



# SENATE BILL 330: Change Orders on School Construction Projects.

2015-2016 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 5, 2016
<b>Introduced by:</b>		<b>Prepared by:</b>	Kara McCraw Staff Attorney
<b>Analysis of:</b>	S.L. 2016-58		

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**OVERVIEW:** *S.L. 2016-58 requires all local boards of education to adopt a policy governing change orders to any construction or repair work for which a contract has been awarded in accordance with certain construction statutes. The policy must address, at a minimum, all of the following:*

- *How proposed change orders are submitted by the contractor for approval, including requests for expedited review.*
- *Identification of the individual(s), with responsible authority for approving change orders of a particular category of work or amount, and the corresponding descriptions and dollar limits for particular categories of work or amounts that may be approved.*
- *How a change order that must be approved by the local board is submitted to that board.*
- *How the local board is notified of all change orders submitted for approval, and the resulting actions taken.*

*S.L. 2016-58 becomes effective October 1, 2016, and applies to contracts awarded, extended, or renewed on or after that date.*

**CURRENT LAW:** A number of local boards of education have adopted policies regarding the approval of change orders on school construction projects and the authority of board employees to make change orders without the approval of the board. The threshold amount varies among the local boards of education throughout the State.

**BILL ANALYSIS:** S.L. 2016-58 requires every local board of education to adopt a policy governing change orders to any construction or repair work for which a contract has been awarded in accordance with any of the following statutes:

- G.S. 143-128 – Requirements for Certain Building Contracts.
- G.S. 143-128.1 – Construction Management at Risk Contracts.
- G.S. 143-128.1A – Design-Build Contracts.
- G.S. 143-128.1B – Design-Build Bridging Contracts.
- G.S. 143-128.1C – Public Private Partnership Construction Contracts.
- G.S. 143-129 – formal bidding for construction or repair work of \$500,000 or more.

The policy must address, at least, all of the following:

- How proposed change orders are submitted by the contractor for approval, including any request for expedited review.

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- Identifying who the individual, or individuals, with responsible authority for approving change orders of a particular category of work or amount.
- Identifying the corresponding descriptions and dollar limits for any particular category of work or amount that those individual(s) may approve.
- How a change order that must approved by the local board is submitted to the local board.
- How the local board is notified of all change orders submitted for approval, and the resulting actions taken.

**EFFECTIVE DATE:** October 1, 2016, and applies to contracts awarded on or after that date.