



---

# MEMORANDUM

---

DATE: November 13, 1997

TO: Mike Holder, Design Engineering Manager  
Ken Damgaard, Field Engineering Manager

FROM: Dewayne Tripp, City Engineer *DT*

SUBJECT: "Minor Alteration" Change Order Procedure

The attached procedure has been approved for general use on all Engineering Division construction projects. A bid item and a special provision will need to be included in projects advertised for bid. Please inform contractors of the need to submit "Authorized Signature" forms reflecting personnel authorized to sign the Letter Agreements stipulated in the specification.

This procedure will significantly reduce the administrative work load of all city and contractor personnel who process supplemental agreements. With this delegation of authority comes the responsibility for proper implementation and control over the types of agreements that are entered into by this procedure. The oversight responsibility for these changes rests with the City Engineer or his delegated representative. Therefore, the City Engineer will need to approve all Letter Agreements prior to authorizing the work to be started.

If you have any questions or comments regarding the specification or procedure, please direct them to Mo El-Ali.

Attachment

MEA/ac

A:\SupplementalAgreementProc.

City of Tucson  
Department of Transportation  
ENGINEERING DIVISION

SUPPLEMENTAL AGREEMENT PROCEDURES

Addendum No. 1

The following additions are hereby made to the subject supplemental agreement procedures:

Minor Alterations to the Contract:

When the division makes alterations in the details of construction or specifications that are minor in nature, such as engineering errors, minor design or specification changes, etc., the Engineer may elect to make equitable adjustment to the contract under the provisions of this procedure. Minor alterations shall be defined as those alterations in the contract that are valued at less than \$5,000.00. The Engineer and the Contractor shall agree upon the scope of work and a lump sum amount for the work to be performed. The agreement shall be reflected in a letter agreement signed by the Engineer and the contractor's representative, which when it bears both the signature of the Engineer and Contractor shall constitute the scope of work and basis of payment under the item "Minor Alterations to the Contract." Work shall not proceed until both parties sign the agreement. Any adjustment of contract time due to Minor Alterations will be in accordance with Subsection 108-8 of the Standard Specifications.

When conditions arise which fall within the above stated limitations, the Engineer will prepare a letter agreement with the contractor defining the work to be done. Distribution of the letter agreement will be made as follows:

- Original copy – Project File
- 1 copy – Project Manager
- 1 copy – Project Inspector
- 1 copy - Contractor

The letter agreement will be co-signed by the contractor's representative and a formal change order will not be required. The contractor's representative must be included on the authorized signature form for minor change letter agreements.

Each letter agreement will include the following information:

1. The project number and date of authorization.
2. A description of the work authorized and location by stationing.
3. The cost of the alteration.
4. All contacts shall be stated in the authorization letter. Concurrence from the Field Engineering Manager and City Engineer shall be shown.

The information given in the upper part of the letter agreement shall always be presented in the following form:

1. Request: (Stating in detail what change is proposed and the location of the proposed change.)
2. Reason: (Stating sound and factual reasons why the change should be made and how the city will benefit from the change.)
3. Other: (Such as "specification", "time limit", etc.)
4. Estimate: (Showing the cost or savings that will result from the proposed change.)

Under the contract item Minor Alterations to the Contract, a lump sum amount will be established. The contract pay item shall be created in the amount of 2.0 percent of the contract with a minimum value of \$20,000 and a maximum value of \$50,000. Any individual alteration shall not exceed \$5,000 and shall be entered on the monthly estimate as a sub item. Should the contract pre-established lump sum amount require additional financial limits, they may be increased through normal supplemental agreement process.

Prior to preparation of the letter agreement, the Engineer must completely analyze the work to be done. It cannot be over emphasized that the letter agreement must contain all facts relevant to the change being made. Careful consideration must be given to the value of making specification and special provision quotations, photographs, drawings, etc. a part of the agreement in order that it may be more understandable to all parties concerned.

A complete review of the standard specifications, plans and special provisions relative to the change is an absolute must prior to preparation of the agreement in order to avoid contradictory information or oversight in the proposal and analysis.

In cases where it is necessary for the contractor to submit an analysis to support the cost of the change, the Engineer must make a complete review of the contractor's analysis and be completely satisfied that it is equitable and justified before accepting it and making it a part of the agreement.

The engineer's review will be in the form of a completely independent cost analysis which will be attached to the letter agreement and retained in the project file. The engineer's cost analysis should be made by comparing bid item costs of similar work or by providing a complete breakdown of labor, equipment, and material when possible.

Quantity overruns or underruns of items with established contract prices will not require a letter agreement but will continue to be documented by Fiscal Variance Report as needed.

Dated November 13, 1997

MEA/ac

A:\SupplementalAgreementProc.