



Alabama Department of Finance

Real Property Management

Division of Construction Management

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Change Order Guidance

See C-8: General Conditions of the Contract; Article 19: Changes in the Work, & Article 23: Delays at https://dcm.alabama.gov/PDF/forms/C-8_Gen_Cond.pdf

Responses to Frequently Asked Questions

- There must be back-up for each item; each item must include a breakout of material and labor and its total.
- On the GC's Summary, each \$ amount for a subcontractor must have subcontractor's quote as backup.
- Subtotals on the General Contractor's (GC's) Summary must match subtotals on any subcontractors' paperwork.
- GC quotes and subquotes must be broken down by labor (hours and rates), materials including quantities and unit prices (with receipts or quotes attached), equipment whether rented or owned (with receipts or quotes attached), and Overhead & Profit (OH&P).
- GC's Summary and back-up invoices cannot include sales tax and cannot include charges for bonds.
- Total OH&P of each item can be maximum of 25% divided among GC & subcontractors. GC can have maximum of 15% OH&P. GC and subcontractors cannot include insurance in addition to OH&P.
 - Correct OH&P calculation example: 15% OH&P of a \$100.00 item is \$15.00, for a total of \$115.00.
 - False OH&P calculation example: For 15% OH&P, sometimes contractors will list 10% as OH of a \$100.00 item for an OH of \$10.00, add it to item for a subtotal of \$110.00, then calculate 5% Profit of \$110.00 subtotal as \$5.50 and add it all together for a total of \$115.50, but that is an incorrect calculation.
- Deductive change orders: Same backup as noted above is needed, including breakdown of material and labor, and must also deduct OH&P if included in original bid. Include specification section regarding allowances.

Weather Delays

If additional days are requested due to weather, backup for such must be provided. Besides the following examples, alternate methods of calculation may be acceptable.

Example 1 - Provide a table displaying:

- a. Daily precipitation (in inches) at the site during the month associated with the report.
- b. The number of days in which the contractor **can anticipate precipitation** above 0.10 inches, for that particular calendar month, based on NOAA data from a location within the vicinity of the project (5-year average).
- c. The number of days in which the contractor **actually experienced precipitation** above 0.10 inches.
- d. Calculation: $c - b =$ number of allowable weather delay days awarded to extend contract time.

Example 2 – Provide a summary and proof; summary can be written/typed on proof:

Summary:

- A. Number of lost days.
- B. Total amount of actual rainfall for the lost days.
- C. Average amount of rainfall of the past five years' pertinent month(s) for the matching month(s) of the lost days included in this change order.
- D. Calculation: $((B - C)/B) \times A =$ number of days requested to be added to the schedule via change order.

Proof (website data, for example NOAA data, is acceptable proof):

- E. Proof of the lost days.
- F. Proof of the average amount of rainfall of the past five years' pertinent month(s).