

PREPARING DETAILED BREAKDOWNS FOR CHANGE ORDER PROPOSALS

I. GENERAL

- A. All work to be performed under the change order must be itemized, including the work of all subcontractors.
- B. Items must be relevant to the scope of work of the change order. Each change order is reviewed as unique; therefore, a lump sum approach to quoting prices is not acceptable. Submit all information necessary to support the proposal including an explanation of unusual job conditions affecting the proposal.
- C. Itemize the work in sufficient detail so that quoted quantity and price can be verified. Each work item must be listed with its respective unit price and labor unit rate. Failure to itemize is the most common reason for delay or rejection of change orders.
- D. The use of values or unit prices from the CSV in the proposal may not be acceptable. CDB may require additional documentation where CSV unit prices are requested on the change order proposal.

II. ALLOWABLE ITEMS. Listed below are major items that may be included in change order quotations. The list is not all inclusive.

- A. **Basic Materials.** Defined as items that can be purchased at local supply houses and are not uniquely specified. Examples include pipe, fittings, conduit, lumber, concrete and drywall.

This material is to be priced at the contractor's cost, not the manufacturer's suggested list price. The timing of the change order and its size are used to determine if bulk price or over-the-counter prices are acceptable. Where a supplier's price is excessive, other local suppliers' prices may be used to determine allowable costs. Material backup quote must be on supplier's letterhead.

When the material cost in question is small relative to the total change order, the estimator may verify the cost by referencing previous change orders or nationally recognized construction data manuals.

- B. Equipment.** Defined as those components of the work which are uniquely specified for the project or are built or manufactured on special order and are not stock items. Examples include boilers, chillers, switch gear, transformers and special general finishes.

Equipment costs must be supported by quotations on the supplier's letterhead with descriptions of the pertinent characteristics of the equipment listed such as size and manufacturer. Quotations that have been altered in any way are not acceptable.

Some minor equipment costs, such as dumpsters, may be verified by referencing previous change orders or nationally recognized construction data manuals.

C. Labor Costs.

1. Labor Unit Rates. CDB will check the contractor's estimated labor unit rates in the quotation against CDB's historical rates from other projects and published sources. Major deviations will cause rejection of the change order. Difficulty or job factors applied to rates must be noted with an explanation.
2. Working foreman hours (only) may be included.
3. Labor wage rates may include the following:
 - a. Taxable wages to the employees (the trade base wage rate). CDB may request a copy of any worker's pay stub or certified payroll to verify the base wage rate.
 - b. Fringe Benefits
 - (1) When labor to be performed is covered by IDOL prevailing wage, the fringe benefits shall be in accordance with IDOL or the local union agreement.
 - (2) When trade labor to be performed is not covered by an IDOL listed prevailing wage, the fringe benefits shall include employer's costs (subject to verification) for the following items only:
 - (a) Medical/dental/life insurance
 - (b) Pension
 - (c) Vacation
 - (d) Sick/Personal
 - (e) Holidays

- (3) The maximum allowance for fringe benefits for each trade shall be no higher than shown on the IDOL web site unless verified by union contract or other documentation acceptable to CDB.
 - c. Employment costs mandated by the government:
 - (1) FICA
 - (2) FUTA (actual cost up to Federal maximum)
 - (3) SUTA (actual cost up to State maximum)
 - (4) Worker's compensation insurance (actual cost subject to verification)
 - (5) Training required for State license or certification (subject to verification)
 - d. Labor rates not conforming to IDOL published prevailing wage rates must be backed up with a copy of the union agreement or other verification.
 - e. No other costs may be included in the hourly wage rate.
4. Overtime Hours. All overtime hours are to be itemized separately at the exact overtime rate. Worker's compensation and fringe benefits do not apply to overtime. The use of overtime in performing change order work must be approved by CDB prior to submittal of RFP.
5. Travel Costs. Travel expenses are allowed only under the following conditions and may not exceed the rates published in the State of Illinois Travel Policy (CMS publication available at: www.illinois.gov/cms/employees/travel/pages):
 - a. When travel expenses are required by the local union agreement, a copy of the union agreement which describes travel costs to be submitted with wage rates on every change order.
 - b. When there are no workers available from the respective locals, a letter from the local hall stating such must be provided.
 - c. When the work is very specialized and/or non-union labor is to be used, CDB will reimburse for no more than the maximum State per diem and mileage.
 - d. If a subcontractor must return to the site after they have completed their work on site, or when a change order is initiated after substantial completion and the contractor is no longer performing work on site, or in conjunction with a time extension change order, if the delay is not due to the

