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## Alameda-Contra Costa Transit District

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### Administrative Regulation No. 467A:

### Contract Change Management

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**Issuing Officer:** General Manager  
**Date of Adoption:** 4/2/2021  
**Most Recent Amendment:** None  
**See Also:** 314, 465

**Subject Category:** Section 400 - Operations  
**Subsection:** Procurement, Materials and Asset Management  
**Control Department(s):** Planning & Engineering

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#### I. PURPOSE

The purpose of this Administrative Regulation is to establish guidelines and procedures to monitor and control contract change for any design or construction contract supporting the District's Capital Programs. This regulation outlines the processes and authorization required to manage on-call taskings and contract changes in cost and time by means of an On-Call Tasking or a Contract Change Order to an active contract.

#### II. PERSONS AFFECTED

All AC Transit Staff involved in contract administration including, but not limited to, Project Coordinators, Project Managers, Senior Project Managers, Contracts Specialists, Purchasing Managers, Contracts Compliance Managers, Directors, Executive Directors, and the General Manager.

#### III. DEFINITIONS

**"AC Transit Project Manager"** means the AC Transit staff member who regardless of job classification is responsible for managing the budget, schedule, and quality of a specific project with a specific planned deliverable or outcome.

**"Change Control Log"** means a detailed accounting of all approved (CCO) and proposed Contract Change Orders (PCO) that compares the overall change risk to the Board approved contract value. This may be maintained by the AC Transit Project Manager or an AC Transit information system.

**"Change Management"** means the controlled identification and implementation of changes in cost, time, or scope to an existing contract in order to complete the delivery of a pre-defined product or goal.

**"Contract Change Order" (CCO)** means a written modification of the contract in terms of work (scope), value (cost), and/or time. The Contract Change Order must be signed by both the District's Authorized Representative and the Contractor to be effective.

**"Contract Specialist"** means the AC Transit Procurement Department staff member who is responsible for administering the specific contract relationship with the Contractor.

**“Critical Business Index” (CBI)** means the AC Transit system that tracks contract expiration dates and contract amounts. Information in the CBI is maintained by the Contract Specialist.

**“Force Account”** means the payment method used for extra work if the contractor and the District cannot agree on a unit price or lump sum amount, or if those methods are impracticable. Force account payments cover labor, materials, and equipment and are provided for in detail in section 007200 the contract. Field Change Notices that utilize force account payment terms must contain an expressed not to exceed amount.

**“Field Change Notice” (FCN) or “Work Directive”** means a directive issued by the AC Transit Project Manager to the Contractor ordering an addition, deletion, modification, or revision to the Work which cannot be handled through a Request for Change due to the urgent nature of the work. To the extent a Field Change Notice requires a change to the contract, the District will issue a Contract Change Order to incorporate the change.

**“Independent Cost Estimate” (ICE)** means a written cost or price analysis performed or commissioned by the AC Transit Project Manager to determine the fair and reasonable value (cost) for the scope of work of each specific change. The ICE must be prepared prior to reviewing the Contractor’s cost analysis.

**“Proposed Change Order” (PCO)** means a formal request for change initiated by the District or the Contractor that has not yet been approved or denied.

**“Request for Change” (RCO)** means a document initiated by the Contractor and submitted to the District identifying Contractor’s proposed revisions to the Contract. The Contractor’s Request for Change may request a revision to the Contract Time, Contract Price and/or Construction Schedule. Requests for Change may be approved, denied, or negotiated.

**“Schedule of Values” (SOV)** means a detailed statement which decomposes the cost for the contract work into categories to facilitate the tracking of work completed, work-in-process, balance to complete, progress payment approvals, and earned value.

**“Work Directive” also known as “Field Change Notice (FCN)”** means a Work Directive is issued by the AC Transit Project Manager to the Contractor ordering an addition, deletion, modification, or revision to the Work which cannot be handled through a Request for Change due to the urgent nature of the work or when payment to the Contractor will be based on force account chargers. To the extent a Work Directive or Field Change Notice requires a change to the contract, the District will issue a Contract Change Order to incorporate the change.

