CONSTRUCTION DIRECTIVE

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Construction Administrator

Project Modifications and Contingency Management – Amended and Supplemented

This Directive amends and supplements the July 10, 2017 Construction Directive CD-2017-6.

Amendment

The following requirement in CD-2017-6 is no longer applicable:

"Unless requested by the Capital Projects Unit, Project Modifications are not required for the sole purpose of adjusting the contingency amount."

Supplement

The following is now a requirement:

"All project budgets on all construction projects are to be reviewed for funding adjustments at 60% and 90% of project completion. All projects are to conduct a complete funding review and create a Project Modification to reduce unnecessary contingencies. At the 60% and 90% reviews, only 10% of the remaining contract value shall be held. All other unnecessary contingencies shall be released."

Summary

This Directive requires Project Modifications to release any available contingencies as expeditiously as possible. The one revision to the requirements of CD-2017-6 is that now Project Modifications are required for the sole purpose of adjusting the contingency amount.

CD-2020-4
July 13, 2020

Project adjustments are an important part of the Department's financial control system. Project adjustments are required to establish or adjust project funding amounts and support funding requests to the State and Federal Governments.

Recent discussions between the Office of Construction and the Federal Highway Administration have resulted in enhancements to our current working procedures relative to project contingencies.

These adjustments can be performed in combination with other required adjustments in CD-2017-6; however, this Directive is to capture projects that wouldn't need a Modification for other funding needs. This Directive, in essence, adjusts contingencies for projects that would not normally need a Modification under CD-2017-6 previously.

This Directive is effective immediately.