



Construction Policy Bulletin

CPB 10-2 Contract Change Order Standardized Clause on Merited Disputes

References: *Standard Specifications* Amended Section 4-1.03, "Changes"
Amended Section 9-1.04, "Notice of Potential Claim"

Construction Manual Section 5-3, "Contract Change Orders"

Construction Policy Bulletin CPB 06-9, "Payment of Construction Disputes with Merit"

Effective Date: February 18, 2010

Approved: 
MARK LEJA
Chief
Division of Construction

Approval Date: February 17, 2010

Background

The resident engineer processes contract change orders; provides timely payments to the contractor; and resolves construction disputes, protests, notice of potential claims, potential claims, and claims determined to have merit and entitlement under the contract.

This policy bulletin modifies the standardized clause under CPB 06-9, "Payment of Construction Disputes with Merit," approved on December 15, 2006, and provides the resident engineer with a revised clause to use in unilateral and executed contract change orders. The modified clause facilitates execution of approved contract change orders issued to the contractors.

Existing Procedure

CPB 06-9, "Payment of Construction Disputes with Merit," emphasizes the importance of resolving construction disputes with entitlement authority under the contract and of providing timely payments to the contractor for work performed. The policy directs the resident engineer to include a specific standardized clause for a unilateral and executed contract change order to resolve specific disputes or issues in the contract.

New Procedure

The resident engineer executes a contract change order to resolve each dispute with entitlement. To close out a dispute including requests for information, protests, potential claims, and claims, the resident engineer must use the following contract change order clause:

This contract change order provides full and final compensation for and resolves all aspects of the *[request for information, protest, dispute, potential claim, notice of potential claim, or claim]* related to number *[reference number]* described as *[description]*.

The resident engineer customizes this clause for partial resolution of a dispute and clearly designates that work being paid and the specific originating request for information, protest, potential claim, and claim to be resolved by the contract change order.

The chief, Office of Contract Administration, in the Division of Construction may grant an exception to this policy on a project-by-project basis. The resident engineer must submit exception requests by email or in writing. The division's contract change order engineer will send exception authorization to the resident engineer in a contract change order telecopy.

Unilateral and executed contract change orders for ongoing, newly advertised, and future contracts must include this revised clause.

If you have questions please contact Ronald Bacani, Division of Construction, at (916) 654-4452 or ronald_bacani@dot.ca.gov.