
CITY OF ANAHEIM PUBLIC UTILITIES DEPARTMENT ORDER

310 –EXTRA WORK/CHANGE ORDERS AND EXTRA SERVICES APPROVAL AND REPORTING PROCEDURES

I. BACKGROUND

Department Order (D.O.) 310 establishes the Department's procedures for signature approval and reporting protocols for documents created to change the cost, scope of work, and/or schedule of existing Department agreements. For construction projects, this can be in the form of extra work orders and change orders, and for design, consulting and other professional services this can be in the form of extra service orders. For convenience, all such documents shall be referred to collectively herein as "Change Orders." A Change Order form for use with construction projects is provided as Attachment A. All Change Orders shall be performed under the terms and conditions of the operative agreements to which they relate, except as expressly provided in the Change Order.

Note: This D.O. does not increase or otherwise modify any general or project-specific authority or reporting obligation established by City Council.

II. APPLICABLE REGULATIONS

D.O. 310 is consistent with the City's contracting rules and practices, as established in:

- Charter of the City of Anaheim Section 604(f) – Powers and Duties
- Charter of the City of Anaheim, Section 1206 – Centralized Purchasing
- Charter of the City of Anaheim, Section 1211 – Contracts on Public Works
- Charter of the City of Anaheim, Section 1212 – Use of Design-Build Procurement for Public Works Projects
- Administrative Regulation 110 - Administration of Contracts for City Improvements (Public Work Construction Projects)
- Council Policy 4.0 – Purchasing Procedures
- Council Policy 4.1 – Selection of Professional Consultants
- Resolution No. 2017-047 – Delegation of Change Order Authority to Director of Public Works

III. AUTHORIZATION GUIDELINES FOR CHANGE ORDERS

A. Construction Agreements

1. Master Construction Agreements. Master Construction Agreements (Master Agreements) approved by the City Council for execution by the Anaheim Public Utilities (APU) General Manager normally provide the General Manager with authority to approve Change Orders for the Work Order Package or Request for Immediate Response Services (collectively, Work Order), subject to the percentage and/or dollar amount limits, if any, in the Master Agreements. The General Manager or designee, as established pursuant to Attachment B, may execute a Change Order up to the authorized amount.

2. Construction Agreements Administered by APU. Authority to approve Change Orders for non-Master Agreement projects administered by APU is subject to the percentage and/or dollar amount limits, if any, in the applicable agreement. The General Manager or designee, as established pursuant to Attachment B, may execute a Change Order up to the authorized amount.
3. Construction Agreements Administered by Public Works. Change Orders for APU capital project agreements approved by the City Council and administered by the Public Works Department (PW) per Administrative Regulation 110 are governed by City Council Resolution No. 2017-047, which establishes limited Change Order authority for the City Manager and the Director of Public Works.
 - a. If and when Resolution No. 2017-047, or a successor resolution, is superseded or amended by City Council, this D.O. shall follow the new or amended version.
 - b. When Change Orders for such capital projects require one or more signatures and/or initials indicating a recommendation of the Change Order by APU staff, a recommendation may be made up to the dollar amounts established, by position, in Attachment C. The dollar amounts in Attachment C establish APU administrative thresholds for processing change orders and do not constitute a separate source of authority to approve Change Orders or commit City funds.

B. Consulting Agreements

1. General Services Agreements. General Services Agreements (GSA) approved by the City Council for execution by the APU General Manager or designee normally provide the General Manager with specified authority to approve Change Orders that is based on a percentage of the initial dollar amount of individual Work Orders. The APU General Manager or designee, as established pursuant to Attachment B, may execute a Change Order up to the amount so authorized.
2. Professional Services Agreements. Authority to approve Change Orders for APU Professional Services Agreements is subject to the percentage and/or dollar amount limits, if any, in the applicable agreement. The APU General Manager or designee, as established pursuant to Attachment B, may execute a Change Order up to the amount so authorized.

