

CITY OF SPOKANE ADMINISTRATIVE POLICY AND PROCEDURE	ADMIN 5200-08-01 LGL 2006-08
TITLE: Contract Change Orders EFFECTIVE DATE: December 1, 2003 REVISION DATE: October 9, 2008	

1.0 GENERAL

1.1 The City often contracts with private construction companies for Capital improvements of public facilities throughout the city limits and within the City's sewer and water service area boundaries. During the course of any particular project, it may become necessary to make changes to the original contract. These changes either add to or subtract from the payments or contract working days due to the contractor that were anticipated in the original contract. These changes to the contract are generally referred to as "contract change orders".

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This Policy shall apply to construction contracts administered by the Public Works & Utilities Division of the City.

3.0 REFERENCES

Certification Acceptance (CA) Qualification Agreement
SMC 7.06.262

4.0 DEFINITIONS

- 4.1 "Administrative Reserve" is the dollar amount approved at contract award by City Council as a contingency for use in covering the cost of change orders for the construction contract in question.
- 4.2 "Director – Engineering Services (City Engineer)" is the person with signature authority over the administrative process for the WSDOT and FHWA Funding Program requirements per the adopted Certification Acceptance (CA) Qualification Agreement with the Washington State Department of Transportation.
- 4.3 "Principal Engineer" is the lead engineer in charge of administrative review of construction projects and approval within monetary limits described below of contract change orders for the P W & U department in question.

5.0 POLICY

- 5.1 All contract changes shall be documented by an approved change order. No change order work shall be done prior to approval. In the case of emergency situations, verbal approval may suffice. Verbal approval must be followed by submission of the corresponding change order within ten calendar days.
- 5.2 Change orders shall be used to add or delete work from a contract only when the work is within the contract's "scope of work."
- 5.3 Change orders shall not be used to add work to a contract that is outside of the contract's "scope of work" unless prior approval is obtained from the Director - Public Works & Utilities and if applicable (State or Federal Transportation Funded Projects) the Assistant Secretary for Highway & Local Programs.
- 5.4 Change orders shall be executed by the person(s) designated in section 5.5 below.
- 5.5 Change Order Authorization Authority
 - 5.5.1 For individual contract change orders with a dollar value LESS THAN THE "ADMINISTRATIVE RESERVE" AND LESS THAN OR EQUAL TO \$10,000, the change order shall bear at least the signatures of the Contractor and the Principal Engineer.
 - 5.5.2 For individual contract change orders with a dollar value LESS THAN THE "ADMINISTRATIVE RESERVE" AND LESS THAN OR EQUAL TO \$50,000 BUT GREATER THAN \$10,000, the change

order shall bear the signature of the Contractor, the Principal Engineer, and the Director - Engineering Services.

- 5.5.3 For individual contract change orders with a dollar value LESS THAN THE "ADMINISTRATIVE RESERVE" BUT IN EXCESS OF \$50,000, the change order shall bear the signature of the Contractor, the Principal Engineer, the Director - Engineering Services, and the Director – Public Works and Utilities.
- 5.5.4 The Principal Engineer shall notify the Director – Engineering Services, Director – Public Works and Utilities, and Deputy Mayor whenever a single change order or the aggregate of change orders exceed the City Council approved "Administrative Reserve" for any project. All change orders that exceed this amount will require City Council approval before proceeding with the exception of Life/Safety issues. It is the intent that a new administrative reserve will be set up at this time and will take into consideration the current percent completion of any given project.

6.0 CONTRACT CHANGE ORDER PROCEDURE

- 6.1 There should always be an attempt to contact the Design Engineer, and if necessary the appropriate departmental Operations Engineer, before any decision is made to implement a contract change order regardless of the dollar value.
- 6.2 The Design Engineer and appropriate Department Director have valuable insight into the design conditions as well as budget limitations that may affect any decision made to change the contract. This notwithstanding, there are times when stopping work or slowing work down to confer with the Design Engineer may not be in the best economic or progressive interests of the project or the City. Rather than try to describe situations in which a conference with the Design Engineer is appropriate, the following is a guide to help align expectations between Principal Engineers and the Project Design Engineer/Director.

- 6.2.1 Contract Change Orders estimated at less than or equal to \$10,000.

If needed to keep the project moving, these changes may be made without prior discussions with the Project Design Engineer or Operations Engineer. The Project Design Engineer or Operations Engineer shall be informed of the change at the first available opportunity.

- 6.2.2. Contract Change Orders estimated at greater than \$10,000 but less than or equal to \$50,000.

An effort shall be made to contact and confer with the Design Engineer and/or Operations Engineer before any changed work begins. If neither is available and it would cause economic or schedule harm to the project, the work may be allowed to progress by the Principal Engineer. Otherwise, the project, or that portion to which the change order relates, will be temporarily shut down until proper conference with the Design Engineer and/or Operations Engineer can be conducted.

