Bond Program
Standard Operating Procedures

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LACCD Program Management Office
515 S. Flower Street, Suite 900
Los Angeles, CA 90071
T 213.593.8000
Contractor; if the response is ACCESS, FLS, and Structural related changes, AOR will note that this change will be submitted to DSA for review and approval via CCD. If contractor chooses to proceed with the work at its own risk of DSA stop work.

The CPM shall maintain a tracking log of all RFI’s in the PMIS. The CPM shall use this log to identify all outstanding RFIs. The CPM shall distribute the current week’s RFI report at the Weekly Progress Meeting. Outstanding RFI reports shall include the number of days the RFI has been outstanding and the cause as categorized by the CPM.

RFI categories are listed below:

- Design clarification
- Unforeseen field conditions
- Potential design error
- Potential design omission
- Construction deficiency
- Contractor fix
- Benefit of Contractor
- Responsibility of the Contractor
- Answer in Contract Documents
- Answered previously
- Field/Site conditions
- Other

An RFI response only clarifies the intent of the Contract Documents and does not authorize changes in Contract Amount, Milestones and/or Contract time. An RFI may result in a Request for Proposal/Change Order (CO). The CPM shall process these according to the Contract requirements.

If the Contractor believes a response to an RFI establishes a basis for adjustment in the Contract Amount, Milestones and/or Contract Time. The Contractor shall, even in the absence of an RFP or CD, pursuant to GCs 10.7 through 10.17, submit a COP.

RFI’s constituting a change in the approved design/contract documents may initiate the Construction Change Directive (CCD) process. (See the appropriate section of SOP Volume II which addresses the CCD process.).

6.8 Change Order

The purpose of a Change Order is to communicate and record changes to the Contract Documents, Contract Amount, Milestones and/or Contract Time. In the event these procedures conflict with the project specific contract documents, the provisions of the contract documents shall govern.
The Program Management Office (PMO):

- Provides oversight and assistance to the CPM on an as-needed basis to establish a clear understanding and interpretation of these procedures.
- Obtains when needed the required District authorization and signature on fully reviewed and compliant change orders.

The College Project Manager (CPM):

- The CPM has sole responsibility for implementing and complying with all aspects of these procedures
- Assures compliance with these “Contract Change Order Procedures” and evaluates the merit and appropriateness of the change order request.
- Obtains and/or prepares all documents required to support the requested change in accordance with these procedures.
- Responsible for all negotiations with the contractor, the validation of merit and costs, and the approval by Architect in consultation with the Inspector of Record.
- Provides fully executed change orders to contractor, AOR and PI upon receipt of the signatures from PMO and District Facilities Director as necessary.
- Process contractor’s Change Order Proposals (COP's) in a timely and efficient manner (It is suggested that COP’s be addressed within 14 days of receipt of a COP).
- Provides clear justification for the change and the origin of the change.

6.8.1 General Procedures

No changes to the contract are effective until a modification to the contract is agreed to and signed by applicable parties. No work is to commence on a change in scope until specifically authorized IN WRITING by either a Field Order or an approved Change order.

6.8.1.1 Change Order Log

It is the responsibility of CPM to have all required information regarding requests for Change Order approval, Request(s) for Proposal and/or Construction Field Order(s), entered into the PMIS within two (2) working days of their initiation. Information to be input to the PMIS shall, as a minimum, include the following:

- Dates RFP or CFO issued and other action dates required by the Change Management data entry screens or Change Order log
- Description of Change; Change Order number, CCD Number
- Date COP received from Contractor
- Dates CO sent to/returned from Architect or Engineer
- Dates CO sent to/received from Contracts
- CO status (e.g., new, pending, Board of Trustees approved/rejected, DSA approved/rejected)
- Type of Change (e.g., errors and omissions, field condition, scope change)
- Projected/Approved changes to the Contract Amount, Milestones and/or Contract Time
- Cost or Schedule impact estimates prepared by the CPM
- Time for Approval:
  - For all Design-Bid-Build (DBB) contracts, all COs must be ratified by the District Board of Trustees within 60 days of being fully executed. In order to facilitate this requirement all DBB COs must be accompanied by a "DRAFT" Proposed Board Action (PBA) at the time of their submittal to the PM. No CO PBA will be placed on the Board agenda without the CO having been submitted to the PM and accepted.
  - All CO’s must be submitted to the PMO within seven (7) days of execution by the CPM and must be accompanied by a "DRAFT" PBA for inclusion in the next Board agenda.
  - For Design-Build (DB) projects, all COs must be authorized by the Board prior to being fully executed. All amendment PBA’s must be accompanied by a "DRAFT" version of the CO(s) or a copy of the project COP log (clearly indicating the COP(s) which are to be included in the CO) submitted to the PMO.
  - DB CO will not be processed by the PMOPMO until the Amendment has been authorized by the Board. All COs for DB contracts shall be submitted to the PMO within 30 days of authorization by the Board for execution.

6.8.2 Division of the State Architect

Refer to Design Vol. II section 12- 4.4 for Construction Change Directives.

