



City of Biggs Memorandum

To: Honorable Mayor and Members of the City Council

Date: August 5, 2014

From: Brian Martin, PE – City Engineer

Subject: Policy for Approving Construction Contract Change Orders

BACKGROUND

This year the City is involved in two major construction projects, the Sixth Street Bridge and the Phase 1 Wastewater Treatment Improvement Project. These two projects alone exceed \$3,000,000 in construction activity. Construction projects are dynamic with daily construction issues to deal with. Often times, construction project issues involve changes in the field that require an immediate response. Construction contracts can require design changes due to unknown conditions and the construction changes can require a change in the time of completion of the project and a change in the cost of the project. It is therefore imperative that City Staff be given the authority to approve these change orders in a timely manner. Delay of the approval of Contract Change Orders could create project delay and associated costs over and above a change order amount. In addition, the delay of approving a change order in a timely manner can lead to a construction claim on the project.

The City will always be involved in construction projects to develop and maintain its public works facilities. The City has not implemented a policy on change order approvals for all construction projects and has historically done it for each project. It makes sense for the City to formally adopt a policy of change order approval that would apply to all construction projects for the City.

Prior to beginning construction of the Sixth Street Bridge Project the Council approved Contract Change Order approval by the City Administrator and the City Engineer in the amount of \$25,000 per change order for that project. On the Sixth Street Bridge Project we have already had one change order that was for \$24,100. This was close to the amount of approval limits for the City Administrator and the City Engineer for that project. To avoid the potential shut down of a project due to approving authority of change orders, it is recommended that the approval limit for the City Administrator and City Engineer be increased to \$50,000 per change order. All contract change orders will be included in appropriate follow up agenda items to the City Council at the next City Council Meeting.

RECOMMENDATION

Based on the above, it is recommended that the City Council approve a policy that provides the City Administrator and City Engineer the authority to approve construction contract change orders in an amount not to exceed \$50,000 each with a summary report of said change orders provided to the Council at the next Council Meeting.