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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

October 29, 1980

CITY MANAGER'S OFFICE
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City Council of the City
of Sacramento
Housing Authority of the City
of Sacramento
Redevelopment Agency of the City
of Sacramento

Honorable Members in Session:

SUBJECT: Adoption of a Uniform Change Order Policy for Agency, Authority and City Construction Contracts

SUMMARY

The attached resolutions and ordinance present a uniform change order policy for all Agency, Authority and City construction contracts.

BACKGROUND

At your regular meeting of October 7, 1980, the Agency/ Authority staff presented a draft resolution of a uniform change order policy for Agency and Authority construction contracts. Subsequently, further negotiation ensued between the City and the Agency and the attached resolutions and ordinance represent a mutually agreed upon format for a uniform policy for all City, Agency and Authority contracts.

The attached policy, in substance, delegates authority to the City Manager and the Executive Director respectively to execute change orders and negotiate supplemental agreements in three instances:

1. Where the amount of the change order and all other change orders executed pursuant to this delegation of authority are within certain dollar amount limitations set forth therein;

CITY GOVERNING BOARD
PHILLIP L. ISENBERG, MAYOR
LLOYD CONNELLY
BLAINE H. FISHER
THOMAS R. HOEBER
DOUGLAS N. POPE
JOHN ROBERTS
LYNN ROBIE
ANNE RUDIN
DANIEL E. THOMPSON

COUNTY GOVERNING BOARD
ILLA COLLIN
C. TOBIAS (TOBY) JOHNSON
JOSEPH E. (TED) SHEEDY
SANDRA R. SMOLEY
FRED G. WADE

EXECUTIVE DIRECTOR
WILLIAM G. SELINE

P.O. Box 1834
SACRAMENTO, CA 95809
830 I STREET
SACRAMENTO, CA 95814
(916) 444-9210

By the City Council
Office of the City Clerk
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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

October 29, 1980
Page Two

2. Where the change order is necessary to prevent the interruption of the work which would result in a substantial increase in cost to the City/Agency/Authority; and
3. Where the change order is necessary to protect the work, the equipment, the materials, human safety or the environment from substantial and immediate danger or injury.

In essence, the dollar amount limitations for those change orders or supplemental agreements authorized under Item 1 above are threefold:

- (a) On contracts under \$100,000, the City Manager/Executive Director has authority for change orders up to a total of \$5,000.
- (b) For contracts from \$100,000 up to \$500,000, the City Manager/Executive Director has authority for change orders of up to \$10,000 each, not to exceed a total of the lesser of five percent of the original contract price or \$25,000.
- (c) For contracts over \$500,000, the City Manager/Executive Director has authority for change orders of up to \$10,000 each, not exceeding a total of the lesser of five percent of the original contract price or \$50,000.

An essential feature of the policy is the provision allowing restoration of the authority of the City Manager/Executive Director by subsequent ratification of earlier change orders by the Council/Governing Board. This provision allows the utilization of lower dollar limitations while maintaining the ready accountability of staff.

FINANCIAL IMPACT

The proposed uniform change order policy has no direct financial impact.

VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of November 3, 1980, the Sacramento Housing and Redevelopment Commission is expected to adopt a motion recommending adoption of the attached resolutions. If they should

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

October 29, 1980
Page Three

fail to do so, you will be notified prior to your meeting of
November 5, 1980.

RECOMMENDATION

It is my recommendation that you adopt the attached resolutions
and ordinance.

