CHANGE ORDER PROCEDURE AND PRICING GUIDELINES

CHANGE ORDER PROCEDURE

A. Approved Methods and Forms

The University recognizes two methods of authorizing a change in the Contract:

1. Change Order (CO) via Field Work Order (FWO): a change in the Work, initiated by a FWO and incorporated into a Change Order.

2. Change Order via Bulletin: a change in the Work approved using a four (4) step process:
   1) Associate issuing of a justification letter/Bulletin;
   2) Contractor response with cost and schedule impact;
   3) Associate review and recommendation of Contractor’s Proposal; and
   4) Processing of a CO.

3. FWOs and COs shall utilize only the forms currently approved by the University and designated specifically for such purpose.

B. Associate Responsibilities

1. Preparing, reviewing, recommending, coordinating, monitoring and processing a Change Order and related documents.

2. Verifying with the University that the most current FWO form and CO form are used on the Project and for initiating and reviewing only FWOs and COs that are prepared on the most recent edition of the form and making a diligent effort to verify that the form is unaltered other than the insertion of information applicable to the FWO or CO.

3. Reviewing the Contractor's pricing and schedule impact within the stated time period, verifying the pricing complies with the Pricing Guidelines and negotiating pricing, if necessary, to an amount acceptable to all parties.
4. If the change proposes a not to exceed price based on performing the Work on a
time and material basis, or other cost-plus basis with stated overhead and profit,
the Associate shall monitor the Contractor’s progress toward completing the
revised portion of the Work and require that the Contractor prepare daily records
of additional labor, materials and equipment required along with a cover letter
signed by the Contractor certifying that the documentation is accurate and
appropriate for the CO Work. The Associate shall review these daily records and
sign them, indicating that the records are a fair and reasonable accounting of the
change, and provide a signed copy of the daily records to the University. The
signed daily records are also to be attached to the CO. If the changed Work costs
less than the maximum amount noted on the CO, the Associate is also responsible
for preparing a deduct CO for the cost difference.

5. Reviewing and resolving the Contractor's request for an extension of time related
to a CO.

6. Confirming that the University concurs with the change and has available funds
for the CO.

7. Monitoring CO processing for timeliness and follow up.

8. Informing the Contractor not to proceed with the Work until receipt of required
authorization as provided by the Contract Documents.

C. Contractor Responsibilities

1. Responding to requests for pricing within the stated time period.

2. Preparing all necessary Proposals in sufficient detail for intelligent review with
pricing and schedule impact, including those of all affected Subcontractors and
Material Suppliers, according to the Pricing Guidelines, and negotiating pricing,
if necessary, to an equitable amount. The Contractor shall submit pricing on the
University’s : Change Order Pricing (CO) Form. The Contractor is prohibited
from modifying or annotating the University’s forms.

3. If the change is based on a not to exceed price based on performing the Work on a
time and material basis, furnishing and certifying detailed records of all labor and
materials provided. If the changed Work should cost less than the maximum
amount noted on the CO, the Contractor is also responsible for executing a deduct
CO prepared for the cost difference.

4. Proceeding with the Work upon receipt of one of the following authorizations
which is appropriate for the circumstances:

   a) A fully authorized FWO;

   b) A fully authorized CO.
5. If the Contractor performs Work without the appropriate, required authorization, the Contractor does so at the Contractor's own risk that payment for such Work may not be approved or made, unless the University has directed the Contractor to perform the Work in accordance with Paragraph GC 7.1.3.

6. Providing the change in the Work in a timely manner and as authorized by the FWO or the CO, all in full accordance with the requirements of the Contract as modified.

7. The Contractor may bill for Work covered by the CO only after receiving the Cancellation or Change Order Form A-600 from the University Purchasing Department. (Refer to sample form included at the end of this section.)

D. Change Order via FWO Process

When a change to the Work is required or requested by the University, the Associate shall:

1. Verify with the University that the change is requested or required and that funds are available in the amount of the Associate's estimate for the Work, including additional costs for services by the Associate.

