

CONSTRUCTION

MEMORANDUMS

MEMO NO. 54

DATE OF ISSUE:

OCTOBER 2004

SUBJECT:

PRIME CONTRACTOR MARKUP ON
SUBCONTRACTED CHANGE ORDER WORK

DATE OF REVIEW:

OCTOBER 2005

The Prime Contractor is not to receive any additional markups over and above what is specified for administrative expenses in Subsection 104.03 for subcontracted work. This requirement must be verified during agreed price negotiations and confirmed on the ITD-2317. The administrative expense must be a separate cost item on the change order.

Do not accept any change order pricing that does not also include documentation of the subcontractor detailed price proposal (i.e. under their letterhead and over their signature).

The approval authority should not agree to any change orders that do not comply with these requirements. Any exceptions to the above must be approved in advance by the Construction Engineer.

Date of Original Issue: Oct 27, 2004

Revisions:

G.R. WORTHAM, P.E.
Construction Engineer