6.8.3 Gross Aggregate of Changes in Scope of Work

Changes to all construction contracts or DB agreements are to be calculated and tracked using the Gross Aggregate of the individual Changes Order Proposals (COP's) rather than the cumulative net value of those COP's. Gross Aggregate is arrived at by adding all additive COP's and all deductive COP's as positive numbers. Thus, if a contract has been increased by $75,000 and decreased by -$25,000, it will have reached $100,000 in the Gross Aggregate of scope changes; whereas if a net value calculation is used the contract would have $50,000 in scope changes.

When calculating the gross aggregate change order amount, unforeseen condition change order amounts shall be excluded.
For Formal and Informal DBB contracts the total Gross Aggregate of COs for any contract cannot exceed 10% of the original contracted amount unless otherwise accepted by special action from the Board. For DBB Quoted Contracts less than or equal to $30K, COs cannot exceed $30K in Gross Aggregate. These limits are derived from the California Public Contract Code Section 20659.

Work that is being de-scoped from a contract that will be repackaged and bid as a separate contract will count toward the statutory limit of DBB contracts.

As a policy work that is being de-scoped from a contract that will be re-packaged and bid as a separate contract will not count toward the statutory limit of DBB contracts. However, the credit cannot be used to offset additive changes to the contract in order to remain within the 10% change order limitation.

### 6.8.4 CO Reason Codes

All CO proposals will be classified in one (1) of four (4) reason codes. Although all four change reason codes follow a similar process to becoming executed CO's they must be tracked independently in the PMIS. Correct classification of these COP's is critical to the correct reporting of these changes. These codes are listed and defined below:

- Owner Initiated Scope Change
- Unforeseen Conditions
- Agency Required Scope Change
- Design Related Scope Change

Explanations of each of these types are detailed below.

#### 6.8.4.1 Owner initiated Scope Change

Defined as a specific addition or deletion to the scope of work that is requested by the Owner or its authorized representative. This does include all compensable acceleration costs or any compensable delay which directly results from an Owner scope change – however, it does not include changes which are the result of unforeseen existing conditions or design changes related to unforeseen conditions, or the associated acceleration or compensable delay costs from such changes.

Request for Owner Initiated Scope Change Directive: (Form CP-0252) is prepared by the CPM in response to an Owner scope change. Once completed by the CPM the request form shall be routed through the PMO for District approval. The completed request must be approved by the District Facilities Executive prior to any and all Request for Proposal, Field Order, Change Order Proposal and/or Change Order being executed.
• Approvals
  – College President
  – CPM
  – Regional Program Liaison and/or Regional Design Liaison
  – (PMO review)District Facilities Executive

6.8.4.2 Unforeseen Conditions/Differing Site Conditions

Differing site conditions typically arise in two situations:

• The conditions encountered differ materially from those indicated in the contract, or

• The condition encountered at the site differs materially from those normally encountered.

These changes can be additions or deductions to the work that are caused by site or building conditions which could not have been expected by an acceptable level of due diligence by the CPM and the Design Team prior to completion of the Contract Documents.

Examples include pockets of expansive soil, unrecorded utility lines or unknown hazardous, any of which could not be reasonably verified prior to bid.

6.8.4.2.1 Exclusion from Gross Aggregate Calculations

• For DBB and LLB contracts, the California Public Contract Code Section 20659 limits the changes or alterations that the Board of Trustees may authorize to a contract for construction of a public project as defined in California Public Contract Code Section 20651 to the greater of the amount specified in Section 20651 or 10% of the original contract price. Conditions at a construction site that were not known or otherwise discoverable by due diligence of the contractor are not within the purview of the monetary limitation in Section 20659. A change order for this reason code will be presented to the BOT in a separate ratification section and shall not be included in the 10% limitation calculation. Unforeseen/Differing Site Condition related changes shall not be combined or bundled with Change Orders involving other reason codes.
6.8.4.3 Agency Required Scope Changes

These are defined as scope changes arising from a new regulation or requirement imposed by regulatory agencies such as DSA, Department of Health Services, Department of Public Works, Local Fire Authority, South Coast Air Quality Management District (SCAQMD), CALOSHA, etc. This change code is limited to changes resulting from additional requirements which could not have been anticipated during the design phase of the project.

6.8.4.3.1 Exclusion from Gross Aggregate Calculations

For DBB and LLB contracts, the California Public Contract Code Section 20659 limits the changes or alterations that the Board of Trustees may authorize to a contract for construction of a public project as defined in California Public Contract Code Section 20651 to the greater of the amount specified in Section 20651 or 10% of the original contract price. Conditions at a construction site that were not known or otherwise discoverable by due diligence of the contractor are not within the purview of the monetary limitation in Section 20659. A change order for this reason code will be presented to the BOT in a separate ratification section and shall not be included in the 10% limitation calculation Agency required scope changes shall not be combined or bundled with Change Orders involving other reason codes.

6.8.4.4 Design Related Changes

Design related changes can be either additive or deductive and shall be tracked on a Gross Aggregate basis. Additionally, and like owner requested changes, these changes will count towards the California Public Contract Code Section 20659 10% limitation for DBB/LLB contracts. Some examples of issues that could initiate this type of change are but not limited to:

- Errors and Omissions from the contract documents.
- Additional requirements by regulatory agency which should have been anticipated and included during design phase of project.
- Specification of materials that are unavailable after award of contract, and that were out of production at the time of preparation of the construction documents.
- Time Extensions
6.8.5 Delays

6.8.5.1 Types of Delays

If the Contractor receives any change initiating event from the CPM, as described in these procedures, that they feel impacts the contract time, either increasing or decreasing that time, the Contractor shall submit a Notice of Delay to the CPM within seven (7) days of receiving such documentation, per Article 8.2.2 of the General Conditions. Upon submitting the Notice of Delay to the CPM, the Contractor will submit a Request for Extension within fourteen (14) days thereafter. A time extension will only be allowed upon justification in accordance with the General Conditions Article 8 in its entirety.

