

THIS MEMO IS EXPIRED

June 13, 2000

MEMORANDUM NO. 19-00

TO: DISTRICT CONSTRUCTION ENGINEERS

FROM: Greg Xanders, State Construction Engineer

COPIES: Freddie Simmons, Bill Albaugh, Charles Goodman, Archie Montgomery

SUBJECT: "AVOIDABLE" COSTS / CODES RELATED TO CONTRACT CHANGES AND PREMIUM COSTS

After discussions between Design and Construction we have agreed to clarify the definition of the term "avoidable" as follows. An **avoidable contract change**, is a contract change which requires modification to a project feature or delay to a contract which should have been foreseen using standard design practices and appropriate project management activities.

Note that avoidability codes refer only to the need for a contract change. The avoidability codes do not indicate that the work or the costs associated with that work were avoidable This is a significant deviation from what has previously been done.

Examples of Avoidable and Unavoidable Contract Changes

- (1) In house designer fails to include erosion control features at the end of a large drainage system outlet and severe erosion occurs. Stone is added by an SA or the overrun of existing pay items in an amount severe enough to trigger an SA to encumber funds before all unfunded contract overruns exceed 5% of the original contract amount.

101 - Necessary pay item(s) not included in contract, 2 - Avoidable Production FDOT, When new pay items are required there will be some non-premium costs as the feature was needed to begin with and was merely added... if the resulting cost is much higher than a normal bid would have been, then the excess costs are premium and no recovery action should be recommended.

. . . or . . .

108 - Plans do not describe scope of work, 2 - Avoidable Production FDOT, When existing pay items are used to address the work even though the designer did not anticipate it and the resulting overruns are large enough to trigger an SA to encumber funds before all unfunded contract overruns exceed 5% of the original contract amount. There are some non-premium costs as a needed feature was added... if the resulting cost is much higher than a normal bid would have been, then the excess costs are premium and no recovery action should be recommended.

- (2) A consultant traffic engineer fails to include the proper wiring for power source connections. The contractor requests instructions on where to locate the power source for the signal. The FDOT project engineer documents that the contractor is delayed 18 days including awaiting a response from the designer, installing power source connections and awaiting power connection by the electric utility. The Contractor files a claim for delay damages in accord with the formula in the new claim specification.

Examples of Avoidable and Unavoidable Contract Changes . . . continued

- (2) A consultant traffic engineer fails to include the proper wiring ... continued

101 - Necessary pay item(s) not included in contract, 1 - Avoidable Production Consultant, There are some non-premium costs as the feature was need to begin with but the power source connection cost is much higher than a normal bid would have been. The excess costs are premium as are the delay claim costs. Recovery from the Production Consultant should be recommended.

- (3) A utility company mis-locates a 10" sanitary sewer line on its relocation plans creating delays and added drainage structures for areas of conflict.

106 - Inaccurate identification of utility with no Joint Project Agreement, 5 - Avoidable 3rd Party, the costs associated with the work and the delays will all be premium and recovery from the utility company should be recommended.

- (4) A city or county government agency requests additional work after the contract is let

007 - Work added or deleted from 3rd party agreements, 5 - Avoidable 3rd Party, if the city or county government agency was given a chance to review the plans and request the work prior to letting. No premium costs where full cost is paid by the city or county government agency and no recovery action should be recommended.

. . . OR . . .

007 - Work added or deleted from 3rd party agreements, 2 - Avoidable Production FDOT, if the city or county government agency ***WAS NOT*** given a chance to review the plans and request the work prior to letting. No premium costs where full cost is paid by the city or county government agency and no recovery action should be recommended.

- (5) A commitment for a driveway made by FDOT's right of way agent is not shown on the plans.

008 - Project modifications at Right of Way Office's request, 2 - Avoidable Production FDOT, the excess costs associated with the construction of the driveway are premium

- (6) A commitment for a driveway made by a consultant right of way agent is not shown on the plans.

008 - Project modifications at Right of Way Office's request, 1 - Avoidable Production Consultant, the excess costs associated with the construction of the driveway are premium and recovery from the Production Consultant should be recommended.

- (7) The value of property acquired by an Imminent Domain case is contested, the court ordered settlement stipulates a driveway at a location not shown in the In house produced plans.

008 - Project modifications at Right of Way Office's request, 2 - Avoidable Production FDOT, if the settlement order was available before final plans review.

. . . OR . . .

008 - Project modifications at Right of Way Office's request, 0 - Unavoidable, if the settlement order was not available before final plans review.

Examples of Avoidable and Unavoidable Contract Changes . . . continued

- (8) The contractor requests clarification of an apparent stationing conflict between the side street curb and gutter and the planned width for side street turnouts. The FDOT project engineer does not respond until after curb and gutter for the turnouts is constructed at the stationing shown in the plans which is too wide to tie into the side street curb and gutter placed by the county 2 weeks earlier. The turnout must be reconstructed and the project is delayed.