#### IV. REGULATION

##### A. Change or Tasking Identification

1. The need for a change in the contract work, cost, or time may be identified and initiated

by the District or the Contractor.

2. Changes requested by the Contractor will be initiated by a Request for Change.
3. Changes requested by the District will be initiated by a Request for Quote, Change Notice, or by Field Change Notice.
4. If a Field Change Notice is issued, it must be issued on a 'Not to Exceed' basis with a maximum value within the approver's authorization limit.
5. Taskings are work identified by the District that can be performed under existing On-Call contracts.

#### **B. Plan the Change or Tasking**

1. Changes requested by the Contractor must include justification for the change and clearly specify impacts on cost, schedule, and deliverables.
2. Changes requested by the District will include a scope of work and schedule expectations in the Request for Quote. Contractor will respond with detailed cost and schedule impact in their response to the Request for Quote.
3. The scope of work and required deliverables for all Taskings must be determined before the On-Call consultant pool is evaluated to determine the best qualified consultant.
4. The consultant selection for on-call Taskings can only be made after a Brooks Act compliant evaluation process using the same criteria as the underlying contract. The selection evaluation shall be completed by at least two persons that have specific expertise in the disciplines needed to perform the tasking. The evaluation criteria from the underlying contract will be applied to the current taskings specific scope of work, current capacity to deliver, and recent experience evaluations.
5. AC Transit Project Manager must prepare a separate Independent Cost Estimate (ICE) for each Change or Tasking to ensure fair and reasonable pricing.

#### **C. Negotiate and Document the Change or Tasking**

1. AC Transit Project Manager shall use the Independent Cost Estimate in conjunction with the Change or Tasking to determine fair and reasonable pricing and schedule impact.
2. AC Transit Project Manager will negotiate with the Contractor on each individual change to establish a mutually agreed cost and timeline that is fair and reasonable.
3. In the event that the AC Transit Project Manager and the Contractor are unable to agree on the terms for a Change, the AC Transit Project Manager will issue a Field Change Notice under the Force Account provisions of the contract and authorize the work on a time and materials basis with a not to exceed value within the approver's authority.
4. In the event that the AC Transit Project Manager and the Consultant are unable to agree on the terms for a Tasking, the negotiation will be terminated and a proposal from the next best qualified consultant will be requested.

#### **D. Approve the Change or Tasking**

1. No individual Contract Change Order will be approved unless the cumulative value of all

changes, including the current proposed change plus all previously approved changes is equal to or less than 15% of the contract amount approved by the AC Transit Board of Directors or within the General Manager's authority for those contracts not requiring Board approval.

2. No individual Contract Change Order will be approved unless it is in full compliance with Board Policy 465.
3. If the Contract Change Order will cause the cumulative value of all changes to the contract to exceed 15% of the contract value approved by the AC Transit Board of Directors, the revised contract amount must be approved by the AC Transit Board of Directors before the Contract Change Order can be approved.
4. The Contract Change Order approval form must be supported by the following documents before it is submitted for approval.
  - a. Defined Scope of Work for the proposed change.
  - b. Independent Cost Estimate for the proposed work.
  - c. Contractor's Proposal with backup documentation.
5. The On-Call Tasking approval form must be supported by the following documents before it is submitted for approval.
  - a. Defined Scope of Work for the proposed tasking.
  - b. Independent Cost Estimate for the proposed tasking.
  - c. Consultant Evaluation and Selection form (Mini-Brooks).
6. If the cumulative value of all prior approved changes including the current change under negotiation is less than 15% of the contract value, then the following are the approval authorities as established by the General Manager on February 13, 2019.
  - a. Project Managers may approve individual changes or taskings not exceeding \$20,000.
  - b. Sr Project Managers may approve individual changes or taskings not exceeding \$40,000.
  - c. Directors may approve individual changes or taskings not exceeding \$60,000.
  - d. Executive Director's may approve individual changes or taskings not exceeding \$100,000.
  - e. General Manager may approve any change of any value as long as the cumulative change value does not exceed 15% of Board approved contract amount.
  - f. Time only extensions must be approved by the Project Manager and the Director.
  - g. General Manager may approve any tasking up to cumulative annual amount available under the On-Call Contract.

