

Agenda Report

TO: CITY COUNCIL

DATE: May 23, 2005

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: CITY HALL SEISMIC RETROFIT PROJECT -
CHANGE ORDER APPROVAL AUTHORITY

RECOMMENDATION

It is recommended that the City Council:

1. Adopt the City Hall change order approval authority as referenced in Attachment A;
2. Amend Agreement No. 18,768, with Clark Construction Group – California, LP, reflecting who has Change Order Approval Authority.

CITY HALL RESTORATION OVERSIGHT COMMITTEE RECOMMENDATION

On May 11, 2005, the City Hall Restoration Oversight Committee discussed and recommended that City Council approve the change order authority recommended by staff.

BACKGROUND

On January 31, 2005, the City Council authorized the City Manager to execute the City Hall general contractor contract with Clark Construction Group-California, LP, in the amount of \$79,899,000.

At that time, City Council requested staff to draft City Hall project controls and procedures for authorizing project contingency moving forward. The total contingency allocated in the City Hall Project budget is \$8,642,014. To date, no contingency expenditures have been authorized.

GENERAL CONTRACTOR CONTRACT AMENDMENT PROCESS

Pursuant to contractual provisions, the project team will be processing contract claims and/or change orders in the following manner:

1. Initial Claim: The Claimant has 21 days to submit the claim once the condition for claim is recognized.
2. Response to Claim: The City shall have 10 days to respond to the claim in one or more of the following approaches:
 - A. Request additional supporting data from Claimant;
 - B. Submit a schedule to the parties indicating when they expect to take action;
 - C. Recommend rejecting the claim in whole or in part, stating reasons for rejection;
 - D. Recommend approval of the claim by the other party; or
 - E. Suggest a compromise.

The project team will be thoroughly reviewing all potential general contractor claims for contract document inclusion: merit, unit quantities, valuation, and contractual consistency. Potential claims will be reviewed by the architect, construction manager, applicable engineers, cost estimator (when necessary), and city staff. Public Works will bring valid claims to the City Manager for approval. These approved claims will then be brought before the Oversight Committee for review. In most instances, the duration of the review process will allow staff to review potential claims with City Council prior to incurring additional delay penalties. Pursuant to Attachment A, staff recommends that the change order approval thresholds for the City Manager not exceed \$75,000 for individual change orders and cumulative change orders no greater than \$300,000, as tracked from the last change order review update to City Council. To further insure change orders are processed in a timely manner, the City Manager may delegate approval authority (\$75,000 individually and \$300,000 cumulative) to the Director of Public Works. As a normal course of business, financial reporting, including contingency expenditures to date, will be reviewed during the Quarterly City Hall Project updates to City Council.

Staff expects to experience a few change order requests which will require immediate City approval or incur additional delay costs. In order to avoid delay costs, staff recommends enacting "emergency" change order approval which raises the City Manager's change order thresholds above \$75,000. Please note, when "emergency" approval is enacted, staff will review these claims with City Council at the next available City Council meeting date.


FISCAL IMPACT

The project contingency equates to \$8,642,014. No contingency expenditures have been authorized to date.

Respectfully submitted,


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City Manager

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Approved by:


Martin Pastucha, Director
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City Hall Seismic Retrofit Project

CHANGE ORDER APPROVAL AUTHORITY

1. City Council: The City Council must formally approve all City Hall change orders as follows:
 - A. Single occurrences: Individual change orders in excess of \$75,000.
 - B. Cumulative: Multiple change orders totaling greater than \$300,000 as tracked from the date of the preceding change order review to City Council by staff.

2. City Manager: The City Manager may approve all City Hall change orders as follows:
 - A. Single occurrences: The City Manager may approve all individual general contractor change orders not exceeding \$75,000.
 - B. Cumulative: The City Manager may approve multiple general contractor change orders not exceeding \$300,000, as tracked from the date that the preceding change orders are approved by City Council. Total contract amendments are not to exceed the project contingency as approved by City Council.
 - C. The City Manager may delegate approval authority (\$75,000 individually and \$300,000 cumulative) to the Director of Public Works.
 - D. Emergency Conditions: Consistent with Pasadena Municipal Code Section 4.08.150, in cases of emergency, the City Manager may approve general contractor contract amendments that exceed \$75,000. In cases of emergency, the code allows exemptions from the competitive bidding process by the City Manager. In such cases, a full report of the circumstances must be filed with the City Council in a timely manner.
 - (1) Staff expects to experience a limited amount of change order requests which will require immediate City approval or incur additional delay costs. In those cases, staff recommends enacting “emergency” change order approval which raises the City Manager’s change order thresholds above \$75,000. Staff will review these claims with City Council at the next available City Council meeting date.

3. Updates to City Council: Quarterly City Hall project updates to City Council are to include financial reporting, including contingency expenditures to date.