

BMHS PROCESS OF A CONSTRUCTION CHANGE

Types of Changes

Owner Changes such as adding additional lights
Jurisdictional Changes such as a building inspector requiring an additional cleanout on a drain
Unforeseen Conditions such as finding asbestos that must be removed behind an existing wall to remain
Omissions in Design such as the architect not showing outlets in a classroom on the bid documents
Errors in Design such as the architect specifying the wrong door handle that now needs to be replaced

Delivery of Changes to Project

RFI change - Request for Information from Contractor results in answer with a change in Contractor scope
Submittal change - Design team adds comments to their review of material details from Contractor resulting in scope change
CCD change - Construction Change Directive by Design team changes Contractor scope
PR change - Proposal Request issued by Design team to change Contractor scope
ASI change - Architectural Supplemental Instructions, which typically have no scope impact, changes Contractor scope

Pending Revisions Tracked Before Being Issued

Weekly Project team tracks anticipated changes before they are issued as a formal change
Scope is defined broadly and an order of magnitude cost is established
This list is tracked monthly in the Project Budget Summary
Items move to the cost events list when they are formally issued to the Contractors
It can take weeks for a pending revision to be formally issued
Pending revisions can have a cost increase, a cost decrease, or a zero cost

Pending Revision Evaluation

Weekly the Project team reviews the pending revisions list to determine if the work is necessary
Further review is performed to see if there is an alternate solution that can avoid the scope change
Those items that stay on the list are documented and issued as a formal change

Cost Events Recorded

Skanska initiates a cost event for any item that appears to be a scope change
Skanska describes the cost event and assigns a probable cost
Note that a cost event can have a cost increase, a cost decrease, or a zero cost
A cost event can be for something already completed or something planned in the future
Skanska continues to evaluate the scope impact and refines the cost
Cost events are tracked monthly in the Project Budget Summary

PCO (Project Change Order) Issued by Skanska

Once contractor costs are collected for cost event and validated by Skanska it is issued as a PCO
It can take months for a cost event to become a PCO
All PCO's are presented to the Committee at the monthly meetings as long as they are on this list
PCO's are tracked monthly in the Project Budget Summary as costs are evaluated by the Project team
Some of the PCO's are reviewed in more detail at the Committee meetings

PCO Evaluation

CHA and P&W review scope of change as interpreted by Contractor
CHA and P&W look at material and labor costs based on reasonable values for scope change
Project team evaluates if there is an allowance in the budget that may cover some or all of the PCO
Allowance draws are not a construction cost impact and that PCO drops off the cost log and Project Budget Summary
Weekly comments are exchanged back and forth until the team agrees on the final scope and cost for the PCO
Once agreement is reached with the Project team the PCO is moved to a PCCO for Building Committee approval
It can take months for a PCO to be determined ready for a PCCO

PCCO (Prime Contract Change Order) Approval

A PCCO typically consists of a number of PCO's from the past month, that is ready for Committee approval
Monthly the PCCO is reviewed by the Chair and Vice Chair prior to Committee to confirm it is complete and ready
If PCO's are questioned by Chair and/or Vice Chair, they are removed from PCCO until they are deemed ready
PCCO is presented monthly to Committee for approval in detail describing scope of change and proposed cost
Committee asks questions and votes to approve the PCCO
PCCO's are tracked monthly in the Project Budget Summary

PCCO Funding

A PCCO is a change in cost to the construction contract with Skanska
No fees change as a result of a change in cost, not CHA, not Perkins and Will, and not Skanska
A PCCO is funded from the construction contingency allowance in the total Project budget of \$295 million
Once a PCCO is executed the value of the contract for Skanska is increased by the value of the PCCO
Once a PCCO is executed the value of the construction contingency is decreased by the value of the PCCO
The total Project budget of \$295 million remains unchanged from execution of the PCCO