#### **E. Award the Change or Tasking**

1. The AC Transit Project Manager shall complete the Tasking or Contract Change Order

document and ensure that all appropriate approvals and ratification signatures have been obtained.

2. The Contract Change Order or Tasking becomes approved when it is signed by both the Contractor and the appropriate authorized AC Transit Representative (based on the approval authority levels under Section D).
3. No work will be initiated on the Contract Change Order or Tasking by the Contractor until the Field Change Order, Contract Change Order, or the tasking is approved per E2 above.
4. Every approved Contract Change Order or Tasking will be routed for affirmation signatures to the Director of Procurement, General Counsel and the General Manager for their review and affirmation.

#### **F. Administer the Change or Tasking**

1. The AC Transit Project Manager will prepare a requisition, if necessary, for the Contract Change Order amount. Multiple Contract Change Orders can be bundled into one requisition.
2. The AC Project Manager will prepare a requisition for all Taskings which must be submitted as soon as the approval process in item E is complete.
3. Every Contract Change Order requisition will be added to the existing Purchase Order as a separate line.
4. Every Contract Change Order will be added to the schedule of values as a separate line.
5. A copy of the Contract Change Order or Tasking with all signatures will be provided to the Contract Specialist as an attachment to the requisition for inclusion into the contract file.
6. For changes in cost, time, and scope the fully executed Contract Change Order will be sufficient to amend the contract. If the change includes items other than cost, time, or scope the Contract Specialist will process a Contract Amendment.
7. Contract Amendments may also be processed, at Procurements option, based on a specific Contract Change Order, a group of Contract Change Orders, or cumulatively for all Contract Change Orders at the end of the contract. AC Transit Project Managers shall retain a copy of all Contract Change Orders and the Change Control Log for the project archive.

#### **G. Close the Change or Tasking**

1. The Contractor shall invoice for work performed against the Contract Change Order or Tasking (partial or complete) on the related line in the schedule of values in their normal monthly billings as approved by the AC Transit Project Manager.
2. Contract Change Orders will be subject to the same retention requirements (if any) as the underlying contract.
3. All Contract Change Orders will be formally closed by default when the underlying contract is closed or expires.

### **V. RESPONSIBILITIES**

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Questions concerning this Administrative Regulation should be referred to the General Counsel and the Control Department listed at the top of this document.

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It is the responsibility of all AC Transit staff to understand and comply with this regulation as well as any other related regulations and Board Policies.

It is the responsibility of the AC Transit Project Manager to verify adequate funding is available in the project budget and to ensure that no contract has a cumulative change in excess of 15% of the Board approved value without additional Board approval.

It is the responsibility of the AC Transit Project Manager to maintain a Change Control Log for each contract which shall include all approved Contract Change Orders (CCO), Pending Change Orders (PCO) and to continuously monitor the risk associated with the aggregate value of all potential Contract Change activity.

It is the responsibility of the AC Transit Project Manager to promptly process a contractor's Request for Change, Proposed Change Order, or Field Change Notice.

It is the responsibility of the AC Transit Project Manager to ensure that no work on a Contract Change is authorized until the Field Change Notice or Contract Change Order is properly approved.

It is the responsibility of the AC Transit Project Manager to ensure that no work on a Tasking is authorized until the On-Call Tasking is properly approved.

It is the responsibility of all AC Transit staff involved in contract administration to ensure that current processes, procedures, forms, and documentation are used for Contract Change Orders or On-Call Taskings. The current version of processes and forms can be found on the AC Transit SharePoint site at: [District Public Share - Change Control Process and Forms - AR 467a - All Documents \(sharepoint.com\)](#)

## VI. ATTACHMENTS

None

Approved by:



Michael A. Hursh, General Manager  
Alameda-Contra Costa Transit District