All time delays fall into one of three (3) categories:

- **Excusable Delay**: these are delays which are not attributable to the Contractor or the Owner and are therefore non-compensable such as Force Majeure events (rain, agency delays etc.) per General Conditions 0700 Article 1.1.88.
- **Unexcused Delay**: this is a contractor caused delay which is non-compensable per General Conditions 0700 Article 1.1.1.77.
- **Compensable Delay**: Owner driven delays due to errors and omissions or unforeseen conditions or owner requested scope changes for which the Contractor is due compensation in the form of reverse liquidated damages per General Conditions 0700 Article 1.1.43.

Concurrent delays are those, for which there are multiple reasons for the delay, an example is an Inexcusable Contractor delay that occurs concurrently with a Compensable Owners Delay. The issue of compensation for concurrent delays is covered in the General Conditions Article 8.2.6.

6.8.5.2 Compensation for Delays

All requests for time extension, shortening and prescribed calculations (General Conditions Article 8.2) should be settled within the COP negotiations framework and included in the subsequent CO. The category and compensability of each request for time extension must be clearly identified in any CO for which delays are asserted in the CPM’s CO Log. The original Contract Completion Date may be adjusted by the aggregate total of the delays granted in all categories and no payment to the contractor or deduction by the Owner will be allowed until the Original Contract Completion Date has been exceeded.

- It is the CPM’s responsibility to negotiate and resolve all requests for time impact
6.8.6 Construction Field Orders (CFO)

“Field Order” means a written instrument signed in accordance with the requirements of Article 7, below, that: (1) directs the performance of a Minor Change; (2) directs performance of Work or a Change with respect to which there exists a dispute or question regarding a Contract Adjustment; or (3) establishes a mutually agreed basis for compensation to Contractor for a Compensable Change under circumstances where performance of the Compensable Change needs to proceed in advance of complete substantiation and evaluation of the impact thereof on the Contract Sum Payable or Contract Time.

A Field Order (Form CO-0330) is used to initiate a CO in urgent or emergency situations. The CPM shall evaluate whether or not a Field Order is required, or whether a conventional CO can be issued without a negative impact to the schedule due to CO processing time. If a Field Order is required, the Field Order shall be based on either a negotiated value or a not-to-exceed value for cost and time based on a reasonable estimate. When issuing a Field Order, a Scope Change Reason Code Verification (Form CP-0253) is also required. If the subject change is owner directed, an Owner Initiated Scope Change Directive (Form CP-0252) must be submitted and approved by the District Facilities Executive before the Field Order can be issued. When a Field Order is issued, the CPM shall subsequently issue a Request for Proposal (Form CP-0250) within 5 days of the issuance of the Field Order.

A Field Order should be used to initiate work in the following conditions:

- To direct the performance of a change in scope that must be immediately implemented to maintain the project schedule. Such work shall be directly related to the construction of the same project and shall not significantly change the use, function or area of the approved design.
- To direct performance of Work or a Change with respect to which there exists a dispute or question regarding the terms of the Contract Adjustment or whether subject work is within the scope of the contract. The Field Order shall indicate that the work is disputed and shall direct the contractor to track the work on a Time and Materials (T&M) basis. Contractor daily T&M sheets will need to be validated and signed by the PI. The CPM shall review and track the T&M charges for compliance with the terms of the contract and Field Order. The CPM, per General Conditions Subparagraphs 7.7.2.1 - .7, will direct the Contractor to track all work related to the subject field order on a "Time and Materials" basis while the Contractor is developing a COP for the work. The CPM shall review all T&M sheets and negotiate a CO with the Contractor.
- Note: If the subject change is an Owner Initiated Scope Change, a Field Order cannot be issued until the Owner Initiated Scope Change Directive (Form CP-0252) is routed through the PMO and approved by the District Facilities Executive. These forms require a precise and specific explanation as to the
condition, circumstance or occasion which makes the change necessary; classification of the change as a specific reason code; the initiator of the change and an estimate of the cost which will include all hard and soft costs which could impact the project budget.

6.8.7 Field Order Levels of Authorization

Contract Adjustments by the use of a Field Order setting forth an agreement between the District and Contractor must be authorized as follows:

- **CPM, RPL & College President** – Must review and sign all Field Orders and provide three (3) wet copies for further review and approval.
- **PMO Manager of Construction** – Any Field Order above $50,000 and/or any Field Order that exceeds 5% gross aggregate of total contract value, must also be approved by the PMO Manager of Construction.
- **Deputy Program Director** – Any Field Order above $100,00 and/or any Field order that exceeds 5% gross aggregate of total contract value, must also be approved by the Program Director or Deputy Program Director.
- **Chief Facilities Executive** – Any Field Order that increases the total change order rate above 5% gross aggregate of total contract value, or any single Field Order that exceeds $250,000, must also be approved by the Chief Facilities Executive.