Respectfully submitted,

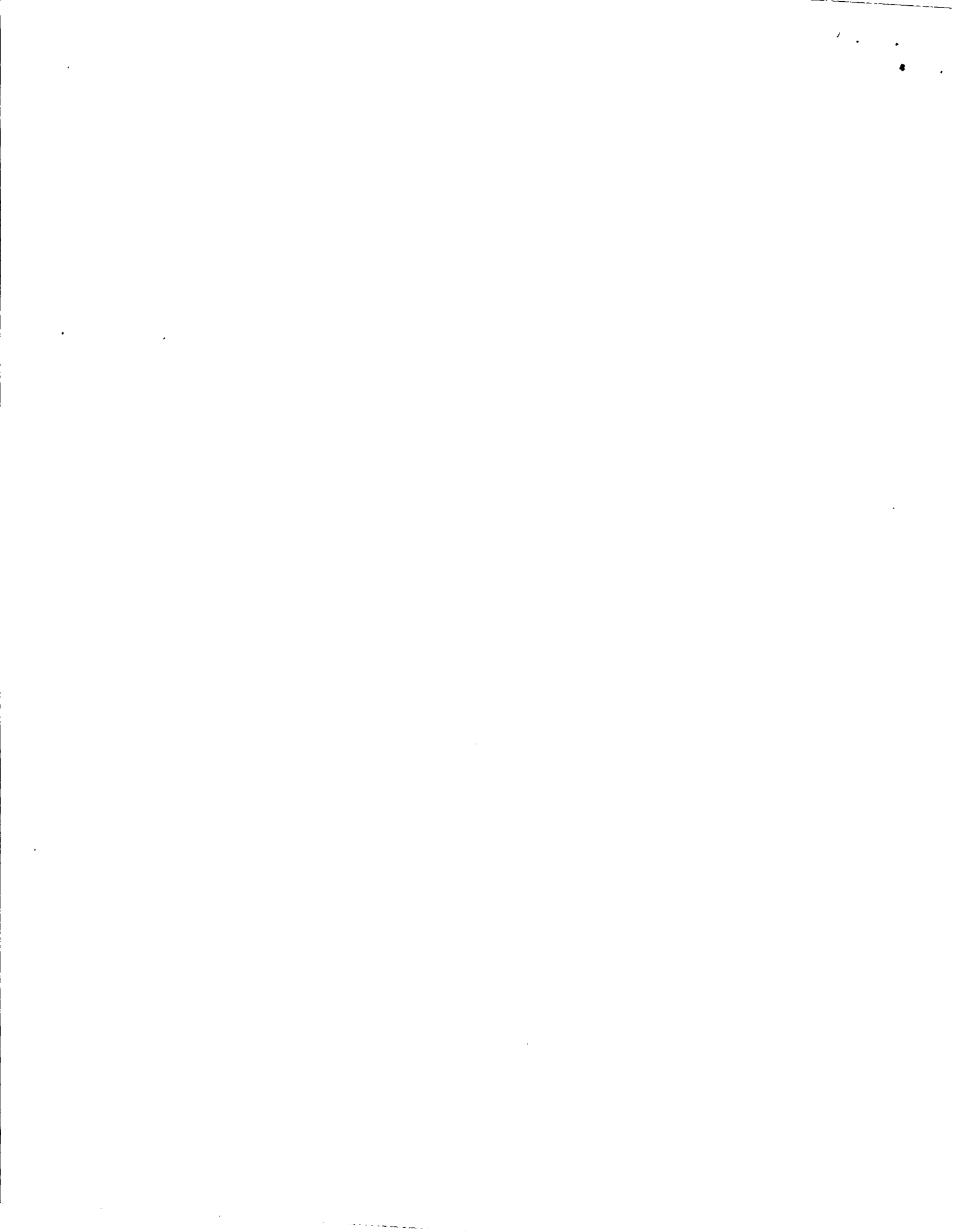
William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slupe

WALTER J. SLUPE
City Manager



RESOLUTION NO. _____

Adopted by the Housing Authority of the City of Sacramento

November 5, 1980

GRANTING CERTAIN AUTHORITY TO THE
EXECUTIVE DIRECTOR TO ISSUE CHANGE ORDERS AND
SUPPLEMENTAL AGREEMENTS ON CONSTRUCTION CONTRACTS

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

Section 1. The Executive Director is authorized to issue change orders and to negotiate supplemental agreements pertaining to construction contracts of the Authority as follows:

(a) For contracts originally awarded for a price of less than One Hundred Thousand Dollars (\$100,000), the Executive Director may issue change orders or negotiate supplemental agreements not to exceed an increase in the contract price of Five Thousand Dollars (\$5,000) for any single change order or supplemental agreement, or the sum of all such change orders and supplemental agreements.

(b) For contracts originally awarded for a price of at least One Hundred Thousand Dollars (\$100,000) to not more than Five Hundred Thousand Dollars (\$500,000), the Executive Director shall have the authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in the contract price of Ten Thousand Dollars (\$10,000) for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price, or Twenty-Five Thousand Dollars (\$25,000), whichever is the lesser;

(c) For contracts originally awarded for a price exceeding Five Hundred Thousand Dollars (\$500,000), the Executive Director shall have the authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in the contract price of Ten Thousand Dollars (\$10,000) for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price or Fifty Thousand Dollars (\$50,000), whichever is the lesser.

