

Financial Services Department Capital Contracting

CIP Partners Academy 2021/2022



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Hello Welcome



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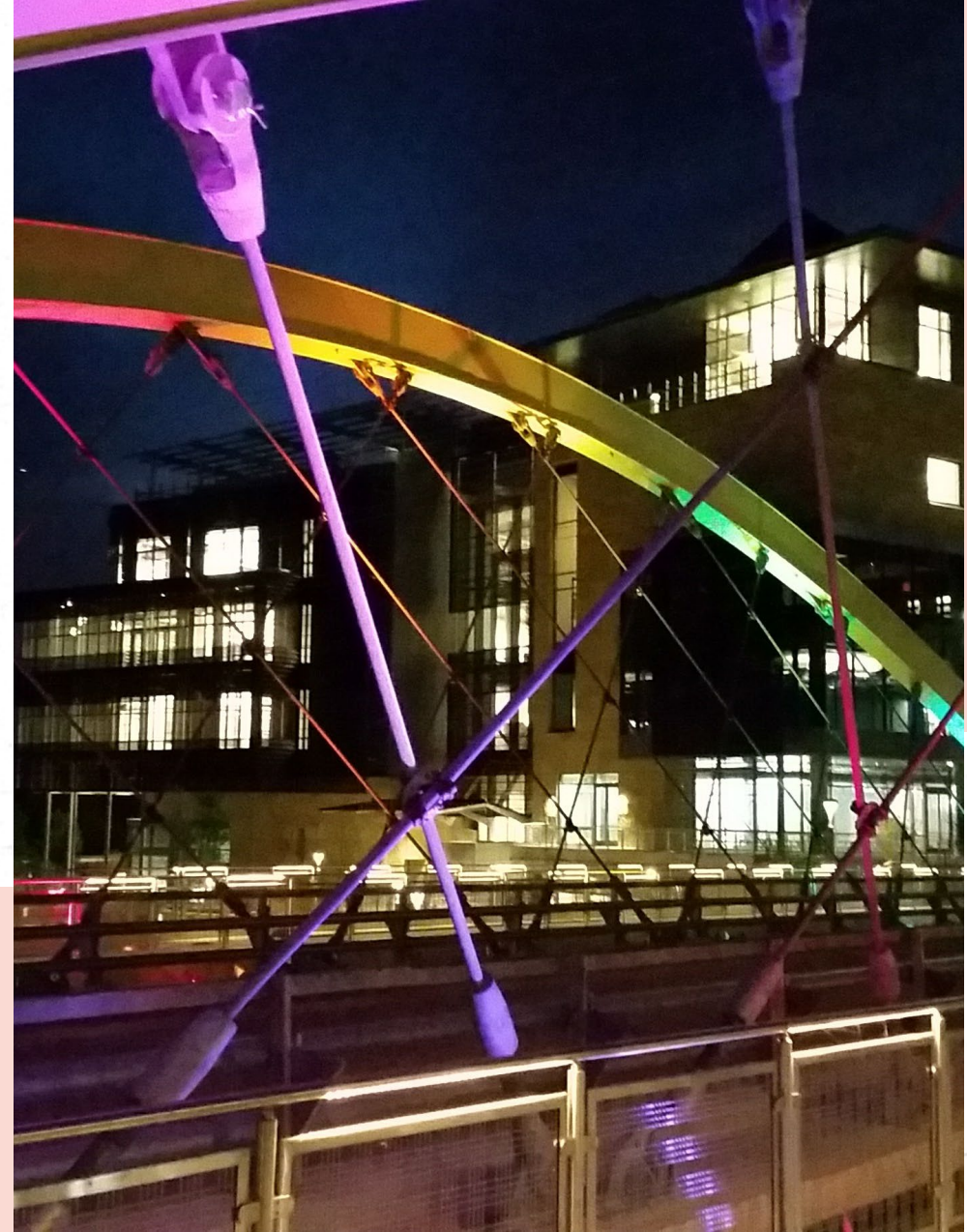


Change Orders and Contract Changes

- Adriana Ybarra

What is a Change Order

A change order is defined as a written agreements between the CONTRACTOR and OWNER authorizing an addition, deletion, or revision to the Contract, issued on or after the Execution Date of the Agreement. The original Contract Amount may not be increased or decreased by more than twenty-five percent (25%) per Texas Local Government Code Sec. 271.060 – Change Orders.



