

University of Florida Internal Operating Memorandum

No.:	05-12
Date:	June 14, 2005
Subject:	Construction Contract Time, Liquidated Damages and Change Orders
Authority:	Board of Governors Resolution adopted January 7, 2003; Section 1001.74(28), 1001.75(5), 1013.371(1)(c), 1013.47, 1013.48, F.S.; UF-BOT IOM No. 02-2
Purpose:	To provide guidelines regarding construction contract time, liquidated damages and change orders

I. Introduction

Florida Statutes, as adopted by the Board of Governors, provide for the Board of Trustees to administer a program for the maintenance and construction of facilities. Related thereto, on each construction project undertaken by the University, the Board of Trustees is also required to provide guidelines for establishing construction schedules and an amount of liquidated damages for delays in the schedule and for change orders.

II. Construction Contract Time

University projects must provide a realistic time for completion and should ordinarily provide for liquidated damages should a project not be completed on schedule.

A. Establishment of Construction Contract Time

The University facilities office overseeing the project, after consulting with the project professional, shall evaluate such factors as the user's needs, project complexity, site considerations, and quality requirements, to determine a reasonable construction time.

B. Determination of Liquidated Damages

The University facilities office overseeing the project and the user of the building shall evaluate the implications of a delay in the project, considering interest costs, loss of use, loss of income, costs of equipment storage, costs to rent alternative space, additional professional fees, and any other costs that are projected to be incurred as a result of the delay in order to determine a liquidated damages for delay amount. At a minimum, the liquidated damages amount should include the daily interest cost.

C. Time for Determination of Liquidated Damages and Contract Time

For projects which the University procures under a competitive bidding process, the University includes the contract time and liquidated damages for delay amount in the bidding documents. For a project on which the University utilizes a construction management delivery method, the contract time and liquidated damages for delay amount are established by the parties during contract negotiations.

III. Change Orders

Change Orders are required when there is an increase or decrease in construction scope, cost or time. All change orders shall be approved by the President or designee in accordance with UF-BOT IOM No. 02-2.

A. Time Extension.

Each change order affecting the construction schedule for a project shall provide for a realistic time extension (or reduction) of the construction contract time. If no increase or decrease in time is necessitated, the change order will contain a statement to that effect.

B. Funding.

No change order increasing the construction cost shall be approved unless funds are available in the budget for the project. If a change order will require the use of non-project funds, those funds must be added to the project budget and released to the University prior to approval of the change order by the University.

C. Projects with Facilities Programs.

For a project with a facilities program, the work identified in the change order must be within the scope of the approved facilities program.

D. Reporting.

Included in the detailed report of construction activities and finances provided to the finance and facilities committees of the Board in accordance with UF-BOT IOM No. 02-2 shall be a comparison of the initial budget for each project and the actual cost to construct the project so that such committee members are informed, in a summary format, of change orders affecting project costs. The information provided shall be entered into the official minutes of the finance and facilities committees.