C. Responsibilities of APU Staff

1. For all Change Orders, the authorized signatory of the Change Order and the authorized staff member recommending a Change Order (per Attachment C) shall be responsible for reviewing the form and content of the Change Order and confirming that Department requirements are met, including:
 - a. The proposed Change Order, either individually or in the aggregate with other Change Orders, does not exceed the dollar limitations established in the applicable Agreement.
 - b. All signatures required from the Contractor or Consultant are obtained before final review by the Department administering the Agreement.
 - c. Verify that both the Contractor's signatory and the Owner's Representative who sign the proposed Change Order request form are authorized to do so.
 - d. Sufficient budgeted funds for the proposed Change Order are available

- e. Clear and complete documentation is provided that shows, with appropriate documentary support, (i) the quantities and unit prices of materials and supplies, (ii) the anticipated equipment costs broken down by hours and hourly rates, and (iii) anticipated labor costs broken down by personnel required, hourly rates for each, and anticipated number of man hours required for the Change Order.
 - f. The proposed Change Order is justified and reasonable and complies with all City and Department procedures.
2. The Project Manager then:
- a. For APU Master Agreement projects and APU-administered projects, maintains the original Change Order form in project records and forwards a copy to the contractor;
 - b. For PW-administered projects, forwards the original Change Order form to the PW Contract Administrator/Engineer for approval;
 - c. For General Services Agreements and Professional Services Agreements, maintains the original Change Order form in project records and forwards a copy to the consultant.

D. Unacceptable Extra Work/Change Orders and Extra Services Orders

- 1. The practice of splitting the cost of Change Orders in order to circumvent the limitations on Change Order amount or signature approval process is unacceptable.
- 2. The practice of assigning costs or adding new scope for an unrelated project is unacceptable.

E. Timeliness

- 1. All Change Order approvals should be performed in a prudent but timely manner in order to ensure that project deadlines are met.

IV. Reporting and Notification

A. Fifty Percent (50%) Threshold Reporting and Notification Procedures:

- 1. If the cumulative amount of Change Orders for a project has reached or exceeded 50% of the total Change Order amount authorized under the terms of the applicable agreement, the APU Project Manager shall give written notice of this fact, immediately and on a monthly basis going forward until the project is completed, to the Division Manager, the Assistant General Manager, and the General Manager. The written notification shall include the following information:
 - a. Original contract amount.
 - b. A breakdown of the scope of work and cost for each Change Order.
 - c. Pertinent supporting documents that explain or justify the Change Order.
 - d. Explanation of mitigation plan to complete project within contract limits, or indication of the need to seek a request for an amendment to the original contract.

B. Annual Report of Completed Projects with Change Order Expenses:

- 1. At the end of each fiscal year, an annual report that reflects all completed projects with Change Orders charged to projects shall be created by Project Managers and forwarded to their respective Division Manager and Assistant General Manager. The following actions shall be followed to ensure transparency and consistency.

- a. Project Managers
 - 1. Provide the following information to their Division Managers:
 - a. The name of each project, including the completion date.
 - b. The original contract/Work Order amount of each project.
 - c. Total expenditures for each project.
 - d. Identify any capital projects with Change Orders that reached or, with approval, exceeded 10% of the original contract price or \$100,000 for any Master Agreement Work Order, and include justification.
- b. Division Managers
 - 1. Reconcile the reports to a single document (annual report) per division and forward the annual report to the respective Assistant General Managers.
- c. Assistant General Managers
 - 1. Review annual report and forward to General Manager.
- d. General Manager
 - 1. Assign the preparation of a combined annual report and staff report to an Assistant General Manager.
 - 2. Review annual report and present to Public Utilities Board.

