



office memorandum

DATE: December 7, 2011

TO: Management Team

FROM: Brenda Hall, City Clerk *BH*

THROUGH: Steve Lewis, City Manager *SL*

SUBJECT: Change Order Policy Procedures

City Council in its meeting of November 8, 2011, adopted Resolution No. R-1112-55 authorizing the City Manager to approve certain change order requests. The resolution, a copy of which is attached, delegates administrative authority to the City Manager or his designee, at his discretion, to approve change order requests that result in adjustments up to \$40,000 or 10% of any contract, whichever is less. This memo will outline the procedure for processing change orders that fall within this criteria.

1. Prepare memo in the same format as an agenda item. The memo will be included in a report submitted to Council on their agenda; therefore, it needs to include all the necessary background and discussion information.

The memo needs to be reviewed by the following individuals:

Linda Price, Revitalization Manager
Susan Connors, Director of Planning and Community Development
Clint Mercer, Chief Accountant
Anthony Francisco, Director of Finance
Jeff Bryant, City Attorney
Steve Lewis, City Manager

2. The change order documents needs to be filled out and executed with the final approval line set up for the City Manager's signature. A copy of the change order template is attached.
3. Once the City Manager has approved and signed your change order. A copy of the memo and change order needs to be submitted to the City Clerk's Office to be included in a report for Council.

If the change order exceeds \$40,000 or 10% of the original contract amount, it needs to be processed through the normal Council agenda process and will require presentation at a Council Conference.

attachments

Resolution No. R-1112-55
Change Order Document

Resolution

R-1112-55

A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, DELEGATING ADMINISTRATIVE AUTHORITY TO APPROVE CERTAIN CHANGE ORDER REQUESTS TO THE CITY MANAGER AND DIRECTING THE REPORTING THEREOF.

- § 1. WHEREAS, the Citizens Contract Advisory Committee (CAC) was formed during the fall of 2004; and
- § 2. WHEREAS, the CAC discussed issues with the performance of certain public construction contracts on City of Norman projects; and
- § 3. WHEREAS, the CAC discussed management of contracts for public construction contracts and the procedures used to manage and implement these contracts; and
- § 4. WHEREAS, as a result of the work of the CAC, Council approved Resolution No. R-0405-78 on April 12, 2005, requiring all change orders be presented to City Council at a conference in advance of presenting them on the Council Agenda for approval; and
- § 5. WHEREAS, a review of change orders that have been processed since the adoption of Resolution No. R-0405-78 indicates that they have been processed appropriately; and
- § 6. WHEREAS, many times change orders are for amounts less than forty thousand dollars (\$40,000) or, in fact, are change orders that result in savings to the City; and
- § 7. WHEREAS, the Oklahoma Competitive Bidding Act, 61 O.S. § 121 allows change order adjustments up to forty thousand dollars (\$40,000) or 10% of any contract, whichever is less, to be approved administratively with the reasons for approval to be recorded in the permanent records of the governing body; and
- § 8. WHEREAS, the permanent records of the governing body of the City of Norman are kept by the City Clerk of the City of Norman; and
- § 9. WHEREAS, the delegation of authority to approve change order requests that fall with the statutory guidelines to the City Manager will result in a more efficient process, result in savings to the City of Norman on certain projects, and result in more confidence by contractors working with the City of Norman that are asked to perform work on behalf of the City of Norman prior to formal approval of a change order request.



NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA:

- §10. That the Council delegates administrative authority to the City Manager or his designee, at his discretion, to approve change order requests that result in adjustments up to forty thousand dollars (\$40,000) or 10% of any contract, whichever is less.
- §11. That such administrative approvals of change orders shall be reported to the City Council with the City Manager's Report and at the next regularly scheduled Council meeting and shall be filed with the original contract in the permanent records of the City Clerk.
- §12. That change orders in excess of forty thousand dollars (\$40,000) or 10% of a contract, whichever is less, will continue to be presented to City Council at a conference in advance of presenting them on the Council Agenda for approval.
- §13. That contractors electing to complete additional work requiring approval by City Council before receiving such approval shall be advised that such work is being done at their own risk.

PASSED AND ADOPTED this 8th day of November, 2011.

ATTEST:

Korenda Hall
City Clerk

Cindy S. Rosenthal
Mayor



CHANGE ORDER SUMMARY
CITY OF NORMAN
CLEVELAND COUNTY, OKLAHOMA

CHANGE ORDER NO. _____

DATE: _____

CONTRACT NO.: _____

SUBMITTED BY: _____

PROJECT: _____

CONTRACTOR: _____
(Name)

Original Completion Date _____

Previous Completion Date _____ ORIGINAL CONTRACT AMOUNT \$ _____

(Increase) this change order __ Calendar days

New Completion Date _____ PRESENT CONTRACT AMOUNT _____

DESCRIPTION	DECREASE	INCREASE

Note: This change order is based completely on the unit prices from the original contract. There are no new items.

NET CHANGE _____

REVISED CONTRACT AMOUNT _____

CONTRACTOR: _____

DATE: _____

ARCH./ENGINEER: _____

DATE: _____

CITY ATTORNEY: _____

DATE: _____

ACCEPTED BY: _____

DATE: _____

(City Manager)

CHANGE ORDER DETAIL
CHANGE ORDER NO. ____
City of Norman
Cleveland Co., Oklahoma

Project Name: _____ Design Engineer: _____
Address/Phone: _____
Project Account Number _____
Project Number _____
Contract No. _____

- A. Administrative Change Orders shall not exceed \$40,000 or a ten percent (10%) of the original contract amount.
- B. The change order document shall include:
 - 1. All materials with cost per item;
 - 2. Itemization of all labor with number of hours per operation and cost per hour;
 - 3. Itemization of all equipment with the type of equipment, number of each type, cost per hour for each type, and number of hours of actual operation for each type;
 - 4. Itemization of insurance cost, bond cost, social security, taxes, workers' compensation, employee fringe benefits and overhead cost; and
 - 5. Profit for the contractor.
- C.
 - 1. If a construction contract contains unit pricing, and the change order pertains to the unit price, the change order will not be subject to subsection B of this section; however, itemized list of work should be included.
 - 2. When the unit price change does not exceed Ten Thousand Dollars (\$10,000.00), the unit price change order computation may be based on an acceptable unit price basis in lieu of cost itemization.

Alternates or add items bid with the original bid and contained in the awarded contract as options of the awarding public agency shall not be construed as change orders under the provisions of the Public Competitive Bidding Act of 1974.