When to Submit A Change Order

- Change orders can result from many sources during the construction period.
- Once a change has been identified, the Project Manager issues a request for proposal (RFP) to the contractor which then determines cost or time. See Section 00700 – General Conditions; Article 10 – Changes in the Work.



RFI's

Request for Information due to clarification or question from contractor.

Alter Scope

Owner request to alter scope which results in proposal from contractor.

Mother Nature

Rainy days, storm damages, etc.

Outside Impacts

Time extensions due to outside impacts (COVID, utilities, other City dept, etc.)

Determination of Value of Work

Section 00700 – General Conditions; Article 11: Changes of Contract Amount

- by application of unit prices contained in the Contract Documents to the quantities of the items involved.
- by a mutually agreed unit price, or lump sum properly itemized and supported by sufficient substantiating data, including documentation by subcontractors performing the work, to permit evaluation. (see Section 00810 – Supplemental General Conditions and next slide)
- by cost of Work plus CONTRACTOR's fee for all overhead costs and profit (determined as provided in paragraph 11.5 and next slide).



Change of Contract Amount

Mutually agreed Unit Price or Lump Sum Method

Component 1 - The R.S. Means Co., Inc. 'Building Construction Cost Data' – latest edition - will be used as a basis for evaluating:

1a - the cost of labor

1b - the cost of material and equipment , and

1c - the cost of tools, equipment and facilities necessary to accomplish the Work described in the change.

Component 2 - The costs of payroll taxes and insurance, Liability and Builder's Risk Insurance, shall be calculated as follows:

2a - Payroll taxes and Workers' Compensation Insurance

2b - Liability and Builder's Risk Insurance

Component 3 - Overhead and profit shall be calculated as follows:

3a - For Subcontractors and for those portions of the Work performed by CONTRACTOR's own forces: 15% of the first \$10,000.00 of costs and 10% of the balance over \$10,000.00.

3b - For the CONTRACTOR for that portion of the Work performed by Subcontractors: 10% of the first \$10,000.00 of the Subcontractor costs and 7.5% of the balance over \$10,000.00.

Component 4 - Bonds – See chart in section 00810 Article 11.

Forced Account Method

- Cost of Labor plus 25% for total overhead, profit, and small tools. Certified Payroll must be provided for all personnel who were engaged in the work.
- Contractor will receive an amount equal to 55% of the wages paid to personnel, excluding the 25% compensation provided above.
- Contractor will receive the actual cost, including freight charges, of the materials used and installed on such Work, to which costs will be added a sum equal to twenty-five percent (25%) overhead and profit.
- For machinery, trucks, power tools, or other similar equipment the contractor must provide Rental Rate Blue Book for each equipment used.
- For Subcontractors, the contractor will receive the approved actual invoice cost plus 5% for overhead and profit.
- Lastly, the contractor will receive a 1% for the total cost as compensation for increased bond costs.

Change Order Process

Once the Project Manager and the Contractor have come to terms on a Change Order price and time, the change order will have to get the proper signatures. This usually consist of the PM, the contractor's representative, the PM's supervisor, the inspector, and the inspector's supervisor.