V. DEPARTMENT ORDER RESPONSIBILITIES

- A. Administrative Control (Implementation, Interpretation) – Administrative Services Manager
- B. Communication and Training – Administrative Services Manager
- C. Updating – Administrative Services Manager

VI. ATTACHMENTS

- A. City of Anaheim – Construction Agreement Extra Work/Change Order
- B. Designation of Signatories and Representative for Public Utilities
- C. APU Staff Capacity to Recommend Extra Work/Change Orders (Change Orders) for Agreements Administered by Anaheim Public Works

Approved:



Dukku Lee
Public Utilities General Manager

Approved by the Public Utilities Board on

September 26, 2018

Date

Attachment A
City of Anaheim – Construction Agreement Extra Work/Change Order

CITY OF ANAHEIM

EXTRA WORK/CHANGE ORDER: _____ DATE: _____
 SHEET ____ OF ____ ACCOUNT NO. _____

TO: _____ (Contractor).
 You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications on this Work Order Package.

NOTE: Include description of the work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price and force account. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time.

Item	Description	Add		Delete		Total
		Unit \$	Qty.	Unit \$	Qty.	
Total:						\$0.00

STATUS OF CONTRACT	
Original Work Order Package Amount:	\$0.00
Previous Extra Work Orders:	\$ -
This Extra Work Order:	\$0.00
Revised Work Order Package Amount:	\$0.00

Estimated cost Decrease \$ _____ or Increase \$ _____

By reason of this order, the NEW time of completion will be adjusted as follows: **Add** - - Days

Recommended: _____ Date: _____

Approved: _____ Date: _____

City of Anaheim Representative

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all labor & materials, except as may be otherwise noted above, and perform all services necessary to complete the above specified work, and will accept as full payment which includes compensation to the Contractor for all direct costs, profit, indirect costs and expenses it has or may incur in connection with this change in the Contractor's work, including but not limited to all costs, expenses and damages for any delay, interference or hindrance in connection with the performance of Contractor's original work. Contractor also agrees that payments under this Change Order are full satisfaction and settlement of all such costs, expenses and damages related thereto. This Change Order is accepted by Contractor unless written objection is delivered to Owner within 10 days of the date of this Change Order.

By: _____ Title: _____

Date Accepted: _____ Contractor: _____



Attachment B

Designation of Signatories and Representatives for Public Utilities

City of Anaheim
PUBLIC UTILITIES DEPARTMENT

DATE: _____
FROM: **Dukku Lee, Anaheim Public Utilities General Manager**
SUBJECT: **Designation of Signatories and Representatives for Anaheim Public Utilities Agreement**

Be advised that the following listed personnel are hereby designated by the undersigned to serve as the City of Anaheim's (City) signatory and representative to the extent such designation is expressly provided for under the _____ [e.g., CITY OF ANAHEIM MASTER CONSTRUCTION AGREEMENT – WATER] between the City and _____ [Contractor(s)/Consultant(s)] dated _____, 20____, and limited by the Change Order Maximum, consistent with the APU Staff Capacity to Recommend Extra Work/Change Orders for Agreements Administered by Public Works, if any:

	Name	Position	Change Order Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

Signed: _____
_____[Name]
Anaheim Public Utilities General Manager

Attachments: [Staff Report - e.g. CITY OF ANAHEIM MASTER CONSTRUCTION AGREEMENT – WATER]

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Attachment C

**APU Staff Capacity to Recommend Extra Work/Change Orders (Change Orders)
for Agreements Administered by Public Works**

Position	May Provide APU Recommendation for PW Change Orders
Note: the amounts listed here are recommendations and do not supersede contractual authority for issuing Change Orders.	
Public Utilities General Manager	\$250,000 and up
Assistant General Manager	Up to \$249,999
APU Asst. General Manager - Electric Services	
APU Asst. General Manager - Water Services	
APU Asst. General Manager - Utilities Joint Services Power Supply	
APU Asst. General Manager - Finance & Administration	
Division Manager	Up to \$100,000
Integrated Resource Manager	
Electric Systems Planning Manager	
Electric Transmission & Distribution Manager	
Engineering Manager - Water	
Water Field/Operations Manager	
Project Manager	Up to \$5,000
Electric Capital Projects Manager	
Principal Power Systems Planning Engineer	
Senior Power Systems Planning Engineer	
Principal Electrical Engineer	
Senior Electrical Engineer	
Principal Civil Engineer - Water	