contractor, travel will be allowed for one lead person for each trade, providing the home base for the (sub)contractor is outside the local area.

- e. Vehicle mileage for only one vehicle will be allowed.
 - D. **Bonds.** The increase or decrease in the cost of the performance bond as a result of the change order shall be included.
 - E. **Builders' Risk Insurance.** Builders' Risk insurance is allowed for prime contractors only. No General Liability or other insurance cost is allowed.
 - F. **Tool Allowance.** An allowance for employer provided tools and related consumables will be allowed when pertinent to the change order work. Consumables may include saw blades, drill bits, etc. Tool allowance will not be permitted on change orders that do not require allowable tools or consumables. Maximum allowance is 2% of journeyman wages only.
 - G. **Rental Equipment.** Equipment such as concrete saws, pipe threaders, compressors, backhoes, etc. necessary to complete the change order work is allowed. Quotations or invoices from rental companies must be included even if equipment is owner owned.
 - H. **Additional Warranty Costs.** Usually these costs will only apply when a piece of equipment is added to the project. The cost of this item must reflect the appropriate risk of a warranty call-back and should be for labor only. Replacement parts are considered to be part of the manufacturer's quotation.
 - I. **Testing, Balancing and Start-Up Costs.** These costs are allowable if the scope of work for the proposed change order modifies the levels of testing, balancing or start-up costs of the original project.
 - J. **Long Term Storage.** The storage costs of purchased material and equipment are allowed only under unusual situations. Where storage is chargeable, it must be shown that either a rented warehouse or the contractor's warehouse was required for extended storage of the materials required for the change order.
- III. UNALLOWABLE ITEMS.** The following cost items are not acceptable on change order proposals. The list is not all inclusive.
- A. **Engineering Fees.** CDB requires the A/E to provide all design services. If the contractor feels that engineering or design is required to clarify the work, then the CDB project manager should be notified.
 - B. **Job Site Facilities** such as trailers and phones.

- C. **Short Term Storage.**
- D. **Cost of Estimating and Preparation.** This is an overhead cost.
- E. **Costs of Clerical and Support Staff.** This is an overhead cost.
- F. **Supervision.** This is an overhead cost, except when a foreman is also directly performing the work. Labor costs for supervisors, general foremen, foremen not allowed to work with tools by union agreement, etc, are not allowed. An exception may be made when the change order is initiated after substantial completion and the contractor no longer has supervision on site or in conjunction with a time extension change order, if the delay is not due to the contractor.
- G. **Liability Insurance.** This is an overhead cost.
- H. **Safety.** Safety materials and labor are not allowed, it is in the overhead, unless it is required by union contract. Copy of contract will be required.

IV. SPECIAL SITUATIONS

- A. **Shop Drawings.** A change order may require the contractor to prepare additional or revised drawings to install the work. The cost of such drawings may be included in the change order if requested by the A/E. The contractor may be required to submit these drawings to verify the inclusion of this cost.
- B. **Duct Work.** Low and medium pressure duct work may be quoted dollar per pound delivered to the job site. The net weight should be shown as the quantity sold. The price per pound should include waste allowance, bracing and reinforcing, shop labor, material, and equipment. The intent is to treat duct work as a manufactured product. For duct work purchased from another firm an itemized and unit price quotation from the supplier is to be furnished with the contractor's proposal.
- C. **Sheet Metal Specialties.** These specialties include splitter dampers, fire dampers and flexible connections. These are to be itemized as "equipment" with unit prices shown. These materials may not be shown with a total lump sum.