SCOPE CHANGES **6863**
(Revised 5/98)

What is scope? The scope of a project is *what* will be constructed (or acquired) and *why*. Thus, scope encompasses both the physical characteristics of the project and the intended program use. Scope is established initially in the COBCP, with key elements reiterated (or restricted) in supplemental language to the Budget Act. The preliminary plans—and later the working drawings—refine scope in terms of the physical characteristics of the project. The various information sources for a project's scope are discussed in more detail in the following text.

Scope changes require DOF approval. Section 13332.11 (b) of the Government Code states that "no substantial change shall be made from the preliminary plans or working drawings as approved by the State Public Works Board and the Department of Finance without written approval by the Department of Finance." This approval must be granted *before* the department can make any expenditures to redesign the project or to revise the plans, unless those revisions are authorized in the budget act or other subsequent legislation.

Subparagraph (9) of Section 13332.11 (b) requires DOF to report approved scope changes to the Legislature. In practice, this restriction and related notification requirement *begins with project authorization*, even before preliminary plans are considered by PWB.

After DOF approves a scope change and the Legislature has been noticed, PWB "recognizes" the scope change in a board item, incorporating it into the board's official record for the project. As appropriate, PWB may also require that a formal revision to the preliminary plans be submitted for approval.

When is a proposed change *substantial*? DOF determines whether a proposed change is substantial and therefore a scope change, based on a review of the facts on a case-by-case basis and in consideration of legislative intent. Therefore, it is not practical to publish absolute definitions for scope. However, administrative guidelines follow for determining which project changes should be discussed with DOF to assess their significance.

Guidelines to determine which project changes are *potentially* substantial: The client department is required to report to DOF any proposed project change as outlined in the following text. DOF will work with the client department to assess whether the change meets the definition of *substantial*. (The initial report can be made by phone or e-mail; DOF may require written follow-up for its records. For changes deemed to be scope adjustments, the client department must submit all information required at the end of this section.)

A client department must discuss the following with its DOF capital outlay analyst to determine whether a scope change would result:

1. Changes to the **approved program use**, as defined by:

    a. Assigned program space for facilities. Any change which would add space for a new function, increase capacity for a program activity, use space for a function or activity different than originally intended, or alter the ratios in multi-use space, is reportable to DOF for evaluation as a *potential* scope change;

    b. Land use purpose for acquisition projects; and

    c. Any other expectations or restrictions regarding program use set forth in the authorizing statute.

    In this context, *program* is defined at the *activity* level (i.e., a more narrow definition of program than typically used in the Governor's Budget or the budget act).

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2. Changes to the **physical characteristics of the real asset** as it relates to:

   a. Facility size, shape, major structural characteristics, and location.

      (1) Size generally may be described in either gross square feet or assignable square feet. For some projects, such as sewer, electrical or HVAC, size may be a function of capacity.

      (2) Shape is a function of both the footprint and elevation of a structure. *Footprint* includes the interior arrangement as well as the facility perimeter.

      (3) Major structural characteristics will vary by project, but may include the structural system, architectural style, construction materials, and major mechanical, electrical or utility systems.

      (4) Location may be as specific as parcel number, or more generally city, county or region, depending upon initial definition in the COBCP, statutory language, or supplemental language.

   b. Acreage size, land type, and location; and

   c. Any other expectations or restrictions regarding the physical characteristics of the real asset as set forth by authorizing statute.

Changes which meet the reporting requirements to DOF, as described in the preceding text, are not necessarily scope changes unless DOF so determines. Reasonable judgment is required in contacting DOF; however, because the consequences of unapproved scope changes can be severe (including project termination), client departments and project managers should err on the side of caution.

Generally, the following project changes are not reportable to DOF (as potential *scope* changes):

1. **Cost**, although the impact of a scope change on project and related operational costs must be carefully considered (cost changes may or may not result in scope changes; conversely, scope changes can occur with or without associated cost changes). See Section 6861 for instructions on approval processes for project cost changes.

2. **Changes** to correct minor errors and omissions in the construction documents or to respond to minor unforeseen site conditions (i.e., substitution of fixtures when products are no longer manufactured, corrections required by code authorities, minor demolition of materials not foreseen during design, addition of electric services to motors, etc.). However, when such changes cannot reasonably be categorized as minor, or if they alter programmatic capability or requirements, the matter must be discussed with DOF to assess impact on project scope.

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Construction contingency funds should be reserved for correcting problems in achieving approved scope and for essential scope changes. Construction contingency funds should be used to pay for the cost of resolving problems arising from design errors/oversights, unforeseen conditions, code requirements, and the cost (if any) for approved scope changes. Non-essential client change orders should be avoided. See Section 6854.

Source references for project scope: As noted in the preceding text, a project's scope is defined in several source documents.

1. For budget act projects, the **COBCP**: A detailed description of project scope is required in the COBCP (Section 6818). This description becomes one of the primary references for later interpretation of potential scope changes.

2. For budget act projects, the **supplemental language report of the Legislature**: This language summarizes the COBCP for each specific project and outlines costs for studies, acquisition, preliminary plans, working drawings, construction and equipment using the California Construction Cost Index (CCCI) as published in *Engineering News Record* for the year of the original project appropriation. While a proposed schedule for the commencement and completion of various phases of each project is contained in the scope language, this project schedule is not considered part of the project scope for purposes of scope changes**.**

3. For non-budget act projects, **special legislation**: For projects approved through special legislation, where preliminary program guides and budget packages are not available, the language in the legislation may provide initial definition of approved scope. Other documents used to support the need for the legislation, such as project descriptions, which may be included or supplemented in master plans, special reports, and costs estimates, may provide more detailed scope definition. Also, subsequent documents submitted to and approved by the Legislature (if applicable), further define legislatively approved scope.

4. **Preliminary plans and working drawings** as approved by DOF and PWB. Once preliminary plans have been approved by the board, the specific plans and specifications become the final definition of the scope of the project, as it pertains to physical characteristics.

Agenda packages for scope changes: Provide the following information:

1. All information requested in Section 6845, including the standard fiscal reporting requirements and the agenda package; and the following additional information:

   a. Any mandated reviews and approvals required related to the project change;

   b. Any required CEQA compliance related to the change;

   c. What design corrections were required, and why;

   d. *What* programmatic changes were required, *why*, and *when* those changes were approved by the DOF support analyst; and

   e. What the change's savings or cost implications are, and why.

2. If an augmentation is also required, a sub-item must be attached consistent with Section 6861 (and also noticed to the Legislature, if necessary).