

ORDINANCE NO. 2010-002

Adopted by the Sacramento City Council

February 16, 2010

AN ORDINANCE ADDING ARTICLE VI TO CHAPTER 3.56, AND AMENDING ARTICLE VI OF CHAPTER 3.60, SECTION 3.64.010 AND ARTICLE II OF CHAPTER 3.64 OF THE SACRAMENTO CITY CODE, RELATING TO CONTRACT CHANGES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Article VI is added to chapter 3.56 of the Sacramento City Code, to read as follows:

Article VI. Contract Supplements

3.56.280 Definitions.

As used in this article:

“Contract amount” means the price for which a contract for supplies or nonprofessional services is originally awarded, as amended by any contract supplements.

“Contract supplement” means an amendment to the terms of a contract for supplies or nonprofessional services.

3.56.290 Authority of city manager.

A. Contract supplements that increase the contract amount.

1. For contracts originally awarded for a price of less than \$100,000:

- a. The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the contract amount remains less than \$100,000.
- b. City council approval is required for a contract supplement that increases the contract amount to \$100,000 or more.
- c. After the city council approves a contract supplement that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue contract supplements that further increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed six (6) percent of the original contract price.

B. Notwithstanding the foregoing, any single contract supplement that increases the contract amount by more than \$100,000 shall require city council approval.

C. The city manager is authorized to issue contract supplements that increase the contract amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action

as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more contract supplements to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the contract supplement(s) previously issued by the city manager, the city manager's authority to issue contract supplements as specified in this article shall be reset.
- E. In issuing a contract supplement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the contract supplement from any contingency previously approved for the contract by the city council.
- F. For contracts in any amount, the city manager shall have the authority to issue contract supplements that decrease or do not change the contract amount.

3.56.300 Limitation.

The authority of the city manager to issue contract supplements as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a contract supplement exceeding the general scope of the original contract is necessary to protect any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.56.310 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue contract supplements for a specific identified contract or contracts where the city council finds that the circumstances are such that a variance is appropriate.

SECTION 2.

Article VI of chapter 3.60 of the Sacramento City Code is amended to read as follows:

Article VI. Change Orders

3.60.200 Definitions.

As used in this article:

“Change order” means an amendment to the terms of a contract for a public project.

“Contract amount” means the price for which a contract for a public project is originally awarded, as amended by any change orders.

3.60.210 Authority of city manager.

- A. Change orders that increase the contract amount.
1. For contracts originally awarded for a price of less than \$100,000:
 - a. The city manager shall have the authority to issue change orders that increase the contract amount, provided that the contract amount remains less than \$100,000.
 - b. City council approval is required for a change order that increases the contract amount to \$100,000 or more.
 - c. After the city council approves a change order that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue change orders that further increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.
 2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.
 3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed six (6) percent of the original contract price.

- B. Notwithstanding the foregoing, any single change order that increases the contract amount by more than \$100,000 shall require city council approval.

- C. The city manager is authorized to issue change orders that increase the contract amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more change orders to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the change order(s) previously issued by the city manager, the city manager's authority to issue change orders as specified in this article shall be reset.
- E. In issuing a change order pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the change order from any contingency previously approved for the contract by the city council.
- F. For contracts in any amount, the city manager shall have the authority to issue change orders that decrease or do not change the contract amount.

3.60.220 Limitation.

The authority of the city manager to issue change orders as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a change order exceeding the general scope of the original contract is necessary to protect any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.60.230 Assessment districts.

Notwithstanding anything to the contrary in the foregoing, the authority of the city manager to issue change orders for assessment district proceedings shall be governed by the provisions of any statute, ordinance or other law authorizing such proceeding.

3.60.240 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue change orders for a specific identified contract or contracts where the city council finds that the circumstances are such that a variance is appropriate.

SECTION 3.

Section 3.64.010 of the Sacramento City Code is amended to read as follows:

3.64.010 Definitions.

As used in this chapter:

"Agreement amount" means the price for which an agreement for services is originally awarded, as amended by any supplemental agreements.

"City manager" means the city manager of the city of Sacramento or a representative authorized by the city manager. Authorization not specified in this chapter shall be made in writing by the city manager and filed with the city clerk.

"Services" means and includes professional services of any type or variety, including, but not limited to, services rendered by engineers, architects, auditors, consultants, actuaries and attorneys.

"Supplemental agreement" means an amendment to the terms of an agreement for services.

SECTION 4.

Article II of chapter 3.64 of the Sacramento City Code is amended to read as follows:

Article II. Supplemental Agreements

3.64.040 Authority of city manager.

A. Supplemental agreements that increase the agreement amount.

1. For agreements originally awarded for a price of less than \$100,000:

- a. The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the agreement amount remains less than \$100,000.
- b. City council approval is required for a supplemental agreement that increases the agreement amount to \$100,000 or more.
- c. After the city council approves a supplemental agreement that increases the agreement amount to \$100,000 or more, the city manager shall have the authority to issue supplemental agreements that further increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.

2. For agreements originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.

3. For agreements originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed ten (10) percent of the original agreement price.

4. For agreements originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed eight (8) percent of the original agreement price.

5. For agreements originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed six (6) percent of the original agreement price.

- B. Notwithstanding the foregoing, any single supplemental agreement that increases the agreement amount by more than \$100,000 shall require city council approval.
- C. The city manager is authorized to issue supplemental agreements that increase the agreement amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:
 - 1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
 - 2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more supplemental agreements to increase the agreement amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the supplemental agreement(s) previously issued by the city manager, the city manager's authority to issue supplemental agreements as specified in this article shall be reset.
- E. In issuing a supplemental agreement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the supplemental agreement from any contingency previously approved for the agreement by the city council.
- F. For agreements in any amount, the city manager shall have the authority to issue supplemental agreements that decrease or do not change the agreement amount.

3.64.050 Limitation.

The authority of the city manager to issue supplemental agreements as specified in this article shall be limited to changes that do not exceed the general scope of the original agreement unless in the judgment of the city manager a supplemental agreement exceeding the general scope of the original agreement is necessary to protect any person, property, equipment, material or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.64.060 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue supplemental agreements for a specific identified agreement or agreements where the city council finds that the circumstances are such that a variance is appropriate.

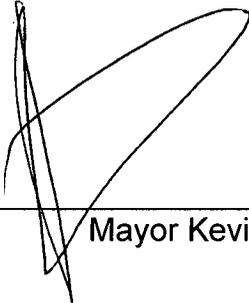
Adopted by the City of Sacramento City Council on February 16, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk

Passed for Publication: February 9, 2010
Published: February 12, 2010
Effective: March 18, 2010