All Field Orders must be subsequently submitted as a CO for approval in accordance with the Change Order authorization levels.

6.8.8 Change Order Proposal (COP)

Change Order Proposals (COP’s) are used to present proposed change(s) in contract scope, requirements, or time. If approved, COP’s then become Change Orders.

All Change Order Proposals (COPs) must be submitted on approved contract forms (see forms listed below). Regardless of delivery method, any COP submitted must include all documentation needed to support any addition, deletion or revision to the work described in the contract. Supporting documentation shall include, at a minimum, the following:

- **Notice of Change (Form CP-0254)**: The Contractor shall provide a Notice of Change to the CPM within 5 days of discovery of circumstances that constitutes a compensable change, deleted work and compensable delay or other matter that may involve or require a contract adjustment (additive or deductive).
- **Notice of Change Validation with merit**: The CPM, in conjunction with the Design Engineer/Architect will conduct a review of the contract documents to determine
validity and that the change is necessary. If it is found that the Notice of Change has merit the CPM will issue a Request for Proposal (RFP form CP-0250) or Construction Field Order if conditions listed above apply. The Contractor will prepare a COP (Form CP-0270) and CO Pricing Sheet Summary (Form CP-0280) and submit it to the CPM within the time frame specified in the Request for Proposal.

- **Notice of Change Validation without merit:** If the CPM rejects the Notice of Change as being without merit, or does not respond to the Notice of Change yet the Contractor still believes there is merit, the Contractor shall then submit a COP (Form CP-0270). This COP should be submitted within 14 days of the Notice of Change.

### 6.8.8.1 Change Order Proposal (COP) Submittal:

Upon receipt of the contractor's COP, the CPM shall log time and date of receipt, determine reason code and record the amount and description in the COP Log in the PMIS. The CPM will evaluate the contractor's proposal to confirm the scope of work, to validate unit costs for labor and materials. The CPM shall prepare a cost estimate using CO Estimate Summary Sheet: (Form CP-0290) and CO Estimate Pricing Sheet: (Form CP-0300).

- During the COP negotiation, the CPM shall complete the Record of CO Negotiation: (Form CP-0320) describing in detail the process completed to verify that the costs presented are correct. The CPM shall outline its efforts to reduce requested change to the lowest cost and least amount of time impact to the project. The form shall indicate dates, locations and attendees of all negotiation discussions.
  - If the proposed change impacts the approved construction schedule, the contractor is required to complete a Notice of Delay within seven (7) days of the discovery day of such circumstance. The Contractor shall create a fragnet to the schedule that clearly identifies the impact to the Critical Path and shall be required to allow the CPM to develop a Schedule Impact Analysis based on the facts presented. The Analysis will support time extensions; including extensions that are the result of inclement weather, acts of God and other delays.

### 6.8.9 Change Order

Change Order Bundling: COP bundling is only acceptable if the following three circumstances are met:

- COP scope must be the same Change Order Reason Code.
- Bundled COP’s must contain similar scope. For example, multiple COP’s for site concrete, elevator, mechanical ductwork may not be bundled. COP’s for light fixtures and associated work located in multiple buildings may be bundled.
- Timely processing of COP’s is achieved.
6.8.10 Unilateral Change Order

A Change Order negotiation which does not conclude with a mutual agreement between the CPM and the contractor after all due diligence has been performed and the CPM’s best offer has been rejected, can be submitted as a Unilateral Change Order, without the Contractor’s signature.

Procedures for a Unilateral Change Order are as follows:

- Check the designated box in the header portion of the Change Order which indicates that the Change Order is being issued unilaterally pursuant to the General Conditions.
- The Change Order No. must indicate “Unilateral” (ex. Change Order No. 10-Unilateral).
- CPM to include a letter addressed to the PMO which describes the circumstances, terms of the Contract Documents, negotiation efforts, outstanding items of contention, and reasons that the contractor would not sign.
- The CPM letter to the PMO will be attached to the PBA for ratification or amendment for design-build contracts.
- Refer to the Change Order section for additional requirements.

If the CPM and contractor renegotiate and agree to change the conditions of the submitted Unilateral Change Order after the PBA has been ratified by the Board and executed, the CMP must perform the following:

- Revise and reissue the Unilateral Change Order to be executed.
- Include a letter memorializing the continued negotiations and final agreement.
- Provide a revised PBA for submittal to the Board for ratification or amendment for design-build contracts.

6.8.11 Change Order Estimating Procedures

6.8.11.1 Estimating Guidelines

Every effort must be taken by CPM to provide an accurate estimate of the proposed change order values. These estimates shall be prepared by an experienced estimator. Estimates of the costs for labor, material and equipment may be solicited from suppliers, rental companies/service companies. The use of RS means is also acceptable if the information is from the most current version commercially available. These estimating methods are further described below.
6.8.11.2 Time and Material Estimates

If a Time and Materials (T&M) method is used for the CO the cost will be based on actual cost used for the work that has taken place. These costs shall be tracked by:

- At the close of each work day, Contractor shall submit a daily T&M record together with applicable delivery tickets, listing all labor, employee names, hours worked, wage classifications, materials, quantities, equipment size, type and ID number, and supplies involved for said work day, the location of the affected portion of the work, for services and expenditures.
- Contractor and CPM or PI shall sign daily T&M record.
- Labor tickets (sign-in sheets, etc.).
- Provided receipts for materials used.
- Provided receipts for rental equipment used.

