



MANAGING ADDENDA AND CONTRACT MODIFICATIONS

BY DAVID J. WYATT, CSI, CCS, CCCA

All contractors, subcontractors, and suppliers have a financial stake in complete construction documents for proper bidding and execution of projects. Two types of documents, addenda and contract modifications, amend the originally-issued drawings and specifications. Following is an overview of the types of changes commonly used in construction projects. Forms for these procedures are listed in the chart provided.

Addenda

Addenda are documents changing the bidding requirements, drawings, or specifications during the bidding period, before a contract for construction is awarded.

In traditional design-bid-build project delivery, the construction market does not get to evaluate the drawings and specifications for constructability until they are issued to the bidding public. Invariably, there are at least some minor discrepancies or gaps in the documents once they are reviewed by constructors. Bidders are usually instructed to request clarifications by submitting written Requests for Interpretation (RFIs). If, in the opinion of the Architect/Engineer (A/E) or design/building a clarification does need to be made or a substitution is allowed, the information is communicated to known document holders by an addendum. An addendum does the following:

1. Amends and supplements the original bidding documents.
2. Becomes a part of the bidding documents.
3. Should be acknowledged by the bidder on the bid form.

In most public projects, addenda cannot be issued within 72 hours of the bid date and time, or an extension is granted to all bidders. In private projects using AIA General Conditions, addenda can be issued right up to the time contracts are negotiated, although this practice often leads to changes in bid prices and can prolong contract negotiations.

Bidders should monitor addenda carefully. A common complaint among subcontractors is that they do not receive addenda from contractors until it is too late to respond. Construction reporting services (e.g. F.W. Dodge) or project websites help

solve this problem by providing information in electronic formats.

Contract Modifications

Contract modifications are documents changing the contract documents after a contract is awarded. There are several types:

1. **Clarifications.** These are minor changes in the work that are not expected to result in a change in the contract sum or time but nevertheless need to be documented in order for the project to proceed properly. Although the Architect/Engineer normally researches these matters before issuing them, a contractor (or subcontractor or supplier) should immediately respond with a written explanation if the instructions will indeed affect contract cost or time.
2. **Change Order.** A change order is a signed document agreeing to change the contract sum or time for an amount agreed to by the parties to the contract. The change order process begins one of two ways:
 - a. Proposal Request, in which the contractor is asked by a higher-tier contractor, the owner, or the A/E to state the difference in cost or time for the described changes.
 - b. Change Order Request: This is a request initiated by the contractor for changes. It is accompanied by a detailed proposal to perform the described change. If the owner and A/E or design builder approves the contractor's proposal or Change Order Request, a written change order is issued, and the contract is modified accordingly.
3. **Change Directive:** The owner or Architect/Engineer issues a change directive when it is necessary for a modification to be made, but the contractor and owner either need more time to negotiate the cost or the total cost will not be known until the work is completed. The contractor is authorized to proceed with the described change and provisions are included for negotiating the total sum at a later date.

