

CHANGES TO THE CONTRACT – CHANGE ORDERS

The cost of change orders to the contract will be computed as follows:

- A. In all cases, regardless of method used to determine values of changes, estimated or actual cost shall be submitted in detailed breakdown form, giving quantity and unit costs of each item, labor costs, allowable overhead and profit.
- B. Where unit prices have not been established for the contract, the work shall be based on a lump sum adjustment determined by criteria outlines under HUD 5370, General Condition, Paragraph 28. The allowances including all overhead, commission, profit and bond to be allowed for increase shall in no case exceed the percentages of net extra costs as itemized in HUD 5370, Paragraph 28 Equitable Adjustments.
 1. For change orders these percentages shall include, but not be necessarily limited to:
 - a. Insurance (other than mentioned herein);
 - b. Bonds;
 - c. Field and office supervisors and assistants;
 - d. (1) Use of small portable tools and equipment, whether manual or automatic generally designed for individual use by a tradesman
(2) Use of any manual tools and equipment, regardless of size, portability or end use;
 - e. Average job engineering, stakeout and layout;
 - f. Incidental job burdens, and;
 - g. General administrative costs required by reasonable extension of time is extension of contract time if necessary because of the change.
 2. Cost shall be computed to include actual cost of:
 - a. Labor, including pro-rated charges for foremen;
 - b. Materials entering permanently into the work;

- c. Ownership or rental cost of construction equipment during time of use for the extra work;
 - d. Power and consumable supplies for the operation of power equipment;
 - e. Insurance related to labor benefits required under union agreements;
 - f. Social Security and unemployment insurance;
 - g. Applicable taxes,
- C. Estimates for materials shall be based on reasonable current prices at which materials are available to the Contractor and Subcontractor. Upon request, satisfactory evidence of such costs shall be submitted.
- D. When additions and credits are involved in any one change order, the allowance for overhead and profit shall be figured on the basis of net increase, if any. Full credit, not including allowances for Contractor's overhead, profit or commission shall be given the Owner for deductions. Values of taxes shall be included in deductions.
- E. No work on proposed changes shall be started until the proposed changes have been approved by the Architect, Owner and HUD (the latter if the proposed amended contract price exceeds the Authority's latest HUD approved Modernization Budget (s) for the subject work or in certain other cases as defined in Modernization Handbook, 7485.1-Rev. 3, Section 9-16, as well as 24 CFR 968.12 (g).
1. Where an emergency or a situation required that changes in contract work be done prior to formal approval of the Change Order, the Authority shall issue a proceed order to the contractor who must maintain an accurate account of all labor and material involved in the change. Amount of such proceed order shall receive prior HUD approval. In all cases except emergency, proceed orders require prior HUD approval if budgeted line item amount(s) are exceeded or if dollar threshold is exceeded. All proceed orders shall be followed by change order(s) in the approved manner prior to contract settlement/final payment /release.
 2. All such time and material is subject to verification. Contract shall notify
 3. Owner's or Architect's Project Representative when work on such changes is to start and when completed.

4. To receive full recognition, labor assigned to contract changes must, insofar as possible, work continuously on the change rather than interchanging between contract work and the change.

F. In order that proposed changes in work, if they should occur, can be processed without undue delay, the Contractor shall indicate in each separate proposal requesting a change in the contract supporting information in detailed breakdown form including the following:

1. The exact location of the change requested;
2. The square feet, square yards, cubic yards, linear measure or any other unit of measure applicable to the work involved, together with the unit cost of labor and material by trades. Labor unit cost shall include associated insurance. Other types of protection are assumed to be covered by overall job insurance with no additional changes assigned to unit costs, and;
3. An Affirmative Action Plan (AAP) must be developed by the Contractor and forwarded to HUD for review and approval as required under Section 130.35 of Title 24, CFR, Par 130; Equal Opportunity HUD Contract and HUD Assisted Construction Contracts.

Section 130.50 of Title 24, CFR, Part 130 sets forth Requirements for Bidders and Prospective Contractors – Previous Reports, HUD 4238, Certification of Prospective Bidder and Subcontractors Regarding Equal Employment Opportunity must be completed prior to contract and any subcontract award.

Before final payment can be made, certain contract settlement documents for final payment must be developed by the Authority, reviewed and countersigned by the Engineer and executed by the Contractor and the Authority. The contractor is hereby notified that a 30-45 day review and processing period from date of receipt is required by HUD depending on whether HUD elects to make its final inspection after the Engineer's final punch list has been completed by the Contractor.