

**NO. P 36****FIELD CHANGE ORDERS (PILOT)**

- P 36-1.0 Scope.** This pilot regulation establishes policies and procedures for the authorization and issuance of Field Change Orders. This test program is limited to the Manchester Courthouse Renovation Project (“Project”) and expires on January 31, 2009. At that time, the City will assess the results of the test to determine its effectiveness in controlling the Project schedule which might otherwise be negatively impacted by unforeseen conditions that impact the Project’s critical path.
- P 36-2.0 Purpose.** This pilot regulation is intended to serve as a guide for City personnel responsible for timely authorizing Field Change Orders as they relate to the Manchester Courthouse Renovation Project.
- P 36-3.0 Reference.**
- (a) Richmond City Code § 74-63 (“Contract modification or supplement”)
- P 36-4.0 Definitions.** For the purposes of this pilot program, the terms defined in this section have the meanings ascribed to them in this section unless the context clearly indicates that another meaning is intended.
- P 36-4.1** “*Anticipated value*” means the maximum contract amount anticipated by the City for a particular contract and can be derived from a using agency’s budget or the amount encumbered by a using agency for a particular contract.
- P 36-4.2** “*Change Order*” means a modification to a contract which is within the general scope of the contract and which, when properly authorized, commits the Contractor to proceed with the work under the contract as changed.
- P 36-4.3** “*Construction contract*” means a contract awarded by the City for construction as defined in City Code § 74-4, as opposed to a contract for goods or services.
- P 36-4.4** “*Contract value*” means the maximum contract amount stated in the contract--i.e., the total amount of money that the City is authorized to pay to the contractor for goods, services or construction provided or performed for the City pursuant to the contract.
- P 36-4.5** “*Emergency*” means either (i) a situation determined by the Director of Procurement Services in accordance with this regulation to meet the requirements of City Code § 74-43 or (ii) an occurrence, or threat thereof, whether natural or man-made, that is the subject of a declaration (refer to governing policies and procedures under Purchasing Policy No. 17, Emergency Purchases).
- P 36-4.6** “*Field Change Order*” means a Change Order agreed upon and authorized by the responsible Project Manager, Project Manager’s Supervisor, or Department Head within the limits prescribed in this pilot regulation. The form used to document a Field Change Order is known as a “Field Change Order Directive” (FCOD).

**P 36-5.0 Background.**

- (a) It is not uncommon for unforeseen conditions to be encountered during the progress of a construction project. In addition to resulting in additional costs, encountering such conditions during a construction project may also impact the agreed upon project schedule between the City and the Contractor, particularly as it relates to critical path items. It is also not uncommon to encounter administrative delays while the City and Contractor agree on the proper scope of work as it relates to remediation of the unforeseen condition and delays encountered in requesting internal approvals and obtaining authorization to proceed with the work under the Change Order.
- (b) The Manchester Courthouse Renovation Project is a Court-mandated project with Court-mandated deadlines for Courthouse occupancy (e.g., the deadline for Courthouse occupancy is January 5, 2010). As with any construction project and contract, the City anticipates any number of potential changes in work scope may occur due to unforeseen conditions. Such conditions may impact the Project's critical path if additional work is not approved in a timely manner and the Contractor is authorized to proceed with the changed scope.
- (c) In order to fully assess the practicality, controls, and effectiveness of Field Change Orders, the pilot program is specifically limited to the Manchester Courthouse Renovation Project for a test period which ends on January 31, 2009. After such time, the City will assess the effectiveness of the program, determine whether to continue with the program, end the program, or expand it to other potential construction contracts.

**P 36-6.0 Policy.**

- (a) The procedures contained herein apply only to those situations where, absent timely authorization and work commencement, unforeseen conditions will negatively impact the Project's schedule and delivery thus potentially placing the City at legal or cost risk.
- (b) All Field Change Orders must contain a Not-To-Exceed amount and be finalized (fully documented and executed) No-Later-Than 45 working days from the date that the Field Change Order was authorized.
- (c) Field Change Orders must be aggregated, documented, and finalized (i.e., approved) within 45 working days into a fully documented and executed Change Order. This includes Change Orders that must be approved by the Chief Administrative Officer ("CAO") in accordance with reference (a) requirement for such approval if the modification (e.g., Change Order) of a fixed-price contract would increase the total value of the contract in excess of \$100,000.
- (d) The policies and procedures contained herein do not apply to emergency situations as defined in and governed by Purchasing Policy 17, Emergency Purchases.

