

# SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

## *POLICIES & PROCEDURES MANUAL*

### POLICY 51.020 - MODIFICATIONS TO PROFESSIONAL SERVICES AND COMPETITIVELY BID CONTRACTS

Date: July 2021  
Revision: 3  
Supersedes: February 15, 2018  
First Adopted: August 18, 1992

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#### **SECTION 1:** Contracts Subject to This Policy

All Change Orders for existing contracts for both professional services and construction, entered into by the Department in an amount greater than \$50,000.00, shall be subject to the modification procedures contained in this policy. All Change Order approvals shall be in writing.

#### **SECTION 2:** Approval of Change Orders for Professional Services and Competitively Bid Contracts

##### A. Contracts Between \$50,000.00 - \$250,000.00

1. The General Manager may approve modifications to the plans and specifications and contract documents by means of a Change Order if the cost or estimated costs of such Change Order does not exceed \$50,000.00 or 50% of the original contract, whichever is less.
2. Any Change Order in excess of \$50,000.00 or 50%, whichever is less, shall require Water Board approval. Cumulative Change Orders in excess of these amounts shall require Water Board approval.

##### B. Contracts Greater than \$250,000.00

1. The General Manager may approve modifications to the plans and specifications and contract documents by means of a Change Order if the cost or estimated costs of such Change Order does not exceed \$50,000.00, plus 5% of the original contract cost in excess of \$250,000.00. In no event can

the General Manager approve a Change Order greater than \$150,000.00.

2. Any Change Order in excess of \$50,000.00, plus 5% of the original contract cost in excess of \$250,000.00, and all Change Orders greater than \$150,000.00, shall require Water Board approval. Cumulative Change Orders in excess of these amounts shall require Water Board approval. Cumulative Change Orders in excess, both additive and deductive, of 25% of the original contract cost shall be by written Supplemental Agreement between the Contractor and the Department.
3. The General Manager's designee, including the Construction Services Manager or Construction Project Manager may approve plan changes, but not extra work items, up to \$25,000.00. The designee must authorize all work in writing. All recommended plan changes must be reviewed and approved by the appropriate Division Director. Contractor would proceed with work and identify percent complete in the next partial payment. Payment would be identified as pending Water Board approval; however, the amount of work completed would be included in the partial payment total.

**SECTION 3:**        Report to the Water Board Commissioners

The General Manager, or designee, shall make a quarterly written report to the Water Board as to all Change Orders approved by the General Manager during the quarter, and of all possible future Change Orders which may appear probable prior to the next quarterly report. At a minimum, the General Manager shall provide the Water Board with the name and nature of the contract, all Change Orders approved during that quarter, the reason for the Change Orders, the cumulative amount of the Change Orders for that contract, and any additional information the Water Board requests.

**SECTION 4:**        Authorization

Actions taken in conformity with this policy are intended to bind the City of San Bernardino Municipal Water Department.

**SECTION 5:**        Emergency Work

In the event of an emergency or extraordinary circumstance, as determined by the General Manager, the General Manager may authorize change orders exceeding the approval amounts described above. The General Manager shall notify the Water Board by written staff report within five (5) business days of the authorization and bring the ratification of the change order before the Water

Board at the next available regular meeting.

**SECTION 6:**        Definitions

- A.    Extra Work: Additional work that is unrelated to or significantly adds to the design intent and/or functionality of the original plans and specifications. This work is not necessary to complete the project.
  
- B.    Plan Changes: Work differing from the scope of work which is set forth in the plans and specifications which is necessary to complete the project. The intent of the additional work is to 1) facilitate ongoing work when differing site conditions occur; or 2) conformance with the original design intent; or 3) take advantage of construction cost efficiencies.

**Policy Review**

Board Approved:	<u>8/18/1992</u>
Revision Board Approved:	<u>8/3/1993</u>
Revised:	<u>2/15/2018</u>
No changes:	<u>7/2019</u>
No changes:	<u>7/2020</u>
Minor changes (HR) GM Approved:	<u>7/2021</u>