

# Construction Change Order Delegation of Authority Agenda

- May Board Direction
- Measure CC Goals
  - Financial Stewardship
  - Local Hire Board Policy 6610
  - Measure CC Program Charter
  - Achievability
- Considerations
  - Potential Immediate Impacts and Legal Input
  - Historic Delay Claims
  - Other Potential Impacts
- Public Contract Code & District APs and BPs
- Proposals

# Construction Change Order Delegation of Authority May Board Direction

- In May, the Board of Trustees directed the District to change the Executive Vice Chancellor's Delegation of Change Order Authority from 10% to 5%
- Legal confirmed the Roofing Contracts could not be changed after Bid Opening without repeating the Public Bid Process. As reflected in the Board Meeting Minutes, the District will not issue any Changes over 5% without Board approval
- Contract Template and General Conditions have been revised to reflect the 5% requested by the Board for all future Contracts

# Construction Change Order Delegation of Authority Measure CC Goals

- Financial Stewardship – To maintain a consistent and predictable cashflow and keep projects on schedule, changes need to be managed and executed as smoothly as possible
- Small Local Businesses – To support the Board Policy 6610 regarding the Local Hire Initiative it is important to commit to timely payments to Contractors to help maintain their financial cash flows
- Measure CC Program Charter – The Program Charter identifies the goals of Good Stewards of Public Funds, Speed to Market, Collaboration, and Client of Choice, all of which become more difficult to meet with excessive review times for Changes and Invoices
- Achievability - Measure M was able to achieve an overall program Change Order percentage of roughly 4.2% using the District's previous delegation percentages

# Construction Change Order Delegation of Authority Immediate Impacts

- Requiring Board Approval for Change Orders beyond 5% on the \$230,000 Roofing Project means a \$13,000 Change Order (6%) related to work on the Critical Path could delay a 66-day project 30 days.
- Any Change Order beyond that would push the project out another month.
- The District's Legal Counsel has confirmed that the District is liable for delays due to excessive review and approval time for documentation such as Change Orders.
- The District Legal Counsel also stated that such delays may forfeit the District's ability to assess Liquidated Damages off-setting any such claim.

# Construction Change Order Delegation of Authority Historic Delay Claims

- The District has received the following delay claims on Projects during Construction directly related to lost time due to District Caused Delays.
  - 90-day delay, \$31,388 (**\$348/day**) SBVC Gymnasium, April 2017
  - 93-day delay, \$112,862 (**\$1,213/day**) CHC LADM, July 2016
  - 8,367 lost manhours due to delay, \$746,355 (**\$356/day**), CHC LADM November 2017
  - 67-day delay, \$126,317 (**\$1,885/day**), CHC LADM, November 2017

*Average \$950/day*

# Construction Change Order Delegation of Authority Other Considerations

- Retrofit Projects, which make up 7 of 18 Measure CC Campus Building Projects tend to encounter more unforeseen conditions than new projects requiring change orders to resolve them.
- Small dollar Campus Infrastructure projects are more likely to exceed 5%
- The cost of project delay reaches beyond the direct fiscal impact:
  - Sequencing/Phasing/Scheduling Complications
  - Delaying opening/occupancy of a building due to a significant review and approval time can impact the Campuses politically and operationally.

# Construction Change Order Delegation of Authority Public Contract Code and District AP's and BP's

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- The Public Contract Code allows Community College Districts to approve Change Orders up to ten percent of the contract amount without bidding.
- AP 6340 (referenced under Board Policy 6340) allows SBCCD to authorize subsequent Change Orders provided the agreed upon does not exceed the greater of the amount specified in Public Contract Code or ten percent of the original Contract

# Construction Change Order Delegation of Authority Proposals

1. The District adopts a Measure CC Program-Wide Construction Change Order Goal of 5% or less
2. The Program Manager provides monthly updates to the Board of Trustees on program-wide and project specific change order rates
3. The District adopts the attached Delegation of Authority and Construction Change Order Process



# Proposed Board Approval Flow-chart for Processing Change Orders (CO)