Documents for Administering Addenda and Modifications

Document	Procedure	Results
Addenda	<ul style="list-style-type: none"> Issued by Owner or A/E before a contract is awarded. Amend and clarify Bidding Documents. 	<ul style="list-style-type: none"> Modifies bidding documents.
Requests for Interpretation (RFI): <ul style="list-style-type: none"> CSI Form 13.2A 	<ul style="list-style-type: none"> Issued by Owner, Bidders (prior to contract award), or Contractors (after contract award) to resolve ambiguities or errors in documents. 	<ul style="list-style-type: none"> A/E or design-builder responds with addenda during bidding period, and with clarifications or changes following contract award. May result in proposal request or change order request.
Substitution Request: <ul style="list-style-type: none"> CSI Form 1.5C Substitution Request During the Bidding Phase; CSI Form 13.1A Substitution Request (After the Bidding Phase). 	<ul style="list-style-type: none"> Issued by Bidders (prior to contract award), or Contractors (after contract award). 	<ul style="list-style-type: none"> A/E or design-builder responds with addenda during bidding period, and with clarifications or changes following contract award. May result in proposal request or change order request.
Clarifications: <ul style="list-style-type: none"> CSI Form 13.3A Clarification Notice; AIA G710 - Architect's Supplemental Instructions 	<ul style="list-style-type: none"> Issued by A/E or design-builder following Award of Contract for minor changes or clarifications. 	<ul style="list-style-type: none"> Not expected to change contract sum or time. Recipient should respond with Change Order Request if Field Order will result in change in contract sum or contract time.
Field Order: <ul style="list-style-type: none"> CSI Form 13.4A Field Order 	<ul style="list-style-type: none"> Issued by the design team following Award of Contract for minor changes in order to maintain project schedule. 	<ul style="list-style-type: none"> Not expected to change contract sum or time. Recipient should respond with Change Order Request if Field Order will result in change in contract sum or contract time.
Proposal Request: <ul style="list-style-type: none"> AIA Document G709 	<ul style="list-style-type: none"> Issued by design team following Award of Contract for major changes in scope or quantity of work. 	<ul style="list-style-type: none"> Recipient responds with a Change Order Request
Change Order Request: <ul style="list-style-type: none"> CSI Form 13.6A Change Order Request (Proposal) 	<ul style="list-style-type: none"> Issued by Contractor in response to Proposal Request. 	<ul style="list-style-type: none"> Requires evaluation by Owner and design team. If accepted, Owner will approve issuance of a Change Order. If not accepted, Construction Change Directive may result.
Change Directive: <ul style="list-style-type: none"> AIA Document G714 Construction Change Directive. EJCDC Document 1910-8-F Work-Change Directive 	<ul style="list-style-type: none"> Issued by design team following contract award for changes in scope or quantity of work or contract time when work must proceed but price will be determined at a later time. 	<ul style="list-style-type: none"> Change Order will ultimately account for changes in Contract Sum, Contract Time, or both.
Change Order: <ul style="list-style-type: none"> AIA Document G701 Change Order EJCDC 1910-8-B Change Order 	<ul style="list-style-type: none"> Issued by design team following Award of Contract to incorporate major changes in scope or quantity of work or contract time. 	<ul style="list-style-type: none"> Documents changes in Contract Sum, Contract Time, or both.

This table presents available documents for proper administration of changes to construction documents both before and after contract award.

Change Order Pricing

Change order pricing often results in demands for justification. This is because change orders often bring to the owner's attention the high costs of construction that may seem out of proportion to the original bids. When a deduction is involved, the amount often appears disproportionately small. Even experienced owners may feel they are being overcharged or under-credited for adjustments in the work once the project has commenced. They often do not understand the costs associated with interruptions to production, restocking of purchased materi-

als, the higher unit costs for small orders, etc. Therefore, it is important for the contractor to communicate clearly and thoroughly with the owner, construction manager, architect/engineer, or other contractor who is unfamiliar with the nuances of the specialty involved. Guidelines include:

1. Use standard forms for administering contract modifications.
2. Provide thorough backup documentation of costs, including material, labor, tax, and bond breakout costs.
3. Examine the unit costs for the changes.

4. Propose alternatives that can help lower cost without sacrificing overall quality.
5. Communicate clearly to all suppliers to ensure receipt of fair numbers.
6. Be prepared to negotiate in the event of a budget crisis.

Conclusion

Although it is done too frequently, changes to the work should not proceed without a properly signed change order or construction change directive clearly authorizing a change in the work. Contractors, subcontractors, and suppliers should seek the advice of a licensed attorney specializing in construction contract law if they have questions about the legal ramifications of contract modifications.

For additional information about addenda and contract modifications, consult the *Manual of Practice of the Construction Specifications Institute*, Alexandria VA (www.csinet.org) and the *Architect's Handbook of Professional Practice* (www.aiaonline.com). They contain the standard forms identified in the chart on page 9. ■

ABOUT THE AUTHOR

David J. Wyatt, CSI, CCS, CCCA, is Director of Technical Services for TC Architects, Inc., Akron Ohio, and a member of the Construction Specifications Institute. Since 1997, he has published over 60 articles on specifications, construction administration, and quality control in *The Construction Specifier*, *Masonry Construction*, *Doors & Hardware*, and *Properties Magazine*. He is also a contributing author to the revised *CSI Manual of Practice* that will be completed this year.



DAVID J. WYATT, CSI, CCS, CCCA