

CE-6
CE-210

CITY COUNCIL MEETING
DECEMBER 4, 1985

CHANGE ORDER
POLICY ADOPTED
BY COUNCIL

RES. NO. 85-173

Council was reminded that at its work study session of November 19, 1985 the City Council discussed the topic of developing for use by all City departments a more formalized policy regarding change order approval. A draft policy was presented for Council's perusal. Requests for change orders are not uncommon in City construction projects, particularly the involved undertakings. The City's auditing firm has recommended that the City Council adopt a policy of some kind to formalize the process.

Following discussion, Council, on motion of Mayor Pro Tempore Reid, Olson second, adopted Resolution No. 85-173 adopting a City Change Order Policy.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

DATE
November 26, 1985

NO.

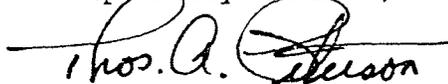
SUBJECT: CHANGE ORDER POLICY

RECOMMENDED ACTION: That the City Council adopt the Change Order Policy as set forth in the attached Exhibit A.

BACKGROUND INFORMATION: At its work study session of November 19, 1985 the City Council discussed the topic of developing for use by all City departments a more formalized policy regarding change order approval. Attached for the City Council's information and review is the final draft of such a policy as refined by the City Council. Requests for change orders are not uncommon in City construction projects, particularly the involved undertakings. Our auditing firm has recommended that the City Council adopt a policy of some kind to formalize the process. We have discussed this draft with our auditors and they have advised us that it satisfactorily addresses their concerns.

The staff will be pleased to answer any questions Councilmembers may have on this subject. Following adoption by the City Council, the staff will put in place an appropriate mechanism to insure the policy is adhered to correctly and accurately.

Respectfully submitted,



Thomas A. Peterson
City Manager

TAP/lh

RESOLUTION NO. 85-173

RESOLUTION ADOPTING A FORMAL POLICY AND PROCEDURE
TO GOVERN CONTRACT CHANGE ORDERS

RESOLVED, that the City Council of the City of Lodi does hereby adopt a formal policy and procedure to govern contract change orders as shown on Exhibit "A" attached hereto and thereby made a part hereof.

Date: December 4, 1985

I hereby certify that Resolution No. 85-173 was passed and adopted by the City Council of the City of Lodi in a Regular Meeting held December 4, 1985 by the following vote:

AYES: Council Members - Olson, Pinkerton, Reid, Snider
and Hinchman (Mayor)

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

RECOMMENDED POLICY & PROCEDURES

CONTRACT CHANGE ORDERS

Purpose

To establish formal policy and procedures to govern contract change orders.

Policy

. Definition

As used in this policy, a change order shall mean a written order to change the amount of work to be done on a formal contract awarded by the City Council which is anticipated to result in an increase or decrease in contract price. Change orders may not increase or change the scope of the project specified in the contract plans and specifications approved by the City Council.

. Department Head Authority

The responsible Department Head shall be authorized to approve and issue individual change orders to increase the contract price up to \$5,000 or 10% of the formal contract, whichever is larger. The aggregate total of all change orders to each contract may not exceed \$25,000.

. Authority of the City Manager

The City Manager may authorize change orders in excess of 10% of the formal contract or in excess of \$25,000 to avoid extraordinary delay of work or to protect the safety of human life and the environment at or near the work site. The City Manager shall report the change orders and the amounts to the City Council at its next regular meeting.

Procedure

Written change orders shall be submitted to the Finance Department to be added to the construction contract and encumbered against the specific appropriation prior to payment to the contractor. In the event unencumbered funds are not available a special allocation must be processed to increase the applicable appropriation.