

Connecticut DOT

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Office of Construction

Date:	July 10,	2017
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CONSTRUCTION DIRECTIVE

Construction Administrator

Project Modifications and Contingency Management

Project Modifications are an important part of the Department's financial control system. Project Modifications are required to establish or adjust project funding amounts and support funding requests to the State and Federal Governments. Project Modifications are prepared by the administering unit and forwarded the Capital Projects Unit for review and processing.

Recent discussions between the Office of Construction and the Capital Projects Unit have resulted in enhancements to our current working procedures relative to project contingencies and how the Department reports contract end dates to the Federal Highway Administration. These enhancements will require some changes to the Project Reconciliation Sheet as well as procedural changes for calculating the project contingency. Therefore, effective immediately construction personnel initiating Project Modifications are to use the revised Project Reconciliation Sheet (Rev 2/14/17) and follow the procedures outlined below for determination of contingency amount and the Revised Completion Date for construction projects.

- For Contracts valued at less than \$50 million, the initial contingency amount is to be calculated at 10% of the construction Contract amount. The initial contingency amount will be established by the Capital Projects Unit. For each subsequent Project Modification the contingency amount shall be recalculated at 10% of the cost to complete the project. The cost to complete shall include the remaining contract amount as well as any remaining payments for construction orders, future extra work not included elsewhere, item adjustments, and any other contract adjustments which might apply to the Contract.
- For Contracts valued at greater than \$50 million, a risk assessment will be required to evaluate the appropriate contingency amount for the project. The initial risk assessment shall adjust the 10% contingency default value to include an evaluation of the major factors potentially affecting the final contract value. The initial risk assessment and contingency amount shall be submitted to District management for review and approval in sufficient time to allow for inclusion in the Project Modification prepared with the incidentals establishment just after Contract award. Whenever a subsequent Project Modification is required, the risk assessment and contingency amount will be updated to reflect the current status of the project, and the estimated cost to complete.

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- If a Project Modification is required after the initial project budgets have been established just after Contract award, the contingency shall be recalculated and entered on a Project Reconciliation Sheet as described above. The calculations supporting the revised contingency amount shall be attached to the Project Reconciliation Sheet submitted to the Capital Projects Unit and retained in the project records. Unless requested by the Capital Projects Unit, Project Modifications are not required for the sole purpose of adjusting the contingency amount.
- The Project Reconciliation sheet has been updated to clarify the project end date. The previously labeled "*Estimated Completion Date*" has been replaced by the newly added fields "*Original Contract End Date*" and "*Revised Completion Date*".
 - The Original Contract End Date is the anticipated contract completion date established in the Notice to Proceed letter. The contract completion date is based upon either the original contract duration or, in the case of a fixed end date contract, the date established by the Contract.
 - The Revised Completion Date is determined by adding approved time extensions to the Original Contract End Date.
 - Project staff should note any pending or potential changes to the contract completion date in the justification section of the Project Reconciliation Sheet.

The revised Construction Reconciliation Form is available in the ProjectWise 04.1-Construction Libraries > 4.200-Approved Forms and Inspection Checklists folder as a Microsoft Excel fillable workbook with a file name of, 20170214 Reconciliation Sheet.