

Change Order Approval Process for Local Public Agency Projects

December 12, 2017

The change order approval process below applies to Local Public Agencies (LPAs) in the Certification Acceptance (CA) Program.

For non-CA LPAs: ADOT will administer the contract in accordance with ADOT's 2008 Standard Specifications for Road and Bridge Construction, sub-section 109.04 – Adjustment in the Contract price. The guidelines outlined in the ADOT Construction Manual will be followed for the different types of change orders (supplemental agreements) and approval authority. (<http://azdot.gov/business/engineering-and-construction/construction-and-materials/manuals/ConstructionManual>)

For CA Agencies (Certification Acceptance): A Change Order (CO) is a contract document generated during construction phase to change contract requirements to address either a change in cost, time, and specifications on Federal aid projects. When an agreement cannot be reached on cost, Force Account work is initiated and the Contractor is compensated for extra work based on the actual hours worked, equipment, and materials used. Force Account is a type of change order.

The Change Order will be authorized or initiated to:

- Change the contract scope of work.
- Create new pay items, increase or decrease existing pay items or quantities.
- Change Plans and/or Specifications.
- Add or decrease contract time.

Major Change Order as defined by ADOT:

- Alters the scope of the work. (Deviation from Project Assessment (PA) or Design Concept Report (DCR)).
- Work is outside the limits of the environmental clearance and outside the project limits (need new R/W).
- Modifies any major item of work (as defined in Section 101.02 and 104.02 of ADOT's Standard Specifications for Road and Bridge Construction). Is increased by more than 125% or decreased below 75% of the original quantity.
- Changes the total contract value by 5% of the original contract.

Major Change Order as defined by FHWA:

- On NHS Projects. (FHWA approves major CO; on non-NHS projects the CA notifies ADOT of major CO).
- Major changes of scope. (Deviation from Project Assessment (PA) or Design Concept Report (DCR)).
- Work outside the project limits or outside environmental clearance limits
- An increase of over \$1 million to the project.
- An increase of 20% or more to the project.

The CA agencies are required to follow the approval process outlined below prior to authorizing or executing a change order:

Document Type	Change of...	Used when...	Approval		
			CA	ADOT D.E.	FHWA
Change Orders:	Work (Cost)	Change is minor and (equal to or less than \$75,000 or 10% of contract amount, whichever is lesser).	Yes	N/A	N/A
	Work (Cost) and / or	Contract unit prices or new agreed upon prices are used. (Greater than \$75,000 or 10% of the contract amount, whichever is greater).	Yes	Notify	*Yes
					No
	Time Extension	Cumulatively time extensions of 20 working days (or 30 calendar days) is added to the contract.	Yes	Notify	*Yes
					No
	Plans or Specifications	Major plan revisions or specifications changes.	Yes	Concur	N/A
Force Account:	Work (Cost)	An agreement can not be reached on cost. (equal to or less than \$75,000 or 10% of contract amount, whichever is lesser).	Yes	N/A	N/A
		An agreement can not be reached on cost. (Greater than \$75,000 or 10% of contract amount, whichever is greater).	Yes	Notify	N/A

* FHWA will review and approve significant major change orders on Projects of Division Interest (PoDI) for eligibility of reimbursement. If the project is not a PoDI, then only ADOT notification is required.

Requirements:

- Change orders with back up documentations (engineer cost analysis, contractor cost estimate, plans & special provisions changes (if any) and approval by the CA's designated engineer) shall be sent to the ADOT District Engineer or his/her designee for prior concurrence, instead of the ADOT Project Manager (PM). The District Engineer will review and concur/notify within TWO business days by email. Once the completed change order is finalized, a copy of the finalized change order shall be sent to the ADOT PM and ADOT District for their records by the CA agency.
- FHWA requires 10 business days to give prior approval to any change order if their approval is warranted as per the table above. The ADOT District Engineer or designee will forward the change order with its supporting documents to FHWA, by email, after the two business days allotted for ADOT review and concurrence.
- When a time extension CO is compensatory, then the compensatory costs for contractor's field and office overhead needs to be concurred by the ADOT State Engineer for the Construction & Material Group.
- The CA Agencies can use any approved national standards that are approved and adopted by FHWA, such as ADOT, MAG, and PAG. However, if there are undefined rules/specifications, topics, issues and threshold limits that are not covered in the other approved standards, then ADOT approved specifications shall prevail.
- Letter of Agreements (LOA) CO work as per ADOT standard specification 109.04, can be used only on major projects and as long as it is part of the contract special provisions. The LOA is not to be used to change, add or delete plans or a specification, or to add time.