Section 2. The authority of the Executive Director to issue additional change orders and negotiate additional supplemental agreements to the accumulative total specified in Section 1 above, shall be restored to the extent that prior change orders and supplemental agreements issued and negotiated pursuant to the authority of the Executive Director shall have been specifically subsequently ratified and authorized by the Governing Board.

Section 3. Notwithstanding the foregoing, in the event that it becomes necessary in the discretion of the Executive Director to issue a change order or negotiate a supplemental agreement in order to:

(a) prevent interruption of the work which would result in substantial increase in cost to the Authority; or

(b) protect the work or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from substantial and immediate danger of injury; or

(c) protect where damage or injury has occurred, the work, or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from further or additional damage or injury or deterioration caused by man, nature or other source;

then, the Executive Director shall have the authority to issue change orders or to negotiate supplemental agreements in such sums as may reasonably be necessary for such purposes; provided, however, the Executive Director shall report to the Governing Board regarding any such action as soon as reasonably possible, but in any event, within thirty (30) days of said action.

Section 4. Notwithstanding anything to the contrary in the foregoing, the authority of the Executive Director to issue change orders and to negotiate supplemental agreements shall be limited to the scope of the original contract or to protect the safety of human life and the environment at or near the site of the work.

Section 5. Notwithstanding anything to the contrary in the foregoing, the authority of the Executive Director to issue change orders for assessment district proceedings will be controlled by the Improvement Act of 1911 (Streets and Highways Code, Division 7, Chapter 8.5, Sections 5230, et seq.).

Section 6.

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

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

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

CHAIRMAN

ATTEST:

ASSISTANT SECRETARY

RESOLUTION NO. _____

Adopted by the Redevelopment Agency of the City of Sacramento

November 5, 1980

GRANTING CERTAIN AUTHORITY TO THE
EXECUTIVE DIRECTOR TO ISSUE CHANGE ORDERS AND
SUPPLEMENTAL AGREEMENTS ON CONSTRUCTION CONTRACTS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1. The Executive Director is authorized to issue change orders and to negotiate supplemental agreements pertaining to construction contracts of the Agency as follows:

(a) For contracts originally awarded for a price of less than One Hundred Thousand Dollars (\$100,000), the Executive Director may issue change orders or negotiate supplemental agreements not to exceed an increase in the contract price of Five Thousand Dollars (\$5,000) for any single change order or supplemental agreement, or the sum of all such change orders and supplemental agreements.

(b) For contracts originally awarded for a price of at least One Hundred Thousand Dollars (\$100,000) to not more than Five Hundred Thousand Dollars (\$500,000), the Executive Director shall have the authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in the contract price of Ten Thousand Dollars (\$10,000) for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price, or Twenty-Five Thousand Dollars (\$25,000), whichever is the lesser.

(c) For contracts originally awarded for a price exceeding Five Hundred Thousand Dollars (\$500,000), the Executive Director shall have the authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in the contract price of Ten Thousand Dollars (\$10,000) for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price or Fifty Thousand Dollars (\$50,000), whichever is the lesser.

Section 2. The authority of the Executive Director to issue additional change orders and negotiate additional supplemental agreements to the accumulative total specified in Section 1 above, shall be restored to the extent that prior change orders and supplemental agreements issued and negotiated pursuant to the authority of the Executive Director shall have been specifically subsequently ratified and authorized by the Governing Board.

Section 3. Notwithstanding the foregoing, in the event that it becomes necessary in the discretion of the Executive Director to issue a change order or negotiate a supplemental agreement in order to:

- (a) prevent interruption of the work which would result in substantial increase in cost to the Agency; or
- (b) protect the work or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from substantial and immediate danger of injury; or
- (c) protect, where damage or injury has occurred, the work, or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from further or additional damage or injury or deterioration caused by man, nature or other source;

then, the Executive Director shall have the authority to issue change orders or to negotiate supplemental agreements in such sums as may reasonably be necessary for such purposes; provided, however, the Executive Director shall report to the Governing Board regarding any such action as soon as reasonably possible, but in any event, within thirty (30) days of said action.