6.2.3 Contract Change Orders estimated at greater than \$50,000.

Except in the event of a life/safety issue, work shall not continue on a changed portion of the contract until the change is approved by the Design Engineer or Operations Engineer.

6.3 Setting of Administrative Reserve.

If an administrative reserve is set on a construction contract, it shall be set at TEN PERCENT (10%) of the lowest responsive bid award (including sales tax, if applicable) forwarded for Council approval, up to a limit of \$100,000. For construction contracts that exceed \$1,000,000, at time of award, the recommended amount of the administrative reserve shall be set by the Director of Public Works & Utilities.

All Administrative Reserves require prior approval of the City Council.

6.4 Contract Change Order Administration.

Contract change orders shall be pre-approved as to form by an Assistant City Attorney. Final signed change orders shall be placed on file with the Office of the City Clerk after internal routing in accordance with City procedures. Consent of the surety shall be in compliance with the contract's project specifications.

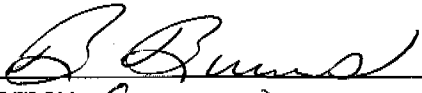
7.0 RESPONSIBILITIES

The Public Works & Utilities Division of the City shall administer this policy.

8.0 APPENDICES

Public Works and Utilities Contract Change Order Signature Authority Order

APPROVED BY:



City Attorney (Asst)

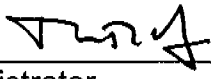
Date



Public Works & Utilities Director

7-30-08

Date



City Administrator

9/24/2008

Date

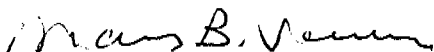
City of Spokane
Public Works and Utilities Contract Change Order
Signature Authority
July 2008

WHEREAS, it often becomes necessary to execute a contract change order due to some changed contract condition, or the addition to or subtraction from the original contract work; and

WHEREAS, it is recognized that it is most efficient and less costly to have contract change orders negotiated and approved at the lowest, most practical level within the organization; -- Now, Therefore,

The following delegation of signature authority is granted.

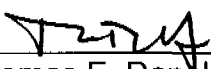
The Mayor of the City of Spokane Washington delegates the authority to approve contract change orders to the City Administrator, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Mary B. Verner Mayor

9/24/2008
Date


The City Administrator of the City of Spokane Washington delegates the authority to approve contract change orders to the Director - Public Works and Utilities, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Thomas E. Danek, City Administrator

9/24/2008
Date

The Director - Public Works and Utilities of the City of Spokane Washington delegates the authority to approve contract change orders to the Director of Engineering Services, Director of Wastewater Management, Director of Water and Hydroelectric Services, and Director of Solid Waste Management, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



David Mandyke
Director - Public Works & Utilities

7-30-08
Date

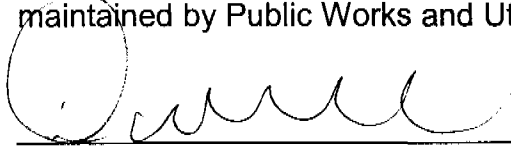
The Director of Engineering Services of the City of Spokane Washington delegates the authority to approve contract change orders to the Principal Engineer – Construction Services, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Eldon Brown
Acting Director – Engineering Services

7/30/08
Date

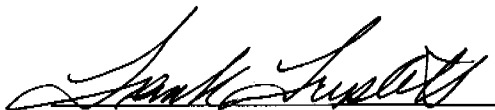
The Director of Wastewater Management of the City of Spokane Washington delegates the authority to approve contract change orders to the Principal Engineer – Wastewater Management, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Dale Arnold
Director – Wastewater Management

7/30
Date

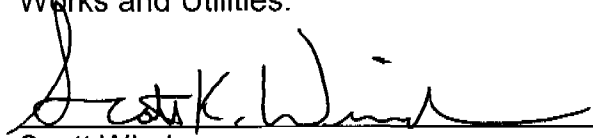
The Director of Water & Hydroelectric Services of the City of Spokane Washington delegates the authority to approve contract change orders to the Water Systems Engineer (Principal Engineer) – Water & Hydroelectric Services, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Frank Triplett
Director – Water & Hydroelectric Services

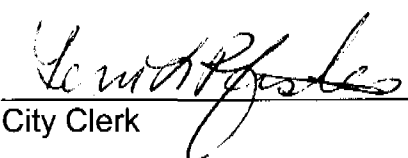
7/28/08
Date

The Director of Solid Waste Management of the City of Spokane Washington delegates the authority to approve contract change orders to the Disposal Operations Supervisor – Solid Waste Management or Contract Manager – Regional Solid Waste System, conditioned on following the approved change order procedures maintained by Public Works and Utilities.



Scott Windsor
Acting Director – Solid Waste Management

7/22/08
Date

Attest: 

City Clerk