

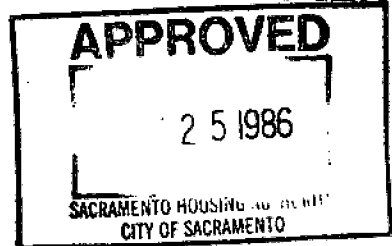


**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**

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Commons
AT



November 18, 1986

CITY MANAGER'S OFFICE
RECEIVED
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Housing Authority of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Granting Certain Authority to the Executive Director for
Change Orders Relative to Riverview Plaza, HO DAG
CA008HG401, CHFA 85-25-N, FIMC 272142

SUMMARY

The attached resolution authorizes the Executive Director to execute construction or other supplemental discrete change orders in excess of Ten Thousand Dollars (\$10,000.00) and to execute such construction or other supplemental discrete change orders in an aggregate amount not to exceed five percent (5%) of the original contract price or \$620,250, whichever is the lesser, for Riverview Plaza.

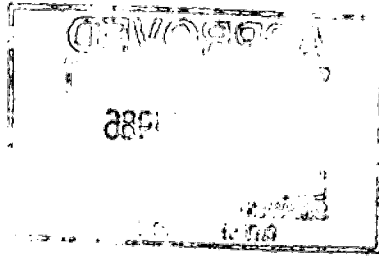
BACKGROUND

Established Agency procedure allows the Executive Director to execute various monetary classes of construction contract change orders. For the highest of these classes, (contracts in excess of \$500,000), the limit is placed at \$10,000 for a single change order and an aggregate of 5% of the total construction price or \$50,000, whichever is the lesser.

The attached Resolution would allow the Executive Director, for the Riverview Plaza project only, to execute single change orders in excess of \$10,000 by authorizing change orders up to an aggregate of 5% of the total construction price or \$620,250. (On August 19, 1986 the Housing Authority of the City of Sacramento authorized the Executive Director to execute a construction contract for Riverview Plaza in the amount of \$12,405,000).

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The project is currently under construction. The attached Resolution to increase the single change order limits and aggregate change order limits of this project recognizes the following:

1. The previous amounts were set in 1980 and since then the direct and indirect costs of construction have increased to such a degree that the present limits could be exceeded by a single change order;
2. The present aggregate amount (\$50,000) represents less than 1/2 of 1% of the total contract amount of \$12,405,000. It is not unusual to have a construction contract absorb 6%-8% in construction contingency;
3. At the present time the contract amount in excess of twelve million dollars represents the largest single Housing Authority contract;
4. A single \$500 per unit change for the 124 dwelling units would represent a \$62,000 change order. This amount would be in excess of the present aggregate limit;
5. The approval of this Resolution will allow faster overall processing of change orders. This increased efficiency and reduced time lapse will minimize and in some cases eliminate contractor claims for compensation or time extension based on slow Housing Authority processing of change orders.
6. The project is inherently complex. This complexity necessitates a more flexible change order amount as well as a higher aggregate amount.
7. By establishing higher limits, the number of change orders and their attendant processing could be reduced because they could be grouped in larger batches;
8. The project construction contingency, if fully expended, would surpass the present aggregate limits.

For your information, the policy of making single large project exceptions to change order limitations has been established in the past for previous high-rise projects which the Authority has built and is not inconsistent with what other governmental agencies do. The County's limit for the jail project, for example, is 5% of the total project costs with no limit on individual change orders.

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FINANCIAL DATA

The attached Resolution will not increase the budgeted funding for the project but will permit, if necessary, the construction contingency to be expended in full. As you may recall, because of the tightness of the budget for this project, we are proposing an initial series of deductive alternates which will help establish a sufficient contingency to carry this project through to completion. This is in process at this time. The change order policy proposed will facilitate that process as well.

POLICY IMPLICATIONS

The action proposed in the staff report varies from established change order policy but is not inconsistent with what has been done in the past nor with common practice among public agencies for single large-scale projects.

For the above reasons, the following changes are being recommended: the single amount limit of change order be exceeded; the aggregate amount be exceeded.

VOTE AND RECOMMENDATION OF THE COMMISSION

At its regular meeting of November 17, 1986, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Glud, Moose, Sanchez, Sheldon, Simon, Simpson,
Wiggins, Wooley, Yew, Amundson
NOES: None
ABSENT: Pettit

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GENERAL INFORMATION

1. Name of the organization
2. Address
3. Telephone
4. Date of establishment
5. Object of the organization
6. Name of the person in charge
7. Name of the person who submitted the application
8. Date of submission of the application
9. Date of receipt of the application
10. Date of decision of the Commission

RECOMMENDATIONS

1. Recommendation of the Commission
2. Recommendation of the Council
3. Recommendation of the Government

4. Recommendation of the Ministry of Education
5. Recommendation of the Ministry of Health
6. Recommendation of the Ministry of Labour

RECOMMENDATION OF THE COMMISSION

1. Name of the person
2. Address
3. Date of birth
4. Date of submission of the application
5. Date of receipt of the application
6. Date of decision of the Commission

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RECOMMENDATION

Staff recommends adoption of the attached Resolution granting certain authority to the Executive Director for Change Orders relative to Riverview Plaza, HODAG CA008HG401, CHFA 85-25-N, FIMC 272142.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

Contact Person: John Molloy 440-1357

Transmittal to Council:

Walter J. Slipe Jr.
For: WALTER J. SLIPE
City Manager

INFORMATION

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RESOLUTION NO. 86-030

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

November 25, 1986

AUTHORITY TO EXECUTE CHANGE ORDERS
RELATIVE TO RIVERVIEW PLAZA



BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to execute any change orders and to negotiate supplemental agreements pertaining to Riverview Plaza, HO DAG CA008HG401 CHFA 85-25-N, FIMC 272142, in an amount not to exceed the aggregate amount of \$620,250.

Section 2:

(1) As used in this resolution, "change order" shall mean a unilateral order to change a portion of the work to be done under, and in accordance with a construction contract, which order is anticipated to result in an increase in the contract price.

(2) As used in this resolution, "supplemental agreement" shall mean a bilateral agreement executed by the Agency and a contractor in accordance with the construction contract, which agreement results in an increase in the contract price.

(3) The foregoing definitions shall not affect the authority of the Executive Director to issue change orders, to negotiate supplemental agreements, to delete work or to order changes in the work at decreased price or no change of price.

CHAIR

ATTEST:

SECRETARY

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