Section 4. Notwithstanding anything to the contrary in the foregoing, the authority of the Executive Director to issue change orders and to negotiate supplemental agreements shall be limited to the scope of the original contract or to protect the safety of human life and the environment at or near the site of the work.

Section 5. Notwithstanding anything to the contrary in the foregoing, the authority of the Executive Director to issue change orders for assessment district proceedings will be controlled by the Improvement Act of 1911 (Streets and Highways Code, Division 7, Chapter 8.5, Sections 5230, et seq.).

Section 6.

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

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

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

CHAIRMAN

ATTEST:

ASSISTANT SECRETARY

AN ORDINANCE ADDING ARTICLE VI TO CHAPTER 58 TO THE SACRAMENTO CITY CODE PERTAINING TO CHANGE ORDERS AND SUPPLEMENTAL AGREEMENTS AND SPECIFYING THE AUTHORITY OF THE CITY MANAGER TO ISSUE CHANGE ORDERS OR NEGOTIATE SUPPLEMENTAL AGREEMENTS ON PUBLIC WORKS CONTRACTS

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

SECTION 1.

Article VI is hereby added to Chapter 58 of the Sacramento City Code to read as follows:

Article VI. Change Orders and Supplemental Agreements

Sec. 58.601 Definitions

(1) As used in this article, "change order" shall mean a unilateral order to change the amount of work to be done on a public works contract which is anticipated to result in an increase in contract price.

(2) As used in this article, "supplemental agreement" shall mean a bilateral agreement executed by the City and a contractor on a public works contract which results in an increase in contract price.

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

Sec. 58.602 Authority of City Manager

The City Manager is authorized to issue change orders and to negotiate supplemental agreements as follows:

(1) For contracts originally awarded for a price of less than \$100,000.00, the City Manager may issue change orders or negotiate supplemental agreements not to exceed an increase in contract price of \$5,000.00 for any single change order, supplemental agreement, or the sum of all such change orders and supplemental agreements.

(2) For contracts originally awarded for a price exceeding \$100,000.00, but less than \$500,000.00, the City Manager shall

have authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in contract price of \$10,000.00 for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price or \$25,000.00, whichever is less.

(3) For contracts originally awarded for a price exceeding \$500,000.00, the City Manager shall have authority to issue change orders and to negotiate supplemental agreements not to exceed an increase in contract price of \$10,000.00 for any single change order or supplemental agreement; provided, however, notwithstanding the foregoing, the sum of all such change orders and supplemental agreements for any single contract shall not exceed five percent (5%) of the original contract price or \$50,000.00, whichever is less.

(4) Notwithstanding the foregoing, in the event that it becomes necessary in the discretion of the City Manager to issue a change order or negotiate a supplemental agreement in order to:

(a) prevent interruption of the work which would result in substantial increase in cost to the City; or,

(b) protect the work or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from substantial and immediate danger of injury; or,

(c) protect, where damage or injury has occurred, the work, or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from further or additional damage or injury or deterioration caused by man, nature or other source;

then, the City Manager shall have authority to issue change orders or to negotiate supplemental agreements in such sums as may reasonably be necessary for such purposes; provided, however, in the event any such action exceeds the specific authority set forth in the foregoing, the City Manager shall report to the City Council regarding any such action as soon as reasonably possible but in no event more than thirty (30) days.

(5) The authority of the City Manager to issue additional change orders and to negotiate additional supplemental agreements to an accumulative total as specified above shall be restored to the extent that prior change orders and supplemental agreements issued and negotiated pursuant to the authority of the City Manager shall have been specifically subsequently ratified and authorized by the City Council.

Sec. 58.603 Limitation

Notwithstanding anything to the contrary in the foregoing, the authority of the City Manager to issue change orders and to negotiate supplemental agreements shall be limited to the scope of the original contract or to protect the safety of human life and the environment at or near the site of the work.

Sec. 58.604 Assessment Districts

Notwithstanding anything to the contrary in the foregoing, the authority of the City Manager to issue change orders for assessment district proceedings will be controlled by the Improvement Act of 1911 (Streets and Highways Code, Division 7, Chapter 8.5, Sections 5230, et seq.)

Sec. 58.605 Variance

Notwithstanding any other provision of this article, the City Council may by resolution increase the above limitations of authority to issue change orders or to negotiate supplemental agreements where the circumstances surrounding a public works project are such that a variance is appropriate.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK