

## **Change Order Standards – CM @ Risk Subcontractors**

### **1. Change Order Requests = P.C.O.s - (proposals)**

- **Verify the Contractor, Designer and the Owner all agree** that the work is in addition to the contract.
- Label proposals consecutively, prefer that the following nomenclature be used: “Change order Request” (C.O.R.) #1, 2, 3, etc.
- The P.C.O. must be on the CM @ Risk letterhead.
- CM@R shall maintain a P.C.O. Log with the following minimum information.  
C.O.R. Number and date. P.C.O. cost and brief description of the work. C.O.R. Status.  
Total cost of all P.C.O.s to date.

### **2. Change Order Requests (proposals) - Content**

- **Provide explanation of the change request, including copy of the RFI, ASI and/or revised drawings/Sketches that originated the change request.**
- **All subcontractors must** submit a complete breakdown of labor and materials for all work performed, including a **Company Letter Head**.
- **Labor Rate: Actual hourly rate paid to the workers performing the work.**
- **Materials: Quantities used in the C.O. work per unit of measurement.**
  - Example:
    - **Labor - (# hours) x (hourly rate) = \$X.**
    - **Materials – (quantity of item(s) x (cost of each item) = \$X.**
    - **Tons, Cu/yds., Sq./yds., Sq./ft. or L/ft. costs are acceptable if appropriate for the item of work.**
  - Example:
    - Flooring, piping, ceiling tile, painting, sidewalks, stone, asphalt, soils, etc.
- Unit Prices: if applicable, unit prices from the contract included in the C.O.R. Include copy of Bid form showing unit prices.
- Include a P.C.O. summary of self-performed work and totals for each of the subcontract costs.
- **Equipment rental charges:**
  - For contractor owned equipment not on site, must not exceed the average rental rate of one of the major rental Services
  - Provide rates to the C.M.R. Project Manager for review and for use in proposals. Sales Tax cannot be charged on Contractor’s Owned equipment.
  - If equipment is rented from a rental service then the cost shall be backed up by an invoice or rental schedule on the rental company’s letterhead. Proposed Change Order (proposals) – Correct markup percentages:
  - Contractor can charge **Operating Cost** only for Equipment on site used for change order work
- **OH&P and Labor Burden percentages:**
  - 15% maximum combined OH&P for all contractors and his subcontractor self-performed work. Contractor’s markup on subcontractor max = 5%.
  - 39% maximum labor burden (state if included in the hourly rate
  - 5% minimum Profit for deductive change orders for all contractors.
- Show the percentages for OH&P, tax, burden, bonds, insurance etc. or state they are included in the costs.

- Do not take OH&P on insurance and bonds.
- Do not take OH&P on Unit Prices Cost.
- If additive P.C.O.s include insurance and bonds then deduct C.O.R.s must also include insurance and bonds.
- When a P.C.O. requires deduct for an added work, the percentages will be on the **Net** amount.

### 3. Change Order Request (proposals) - Accuracy

- **Check P.C.O.s** for correct math on all items listed.
- If costs total to three or more decimal places then costs may be rounded to 2 decimal points only. Restrict costs to 4 decimal places if not rounding to 2 places.
  - example:
    - material - (\$5.8796 = \$5.8796 or \$5.88 - not \$5.90 or \$6.00)
    - labor - (6.527 hrs = 6.527 hours or 6.53 - not 6.6 or 7.0)
- If costs are listed or total to two decimal places then do not round off.
  - example:
    - material - (\$5.88 = \$5.88 -not \$5.90 or \$6.00)
    - labor - (6.55 hrs = 6.55 hours - not 6.6 or 7.0)
    - Round Off is only allow for the final total cost to the lowest whole number.

### 4. Proposed Change Order (proposals) - Non-Allowable Expenses

- Generally, items not physically incorporated into the work, also see NCSCO / UNCW Owner's Requirements of the Specifications and General Conditions of the Contract.
- **Examples of some non-allowable** expenses are:
  - Supervision – working foreman OK.
  - Small tools and consumables (drill bits, saw blades, chop saws, power saws, drills, hammers, shovels etc.)
  - Vehicle expenses, per-diem and travel expenses.
  - Miscellaneous items, or straight percent mark up (example – cost of work = \$6,500.00 – direct or miscellaneous job expense =10% of \$6,500.00.
  - Fuel, oil, hydraulic fluid, and other lubricants
  - Lump Sum miscellaneous job expense.
  - Project management, meeting attendance, estimating, clerical, surveying, drafting, as-builts, layout, engineering, co-ordination, job site visits, etc.