

Clean Water Fund Memorandum (2023-001)

Policy for Change Orders and Submission Requirements

PURPOSE

To provide municipalities with guidance on the requirements regarding the submission of change orders which are being financed by the Clean Water Fund.

GOVERNING AUTHORITIES

Section 22a-482-4(k) to the Regulations of the Connecticut State Agencies (RCSA): Negotiation of Contract Amendments (Change Order)

POLICY

Prior to execution, the municipality is responsible for submitting to DEEP drafts of all change orders greater than \$100,000 for review and approval. Related work is not permitted to be split into separate change orders to avoid the approval process for change orders in excess of \$100,000. If a change order greater than \$100,000 is not submitted for DEEP review and approval prior to execution, then work completed under that change order shall not be eligible to receive funding from the Clean Water Fund program.

The Municipality is responsible for negotiating construction change orders and for submitting copies of change orders to DEEP for review and approval of any project receiving funding through the Clean Water Fund program. The contract price and time may only be changed by a change order. The unit prices shall be determined by the original bid items when possible. A new unit price may be negotiated only when quantity changes ($\pm 15\%$ of the original bid quantity) and the total dollar change of that item is significant. Unit prices of new items shall be negotiated. The reimbursement must be based on actual costs and a negotiated amount for overhead and profit.

For each change order in excess of \$100,000, the contractor shall submit to the municipality cost and pricing data to enable the municipality to determine the eligibility of costs proposed. It is the responsibility of the municipality to submit such backup information to DEEP.

The RCSA further state that this \$100,000 threshold is defined as follows for change orders which include both additive and deductive items:

- (A) If any single item (additive or deductive) exceeds \$100,000;
- (B) If no single additive or deductive item has a value of \$100,000 but the total price of the change order is over \$100,000; and
- (C) If the total of additive items of work in the change order exceeds \$100,000 or the total of deductive items of work in the change order exceeds \$100,000 and the net price of the change order is less than \$100,000.

Examples are included in Attachment A.

The municipality is responsible for submitting all executed copies of change orders to DEEP in a timely manner.

Exception: The following does not require pre-approval: A change order solely for the purpose of the final closeout of a construction project that reconciles the individual bid items based on actual quantities or amounts used versus those projected, provided such change order does not include excessive foreseeable overages (including any changes which warrant a stand-alone change order pursuant to RCSA §§ 22a-482-1—22a-482-4, inclusive) or any additional changes in scope of work.

DEFINITIONS

CGS: Connecticut General Statutes

CWF: Connecticut Clean Water Fund

DEEP: Connecticut Department of Energy and Environmental Protection

RCSA: Regulations of the Connecticut State Agencies

April 18, 2023

Date



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**ATTACHMENT A:
EXAMPLES OF CHANGE ORDERS REQUIRING APPROVAL PRIOR TO EXECUTION**

EXAMPLES

- 1) Any single item greater than a change of \$100,000 shall initiate the requirement for pre-approval even when the total of the change order is for less than \$100,000.

Bid item	Quantity	Unit Price	Price
Item A	10	\$10,100	\$101,000
Item B	-5	\$1,000	-\$5,000
Item C	-1	\$100	-\$100
Total Price			\$95,900

Item A price change is \$101,000 and thus initiates the requirement for preapproval.

- 2) Any change order greater than a total change of \$100,000 shall initiate the requirement for pre-approval.

Bid item	Quantity	Unit Price	Price
Item A	6	\$10,000	\$60,000
Item B	-5	\$1,000	-\$5,000
Item C	1	\$55,000	\$55,000
Total Price			\$110,000

The total price change is \$110,000 and thus initiates the requirement for preapproval.

- 3) Any change greater than \$100,000 of either additive or deducted items shall initiate a requirement for pre-approval even when the total is less than \$100,000.

Bid item	Quantity	Unit Price	Price
Item A	5	\$10,000	\$50,000
Item B	-50	\$1,000	-\$50,000
Item C	-1	\$55,000	-\$55,000
Total Price			-\$55,000

The total price change for deductible items is -\$105,000 and thus initiates the requirement for pre-approval.

NOTE: These examples are presented for illustrative purposes only and are not inclusive of all change order situations. If in doubt or if you have any questions, please contact DEEP's Municipal Wastewater Section.