130 - Indecision or delayed response causing contract delay, 4 - Avoidable FDOT CEI, the costs and time associated with the reconstruction of the turnout are premium and no recovery action should be recommended..

- (9) The contractor requests instruction from the Consultant CEI’s chief inspector after encountering a telephone duct bank at a location not shown on the plans. The inspector mistakenly assumes the duct bank encountered is the duct bank shown as abandoned at a location close by on the plans. The inspector directs the contractor to remove a section of duct bank in conflict with a proposed drainage structure and the project is delayed while telephone cables within the damaged section of duct bank are spliced.

502 - Inaccurate directions during construction, 3 - Avoidable Consultant CEI, the delay costs associated with splicing the telephone cables and reconstructing the duct bank are premium and recovery from the Consultant CEI should be recommended.

Note that premium costs are commonly associated with avoidable work and the excess costs of unavoidable work. The term premium costs is defined in the CPAM. (Pg 4-3-2) As follows:

Premium Cost - The additional work does not add any benefit or enhancement to the project,
... or ...

The costs of the additional work exceeds (a) that determined by the most applicable State-wide or District-wide AKBAR CES/CAS Pay Item Search for the most recent twelve to twenty-four months, and (b) costs and mark-ups for equipment, labor, material and supplies, General Liability Insurance and Bond, and subcontracted work shown in Standard Specifications, Section 4-3.2.3.

Here is a complete list of the currently available contract change description codes. The “Avoidable and Unavoidable” contract change examples above used codes drawn from these lists.

Currently Available Single Digit Description Codes for Contract Changes

Avoidability Codes

- 0 - Unavoidable: No Remedial Action Required
- 1 - Avoidable: Production Consultant*
- 2 - Avoidable: Production FDOT*
- 3 - Avoidable: Consultant CEI
- 4 - Avoidable: FDOT CEI
- 5 - Avoidable: 3rd party

Cost Recovery Codes

- Y - Initiated
- N - No Action Recommended
- C - Action Closed
- P - Recovery Pursued
- R - Action Recommended
- \$ - Closed/Recovery Received

Claim/Extended Limits Codes

- C - Claim settlement
- N - Neither
- E - Extend Project Limits

* Note: Production includes Design, Design Project Manager, Survey, R/W, Environmental Office

CONTRACT CHANGE ROOT CAUSE CODES WITH DESCRIPTIONS

001	Subsurface material or feature not shown in plan
003	Harmonize project with adjacent projects
004	Design standards, Specification or Policy change after contract letting
005	Utility adjustment delaying schedule with no Joint Project Agreement
007	Work added or deleted from 3rd party agreements
008	Project modifications at Right of Way Office's request
009	Permit related issues
010	New work items, overruns or plans modifications due to weather
012	Deterioration of, or Damage to Project (not weather related)
013	Test features not included prior to letting
015	Changes required to project modifying Utility Joint Project Agreement
016	Article 8-7.3.2(2) of Standard Specifications including Materials Acquisition
018	Special events or excessive traffic
019	Conflicts between contractors
101	Necessary pay item(s) not included in contract
103	Incorrect or insufficient subsoil information
104	Incorrect method of measurement for earthwork
105	Discrepancies between plan notes, details, standard indexes and specifications
106	Inaccurate identification of utility with no Joint Project Agreement
107	Modification of Maintenance of Traffic for pedestrians, boats, cars, bikes, etc.
108	Plans do not describe scope of work
112	Phasing or plan components not constructable as shown in plans
113	Modification to pavement design required
115	Required drainage modifications
116	Inadequate Right of Way to construct as shown on plans
117	Access management issues
118	Improper or inadequate signing, signalization or pavement marking design feature
119	Revisions required related to major structural component changes
120	Hazardous materials encountered requiring plan changes
122	Bike, pedestrian, ADA or other public transit not properly addressed (Non-MOT)
123	Landscaping issues not adequately addressed
126	Computation error
128	Inaccurate survey information used in plans preparation
130	Indecision or delayed response causing contract delay
131	Architectural feature related issue (generally for building modifications)
208	No specification provided for item of work
300	Value Engineering Change Proposal
325	Partnering (should be overrun only)
502	Inaccurate directions during construction
503	Change resulting from engineering decision
700	Overrun of existing pay items: contract + 5%
725	Defective materials (should be negative SA)
850	Contingency supplemental agreement

For questions on these examples or the definition of avoidable please contact John Shriner (SunCom 994-4149 E-mail CN982JS) or Randy Borgersen (SunCom 994-4168 E-mail CN982RB).