



FACILITIES MANAGEMENT  
Office of the Chief Facilities Officer

**DIRECTIVE NO. 362C**

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**DATE: April 15, 2007**

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**SUBJECT:** Change Orders for Construction and Professional Services Contracts

**REFERENCES:**

1. **Restructured Higher Education Financial and Administrative Operations Act (The Act) 2005 Virginia Acts of the Assembly (see also Virginia Code 23-77.4).**
2. **University of Virginia Higher Education Capital Outlay Manual (HECOM) Second Edition, June 2006 with revisions.**
3. **Management Agreement By and Between the Commonwealth of Virginia and the University of Virginia (The Management Agreement Goods) 2006 Virginia Acts of the Assembly.**
4. **Attachment 1 to the Management Agreement, Rules Governing Procurement of Goods Services, Insurance, and Construction for the University of Virginia.**

**PURPOSE:** To establish policies and procedures for modifying construction and professional services contracts by change order.

**CANCELLATION:** This directive is effective immediately and supersedes an earlier Directive 362B. Significant changes from the previous directive are printed in bold face type.

**BACKGROUND:** The Chief Facilities Officer (CFO) has the authority and responsibility to sign agreement forms entitled "Contract Form for Employment of Architect or Engineer" and "Construction Contracts" for both Capital and Non-Capital Outlay Projects **up to \$5,000,000 in value**. This directive documents the policy and procedures to be utilized to modify **all contractual** agreements by change order.

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**DISTRIBUTION LIST:**

On Line  
Directors  
Human Resources & Training Officer  
Information Officer  
Architect for the University

**REVIEW DATE:**

April 2009

**OFFICE OR DEPARTMENT  
RESPONSIBLE FOR REVIEW:**

Office of Contract Administration  
Facilities Planning & Construction

**POLICY:** Modifications of the Architect or Engineer and the Construction contracts shall be in accordance with the references. All changes involving contract cost or time for completion shall be included in an approved contract Change Order. Modifications to construction contracts regarding "Time and Material" changes are supplemented herein.

1. **The University** has authority to **approve all change orders** locally.
2. **The Manager of the Contract Administration Office, the Construction Services Manager, and the Director of FP&C have been delegated** authority to approve all Change Orders up to 25% of the original amount. Changes costing in excess of twenty-five percent (25%) or \$50,000, which ever is greater, require approval **from the CFO**.
3. Any independent Construction Change Order of \$250,000 or more requires a Board on Changes (BOC). See Attachment 1 for the BOC procedure.

#### **PROCEDURES:**

Construction Change Orders – In order to ensure strict compliance with the General Conditions of the Construction Contract the Construction Change Order Procedure Guidelines in Appendix K of the **UVA HECOM** shall be followed.

The guidelines in Appendix K shall be supplemented by the procedures in Appendix 3 of this Directive for all change orders where the work is to be performed under the procedures described in General Conditions Section 38(a)(3) re: Time and Materials.

#### Professional Service Change Orders

1. The Project Manager will obtain a proposal from the A/E and collaborate with the Division Director and the Director of Facilities Planning and Construction (FP&C) to negotiate a Change Order and prepare the page 2 Justification Form.
2. The Professional Services Contract Administrator shall prepare the Change Order form, HECO-11ae for the Project Manager, obtain approvals and distribute the Change Order.

#### **RESPONSIBILITIES:**

1. Persons delegated approval authority for change orders are listed in Attachment 2.
2. FP&C Division **Directors** shall insure compliance with this directive. Project Managers (PMs) and Contract Administration Managers (CAMs) administering contracts shall follow the procedures of this directive.
3. The Virginia Construction Contracting Officer (VCCO) is responsible for legal compliance and ensuring proper procedural handling of Change Order transactions which

are processed and administered through FP&C. Questions concerning the procurements outlined in this directive should be directed to the VCCO.



Donald E. Sundgren.  
Chief Facilities Officer

- Attachments:
1. Board on Changes Procedure
  2. Delegated Authority to Approve Change Order and Supplemental Procedures for Emergency Time and Materials (T&M) Change Orders

BOARD ON CHANGES PROCEDURE FOR CONSTRUCTION CONTRACTS

- a. When a proposed **independent** change order is estimated to exceed \$250,000 or materially change the scope of the project, a Board on Changes (BOC) consisting of the Director of Facilities Planning and Construction (FP&C), Contract Administration Manager, Division **Director**, Construction Services Manager, Construction Administration Manager, Project Manager, a Representative of the Contractor and the Architect/Engineer (A/E) for the project shall be appointed. Additional representatives including professional cost estimators and building committee members may be appointed as deemed necessary. If the change is estimated to exceed the \$250,000 threshold in total, but is composed of several **unrelated** changes each of which is less than \$250,000, a BOC is not required.
- b. The Board shall negotiate the cost of the proposed change and submit a formal report. All Board members shall sign the report. Any member who does not concur shall sign a dissenting report, which shall be appended to the majority report. Once the Board Report has been approved, the A/E shall be directed to prepare the formal change order.
- c. The Board Report shall contain the following information:
  - (1) A general description of the change and why it is required.
  - (2) The date of meeting of the Board and the members present, **if the projected cost of the change order exceeds \$250,000 projected** applicable.
  - (3) A narrative of the negotiation. (one page maximum).
  - (4) The wording recommended for the formal change order.
  - (5) The cost of the work and any extension of time negotiated by the Board.
  - (6) A summary of the calculations used in arriving at the negotiated price. Explain Specifically, how any cost differences were resolved.
  - (7) Attachments:
    - (a) The Contractor's "final" cost estimate, **the University's cost estimate and/or independent cost estimate**, and the A/E's cost estimate.
    - (b) Such additional details (for example, work sheets on which quantities, unit prices, and their extensions are shown) as are necessary to permit a reviewing authority to determine the reasonableness of the recommendation.

Attachment 2

DELEGATED AUTHORITY  
TO APPROVE CONSTRUCTION CHANGE ORDERS

Forms	Person	Limits
HECO-11	Director, FP&C	Less than \$50,000 and less than 25% of the contract.
HECO-11,	Contract Administration Manager	Less than \$50,000 and less than 25% of the contract.
HECO-11,	Construction Services Manager	Less than \$50,000 and less than 25% of the contract.

SUPPLEMENTAL PROCEDURES FOR TIME AND MATERIALS (T&M) CHANGE ORDERS

When a contractor has been ordered to proceed with a change order citing General Conditions Section 38(a)(3) (re: Time and Materials), the project manager shall insure that the following provisions are included in the initial change order in addition to the requirements of Section 38(a)(3) :

1. The change order shall place a dollar limit on the amount of work authorized. The University will not be liable for any expenditure or obligations exceeding the dollar limit of the contract.
2. The change order shall require the contractor to provide written notification to the Contract Administration Manager prior to proceeding with work beyond 50% of the dollar limit.
3. The change order shall contain the following wording:  
"Although time is of the essence requiring initiation of this work in accordance with General Conditions Section 38(a)(3) on a time and material basis, the contractor shall submit a price proposal in accordance with General Conditions, Sections 38(a)(1)(Fixed Price) prior to reaching the 50% of the dollar limit. Payment shall not be made for any work, labor or materials beyond the authorized dollar limit specified." (See Sample Attached)
4. The Project Manager must obtain approval of the Chief Facilities Officer on a D & F prior to allowing a contractor to proceed with a T & M change order.