M |
| 16 | XXX211** | Smooth Inc PCC _____ | SQ YD, SQ M, DOLLAR |
| 16 | XXX212** | Smooth Dis PCC _____ | SQ YD, SQ M, DOLLAR |
| 16 | XXX213** | Smooth Inc FD HMA _____ | SQ YD, SQ M, DOLLAR |
| 16 | XXX214** | Smooth Dis FD HMA _____ | SQ YD, SQ M, DOLLAR |
| 16 | XXX21500 | Surface Variations HMA SC 1T | EACH |
| 16 | XXX21600 | Surface Variations HMA SC 2T | EACH |
| 24 | XXX22000 | Utility Delays | DOLLAR |
| 24 | XXX22500 | Railroad Delays | DOLLAR |
| 24 | XXX23000 | Claim Settlement | DOLLAR |
| 24 | XXX24500 | Contractor Furnished Vehicles | DOLLAR |
| 24 | XXX25000 | Value Engineering Incentive | DOLLAR |
| 16 | XXX26100 | QCP Disincentive | DOLLAR |
| 16 | XXX26200 | Longitudinal Joint Density Deduction | DOLLAR |
| 16 | XXX26300 | Dust AC Deduction | DOLLAR |
| 16 | XXX26400 | QCP Credit Non-Compliant Material | DOLLAR |
| 03 | XXX27000 | Speed Display Trailer | DOLLAR |
| 03 | XXX27100 | Truck Mounted Attenuator | DOLLAR |
| 85 | XXX28000 | Project Shutdown Costs | DOLLAR |
| 03 | XXX35000 | Traf Cont Standard Adj (changes to the standard) | DOLLAR |
| 03 | XXX99000 | Fuel Price Adjustment Increase | DOLLAR |
| 03 | XXX99100 | Fuel Price Adjustment Decrease | DOLLAR |
| 03 | XXX99300 | Bituminous Price Adjustment Increase | DOLLAR |
| 03 | XXX99400 | Bituminous Price Adjustment Decrease | DOLLAR |
| 03 | XXX99500 | Addl RR Insurance Reqt | DOLLAR |
| 03 | XXX99600 | Steel Price Adjustment Increase | DOLLAR |
| 03 | XXX99700 | Steel Price Adjustment Decrease | DOLLAR |

** For Pavement Thickness Incentive/Disincentive and Pavement Smoothness Incentive/Disincentive Items: Include the actual pay item description in the Special Item description. The description must be no longer than 22 characters and spaces; abbreviate where necessary. If more than one pay item falls within the same Special Item number, the last two digits should be changed (i.e. XXX20100, XXX20101, XXX20102). Do not delete the original pay item. The unit price for the Special Item will only reflect the incentive or disincentive.