

REPORT OF GENERAL MANAGER

NO. 03-09

DATE January 8, 2003

C.D. All

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: CAPITAL PROJECTS: DELEGATION OF AUTHORITY TO THE GENERAL MANAGER FOR APPROVAL OF CHANGE ORDERS TO CONSTRUCTION CONTRACTS UP TO THE AMOUNT OF \$25,000.00

J. Combs \_\_\_\_\_  
A. Corrales \_\_\_\_\_  
J. Duggan JD  
J. Kolb \_\_\_\_\_

H. Fujita \_\_\_\_\_  
\* F. Fawcett FF  
L. Barth \_\_\_\_\_

John Duggan for  
Manuel A. Mollinedo  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

It is recommended that the Board delegate the authority to approve change orders to construction contracts up to the amount of \$25,000.00 to the General Manager.

SUMMARY:

Historically, the construction contracts executed by the Board of Recreation and Parks Commissioners were less than a \$1 million in size. The limit of authority for approval of change order was limited to \$5,000.00 per change order without Board approval.

In the past several years, construction contracts were awarded well in excess of \$1 million per contract. As the construction contract increases in size, the size and complexity of routine change orders increases proportionally. The amount of time for Department staff to review and negotiate change orders to proceed to the Board for approval has also increased. The increased time for approval of change orders leads to delays in construction and complaints from the contractors which frequently can lead to further claims at the close of construction.

As of January 15, 2002, the Board of Public Works has increased the authority for the City Engineer to approve change orders up to \$100,000.00. The previous authority was for \$25,000.00. The contracts covered by the Bureau are usually substantially larger than the Departments' construction contracts. Department staff believes that delegating authority for approval of change orders up to \$25,000.00 will decrease the need for the Board's approval of what have become routine change orders in the amounts that exceed \$5,000.00 but which are less than \$25,000.00. By delegating this authority to the General Manager, the Department would be able to avoid delays in construction, and decrease the time it takes to pay contractors for required additional work.

## REPORT OF GENERAL MANAGER

PG. 2

NO. 03-09

The Board recently approved an increase in the delegation of the change order authority to \$25,000.00 to the program manager for the Prop K projects, (Board Report No. 02-389, November 20, 2002) being managed by the Bureau of Engineering for the Department. Staff recommends the same condition for the authority be added to this delegation of authority to the General Manager included in the reference. The provision requires notification to the Board should any addition or deletion to a construction contract, regardless of cost, change the scope of the project, reducing potential service to the community of the new facility. The Board will be notified of the change and the project requirements which created the need for the change prior to issuing the change order.

Report prepared by Kathleen Chan, Prop K Coordinator.