**P 36-7.0 Responsibilities.****P 36-7.1 Program Manager.** The responsible Program Manager shall:

- (a) Ensure that authorized Field Change Orders are limited to \$5,000 per occurrence. Changes in excess of this amount must be approved and/or authorized as described below.
- (b) Provide the responsible Contract Specialist with a copy of all Field Change Orders for signature within 24-hours after the need for a Field Change Order is first identified.
- (c) Ensure that funds are available for the changed scope of work.
- (d) Ensure that the sum total of all Change Orders under the contract do not exceed 20 percent of the original contract value.
- (e) Ensure that all Field Change Orders are properly and correctly documented, finalized within the prescribed forty-five (45) working day period.
- (f) Compile all applicable Field Change Orders into a final Change Order for review and approval as necessary.

**P 36-7.2 Program Manager Supervisor.** As a minimum, for Field Change Orders in excess of \$5,000 but not exceeding \$50,000, the Program Manager's Supervisor shall:

- (a) Review, approve, and sign the Field Change Order, and
- (b) Ensure compliance with Section P 36-7.1(b) through (e).

**P 36-7.3 Department Director.** As a minimum, for Field Change Orders in excess of \$50,000 but not exceeding \$75,000, the Department Director shall:

- (a) Review, approve, and sign the Field Change Order, and
- (b) Ensure departmental compliance with the policies and procedures contained herein.

**P 36-7.4 Contract Specialist.** The responsible Contract Specialist shall:

- (a) Review and coordinate on all Field Change Orders irrespective of amount.
- (b) Review all final Change Order documents to ensure accuracy and completeness.
- (c) Facilitate Director and CAO review and approval of all Change Orders subject to Section 36-6.0(b).

**P 36-7.5 Director, Procurement Services.** The Director or Deputy Director, Procurement Services, shall review and approve all Field Change Orders.



# CITY OF RICHMOND

900 E. Broad Street  
Richmond, Virginia 23219

## Field Change Order Directive (FCOD)

Vendor Name: \_\_\_\_\_  
Vendor Code: \_\_\_\_\_  
Department: \_\_\_\_\_  
Division: \_\_\_\_\_

FCOD No. \_\_\_\_\_  
Contract No. \_\_\_\_\_  
Project: \_\_\_\_\_  
Date: \_\_\_\_\_

This Field Change Order Directive authorizes the Contractor to proceed with the proposed Change Order scope of work (as defined below) for forty-five (45) working days in order to allow for the preparation and completion of final approved and fully documented and executed Change Order documents. By signing this Field Change Order Directive, the parties certify that the work required results directly from unforeseen conditions that impact the project delivery and schedule. All work and changes are subject to the General Terms & Conditions, Special Provisions, Technical Specifications and Drawings within the Contract Documents for the Project.

Project Manager authorized Field Change Orders are limited to \$5,000 per occurrence. Change Orders above this value must be authorized in accordance with policies and procedures established by the Director of Procurement (Purchasing Policy No. P 36). In no event shall the sum total of all Change Orders under this contract exceed twenty (20) percent of the original contract value except as provided in the aforementioned policies and procedures.

This Field Change Order Directive expires on \_\_\_\_\_ (date) \_\_\_\_\_. The proposed Field Change Order amount below is a **Not-To-Exceed (NTE)** amount. The scope changes to the above contract resulting in the proposed Change Order are summarized as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<u>Fiscal</u>	
Original Contract Amount:	\$ _____ -
Previous Adds/Deducts:	\$ _____ -
Current Contract Amount:	\$ _____ -
<b>Proposed C.O. Amount:</b>	<b>\$ _____ -</b>
Revised Contract Amount:	\$ _____ -
C.O. % Cost Increase:	_____

<u>Time</u>	
Original Start Date:	_____
Current Completion Date:	_____
Current Contract Period:	_____
<b>Proposed Time Add:</b>	<b>_____</b>
Revised Contract Period:	_____
Revised Completion Date:	_____
C.O. % Time Increase:	_____

### Outside Approvals

### Internal Approvals

\_\_\_\_\_  
Contractor Firm  
  
By: \_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Project Manager Date

\_\_\_\_\_  
Project Administrator/Supervisor Date

\_\_\_\_\_  
Agency Director (as needed) Date

\_\_\_\_\_  
Contract Specialist Date

\_\_\_\_\_  
Director of Procurement Date