

CONSTRUCTION MANAGEMENT



Outline

- Contract modifications
- Changes and change orders in the work
- Types of changes
- Elements of a change order
- The change order process

Contract Modifications

- It is standard practice in construction contracts to allow the owner the right to make changes in the work after the contract has been signed and during the construction period.

Contract Modifications

- Depending upon the contract and its specific terms, such changes might involve additions to or deletions from the work, changes in the methods of construction or manner of work performance, changes in owner-furnished materials or facilities, or even changes in the contract time or order of work.

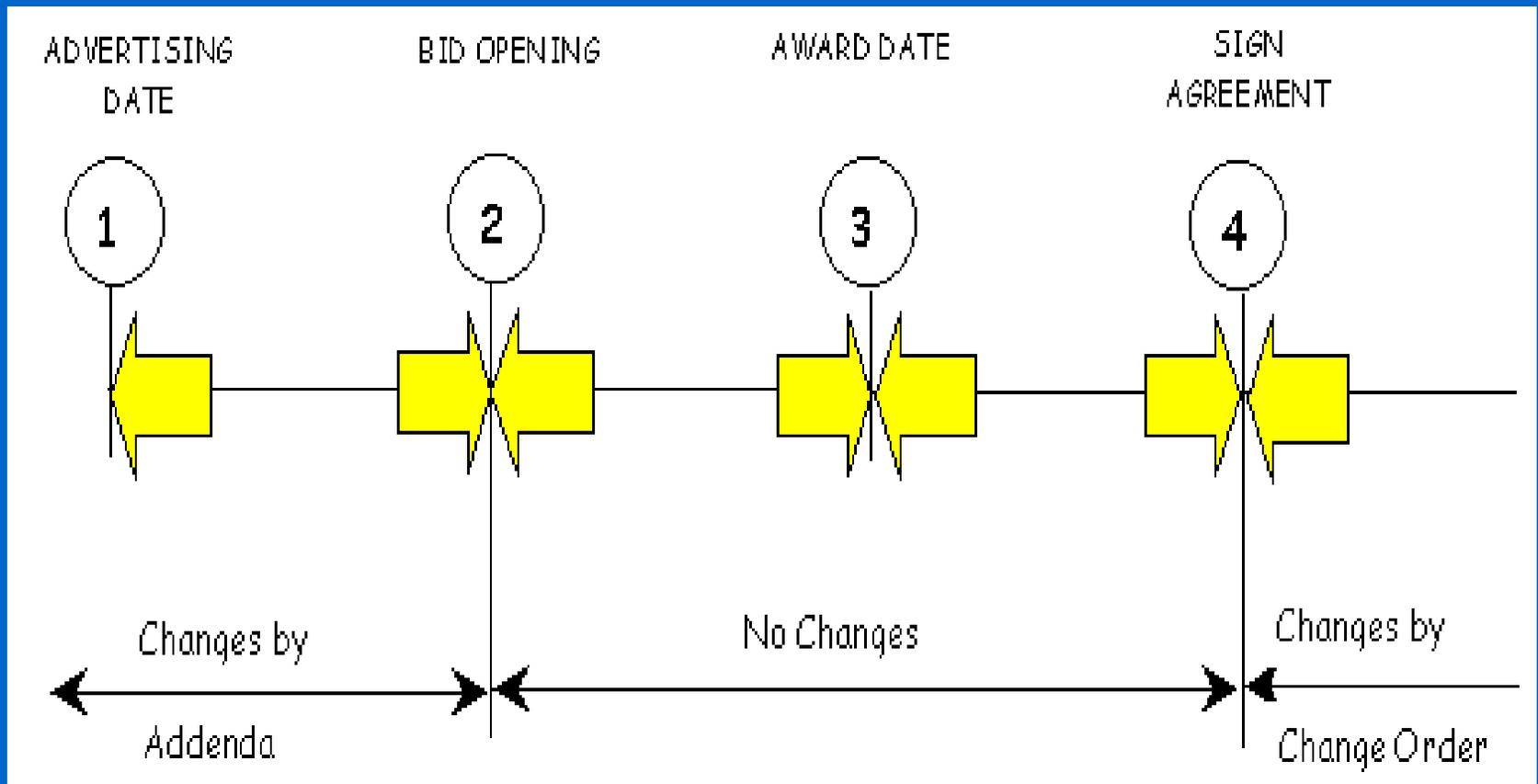
Contract Modifications

- Changes may also be executed to correct errors in the plans or specifications, or they may be the direct result of contractor suggestions that are approved by the owner.

Contract Modifications

- **Change order** is a written agreement to modify, add to, or otherwise alter the work from that set forth in the contract documents at the time of opening bids, **provided that such alteration can be considered to be within the scope of the original project**; otherwise, a contract modification may be required.
- An accompanying price change may or may not be involved in change order.

Time of changes (by addenda versus by change order)



Types of change orders

- **Oral change orders:** Despite the fact that the documents require all change orders to be in writing, the actions of both the owner and the contractor can waive that requirement.
- **Written change orders:** Normally, a change order is a written formal document that alters some condition of the contract documents.

Types of changes

- **Directed changes:** The owner directs the contractor to perform work that differs from that specified in the contract or is an addition to the work specified. This type of changes may reduce the scope of work.
- **Constructive changes:** In contrast to the mutually recognized need for a change, certain acts or failure to act by the owner that increases the contractor's cost and/or time of performance is considered a reason for a change order.

Elements of change order

A change order specifies the agreed-upon change to the contract and should include the following information:

- Identification of change order
- Description of change
- Reason for change
- Change in contract price
- Change in unit prices (if applicable)
- Change to contract time
- Approvals by owner and contractor

Change Order Process

- Change order are usually initiated by construction personnel at the project site. However, changes are also requested from various other sources, such as the contractor, the design firm, outside public agencies, or private individuals. Any change in the work that involves a change in the original contract price must be approved in writing by the owner before a change order can be excuted.

Change Order Process

- A change order must be clear, concise, and explicit. It must tell the contractor what is to be done, where or within what limits, when the work is to be performed, if the order of the work is affected, how the contractor will be paid, and what consideration will be given to contract time (extensions, etc.).