

## RESOLUTION 2004-229

### AMENDING COUNCIL POLICY ESTABLISHING LIMITS OF AUTHORITY FOR APPROVAL OF PUBLIC WORKS CONTRACT CHANGE ORDERS

WHEREAS, The City is in the process of constructing several major public works projects, and

WHEREAS, It is desirable to continue the Council policy that established uniform controls on the issuance of Contract Change Orders for public works Construction Contracts of varying size, complexity and scope, and

WHEREAS, Providing such controls by setting limits of authority for approval of such Contract Change Orders will serve to expedite the approval process and assure in advance that sufficient funds have been budgeted;

NOW, THEREFORE, IT BE RESOLVED That the City Council hereby rescinds Resolution 88-016 in its entirety and adopts the following policy regarding the limits of authority for public works Contract Change Orders, to take effect immediately:

#### PURPOSE

When the City awards a public works construction contract, the need for contract change orders (CCO's) is not unusual. CCO's are required whenever the scope of work changes from that in the original contract or an unknown condition of the site requires a change in the scope of work. Usually a contingency fund is set up when the project is budgeted to accommodate limited CCO's. The purpose of this policy is to establish limits of authority for approving CCO's of different amounts for public works projects.

#### GOALS

1. Minimize the time needed to approve a CCO, in order to avoid project delays.
2. Establish a system whereby the organizational level at which approval is given is commensurate with the size of CCO and size of project.
3. Eliminate potential for approval of a CCO when contingency funds are insufficient.

#### CONDITIONS OF APPROVAL

1. Sufficient contingency funds must be budgeted in order for the City Manager or a Department Head to approve a CCO.
2. The nature of the work in the CCO is not significantly different from that in the contract.
3. Authorization limits are based on dollar amounts, not percentage of contract. Exception: City Manager limited to amount shown or 5%, whichever is less.
4. Authorization limits are based on an individual CCO amount, not the aggregate amount of all CCO's.

5. Authorization limits apply to CCO's for decreases in contract amounts as well as increases.
6. When the aggregate amount of CCO's reaches 75% of the contingency, Council shall be informed. Council may consider increasing the contingency at that time.
7. Work shall not be broken up into multiple CCO's in order to circumvent this policy.
8. Policy applies only to public works construction contracts.
9. All CCO's must be in writing and approved by the appropriate contract parties consistent with the authorized limits established herein.
10. A copy of each approved CCO shall be transmitted promptly to the Finance Department.
11. The Project Manager shall be responsible for carrying out this policy.

CONTRACT CHANGE ORDER AUTHORIZATION LIMITS

<u>SIZE OF CONTRACT</u>	<u>\$0-100,000</u>	<u>\$100,000-500,000</u>	<u>\$500,000-10,000,000</u>	<u>OVER \$10,000,000</u>
Dept. Head Approval	\$0-2,500	\$0-3,500	\$0-5,000	\$0-10,000
City Manager Approval	\$2,500-5,000*	\$3,500-15,000*	\$5,000-50,000*	\$10,000-300,000*
City Council Approval	over \$5,000	over \$15,000	over \$50,000	over \$300,000

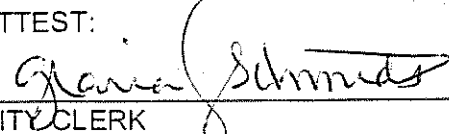
\*Approval may not exceed 5% of contract amount.

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The foregoing Resolution 2004-229 was adopted by the Tracy City Council on the 20<sup>th</sup> day of July 2004, by the following vote:

AYES:	COUNCIL MEMBERS:	IVES, TOLBERT, TUCKER, BILBREY
NOES:	COUNCIL MEMBERS:	NONE
ABSENT:	COUNCIL MEMBERS:	HUFFMAN
ABSTAIN:	COUNCIL MEMBERS:	NONE

  
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 MAYOR

ATTEST:  
  
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 CITY CLERK