

Resolution establishing City Council policy for construction change orders.

WHEREAS, approximately 95% of the City's construction contracts are procured using the design-bid-build method of procurement;

WHEREAS, 100% of these design-bid-build contracts are bid as unit price contracts, lump sum contracts, or contracts that are priced using a combination of units and lump sum items of work;

WHEREAS, the City does not enter into guaranteed maximum price contracts or cost plus contracts for traditional design-bid-build contracts;

WHEREAS, unit pricing, whereby the contractor sets a price for each unit of work or category of cost is a typical way for pricing public works such as roadways and runways;

WHEREAS, unit pricing is most often used on public infrastructure projects;

WHEREAS, Texas Local Government Code (LGC) section 252.048 provides authority for the governing body to approve change orders due to changes in plans or specifications, decrease or increase in the quantity of work, materials, equipment or supplies due to unforeseen conditions;

WHEREAS, TX LGC sec. 252.048 also provides that the total contract price may not be increased unless additional money is appropriated and the original contract price may not be increased by more than 25%;

WHEREAS, where an additional scope of work needs to be added to a construction contract and the project indicates a change order, if the total amount of that change order, when added to all previously executed change orders, would increase the original contract price by more than 25%, that change order is not executed, and the additional scope of work is not made a part of the original contract;

WHEREAS, the construction services required for performing the additional scope of work must instead be procured by a manner authorized by state law;

WHEREAS, TX LGC sec. 252.048(c-1) authorizes the governing body in a municipality with a population of 300,000 or more to grant general authority to an administrative official to approve public works change orders that involve an increase or decrease of \$100,000 or less;

WHEREAS, the City of Corpus Christi (City) Code of Ordinances, Part II, Council Policy No. 18, provides that the City Council (Council) grants to the City Manager or his designee the authority to approve change orders up to the maximum amount permitted under Texas law;

WHEREAS, the General Conditions of the City's construction contract requires the City to execute change orders for agreed upon changes in contract price, contract times and changes in the work;

WHEREAS, Council recognizes that change orders are a normal and necessary part of any construction project;

WHEREAS, change orders amend the contract by revising either the contract price or contract times due to, for example, design changes, design deficiencies, misinterpreted or vague or ambiguous specifications upon which the contractor relied in making their bid, drawing errors and omissions, unforeseen conditions, differing site conditions, substitutions, or Owner/City-requested changes to add or delete from the originally contracted scope of work;

WHEREAS, when these events occur and the contract must be amended, timeliness and proper change management is critical in seeking to minimize costs, and to avoid costly delays, claims, and litigation;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS THAT THE FOLLOWING POLICY BE ADOPTED:

SECTION 1. When a construction contract is awarded, an amount for change orders shall be designated, the typical allocation being ten percent of the contract price ("Contingency").

SECTION 2. The City Manager is authorized to approve change orders within the parameters allowed by state law. Change orders exceeding the threshold amount authorized by state law for administrative approval must be approved by City Council.

SECTION 3. The City Manager is authorized to further delegate his authority to approve change orders.

SECTION 4. The City Manager shall provide a quarterly report to the City Council of all change orders approved under his authority.

SECTION 5. If the aggregate sum of change orders exceeds 75% of the set aside Contingency, the City Manager shall notify the City Council immediately upon execution of the change order.

PASSED AND APPROVED this _____ day of _____, 2015, at a Regular Meeting of the City Council of the City of Corpus Christi, Texas by the following vote:

ATTEST:

Rebecca Huerta
City Secretary

Nelda Martinez
Mayor

Corpus Christi, Texas

_____, 2015

Nelda Martinez _____

Rudy Garza _____

Chad Magill _____

Colleen McIntyre _____

Lillian Riojas _____

Brian Rosas _____

Lucy Rubio _____

Mark Scott _____

Carolyn Vaughn _____