



Construction Policy Bulletin

CPB 06-1 Prior Authorization to Proceed

References: *Standard Specifications* Section 4-1.03, "Changes"
Construction Manual Section 5-311, "Contract Change Order Approval"
Public Contract Code Sections 10227 and 10261.5

Effective Date: February 9, 2006

Approved: 
ROBERT PIEPLOW
Chief
Division of Construction

Approval Date: February 8, 2006

Background

When additional work is performed in the absence of an approved contract change order for an extended period of time, project relationships suffer, contractor cash flow is constrained, and administration of contract time and cost is compromised.

Section 10227 of the Public Contract Code requires that every Caltrans contract provide sufficient language allowing Caltrans to make changes to the plans and specifications.

Section 10261.5 of the Public Contract Code requires Caltrans to make progress payments within 30 days of receipt of the payment request from the contractor and obligates Caltrans to pay interest for late progress payments.

Section 4-1.03, "Changes," of the *Standard Specifications* requires the contractor to proceed with ordered work upon receipt of an approved contract change order. In the absence of an approved change order, the contractor is required to proceed with work when ordered to do so in writing by the engineer. The engineer is required to issue an approved contract change order for the ordered work as soon as practicable.

The engineer's written order to the contractor to proceed with work in the absence of an approved contract change order is known as prior authorization to proceed.

Existing Procedure

Section 5-311C, "Division of Construction Prior Authorization," and Section 5-311D, "District Prior Authorization," of the *Construction Manual* establish policy for prior authorization to proceed with ordered work, including that the order from the engineer must be dated and in writing.

New Procedure

Prior authorization to proceed with contract change order work should be used only on an exception basis due to extenuating circumstances.

The use of a prior authorization to proceed must be approved in advance of issuance by the person that holds delegated authority to approve the contract change order, as stated in Section 5-311, "Contract Change Order Approval," of the *Construction Manual*.

In addition to writing and dating the prior authorization to proceed, the engineer must include the following information:

- contract change order number reserved for the work,
- estimated value of the work,
- proposed method of payment,
- estimated duration of the work,
- estimate contract time extension needed to perform the work, and
- estimated time required to execute the associated contract change order.

The resident engineer is to document in the resident engineer's daily report the date, time, and name of the person that provided advance approval to issue the prior authorization to proceed.

The contract change order for prior authorization to proceed should be submitted to the contractor for approval within seven working days of the date of the prior authorization to proceed. If a contractor agreement for the change order cannot be obtained within an additional seven working days, a unilateral contract change order should be processed within twenty-one working days of the prior authorization to proceed. This provides approximately 30 calendar days to process the contract change order.

The district is to develop procedures for prior authorization to proceed actions in accordance with Section 5-311D, "District Prior Authorization," of the *Construction Manual*, and submit the procedure to the Division of Construction for approval by March 1, 2006. The district procedures should clearly designate the roles and responsibilities of the resident engineer and the structures representative.

The district procedures for issuing prior authorization of contract change orders is to include a monitoring component to track prior authorizations from issuance through execution of the follow up contract change order on a project-by-project basis. Report this monitoring information to the chief, Division of Construction quarterly.

A sample written prior authorization to proceed letter, for your use, is attached to this construction policy bulletin.

If you have any questions or comments regarding this bulletin, please contact Mike Kissel, Chief, Office of Contract Administration, Division of Construction, at (916) 654-2467 or via e-mail at Michael.Kissel@dot.ca.gov.

Attachment