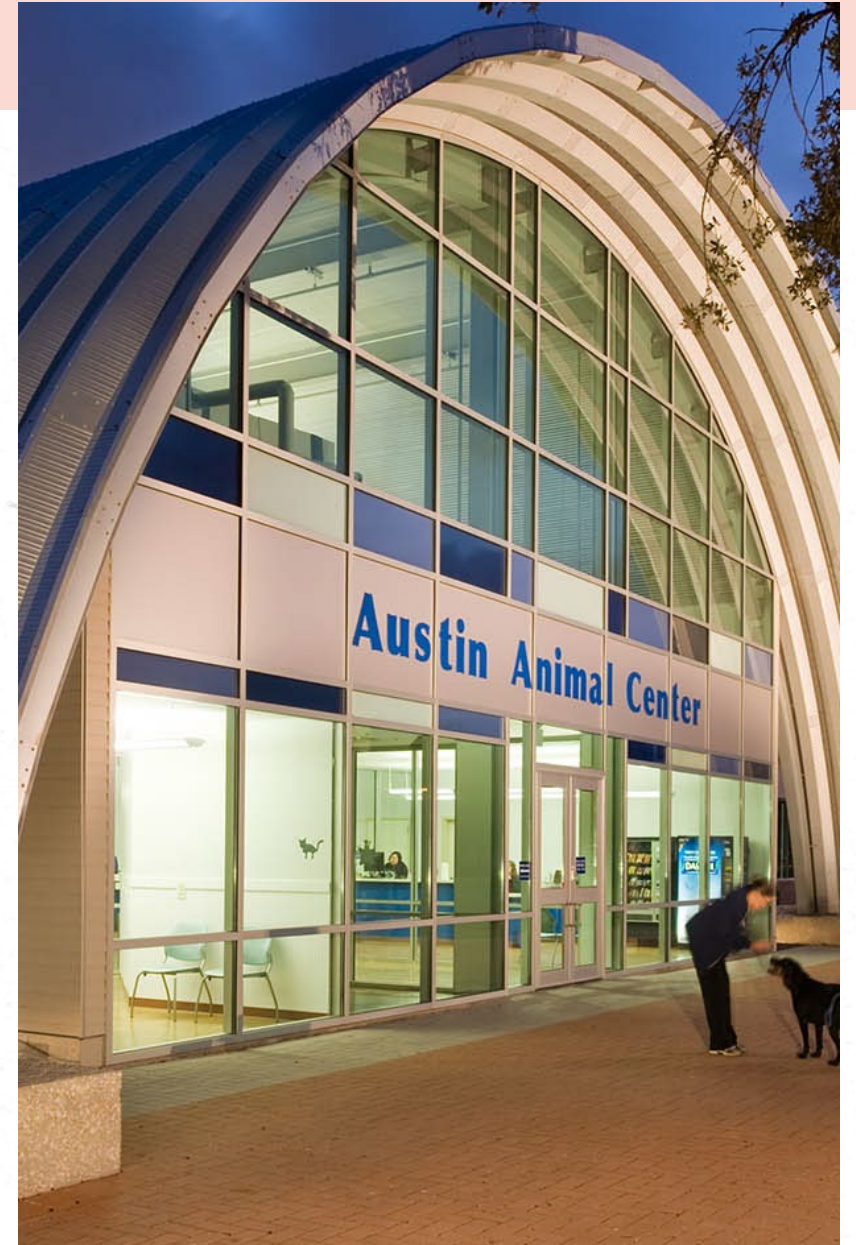


Capital Contracting

Once all the required signatures are gathered, the PM will send an email to Capital Contracting for execution.

Compliance Review

- Change order is within Council and Administrative Authority
- Ensure that change order is less than the 25% of original contract
- If there is unit prices, that they are consistent with Section 300
- The work is consistent with the contract's Scope of Work
- The change order category and funding is provided
- Sufficient supporting documents are provided
- All signatures are provided
- Insurance has not expired



Change Control Committee

09



A change order can require additional City Council Authorization for the following:

- Funding surpasses Contract, Contingency, and Admin Authority total amount;
- Include major changes in the amount of scope; and/or,
- Have potential issues of non-compliance with procurement regulations

Change Control Committee

The Change Control Committee was established to comply with Council Resolution No. 20120126-048 to provide a consistent process to evaluate contractual changes. The committee is composed of voting members and non-voting member.

Voting Members

- PWD Director, Vice Chair
- QMD Division Manager
- Project Sponsoring Dept. Director
- Capital Contracting Officer
- Capital Contracting Deputy Officer

Non-Voting Members

- Project Manager
- Project Sponsor Liaison (optional)
- Capital Contracting Procurement Manager

Submittal of Contract Order that Goes to Change Control Committee

Submittal of Contract Change

The PM submits a contract change request (Change Order) to Capital Contracting.

1. A Change Control Committee email is submitted to voting member and non-voting members that includes the RCA, scope description and justification.
2. The members vote to approve the change.
3. If approved the Project Manager prepares RCA package for council approval.

RCA Approval

Once the RCA gets launched and approved by council, Capital Contracting moves forward with processing the Contract Change.





Questions?

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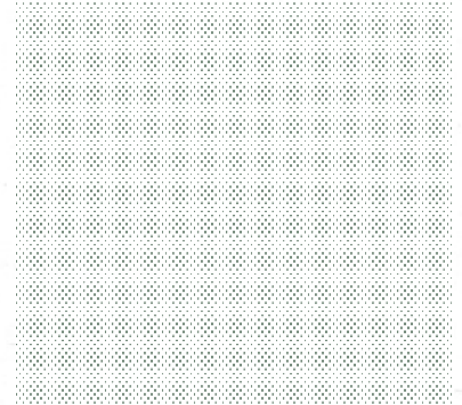


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[Title of class] [purpose of class]

Register at austintexas.gov/departments/cip-partners-academy



Thank You

