

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

October 23, 1992

*To:* (Executive Committee--Action)  
Board of Directors (Engineering and Operations Committee--Action)

*From:* General Manager

*Subject:* Revision of Administrative Code Provisions Concerning Change Orders

### Report

In June 1991, the Board approved Administrative Code revisions to reduce the volume of administrative and routine items requiring individual consideration by the Board and its committees. The intent of the revision to Administrative Code Section 8115(d) was to authorize the General Manager to issue change orders for capital construction contracts for an amount up to \$250,000 per contract or an aggregate amount not to exceed five percent of the initial amount of the contract, whichever is greater. However, the \$250,000 was inadvertently omitted from the recommended Code revisions. This limitation necessitates Board approval on change orders for less than \$250,000 on occasion even though the General Manager has existing authority to approve change orders for up to \$250,000 for noncapital contracts.

It is proposed that Administrative Code Section 8115(d) be revised to authorize the General Manager to issue change orders for capital construction contracts in amounts up to \$250,000 per contract or an aggregate amount not to exceed five percent of the initial amount of the contract, whichever is greater.

Accordingly, attached for review is the proposed revision of Administrative Code Section 8115(d) (Attachment A), and a copy of existing provisions reflecting the addition (Attachment B).

This action is exempt from the provisions of the California Environmental Quality Act in that it can be seen with certainty that there is no possibility that it may have a significant effect on the environment.

Board Committee Assignments

This letter is referred for action to:

The Executive Committee because of its jurisdiction relating to policies and procedures to be considered by the Board pursuant to Administrative Code Section 2417(e); and

The Engineering and Operations Committee because of its jurisdiction over construction, operation, and maintenance of District facilities, pursuant to Administrative Code Section 2431.

Recommendation

**EXECUTIVE AND ENGINEERING AND OPERATIONS COMMITTEES FOR ACTION.**

It is recommended that Section 8115(d) of the Metropolitan Water District Administrative Code be amended to read as set forth in Attachment A.

  
for Carl Boronkay

LTF:rdl  
(brd:admcode1-10292)  
Attachments

**§ 8115. Negotiated Contracts.**

All contracts not required to be let by competitive bidding shall be entered into as follows:

(a) Contracts Over \$250,000. - Except as provided in Section 8115(b), if the amount payable or expected to be paid under the terms of the contract is \$250,000 or more, the contract shall be executed only upon prior approval of the Board, provided that the Board may designate an officer of the District to negotiate and execute classes of contracts without prior approval of the Board.

(b) Urgent Necessity Contracts. - When the cost for the construction of works or structures, for the purchase of equipment, materials or supplies, or for the performance of labor or services is \$250,000 or more, and such construction, purchase, or performance is determined by the General Manager to be of urgent necessity, the General Manager may execute a contract therefor, provided that such contract shall not be binding on the District in an amount exceeding \$250,000 unless the General Manager obtains ratification of such contract by a two-thirds vote of the Board.

(c) Contracts Under \$250,000. - If the amount payable or expected to be paid under the terms of a contract is less than \$250,000 the contract may be executed by the General Manager unless otherwise directed by the Board.

(d) Change Orders. - Except for capital construction contracts, if the amount payable under a change order is less than \$250,000, the General Manager is authorized to execute the change order even if the change order will bring the total amount payable under the contract to \$250,000 or more. Notwithstanding the foregoing, the General Manager shall not, without prior Board approval, issue change orders totalling more than \$250,000 to a contract involving an original total amount payable under \$250,000, or a change order that would cause the amount payable under a contract for professional and consulting services to exceed the limit established by Section 8117. Change orders for capital construction projects may be executed by the General Manager without prior Board approval for an amount of \$250,000 per contract or an aggregate amount not to exceed 5 percent of the initial amount of the contract, whichever is greater.

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