



US Army Corps  
of Engineers®

# ENGINEERING AND CONSTRUCTION BULLETIN

No. 2007-3

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**Subject:** Improving Construction Contract Modification Processing Time on MILCON Projects

**Applicability:** Directive

1. This directive establishes a consistent policy in the subject area.
2. USACE recently conducted a Lean Six Sigma process to shorten construction contract modification processing time. This Value Stream Analysis effort has resulted in identifying many actions that can shorten the time to execute a modification to a construction contract. Towards that end, districts shall implement the following procedures for processing change orders for construction contracts.
  - a. Architect-Engineer (A-E) support services, better known as “Title II” services should be included in all A-E design contracts in order to support change order work after construction contract award.
  - b. Work on in-house design problems on construction contracts must be given priority status by engineering staff over routine design work currently ongoing at the time the field problem arises.
  - c. For traditional Design-Bid-Build work, the Design During Construction (DDC) funds should be provided at the beginning of the construction contract.
  - d. Eliminate the requirement that a PR&C be prepared to hold funds until after negotiation when it is amended. Complete the PR&C as soon as negotiations are complete and the modification is processing for signature. A memo from the Program/Project Manager will be necessary stating there are adequate funds to support negotiations, and the contractor will be advised by the ACO that the action is proceeding subject to the availability of funds.
  - e. A standard Word template for the Pre-Negotiation Memorandum will be developed for incorporation into the Resident Management System (RMS) for use by ACOs in the near future to speed the processing of modification documentation.
  - f. Do not prepare formal Pre-Negotiation Objectives for construction modifications less than \$100,000.00.
  - g. Districts must take the initiative to have all of our customers instructed in how to obtain quarterly updates through our Web CMI Program.

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3. The Point of Contact (POC) for this Lean Six Sigma process review and Value Stream Analysis is Mr. James Cumper, CENWD-RBT, 402-697-2530. The POC for this ECB is Mr. Walt Norko, 202-761-5443.

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HOWARD P. STICKLEY, P.E.  
Acting Chief, Programs Integration Division  
Directorate of Military Programs

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MOODY K. MILES III, P.E., L.S.  
Acting Chief, Engineering and Construction  
Directorate of Civil Works