There shall be cost differentiation whether or not the equipment used is owner operated or rented. This cost is based on a set percentage.

- 75% if equipment cost if equipment is owned by the contractor/subcontractor (proof of owner ship is required)
- 100% if equipment is rented (rental invoices shall be required)

6.8.11.3 Unit Pricing Estimates

- Applicable where the work involved is covered by unit prices contained within the contract documents;
- The estimated quantities of items of unit price work are not guaranteed and solely for the purpose of comparison of bids and determining an initial contract amount.
- Each unit price covers all overhead and profit
- Unit costs can be adjusted if quantity and scope differ materially and significantly from the estimated quantity and intended scope of such item indicated in the contract.

6.8.11.4 Allowable Overhead & Profit (OH&P)

The Contractors set OH&P of 15% is allowable only if the work performed was done directly by Contractor. When multiple tiers of Subcontractors are included in the change:

- 15% for Subcontractor who directly performs or furnishes the work
- 5% for any lower tier subcontractor and contractor;
Allowable markups are not permitted on certain costs CPM shall refer to the General conditions.

6.8.11.5 Labor Rates

Contracted work performed for the District is considered a Public Works project. Therefore any work performed by the contractor will be required to pay prevailing wage for all labor provided on the project and will be required to follow all procedures set forth by the District’s Project Labor Agreement (PLA). It is a requirement that the CPM verify and confirm that all labor rates associated with the CO are calculated with the appropriate rates.

Fully Burdened Prevailing Wages consist of basic hourly rate, fringe benefits and payroll taxes (Federal Insurance Contributions Act, State Unemployment Tax Authority, Federal Unemployment Tax Act, and Employment Training Tax). If the contractor request labor rates higher than the fully burdened prevailing wages, a Labor Rate Calculation Form is required.

**Prevailing wages** (note: rates effective at the time of work shall be paid; fully burdened prevailing wage table: [http://www.dir.ca.gov/OPRL/PWD/Southern.html](http://www.dir.ca.gov/OPRL/PWD/Southern.html)

- **Basic hourly rate**: Determined by Director of Industrial Relations using established union wages in accordance with craft classifications for journeyman & apprentice.
- **Journeyman rates** are listed in fully burdened prevailing wage table. [https://www.dir.ca.gov/OPRL/dprewagedetermination.htm](https://www.dir.ca.gov/OPRL/dprewagedetermination.htm)
- **Apprentice rates** are a percentage of the Journeyman rates, which are based on periodic wage percentage progressions of individual craft classification. These rates can be viewed on DIR website. [http://www.dir.ca.gov/DAS/PWAppWage/PWAppWageStart.asp](http://www.dir.ca.gov/DAS/PWAppWage/PWAppWageStart.asp)
- **Foreman rates** are not determined by DIR. Foreman rates vary among craft classifications; they are typically up to $4.00 higher than journeyman rates.

**Fringe benefits**: Determined using established union benefit for each craft classification, which typically includes Health and Welfare, Pension, Vacation/Holiday, Training and/or Other, etc.

6.8.11.6 Payroll Tax Definitions:

- **FICA (Federal Insurance Contributions Act)**: FICA tax is a combination of a 6.2% social security tax and a 1.45% Medicare tax.
- **FUTA (Federal Unemployment Tax Act)**: The net effective FUTA rate for most employers is 0.8% on the first $7,000 of wages paid to each employee.
in a calendar year. Contractors will stop paying FUTA for each employee once his or her wages exceed $7,000 for the year.

- **SUTA (State Unemployment Tax Act):** Generally, SUTA tax rate is based on the amount of unemployment claims that are filed by employees terminated by the company. When the business is new, the SUTA tax rate starts at the maximum and declines once the company builds a history of few claims. The rate varies from 1.5% to 6.2%. The taxable wage limit remains at $7,000 per employee. For new employers the tax rate is 3.4% for up to three years.

- **ETT (Employment Training Tax):** The ETT rate is 0.1%. The taxable wage limit remains at $7,000 per employee.

### 6.8.11.7 Workers’ Compensation Insurance:

Applicable to non-OCIP projects (demolition and hazardous abatement projects are typically not covered under OCIP)

- Base premium x Experience Modification Rate = Effective Rate
- Base Premium (aka Interim Rate) = Pure premium established for each class code by the Insurance Commissioner plus the approved factor and multiplier
- Experience Mod varies based on history of claims
- Effective Rate is the rate paid
- For verification of workers’ compensation rate, ask contractor to provide the Workers’ Compensation Insurance Payroll Report, which contains the Interim Rates and Experience Modification rate.

### 6.8.11.8 Man Hours Determination:

Man Hours for actual work performed can be determined by the following methods:

- Actual: Hours to be shown in daily time tickets and sign in sheets and can only be used if the hours are for the specific task.
- Historical data and experience: The historical date can be drawn from past approved CO.
- For Electrical trades, NECA (National Electrical Contractors Association) can be used.
- For HVAC trades MCAA (Mechanical Contractors of America) can be used.
- R.S. Means
- WinEst.
6.8.11.9 Materials Pricing Estimates

Materials pricing can be verified by the following methods:

- Review of invoices /quotations: The invoices and/or quotes must be current and the correct material cost must be selected.
- Supplier quotes: The CPM/Estimator must provide copies to attach to the CO estimate.
- Via online research of provider’s websites: CPM/Estimator must provide printed copies showing pricing of like materials.
- Historical data from previous approved change orders.

