



Board Agenda Item 43

DATE: March 12, 2019

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Resolution Increasing Limits of Contract Change Orders

RECOMMENDED ACTION(S):

Adopt Resolution increasing limits of contract change orders approved by the Director of the Department of Public Works and Planning to amounts consistent with Public Contract Code, sections 20142, 20395(d), and 20405(d).

Approval of the recommended action will authorize the Director of the Department of Public Works and Planning (Director) to approve contract change orders up to a specified amount for road, bridge, and other construction projects, up to the statutorily authorized delegable limit. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the Director's authorization to approve contract change orders will remain at the maximum of \$100,000 approved by the Board of Supervisors in 1991 with the adoption of Resolution No. 91-355. Most recently, the limit has been increased on a project-by-project basis as necessary by authorization of the Board of Supervisors.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action. Contract contingencies for change orders are provided for in each project budget approved by the Board. Increasing limits of contract change orders approved by the Director to amounts consistent with the Public Contract Code will allow potential savings to be realized by reducing project delays, potential claims, and associated contract and engineering costs. Delaying the contractor's operation while waiting for approval to make field changes can result in legitimate claims by the contractor for the cost of idle workers and equipment and for time extensions. Time extensions also result in delays for the public for use of the roads and bridges, as well as delays to the use of buildings by County staff as well as the public.

DISCUSSION:

Per Resolution No. 91-355, the Director may approve contract change orders for a road, bridge, or other type of construction project in an amount not to exceed a cumulative total of \$5,000 for contracts of \$50,000 or less; or 10% of contracts between \$50,000 and \$250,000; or \$25,000 plus 1% of the amount of the original contract in excess of \$250,000, up to a maximum authorization of \$100,000. Most recently, the Board has approved increases in the Director's authority to approve contract change orders on a project-by-project basis. Once the approved project limit has been reached, further change orders, regardless of the reason, must be approved by the Board prior to the contractor's performance of the work.

Change orders processed through normal agenda item procedures can take up to four weeks or longer.

Since the Board's adoption of Resolution No. 91-355, State Legislature has revised the maximum limits under Sections 20142, 20395(d) and 20405(d) of the Public Contract Code. The recommended resolution is consistent with these statutes and provides that the Director's authority to approve contract change orders under each referenced section of the Public Contract Code shall automatically be revised, consistent with any subsequent changes to the limits in each section as may be enacted into law by legislative action.

The recommended increases include:

- Public Contract Code 20142, which applies to construction projects other than road or bridge projects:

For contracts which do not exceed \$50,000, such contract change orders shall not exceed a cumulative total of \$5,000; for contracts which exceed \$50,000 but do not exceed \$250,000, the cumulative total of such contract change orders shall not exceed 10% of the original contract amount up to a maximum of \$25,000; and for contracts which exceed \$250,000, the cumulative total of such contract change orders shall not exceed \$25,000 plus 5% of the amount of the original contract in excess of \$250,000, up to a maximum authorization of \$210,000.

- Public Contract Code 20395(d), which applies to road projects:

For contracts which do not exceed \$50,000, such contract change orders shall not exceed a cumulative total of \$5,000; for contracts which exceed \$5,000 but do not exceed \$250,000, the cumulative total of such contract change orders shall not exceed 10% of the original contract amount up to a maximum of \$25,000; and for contracts which exceed \$250,000, the cumulative total of such contract change orders shall not exceed \$25,000 plus 5 percent of the amount of the original contract amount in excess of \$250,000, up to a maximum authorization of \$210,000.

- Public Contract Code 20405(d), which applies to bridge projects:

For contracts which do not exceed \$50,000, such contract change orders shall not exceed a cumulative total of \$5,000; for contract which exceed \$50,000 but do not exceed \$250,000, the cumulative total of such contract change orders shall not exceed 10% of the original contract amount, up to a maximum of \$25,000; or for contracts which exceed \$250,000, the cumulative total of such contract change orders shall not exceed \$25,000 plus 5% of the amount of the original contract in excess of \$250,000, up to a maximum total of \$210,000.

Authorizing the Director to execute change orders within the proposed monetary limits will reduce paperwork, offer timely approval, and avoid the potential for delay of claims.

The recommended action would not authorize the Director to approve changes in the scope of the work. Any requested changes in the scope of the work will continue to be brought before the Board for approval.

REFERENCE MATERIAL:

BAI #58, August 30, 2011

BAI #20, June 11, 1991

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution

CAO ANALYST:

Sonia M. De La Rosa