2. Prepare a detailed scope of work, including any necessary drawings and a preliminary cost estimate. Limited scope of Work changes may be described in an informal Bulletin consisting of an Associate letter, drawing, Request For Information (RFI), or other appropriate documentation acceptable to the responsible parties. A formal Bulletin with detailed information that describes the proposed change may also be an acceptable method to describe the scope of Work.

3. Upon receipt of approval by the University, release the scope of work to the Contractor with a date specified for the Contractor to return a Proposal. If the Contractor fails to respond to the Associate within the time specified, or as otherwise agreed to in writing by the Contractor and the Associate, the Contractor shall be responsible for any additional costs incurred by other Contractors and the Associate, resulting from any attendant delay.
4. Review the Contractor's Proposal, verifying that pricing complies with the Pricing Guidelines and negotiate the price as required. Within seven (7) days of receipt of the Contractor's Proposal, the Associate shall notify the Contractor whether the Proposal is acceptable or advise the Contractor in writing of the reason for disapproval.

5. Determine the basis for pricing the Work and confirm whether the FWO is for a fixed price, or for a not to exceed price based on performing the Work on a time and material basis. Verify that any Subcontractor and Material Supplier pricing is included and complies with the Pricing Guidelines. Review any requested time extension with the University to be determined according to Paragraph GC 7.4.

6. Prepare the FWO, complete with the scope of work, justification and cost. Sign and obtain the signatures of the University and the Contractor. Distribute the signed FWO to the Contractor as authority to proceed. Distribute copies of the FWO to the University.

7. Whenever possible, prepare the CO concurrent with signing the FWO but in no event later than fourteen (14) days after the date of the FWO authorization, regardless of the status of the Work or type of pricing. Complete the CO and prepare a package consisting of, in the following order, the CO, an original signed FWO, the Contractor's Proposal and the scope of work.

8. Upon receipt of approval and funds certification by the University, copies of the executed CO will be returned to the Contractor and the Associate.

9. The Contractor may bill for Work covered by the CO only after receiving the Cancellation or Change Order Form A-600 from the University Purchasing Department. (Refer to sample form included at the end of this section.)

E. Change Order via Bulletin Process

When a change to the Work is not expected to have an imminent impact to the Construction Schedule, the Associate shall:

1. Verify with the University that the change is requested and that funds are available in the amount of the Associate's estimate for the Work, including additional costs for services by the Associate.

2. Prepare a detailed scope of work in Bulletin form, including any necessary drawings and a preliminary cost estimate.

3. Submit the Bulletin to the University for approval, along with a justification letter indicating the reason for the change in the Work.
4. Upon receipt of approval by the University, release the Bulletin to the Contractor with a date specified for the Contractor to return a Proposal. If the Contractor fails to respond to the Associate within the time specified, or as otherwise agreed to in writing by the Contractor and the Associate, the Contractor shall be responsible for any additional costs incurred by other Contractors and the Associate, resulting from any attendant delay.

5. Review the Contractor's Proposal, verifying that pricing complies with the Pricing Guidelines and negotiate the price as required. Within seven (7) days of receipt of the Contractor's Proposal, the Associate shall notify the Contractor whether the Proposal is acceptable or advise the Contractor in writing of the reasons for disapproval.

6. Determine the basis for pricing the Work and confirm whether the Work is for a fixed price, or for a not to exceed price based on performing the Work on a time and material basis. Verify that any Subcontractor and Material Supplier pricing is included and complies with the Pricing Guidelines. Review any requested time extension with the University to be determined according to Paragraph GC 7.4.

7. Submit the Proposal to the University for approval, along with the Associate’s written recommendation of approval or disapproval of the Proposal.

8. Upon receipt of approval by the University, complete the CO. Prepare a package consisting of, in the following order, the CO, indication of the University’s approval of the Associate's recommendation, indication of the University’s approval of the Contractor's Proposal and the Bulletin.

9. Upon receipt of approval and funds certification by the University, copies of the executed CO will be returned to the Contractor and the Associate.

10. The Contractor may bill for Work covered by the CO only after receiving the Cancellation or Change Order Form A-600 from the University Purchasing Department. (Refer to sample form included at the end of this section.)

F. Paperwork Consolidation

1. When appropriate and reasonable, related FWO, Bulletin, or CO transactions of one Contractor occurring at or about the same time shall be consolidated to the extent it is appropriate.

2. Add and deduct items may be included on the same CO, as well as items with differing reasons for the changed Work so long as each item is noted as to its reason and pricing for each item is separately identified.

3. Do not combine error/omission changes with other transactions if the result will cause the Associate’s CO fees to be overstated.
G. Change Order (CO) Numbering System

1. The Associate shall assign a number to each change which shall be stated on the Bulletin or scope of work description for the Project, starting with Number 001. COs which affect more than one (1) Contractor shall be assigned the same CO number. The Associate will establish and maintain a CO log, to track all activities related to CO processing and taking care not to duplicate or reuse any CO number throughout the Project. Do not reuse assigned numbers for Bulletins or FWOs that are initiated but cancelled in progress.

H. Agreement or Disagreement With Proposed Change Orders

1. Contractor shall provide notice of its agreement with a proposed Change Order by signing at the place provided and returning the original to the Associate.

2. Contractor shall provide notice of its disagreement with a proposed Change Order by advising the Associate in writing of the disagreement and reasons therefore.

3. If Contractor fails to agree or disagree with a proposed Change Order in writing within ten (10) days of its receipt by Contractor, it shall be deemed to have been accepted by the Contractor, and shall become final and binding upon Contractor and the University in all respects.

4. A proposed Change Order to which the Contractor has provided timely notice of disagreement to the Associate shall be subject to the terms of Section 7.1.3 of the General Conditions.

I. Project Contingency Funds

Project contingency funds shall be reserved to pay costs resulting from unanticipated job conditions, to comply with rulings regarding building and other codes, to pay costs related to errors and omissions in Contract Documents, and to pay the cost of settlements and judgments related to the Project.

CHANGE ORDER PRICING GUIDELINES

For each change, the Contractor shall furnish a detailed, written Proposal itemized according to these Pricing Guidelines. Any Subcontractor or Material Supplier pricing shall also be itemized according to these Pricing Guidelines. If the Change Order Work involves both an add and a deduct, an itemized breakdown shall be shown for each component and the two sums balanced to determine the adjusted net cost or credit. These Pricing Guidelines are intended to establish the maximum amount which the University will pay for any Change Order (CO), including without limitation all amounts for interference with, delay, hindrance or disruption of the Work. In order to expedite the review and approval process, all Proposals shall be prepared in the categories and
in the order listed below. This provision is intended to be, and shall be construed as, consistent with, and not in conflict with, Section 4113.62, ORC, to the fullest extent permitted. (Refer to sample Change Order Pricing form included at the end of this section. An electronic copy is also available upon request.

A. LABOR

1. All field labor shall be priced at the current base rate, excluding fringe benefits, of the prevailing wage in the Cincinnati area. The Proposal and documentation is to include number of hours and rate of pay for each classification of worker. If the Contractor pays any employee a base rate exceeding prevailing wage, the Contractor shall submit certified payroll records that substantiate that rate. Any Contractor performing time and material or cost-plus basis Work, shall submit certified payroll records for all employees performing that Work.

2. The cost of additional supervision (foreman, superintendents, etc.) may only be included when the change order work necessitates the hiring of additional supervisory personnel or makes their employment for time additional to that required by the base contract.

B. FRINGES - All established payroll taxes, assessments and fringe benefits on the labor in item A. This may include, without limitation, FICA, Federal and State Unemployment, Health and Welfare, Pension Funds, Workers' Compensation and Apprentice Fund. Each of the fringes is to be a separate line item. Contractor shall submit documentation supporting the calculation of the amounts for each fringe benefit for each worker classification at the beginning of the Project.

C. EQUIPMENT RENTALS - All charges for certain non-owned heavy or specialized equipment at up to one hundred (100) percent of the documented rental cost. No rental charges will be allowed for hand tools, minor equipment, simple scaffolds, etc. Downtime due to repairs, maintenance and weather delays will not be allowed. Contractor shall submit copies of actual paid invoices to substantiate rental costs.

D. OWNED EQUIPMENT - All charges for certain owned, heavy or specialized equipment at up to one hundred (100) percent of the cost listed by the current edition of the Associated Equipment Dealers Green Book rental rates and specifications for construction equipment. No recovery will be allowed for hand tools, minor equipment, simple scaffolds, etc. The longest period of time that the equipment is to be required for the Work will be the basis for the pricing. Downtime due to repairs, maintenance and weather delays will not be allowed.

E. TRUCKING - A reasonable delivery charge or per-mile trucking charge for delivery of required materials or equipment. Charges for use of a pick-up truck will not be allowed.
F. MATERIALS

1. All materials purchased by the Contractor and incorporated into the changed Work, showing costs, quantities, or Unit Prices of all items, as appropriate. Reimbursement of material costs shall only be allowed in the amount of the Contractor's actual cost, including any and all discounts, rebates or related credits.

2. Thirty-three (33) percent of the cost of reusable materials for each use, such as form work lumber, shoring or temporary enclosures.

G. OVERHEAD AND PROFIT - Overhead on items A, B, C, D, E and F: Up to fifteen (15) percent, which shall include all costs required to schedule the work and coordinate with other Contractors.

1. Overhead includes, without limitation, telephone, telephone charges, facsimile, telegrams, postage, photos, photocopying, hand tools, simple scaffolds (one level high), tool breakage, tool repairs, tool replacement, tool blades, tool bits, home office estimating and expediting, home office clerical and accounting support, home office labor (management, supervision, engineering*), all other home office expense, legal services, travel and parking expenses.

2. On changes involving both add and deduct line items whereby the balance results in a net increase in cost, the allowable overhead and profit shall only be applied to the net increase. On deduct changes or changes that result in a net decrease in cost, the University will waive the credit adjustment for the overhead and profit portion.

3. *An exception is allowed for shop or engineering labor on Item F.1 above, which shall not be subject to Prevailing Wage rates, for steel fabricators, sheet metal fabricators and sprinkler system fabricators. Recovery will be allowed under Items A and B of these Pricing Guidelines.

H. SUBCONTRACTOR - The reasonable cost of all labor and material provided by a Subcontractor whose pricing is included and which complies with these Pricing Guidelines.

I. CONTRACTOR MARK-UP ON SUBCONTRACTOR - Mark-up on item I: Up to five (5) percent.

J. MISCELLANEOUS - The following items are allowable at the cost of the Work, with no overhead or profit.

1. Fees for permits, licenses, inspections, tests, etc.

2. When requested by the Contractor and approved in writing by the Associate due to special requirements of the Change Order, reimbursement will be paid for
overnight lodging, travel and food in an amount not to exceed the University travel guidelines established by the Office of Budget and Management.

K. The Contractor will be reimbursed at the completion of the Project for the actual cost of extending the Bond and cost of extending liability, property damage, builder’s risk, or specialty coverage insurance that may be incurred in connection with change order work. The Contractor will be required to submit appropriate documentation to verify the additional costs.

L. Costs which will not be reimbursed for Change Order Work include the following:

1. Employee Profit Sharing Plans - regardless of how defined or described, the Contractor shall pay these charges from Contractor profit.

2. Voluntary Employee Deductions - examples are United Way and U.S. Savings Bonds, etc.

3. Any indirect or home office overhead cost that is disallowed under the Federal Acquisition Regulation, 48 CFR 31.205-1 through 31.205-52.

4. Any cost that is not reasonable, segregated and allocable to the changed Work as determined by an appropriate cost accounting standard such as the Federal Acquisition Regulation 48 CFR 99.

M. State sales tax shall be allowed on items as defined by Paragraph GC 20.1.

1. Only those materials which ultimately become a part of the completed structure or improvement will be exempt from State sales tax as provided in Section 5739.02 ORC, and State use tax as provided in Section 5741.01.

2. The purchase, lease or rental of material, equipment, parts or expendable items such as form lumber, tools, oils, greases and fuels, which are used in connection with construction work, are subject to the application of State sales tax and State use tax.