Washington State Department of Transportation

CONSTRUCTION BULLETIN

State Construction Office
Engineering and Regional Operations

Modifications to Change Order Process

Date: July 29, 2015

Purpose

This construction Bulletin initiates and provides a summary of the revisions to the change order process that are effective August 3rd, 2015 when the updated versions of the Standard Specifications and Construction Manual are scheduled to be released.

Guidance and Background

A statewide survey and subsequent 3-day lean workshop was performed last winter to identify potential improvements to the change order process. The intent of this effort was to develop a more efficient process, reduce agency risk, ensure the steps in the process add value and provide payment to Contractors in a timelier manner. The lean workshop included representatives from each region generating over 40 ideas with several key changes selected for implementation at this time.

The following is a summary of the changes being implemented, further details will be provided as part of the noted August updates:

1. Region Execution Authority Level:
   The execution authority level for Regions is being increased to $500,000. This increase in execution authority comes with the added obligation to seek FHWA approval. FHWA approval is required when; changes on contracts with full federal oversight with a value equal or exceeding $200,000. Approval per the change order checklist, as applicable, is required prior to seeking FHWA approval.
2. Execution Authority:
   Execution authority has been simplified to two levels; HQ Construction Office and Region. The Regional Administrators may further delegate the region's execution authority in writing, in whole or part, to those responsible for administering the construction program but no further than the assistant project engineers.
3. Minor Changes:
   The limits for Minor Changes have been increased to $25,000 and up to 3 plan sheets.
4. Change Order Endorsement:
   If endorsement by the contractor is not received within the required 14 days, WSDOT may process the change unilaterally and it is binding on the contractor. This 14 day response time is only enforceable if the terms of the change order have been previously agreed to in writing by the Contractor.
5. Electronic Processing:
   On average 2200 paper copy change orders are being processed annually. Several non-value added steps result in 150,000 to 200,000 pages of material being generated and handled

multiple times. The long term goal is to move to an all-electronic process including e-signatures. As an interim step in that direction all change orders will be submitted to the region's Assistant State Construction Engineer (ASCE) at Headquarters Construction via e-mail with the original with the wet signature to follow via mail.

6. Change Order Memos:
   The information previously captured in a memorandum will now be filled out on a standardized form and will become the cover sheet for change order transmittals. This again is an interim step in moving towards all electronic processing.
7. Change Order Log:
   A standardized change order log has been developed for use statewide to track and communicate change order status for all Contracts. This change will take advantage of a standardized tool for tracking data statewide.
8. Prompt Payment:
   A commitment on WSDOT's behalf is to apply a 1% simple interest rate on any owed but unpaid balance due beyond 30 days of completing the change order work.
9. Execution Prior To Work:
   All changes require execution prior to the work being performed unless otherwise approved as an exception. To do so approval(s) per the checklist need to be in place and the executing authority must approve such exceptions prior to beginning the work.
10. CCIS Input:
    To eliminate duplicative efforts and conflicting information only one CCIS input is required which takes place after the change order has been executed.
11. Change Order Approvals:
    Emphasis shall be placed on attaining checklist initiated change order approvals at the time the change is initially identified.
12. Change Order Checklist:
    A few notable changes have been made to the change order checklist, some of which have been identified above. Additional significant changes include the following:
    A. Deletion of approval item "Region Generated Specifications." The approval item for all specification-related changes now reads "Change to Contract Provisions or Standard Plans" which requires approval from Headquarters Construction.
    B. Material or product substitutions now exempt specific low risk items, including items associated with Standard Specification Sections 6-07, 8-01, 8-02, 8-12, 8-18 and 8-20. At their discretion, the Project Engineer is responsible for verifying these change types with the appropriate subject matter expert.

C. Approval of structural changes in roadway sections is now provided by the Headquarters Construction Office. Any such approval requests will require concurrence or a recommendation from the Engineer of Record responsible for the original design being changed. Any revised plan sheets should be stamped accordingly.

Additional Information

The modifications to the change order process described previously are considered as only an initial effort. It is anticipated that the process will continue to evolve to further streamline the process, reduce agency risk and eliminate non-value added steps. Your comments and suggestions are encouraged.

In accordance with this Construction Bulletin you may initiate any of the changes immediately as your contracts allow. Some of the changes require new contract specifications or procedures defined in the form of construction manual language. As of August 3rd, 2015 the updated versions of the Standard Specifications and Construction Manual will be released establishing these changes.

If you have any questions, contact Mike Fleming, (360) 705-7830.