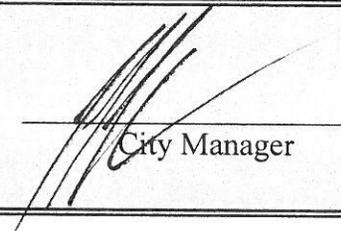


City of Los Alamitos Administrative Regulation

Regulation:	3.8	 _____ City Manager
Title:	Change Order Policy	
Authority:	City Council	
Date:	July 20, 2009	
Revised:		

1. **Purpose:** Contract change orders (CCO) are a tool for modifying construction contracts as needed to accommodate unforeseen conditions on the project site and/or make necessary additions or deletions to complete the project work. This policy provides the framework and guidance to staff in administering and processing of construction contract change orders.

2. **Application:** This policy shall apply to construction contracts of the City of Los Alamitos subject to the Public Contracts Code requirements.

3. **Regulation:**
 - a. **Definitions;**
 - i. **Change Order-**Change order shall mean any change in scope of work on a public works contract that is not covered by a specific contract unit price.
 - ii. **Contract Unit Price-**Contract unit prices are items specifically listed in the contract for which there is either an identified per unit price or lump sum price for purposes of payment to the contractor.
 - iii. **Contract costs changes-**Cost increases or decreases due to contract quantity changes are normal and result in changes to the final contract costs. The cost changes are within the scope of the contract and are not considered as change orders.

4. **Policy**
 - a. **Change Order Authorization Authority**

The City Manager or his/her designees are authorized to execute change orders up to the amount of the contingency reserve as established by the City Council. Contract change orders that would exceed the contingency reserve require prior Council approval.

 - b. **Time and Material Change Orders**

If a change in contract scope is needed and the City Manager or his/her designee has determined that the work is to be performed on a time and materials basis, City staff will establish a maximum limit with the contractor for the change order not to exceed the amount of the contract plus the amount approved by the City Council as contract contingency. In such instances, staff will also provide weekly updates in a separate memo from the City Manager to the City Council on the costs for the time and materials work incurred to date. Should action be required by the City Council due to costs

exceeding authorized contract amounts, or other factors to be determined by City staff or City Council, the item will be agendaized on the next available City Council meeting. Time and materials change orders shall conform to all other provisions of this policy.

c. **Contingency Reserve Established**

At the time of award of a contract the City Council shall approve a contingency reserve for the project. The contingency reserve should generally be ten percent (10%) of the contract price. However, the Council retains the discretion to modify the contingency reserve either up or down, depending on a particular project's circumstances and budgetary requirements. The contingency reserve shall fund contract change orders and contract costs changes. The contingency reserve shall not be exceeded without prior City Council approval.

d. **Emergency Work**

It is recognized on a case-by-case basis there are occasionally circumstances during construction that may warrant the need to provide change order approvals that exceed policy requirements. If such condition arises the City Manager or his/her designee shall immediately notify the City Council. Staff shall provide a report to the City Council at the next regularly scheduled meeting to ratify the change order and make any adjustments to the contingency reserve.

e. **Contract cost changes not subject to this policy**

Items of work in the contract in which there are established unit costs are not subject to this policy. Adjustments in the contract price based on quantity changes are not considered change orders. Quantity adjustments are subject to the 25% limitation specified in the American Public Works Association (APWA) "Standard Specifications for Public Works Construction". In no case shall the total of the contracts quantity adjustments and change orders exceed the contingency reserve without prior City Council approval.

f. **Change Order Form**

City staff shall utilize the attached Change Order Form for all change orders.

**CITY OF LOS ALAMITOS
PUBLIC WORKS DEPARTMENT
CHANGE ORDER**

Project Name:	Date:
Contract No:	Change Order No.
Contractor:	

The following changes are hereby made to the contract documents:

Justification:

The contract price due to this change order will result in an
 Increase **Decrease to the contract.**

Item	Contract Price	Contract Time
Change from this Change Order	\$	Days
Previous Change Orders	\$	Days
Original Contract Price/Time	\$	Days
New Contract Price/Time	\$	Days

Requested by: _____

Approved by: _____

Approved by: _____

**CITY OF LOS ALAMITOS
PUBLIC WORKS DEPARTMENT
CHANGE ORDER**

Project Name:	Date:
Contract No:	Change Order No.
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Approved by: _____

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