6.8.11.10 Equipment Rate Information

Equipment rates can be determined by the following methods:

- **CalTrans data**: Shows Labor Surcharge and Equipment Rental Rates which list hourly rates that consist of:
  - Cost of owning and operating the equipment (likely to be lower than rented equipment);
  - 75% if equipment cost if equipment is owned by the contractor/subcontractor (proof of ownership is required)
  - 100% if equipment is rented (rental invoices shall be required)

- **Rental Rate Blue Book**, the industry guide for determining equipment ‘reimbursement rates’, which consist of:
  - Ownership costs
  - Hourly operating costs
  - CPM/Estimator shall cite source and edition of equipment rate data used to support the estimate. [www.equipmentwatch.com](http://www.equipmentwatch.com)

6.8.11.11 Bond Costs

Bond Premiums can be determined by the following methods:

- Premium % can be established upfront: premium of the Faithful Performance Bond of the contract divide by the contract amount.
  - ex. $319,811 ÷ $33,373,000 = 0.96%

6.8.11.12 Insurance:

Insurance is provided by a District-wide OCIP Program:
- All insurance not covered by OCIP is deemed to be part of Contractor’s contract with the District.
- Insurance is **not** allowed in the cost of the work and should never be paid as part of a change order.
- An OCIP Reference Guide is provided with every contract.

6.8.11.13 **Cost Negotiation**

The CPM shall schedule a negotiating meeting with the contractor to ascertain the proper costs prior to the start of work and keep on file a Record of Negotiations of each change and schedule impact. CPM and Contractor shall meet to review and negotiate, as required, the COP’s proposed adjustments to the labor, material, and equipment costs (Contract Amount), Milestones and/or Contract Time. CPM is responsible for negotiating all Change Order adjustments to Contract Amount, Milestones and/or Contract Time before the work is started.

Prior to the review meeting, CPM shall study all pertinent documents relative to the change. Participation of another member of the District Project team along with CPM during any Contractor negotiations is strongly recommended for purposes of comparing/taking notes and avoiding misunderstandings and/or confusion.

Upon entering into CO negotiations the contractor shall have all COP’s ready for review, this includes:
- Contractor shall use and submit COP forms referenced in section 4.12.5 with all supporting documents and data.
- Contractors shall verify that all tiers of subcontractor costs and time have been accounted for prior to any COP submission.
- Contractors cannot use the Schedule of Values by itself to determine proposed adjustment.
- The proposed adjustments shall cover any and all costs including impact costs for delay and disruption, etc.
- All estimates, breakdowns, costs, data and/or information required for validation of the cost set forth in the COP.
- The Contractor is not entitled to any adjustment for preparing a COP whether ultimately accepted or not.

The following are part of Contractor’s overhead and profit and are **not** allowed in the cost of the work as per the General Conditions:
- Contractor’s project manager, superintendents, project engineers, officers, executives, principals, owners, general managers, engineers, architects, estimators, attorneys, auditors, accountants, purchasing and contracting
agents, expediters, timekeepers, clerks and other personnel employed whether at the Project site or in Contractor office for general administration of the work.

- Contractor off-site and on-site trailer and storage rental.
- Small tools, consumable materials, such as drill bits, abrasive discs, gloves, rags, rope, welding tips, etc.; with replacement value not exceeding $100.
- Vehicles not dedicated solely to the performance of the work.

**Undisputed Changes:** If Contractor and CPM/Estimator agree to all the proposed adjustments, CPM issues a CO for mutual execution.

**Unilateral Change Order:** (see section 6.8.10) The purpose of the unilateral change order is to establish the District's estimate of a disputed contract adjustment. Per General Conditions the Contractor is required to file a claim within 30 days of issuance of a Unilateral Change Order.

CPM shall document key discussion points of the negotiation in the **Record of Change Order Negotiation** (form CP-0320) and make note of all changes in contractor proposal and/or CPM analysis/estimate. The CPM/Estimator must negotiate a dollar amount that is in the best interest of the project and district; price and all other factors being considered. The price that is agreed upon must be fair and reasonable for the change order work. The CPM/Estimator shall not attempt to under-price the work.

The CPM/Estimator has the right to require the Contractor to revise and resubmit a COP.

### 6.8.12 CO Submittal to PMO

After obtaining agreement of the Contractor, Architect of Record (AOR) and PI that the subject CO is acceptable, the CPM will submit a minimum of three (3) wet signed copies of the CO form and one complete set of CO backup documents to the PMO. Each CO shall be submitted with documentation in the order shown on the CO Processing Checklist. Documentation of multiple COP's shall be grouped together in number sequence and separated by contrasting slips between the COPs for ease of location. Upon full execution of the CO, the PMO will return two (2) wet signed copies of the CO form to the CPM. The CPM in turn will provide one (1) copy of the CO form only to the contractor for their records.

The CPM will maintain an accurate CO Log in the PMIS which includes all pertinent information associated with the proposed change. The CPM is required to verify all back-up information submitted by the Contractor.

