



STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE:

Resolution adopting an amended Contract Change Order Policy.

RECOMMENDED MOTION:

Approve the resolution.

SUMMARY/BACKGROUND

The City Council adopted a Contract Change Order Policy pursuant to Resolution No. 4657 on July 15, 2003 that set a standard of requiring Council approval for any contract change orders in excess of \$10,000 or 10% of project costs, whatever is less.

In the handling of the normal course of business for the last five years, and with the Public Safety Buildings contract the City has become aware of the need to adopt an amended Contract Change Order policy.

The Finance committee directed staff to propose the following three tiered Contract Change Order Policy in an effort to provide specific guidelines and allow greater flexibility in administering Contract Change Orders and provide efficiency in the completion of projects within reasonable timelines. This is particularly important in regards to the Public Safety Buildings as the responsibility is on the City to make sure that the City itself does not impede the building process, as that has an offsetting financial component

In the attached Contract Change Order policy (CD-2) the following limits apply to staff's authority to approve contract change orders:

<u>Contract Amount</u>	<u>Change Order Dollar Amount</u>
• Contract under \$100,000	\$10,000 per project
• Contract from \$100,000 to \$500,000	\$15,000 per project
• Contract over \$500,000	Change orders less than \$25,000, Not to exceed \$100,000 per project.

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Contract Change Orders exceeding the above mentioned guidelines would require City Council approval. For all Contracts over \$500,000 the City Manager, or his designee, will present a monthly report to the City Council that includes all the change orders to date for the project. Additionally, the City Council will be informed of all change orders over \$15,000 that are approved by the City Manager at the next regular scheduled City Council meeting following the date the change order was signed.

FISCAL IMPACT

This policy leaves the decision to spend additional funds, beyond those so designated, in the hands of the elected officials. It merely allows the designated funds to rise appropriately in relation to the contracted job at hand.

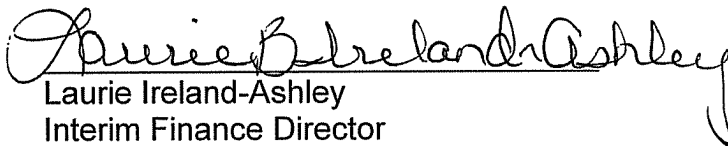
STAFF RECOMMENDATIONS

1. Approve the resolution.

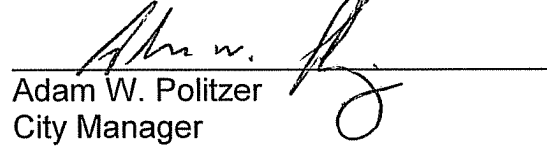
ATTACHMENTS

- Copy of the Amended Contract Change Order Policy (CD-2).
- Copy of Resolution No. _____

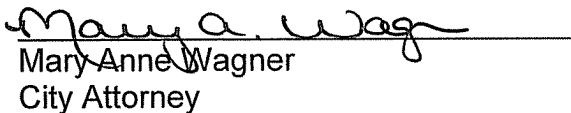
PREPARED BY:


Laurie Ireland-Ashley
Interim Finance Director

REVIEWED/SUBMITTED BY


Adam W. Politzer
City Manager

REVIEWED BY


Mary Anne Wagner
City Attorney

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**CITY OF SAUSALITO
CITY COUNCIL POLICY**

SUBJECT: AMENDED CONTRACT CHANGE ORDERS	NUMBER CD- 2	PAGE 1 of 1
	ISSUE DATE: 10/21/2008	

BACKGROUND:

In order to construct public works and capital improvement projects and to support normal City operation, the City from time to time awards contracts to companies for services, supplies and/or equipment, and for which funds were allocated by the City Council, in a total amount based on written job specifications. Also, in the normal course of business, unforeseen circumstances arise which require a change in the original scope of the project. This results in Change Orders which are subject to the following policy and approval process prior to the continuation of the project.

PURPOSE:

To provide guidelines and allow greater flexibility in administering Contract Change Orders and provide efficiency in the completion of projects within reasonable timelines.

POLICY:

In the event that circumstances arise during the construction or performance of a project which alters the scope of said project, a Change Order can be executed subject to the following conditions:

1. For original contracts awarded under \$100,000, Department Head can request and City Manager can approve up to \$10,000 in change order(s) total per project. Change orders which exceed \$10,000 individually or cumulatively require approval by the City Council.
2. For original contract awarded from \$100,000 to \$500,000, Department Head can request and City Manager can approve up to \$15,000 in change order(s) per project. Change orders which exceed \$15,000 individually or cumulatively require approval by the City Council
3. For original contract awarded over \$500,000, the City Manager can approve change orders which do not exceed \$25,000, with a total limit of \$100,000 per project. The City Manager, or his designee, shall present a monthly report to the City Council that includes all change orders to date for the project. Change orders which exceed \$25,000 individually or \$100,000 cumulatively require approval by the City Council

4. The City Council shall be informed of all change orders over \$15,000 that are approved by the City Manager at the next regular scheduled City Council meeting following the date the change order was signed . On original contracts over \$500,000 the City Manager shall present a monthly report to the City Council that includes all change orders to date for the project.

Approved by Resolution _____

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RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO
APPROVING AN AMENDED CONTRACT CHANGE ORDER POLICY**

WHEREAS, the City of Sausalito adopted a Contract Change Order Policy pursuant to Resolution No. 4657 on July 15, 2003; and

WHEREAS, in the handling of normal course of business and with the Public Safety Buildings contract the City has become aware of the need to adopt an amended Contract Change Order Policy; and

WHEREAS, in order to construct public works and capital improvement projects and to accomplish normal maintenance work, the City from time to time awards contracts to companies for services, supplies and/or equipment, and for which funds were allocated by the City Council, in a total amount based on written job specifications; and

WHEREAS, in the normal course of business, unforeseen circumstances can frequently arise which require a change in the original scope of the project; and

WHEREAS, the City Council desires to provide guidelines that allow flexibility in administering Contract Change Orders and provide efficiency in the completion of projects within reasonable timelines; and

WHEREAS, the City Council desires to adopt a Contract Change Order policy that provides for City Council approval of change orders per the attached schedule.

NOW, THEREFORE, BE IT RESOLVED that the City of Sausalito adopts the Contract Change Order Policy CD-2 attached hereto and directs that the City staff begin the immediate implementation of said policy. A copy of this resolution and the attachment shall be on file in the office of the City Clerk.

PASSED AND ADOPTED by the City Council of the City of Sausalito, at a regular meeting held on __ day of ____, 2008 by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSTAIN: Councilmembers:
ABSENT: Councilmembers:

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MAYOR OF THE CITY OF SAUSALITO

ATTEST:

DEPUTY CITY CLERK

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