**Section 01 26 00**

**CONTRACT MODIFICATION Procedures**

PART 1 - GENERAL

* 1. CONTRACT CHANGE ORDERS

Changes to the Work, consisting of additions, deletions, or other revisions within the general scope of the Contract, involving an adjustment to the contract price or contract time will be issued on the System’s Construction Change Order Form, or on another form acceptable to or prescribed by the University.

1.02 CHANGE ORDER PROCEDURES

1. Changes may be proposed or directed by the University. In doing so, the University will provide to the Contractor a detailed description of the proposed change and supplemental or revised drawings and specifications, as necessary. The University also will request from the Contractor a proposal for change in Contract price and time. Unless otherwise indicated, the Contractor shall have fourteen (14) days from receipt of the University’s request to submit his proposal for price and time.
2. Changes may be proposed or requested by the Contractor. If the Contractor encounters a condition or situation which he believes requires adjustment to the contract price or contract time, he may notify the University and submit a recommended detailed description of the proposed change. The Contractor shall also submit a proposal for change in the Contract price and time. Unless otherwise requested, the University will have seven (7) days from receipt of the Contractor’s request to respond, by either accepting the request and initiating a Change Order, rejecting the request and stating the reasons for such rejection, or revising the proposed change and requesting from the Contractor a proposal for that revised change.
3. A Change Order shall not be effective until signed by the Contracting Officer, or by the Contracting Officer’s representative authorized to do so. The Contractor should not stop work in progress or initiate work on a change until a Change Order is signed by the Contracting Officer or their representative.
4. Change Orders will be signed by the Contractor first, and then by the Contracting Officer or their representative. The Contracting Officer’s signature, or their representative’s signature, on the Change Order constitutes a notice to proceed, unless the Change Order designates otherwise.
5. All Change Orders shall address Contract price, Contract time, and impacts.
6. All Change Orders shall contain a release statement, with both parties waiving any and all future claims relative to price, time, and impacts relating to the Change Order and work under it, unless otherwise agreed upon by the parties, in which case the Change Order shall contain a statement defining any waivers and stipulations.

1.03 CONTRACTOR PROPOSALS

1. Any proposal submitted by the Contractor in relation to a change order shall address change in the contract price, change in the contract time, and any impacts.
2. Unless the price is properly covered in the Unit Price Schedule or as an Item in the Schedule of Values, the Contractor’s proposal shall adequately document and address in detail the costs of materials, labor, equipment, overhead, profit, bond, and any other costs associated with the change. Copies of subcontractors’ proposals supporting the Contractor’s proposal shall contain similar detail.
3. The Contractor’s proposal shall address contract time. If the proposal includes a request for a change in the contract time, the proposal shall adequately address in detail the Project Schedule and how the change to the Project Schedule impacts the Contract time.
4. The Contractor’s proposal shall address other impacts. If the proposal includes a request for other impacts, the proposal shall adequately address in detail those impacts.

1.04 CONSTRUCTION CHANGE DIRECTIVES

1. When the University and the contractor are not in total agreement on the terms of a Change Order, or when the amount or extent of the work related to the Change Order is not known, the Contracting Officer may issue a Construction Change Directive, directing the contractor to proceed with a change in the work, for subsequent inclusion in a Change Order.
2. The Construction Change Directive will be issued on the System’s Construction Change Order Form, or on another form acceptable to or prescribed by the University. The Construction Change Directive will be signed by the Contracting Officer, and will not require acceptance or a signature by the Contractor. A Construction Change Directive shall not be effective until signed by the Contracting Officer. The Contracting Officer’s signature on the Construction Change Directive constitutes a notice to proceed, unless the Construction Change Directive designates otherwise.
3. The Construction Change Directive will contain a complete description of the change in the work, or of the known work, and will designate the method to be followed to determine the final change in the contract price, contract time, and/or impacts. The Construction Change Directive will also set a schedule and/or a time frame for the required actions to work toward and achieve that determination of final change in price, time, and/or impacts.
4. The Construction Change Directive will designate a not-to-exceed cost for work related to the Construction Change Directive. The Contractor shall monitor his costs of doing the work, and, before he exceeds the not-to-exceed cost, inform the University of the anticipated date that he will exceed this cost if he continues work. The Contractor shall also inform the University of how much more he anticipates it will cost to complete the work. If the University concurs that the Contractor may properly incur costs related to the work that exceed the designated not-to-exceed cost, the Contracting Officer will either initiate a Change Order to incorporate the final price of the work, issue a subsequent Construction Change Directive to increase the not-to-exceed cost, or issue a directive to stop the work.
5. The Contractor shall be required to maintain and submit to the University detailed documentation supporting the labor, material, and equipment used related to the Construction Change Directive. When performing work under a Construction Change Directive, the Contractor is expected to prosecute the work in an expeditious and efficient manner, and the University may disallow any costs that the University determines are not reasonable and necessary.
6. When the work related to the Construction Change Directive is complete, or when the amount or extent of the work related to the Construction Change Directive is known, the University and the contractor shall agree to the actual cost of the work, and a Change Order shall be issued that addresses any final change in the contract price, the contract time, and any impacts.

1.05 ADDITIONAL CONSIDERATIONS

1. For Change Orders involving Work that is identified in the Unit Price Schedule or as an Item in the Schedule of Values, the pricing in the Unit Price Schedule or in the Schedule of Values should be taken into consideration as a basis of the Change Order pricing. If that pricing does not represent a fair and reasonable price, detailed cost and pricing information shall be used to establish a fair and reasonable Change Order price.
2. Markups on Change Orders.
3. For Contracts up to $6,000,000, the Contractor will be allowed maximum markups (combined overhead, profit, and bond) for Change Orders per the following:
4. 15% on fully-burdened labor costs
5. 10% on equipment and material costs, including taxes and delivery costs
6. 10% on subcontractor prices
7. For Contracts exceeding $6,000,000, the following shall apply.
8. The Contractor shall submit information supporting a general and administrative overhead rate and a bond rate, which, when accepted by the University, shall be used for all change orders.
9. Profit shall be negotiated for each change order, with a maximum of 6% for change orders involving significant in-house costs, difficult work, and/or higher risk, and a minimum of 3% for change orders involving primarily subcontracted work, easy work, and/or low risk work. The final determination of profit shall be at the sole discretion of the University.
10. Separate overhead, profit, and bond percent markup calculations shall be sequential, in that order.
11. In any event, the total/cumulative markup shall not exceed the 15%/10%/10% as identified in 1.05 B.1.
12. Subcontractors shall comply with these same limitations.
13. Overhead markups shall represent general and administrative overhead costs, and not include general conditions costs.
14. The method of application of markups shall be consistent for all Change Orders throughout the duration of the Contract.
15. For a Change Order that results in an adjustment to the contract price that is a credit to the University, the following shall apply.
16. The Change Order pricing shall be based on the difference in cost to the Contractor. All applicable costs of materials, labor, equipment, delivery, taxes, and other associated direct costs shall be considered.
17. Standard markups for overhead and profit shall be included in the Change Order pricing, considering the following:
18. If the credit arises from changed work or a minor deletion of work, the Contractor shall not be entitled to lost overhead or profit.
19. If the credit arises from a major deletion of work, the Contractor shall be entitled to lost overhead, but not lost profit.
20. The Change Order shall consider contract time, and specifically any reduction in contract time, if applicable. If the Contract time is reduced, the Change Order shall include a credit for the associated General Conditions value on the Schedule of Values.
21. The Change Order shall consider other impacts, whether positive or adverse to the Contractor, if applicable.

PART 2 – PRODUCTS

(Not Used)

PART 3 – EXECUTION

(Not Used)

END OF SECTION 01 26 00