### 6.8.13 RPL Review

Upon receipt of a CO submittal, the PMO will initially review the information to confirm that all documents have been included and all signatures provided. The CPM will be
advised to provide any missing forms, supporting material and/or missing signed documents. Errors discovered in the representation of cost or schedule data or the appropriateness of the documentation within a CO will be referred back to the CPM for correction or explanation before the CO can be processed further. The CPM is urged to prepare documentation carefully and completely to avoid undue delay to approval. Questions referred back to the CPM which are not responded to in a timely manner or with sufficient detail will require that the PMO issue a Notice of Rejection and return the CO to the CPM.

6.8.14 Preparation and Approval of Change Orders

Change Orders approved by the CPM shall be submitted within 5 days to the PMO for Board approval or ratification and encumbrance.

- **Construction Field Order**: (Form CP-0330) is prepared by the CPM to direct the contractor to proceed with work which has been determined to constitute an emergency or require urgent work, as defined in below, in as much as it would have a substantial detrimental effect on the project if not started or completed prior to the completion of the normal CO process. The form will provide a Rough Order of Magnitude Estimate or Not-To-Exceed Value which has been agreed to by the CPM and contractor; and will require the contractor to provide a Notice of Change (CP-0254) and to track all time and materials used in the execution of the work until such time as a Lump Sum is agreed to by both parties.

- **Architect of Record (AOR) Supplemental Instructions**: (Form CP-0480) is prepared by the project design team and issued by the Architect/Engineer of Record to provide direction to the contractor of minor changes, revisions or re-designs of the contract documents which may require an adjustment to the contract value. If the contractor feels that there is a cost or time impact due to the work required he is obligated to provide a Notice of Change (Form CP-0254) within five (5) days of receipt of the design teams’ response to an RFI and prior to the commencement of any work.

- **Construction Change Directive (CCD)** is a DSA Form which is prepared by the design team and issued to DSA for review and approval and the contractor for changes, revisions or re-designs to the contract documents which may require an adjustment to the original contract value and/or time. Refer to SOP, Vol. 2 – Design for detailed procedures.

- **Field Observation Report**: (Form CP-0490) is prepared by the design team and issued by the Design Professional to indicate corrections, improvements or revisions observed during a field inspection of the project. These are normally issued with observed deviations from the contract documents and are not subject to additional costs or time adjustments. However, if the contractor feels that there is a cost or time
impact due to the work required, they are obligated to provide a Notice of Change (Form CP-0254) within five (5) days of receipt of the Field Report.

- **Request for Proposal: (Form CP-0250)** is prepared by CPM to request a CO Proposal from the contractor that will require an adjustment of the contract value. The Owner Initiated Scope Change Directive (CP-0252) is an example of a basis for request for proposal to the contractor.

- **Notice of Non-Compliance/Correction: (Form CP-0210)** the Inspector of Record can prepare and issue either a Notice of Non-Compliance or a Notice of Correction for any work that is not compliant with the code or the contract documents. If the contractor feels that there is a cost or time impact due to the work required he is obligated to provide a Notice of Change (CP-0254) within 5 days of the issuance of such notices and prior to commencement of the work in accordance with the General Conditions.

- **Request for Information: (Form CP-0100)** is prepared by the contractor to obtain clarifications and additional information necessary for the project construction from the Architect/Engineer of Record. Discovery of unforeseen conditions can also prompt a need for an RFI. If the contractor feels that there is a cost or time impact due to the work required they are obligated to provide a Notice of Change (Form CP-0254) within five (5) days of receipt of the design teams' response to an RFI and prior to the commencement of any work.

- **Change Order Response Forms**: The following forms are to be completed by the contractor in response to one of the initiating events above.

  - **Notice of Change: (Form CP-0254)** is used by the contractor to notify the CPM if any instruction, request, drawing, specification, action, condition, omission, default or other circumstance occurs that constitutes a Compensable Change, Deleted Work, Compensable Delay or other matter that may involve or require a change in the Work (additive or deductive). Such notice shall be provided prior to the commencement of the performance of the Work and no later than five (5) days after the discovery date or occurrence of a Request for Proposal (From CP-0250).

  - **CO Request: (Form CP-0255)** shall be submitted by the contractor within 14 days of the issuance of the Notice of Change. Submission of CO proposal form (CP-0270) submitted within 14 days satisfies this requirement.

  - **CO Proposal (COP): (Form CP-0270)** is prepared by the contractor and submitted to the CPM with their estimate of cost and time for a proposed change in the Scope of Work.

  - **CO Pricing Sheet Summary: (Form CP-0280)** is prepared by the Contractor as supporting information from all subcontractors submitting cost proposals and is submitted with the COP (Form CP-0270).
• CO Processing Forms (as sequenced below): To obtain approval by the PMO and the District, the CPM shall complete the following documents listed below with appropriate signatures.

