

Oklahoma Department of Transportation

ARRA Contract Change Order Procedures Construction Control Directive No. **20090729**

September 10, 2009

Scope: To establish the procedures necessary to assure that ARRA funds as applied to construction contracts, are utilized only for original contract items at the original contract unit cost established by competitive bid.

Each ARRA contract is split funded utilizing other Federal aid funding source(s) (i.e., IM, BR, STP, etc.). The amount of ARRA funds available for the contract is established at the time of its award and will not be increased.

The ARRA funds will not be utilized for new pay items (supplemental agreement) established on change orders. Further, it is the intent to minimize all change orders on ARRA projects.

For **progressive payments**, the Comptroller Division will utilize the encumbered ARRA funds until they have been exhausted prior to utilizing other funding source(s). Therefore, for **progressive payments** ARRA funds may be utilized for payment of a new item (supplemental agreement item) established on a change order. However, upon the execution of any ARRA project's Final Estimate, adjustments to the funding utilization will be made, and the final estimate, **final payments**, will clearly depict that the ARRA funds were only used on the original contract items at the unit cost established by competitive bid.

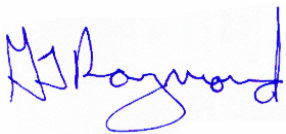
To enable the Department to achieve this goal, the following steps must be followed in a timely manner for all change orders that are being considered on an ARRA project.

1. **Prior to Initiation of the Change Order** - Prior to making a commitment to the contractor on initiating a change order, the Residency or Field Division must contact the ODOT ARRA Coordinator, Chris Wallace. The ARRA Coordinator will then review the proposed change order with Construction Division and the Director of Operations for consideration. The various issues that will be considered include:
 - a. Whether or not the change order is necessary to fulfill the original scope of the contract.

- b. Whether there are alternatives that would preclude the need for the change order including altering the length of the project.
 - c. Whether the change order contains a supplemental agreement. If new items are being added to the contract, then one of the following will apply:
 - i. Change order items that are deemed a change in scope to the project will be subject to Federal aid non-participation and must indicate Category Number 0900 on those items in the change order. (i.e., addition of a field office, etc.) The amount of State funded work performed on the ARRA projects will be reflected on the Final Estimate as the subtotal of the 0900 items, and will be deducted from future State funds allocated to that Field Division.
 - ii. Change order items that are deemed necessary to fulfill the original project scope, will be subject to ARRA funding non-participation and must indicate Category Number 0850 (i.e., additional temporary traffic control items, police traffic surveillance, cement kiln dust in lieu of lime, etc.) The amount of non-ARRA funded work performed on the project will be reflected on the Final Estimate as the subtotal of the 0850 items, and will utilize other Federal funding sources.
 - iii. Change order items that are contractual requirements (i.e., payment of contract incentives, asphalt binder price adjustments, etc.), will be eligible for ARRA funding participation and should indicate the appropriate Category Number (i.e., 0100, 0200, 0640, etc.), and use of the 0850 or 0900 will not be required.
2. **Initiation of the Change Order** - Once the determination and categorization of a proposed change order is made and communicated back to the Residency or Field Division, the Residency will proceed with the change order accordingly. Any new items added to an ARRA contract must indicate either an 0900 or 0850 Category Number, as stated above. The proper Category Number will be critical to the Comptroller Division's ability to monitor and track the amount of Federal aid non-participation and non-ARRA funds used on each contract. Any change order received

by Construction Division that has the incorrect Category Number will be rejected and will require correction by the Residency. Corrected change orders will need to be re-signed by the Contractor.

3. **Monthly Change Order Review Meetings** - At the monthly Change Order Review Meetings held by Construction Division, each of the change orders on ARRA projects will be reviewed to ensure that they had pre-notification and that any new pay items indicate the appropriate Category Number. The ODOT ARRA Coordinator will maintain a spreadsheet for each project's change orders and will monitor the amount of anticipated overrun or underrun of ARRA funds to be used; the amount of Category Number 0900 Federal aid non-participating (State) funds to be used; and, the amount of Category Number 0850 non-ARRA funds to be used on the project.
4. **Commission Agenda Items** - Any change order presented at the monthly Transportation Commission Meeting for ARRA projects that contains new items being added to the contract will indicate whether the items are Federal aid non-participation (non-participating) or non-ARRA fund on the Commission agenda item. Once a change order is approved, a copy of the change order and its Commission agenda item will be submitted to the Comptroller Division for their use in encumbering any necessary additional funds.
5. **Progressive and Final Estimate Reports** - The progressive and final estimate reports will provide sub-totals for any payments made on new items with Category Numbers 0850 and 0900. The sub-totals for each ARRA project's final estimate will be used by the Comptroller Division for tracking the amount of each category of funds used to construct the project. The amount of Category Number 0900 funds used will be tabulated for each Field Division and will be deducted from future State funds allocated to the Field Division.



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