



## City Council Agenda Memo

Crest Hill, IL

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<b>Meeting Date:</b>	1/30/2023
<b>Submitter:</b>	Mark Siefert, Director of Public Works
<b>Department:</b>	Public Works
<b>Agenda Item:</b>	Conversation regarding the Change Orders process for the West Plant Construction Project

### Summary:

City staff is requesting direction from its Council relating to establishing a minimum dollar amount that would be brought to City Council for approval, prior to processing any change orders. Recently, change orders for the new City Center, for as small as \$500, have been brought to City Council for approval. West Plant construction is beginning. To be proactive, staff is requesting clarification to determine how City Council would like to approve all change orders. The goal would be to ensure that the Council is involved at the level they see fit for approval on all contract change orders.

The current understanding is:

- Deduct change orders under \$20,000 do not need to come before the City Council and may be signed by myself or the City Administrator before proceeding.
- Deduct change orders over \$20,000 will need to be approved by the City Council before proceeding.
- Change Orders that do not raise the total approved contract amount and are under \$20,000 do not need to be brought before the council, but the standard purchasing policy levels of action are required before proceeding.
- Change Orders under \$20,000 that do raise the total contract amount (over the contract and over contingency) need to come to the City Council for Approval before proceeding.
- Change Orders over \$20,000 whether they raise the total contract amount or not need to be brought before the City Council before proceeding.

Any change from this policy has the potential to adversely affect the project in both length and cost.

The process for a change order would be as follows:

- Field Order - An agreed upon change in project scope that does not result in a change in contract time or price
- Cost Proposal Request (CPR) - We know a change that will result in a change in contract price is required so we issue a Cost Proposal Request to get pricing from the Contractor to perform the additional work. This is where negotiating happens. The contractor does not have permission to change the project scope at this point.
- Work Change Directive (WCD) - CPR negotiations are complete and all parties are in agreement on changes in project scope and the associated change in contract time and/or price. This is essentially a promise that these changes will be memorialized with a future change order. Several CPRs can be lumped together in a single WCD. Once a WCD has been issued the Contractor can proceed with the additional work, but the Construction Contract parameters have not changed yet.
- Change Order - The only mechanism to alter the Construction Contract parameters.

**Recommended Council Action:**

To clarify the purchasing policy, specifically the change order process, with staff.

**Financial Impact: n/a**

**Funding Source:**

**Budgeted Amount:**

**Cost:**

**Attachments:**

Purchasing Policy