



C5 Overview

Contract Cost Change Controls Committee

FAO Committee Meeting

Paul Kovacs, October 17, 2012

Background

- ▶ **Congestion-Relief Program (CRP) increased capital spending dramatically**
 - ▶ From about \$200 million per year to \$1 billion per year
- ▶ **Pace of capital spending indicates progress**
 - ▶ Slow spending = slow project delivery and job creation
 - ▶ \$12.1 billion over 15 years = about \$3 million per day
- ▶ **Construction contract changes are inevitable**
 - ▶ Unforeseen site conditions, various other factors
- ▶ **Timely review and approval/disapproval of construction changes is crucial to project delivery**

Created C5

▶ Contract Cost Change Controls Committee (C5)

- ▶ Established by resolution in 2005 (No. 16832)
- ▶ Updated in 2006 (No. 17250) to clarify the Change Order Policy
- ▶ Established a process to review, approve or reject construction contract changes and delegated signature authority to various Tollway staff

Authorization Limit	Approving Authority
Credits	Project Manager
Up to \$30,000	Project Manager
Up to \$100,000	Chief Engineer
Up to \$150,000	Executive Director
Up to \$200,000	Chair of the Board
More than \$200,000	Board of Directors

Committee Details

- ▶ **Three person, C5 Committee**
 - ▶ Chairman appointed by the Chief Engineer
 - ▶ Greg Stukel, Deputy Chief Engineer for Program Controls and System Integrity
 - ▶ Two members appointed by the C5 Chairman
 - ▶ Tollway employees with design and/or construction experience
- ▶ **Committee meets weekly or more frequently as needed**
- ▶ **Other Tollway Departments included**
 - ▶ Representatives from Finance, Procurement and Audit Departments invited to observe and ask questions

C5 Process

- ▶ **Begins with an Authorization to Proceed (ATP)**
 - ▶ Construction Manager (CM) submits ATP to define the change and why it is needed
 - ▶ C5 Committee reviews for quality and conformance with procedures, and
 - ▶ Recommends approval or rejection to the approving authority or
 - ▶ Requests additional information from the CM (revise and resubmit)
 - ▶ The Chief Engineer reviews C5 recommendations
 - ▶ Chief may elect to accept, reject, modify or recommend further consideration

- ▶ **ATPs allow work to keep moving forward**
 - ▶ Approved ATP allows the contractor to proceed with work for which the contractor will be compensated
 - ▶ ATP is the back-up documentation for Change Orders and Extra Work Orders
 - ▶ Change Orders and Extra Work Orders are the final formal documents that amend a construction contract

Keeping the Board Informed

- ▶ C5 information included in every capital program monthly and quarterly report
- ▶ Cumulative total of more than 10,000 ATPs executed from January 2005 through September 2012
 - ▶ \$1 million net increase on \$4 billion in awards = 0.025 percent increase

Authorization Limit	Approving Authority	Number of ATPs
Credits	Project Manager	2,823
Up to \$30,000	Project Manager	5,193
Up to \$100,000	Chief Engineer	1,523
Up to \$150,000	Executive Director	281
Up to \$200,000	Chair of the Board	174
More than \$200,000	Board of Directors	147
	TOTAL	10,141

Moving Forward

- ▶ **Contract changes expected for *Move Illinois***
 - ▶ Designers receiving late NTP due to procurement delays
 - ▶ Project delivery schedules have not changed
 - ▶ Expedited design = less time to identify/quantify unknowns
 - ▶ Increases likelihood for change orders/extra work orders

- ▶ **C5 process helps deliver program on time and on budget**
 - ▶ Efficient decision-making at the appropriate level
 - ▶ Keeps work in the field moving forward
 - ▶ Assures Tollway is getting the full value for every dollar spent

- ▶ **Proposed resolution applies C5 to all capital program projects and recognizes the importance of Authorizations to Proceed in the construction change process**