


<p>Chief Administrative Office</p> <p>POLICY MEMORANDUM</p>	<p>Date of Issue: February 12, 1998 Revised July 30, 2002 Reviewed September 10, 2013 Form revised September 12, 2014 Revised January 21, 2021 Revised October 10, 2023</p>	<p>Expiration Date: NA</p>	<p>No. 15</p>
<p>TO: ALL Divisions and Departments</p>		<p>Subject:</p>	
<p>Signature: </p>		<p>Standardized Process and Format for Contract Change Orders and Contract Modifications</p>	

PURPOSE

This policy is intended to establish a standardized process for requesting approval of contract change orders and contract modifications and applies to both increases and decreases to the contract amount.

DEFINITIONS

“Contract Change Order” – Changes to contracts for construction projects.

“Contract Modification” – Changes to professional services agreements associated with construction projects.

“Amendments to Agreements”— Changes to professional service agreements for all other agreements outside of construction-related projects.

APPLICABILITY

All departments and/or divisions, which request approval of any change order or contract modification, shall utilize the following format in preparing for submission.

POLICY

The Urban County Council has requested that all contract change orders and contract modifications that are submitted to the Council for approval utilize a standardized format, which describes the history of the contract's total cost, the dollar amount of the change being considered, the cumulative dollar amount of previous change orders, or contract modifications, and the percentage of change to the total contract cost that has resulted/ will result from previous and/or current change order(s). In accordance with that request, all contract change orders or contract modifications submitted for Council approval shall be accompanied by the following descriptive items:

1. A detailed cover memorandum that describes the reasons necessitating the contract change order or contract modification being requested.

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2. A completed Contract History Form (blank form attached), to provide the information regarding dollar amount and percentage of contract cost changes.
3. Any other supportive documentation supplied by the contractor or government staff related to the request.

In documenting the history of a contract, the responsible government staff overseeing the contract shall document and refer to contract change orders as follows:

1. All change orders to a contract shall be numbered in sequence as they are received and approved as the contract moves forward to completion.
2. A close-out change order to any contract that has been completed shall be given the appropriate sequential number, and also labeled "Final".

EXCEPTION FOR CHANGE ORDERS AND CONTRACT MODIFICATIONS UNDER 10% OF THE ORIGINAL CONTRACT AWARD

A department and/or division is not required to request Council approval for construction project change orders and associated contract modifications for professional service agreements if the change order or contract modification is ten percent (10%) or less of the original contract award and if the cumulative total percent change for all change orders or contract modifications does not exceed ten percent (10%) of the original contract award. (See Resolution #630-2020)

The contract change orders and contract modifications that do not require Council approval will be managed as follows:

Tier	Original Contract Award % Change	Approving Authority
1	5% or less	Division Director
2	5.1% - 10%	Division Director, Director of Procurement & Commissioner of the Department
3	Greater than 10% or \$1,000,000	Urban County Council

1. Prior to approving any change order or contract modification, the approving authority must verify that budgeted funds are available to cover any cost increase resulting from the change order or modification.

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2. The total percent change for all change orders and contract modifications may not exceed ten percent (10%) of the original contract award.
3. The department and/or division approving change orders or contract modifications that do not require Council approval must submit a memo describing the reasons for the change with a copy of the Contract History Form (blank attached) to the Division of Purchasing within seven (7) days of executing the change order.
4. All change orders or contract modifications executed under this authority, and without Council approval, must be necessary and appropriate for the completion of the project and shall not result in a material change to the original intent or scope of the project or the contract.
5. The Division of Purchasing shall provide a quarterly report to Council summarizing the change orders or contract modifications authorized under this exception. An annual report of all change orders or contract modifications that did not require Council approval will be provided to the Budget, Finance and Economic Development Committee.
6. Nothing in this Policy shall affect or modify the process outlined in CAO Policy No. 15R Addendum relating to the change order and contract modification approval process for the Sanitary Sewers Remedial Measure Plans.

JUSTIFICATION FOR CHANGE

PROJECT:

CONTRACT NO.

CHANGE ORDER:

1. Necessity for change:
2. Is proposed change an alternate bid? ___ Yes X No
3. Will proposed change alter the physical size of the project? ___ Yes X No
If "Yes", explain/
4. Effect of this change on other prime contractors: N/A
5. Has consent of surety been obtained? ___ Yes X Not Necessary
6. Will this change affect expiration or extent of insurance coverage? ___ Yes X No If
"Yes", will the policies be extended? ___ Yes ___ No
7. Effect on operation and maintenance costs: N/A
8. Effect on contract completion date: N/A

Mayor_____
Date