  - CO Level—For each CO:
    - **CO Processing Check List: (Form CP-0325)** is prepared and signed by the CPM to record that all documents necessary for approval of a CO have been prepared and are included in the CO package.
    - **CO: (Forms CP-0260 or CP-0261)** is prepared by the CPM to request a change to the contract cost and/or time and is signed by the CPM, and others dependent upon value. A CO may include multiple COP’s.
    - **CO Aggregate Justification: (Form CP-0262 or CP-0263)** is completed and signed by the CPM to provide a project summary of all previous changes, the current change and any possible future changes to the project cost or time.
    - **CO Encumbrance: (Form CP-0683)** is required for all COs (Informal, Design-Bid-Build and Design-Build contracts)
    - **CO Reconciliation: (Form CP-0265)** is completed by the CPM to indicate the CO history of the project and the affect that the requested CO will have on the remaining budget and time.
    - **CO Proposal Log: (Form CP-0275)** current and completed to date.
    - Proposed Board Action (PBA): for CO ratification (DBB Contracts) or Amendment approval for (DB Contracts).
    - **State Funded Project CO Certification: (Form CP-0328)** is used to confirm that the scope of the project remains unchanged as approved by the State agency. This form is only used in conjunction with projects receiving State funding (if applicable).
    - Updated Project Schedule: applicable if any time impact is a part of the CO.
    - Proposed Board Action (PBA) for Contract Award.

• CO Proposal level - For each COP (as sequenced below):

  - **Change Order Proposal (COP) Checklist: (Form CP-0326)** is prepared and signed by the CPM to record that all documents necessary for approval of each COP have been prepared and included in the COP package.

    - **Scope Change Reason Code Verification: (Form: CP-0253)** is completed by the CPM to explain the reason for the scope change. For Owner initiated changes in scope the Owner Initiated Scope Change Directive: (Form CP-0252) is to be used in lieu of the Scope Change Reason Code Verification: (Form: CP-0253).
    - **Owner Initiated Scope Change Directive: (Form CP-0252)** if appropriate. Required when owner or authorized representative has
initiated the change this form is used in lieu of the Scope Change Reason Code Verification: (Form: CP-0253)

- **Request for Information: (Form CP-0100)** Include Design Teams response, if applicable. If the change was the initiated via this document, it must be included.

- **Construction Field Order: (Form CP-0330)** if applicable. If work was directed to proceed prior to execution of a CO the fully executed Field Order must be included.

- **Architect of Record (AOR) Supplemental Instructions: (Form CP-0480)** if applicable. If the change was the initiated via this document, it must be included.

- Construction Change Directive (CCD) (DSA Form) if applicable. If the change was the initiated via this document, it must be included.

- **Field Observation Report: (Form CP-0490)** if applicable. If the change was the initiated via this document, it must be included.

- **Notice of Change: (Form CP0254)** provided by the contractor to inform the CPM of a possible change. If this form was provided by the contractor, it must be included.

- **CO Request: (Form CP-0255)** contractor to issue within 14 days of Notice of Change. If this form was provided by the contractor, it must be included.

- **Request for Proposal: (Form CP-0250)** provided to contractor by CPM. If this form was issued to the contractor, it must be included.

- **CO Proposal: (Form CP-0270)** including CO Pricing Sheet Summary: (Form CP-0280)

- **CO Estimate Summary Sheet: (Form CP-0290)** including CO Estimating Pricing Sheet: (Form CP-0300) In the event that the work was completed on a Time and Materials basis. PI signed and CPM reviewed Contractor daily reports and material invoices will be substituted for a CPM or independent estimate.

- **Record of CO Proposal Negotiation: (Form CP-0320)** is prepared by the CPM to document the negotiations with the Contractor for each COP; the form must list the negotiating parties and be signed by the CPM. The "Negotiation Summary" section should contain a narrative explaining the final negotiated cost and must be sufficient to explain the difference between the COP requested cost, the CPM estimate and the final agreed to costs.

6.8.15 Program Management Signature Authority Levels (Design / Bid / Build & Design Build)

- Regional Program Liaison – Up to $50,000 and less than or equal to 5% gross aggregate of total contract value.
• Director of Construction – $50,000 - $100,000 and/or any change order that exceeds 5% gross aggregate of total contract value.

• Deputy Program Director – Over $100,000.

• Chief Facilities Executive (Design / Bid / Build & Design Build) - Change orders that increase the total change order rate above 5% gross aggregate of total contract value. Any single change order that exceeds $250,000.

6.8.16 Approval by Chancellor (Design/Bid/Build & Design Build)

• Any single change order that exceeds $250,000 requires the approval of the District Chancellor.

6.9 Retention Policy

6.9.1 Design Build

5% for DSA stamp out for the Design Portion of the contract. As well as 5% for Construction for general punch-list.

6.9.2 Lease/Lease Back

10% retention to be set aside for all LLB projects.

6.9.3 Design Bid Build

10% retention to be set aside for all DBB projects.

6.10 Issue Resolution

District guidelines is to take timely and appropriate action to prevent/avoid claims situations, to obtain timely notice from the contractor of a claim/potential claim due to an unresolved change in work scope which the contractor believes impacts cost and/or time, and to provide a procedure that affords the contractor fair and equitable consideration in order to maximize settlement by mutual agreement prior to presentation of a formal claim.

Except as otherwise provided in the Contract, Section 20104.2 of the California Public Contract Code, requires the District to respond to submitted construction claims by the Contractor within 45 calendar days of receipt of the claim for claims of $50,000 or less, and 60 days for claims over $50,000. The Contract also requires the District requests additional information within 30 days of receipt of the claim of any dollar amount. It is the District’s policy that such claims are reviewed and a response to each claim be sent to the Contractor within the required time.