



# Engineering Services Manager's Report

Engineering and Operations Committee

Item 7b

May 8, 2017

# Change Orders

- Definition - A revision to an executed contract
- Change orders may involve
  - Scope addition or deletion
  - Cost increase or decrease
  - Time extension or acceleration
  - Resolution of a dispute
  - Interference between overlapping contractors
  - Assistance in performing urgent work
- Most projects have change orders

# Change Orders (continued)

- Goal is for overall lowest project cost & maximum value to Metropolitan
  - Balance between quality (cost) of design & problems (change orders) during construction
  - Contractor's aggressiveness at bid time may directly impact level of change orders

# Change Order Authority

- Change order authority determined by Admin. Code (Section 8123b)
  - GM authority to execute change orders is the larger of:
    - \$250,000
    - 5% of original contract amount
- Board approves increases in authority

# Types of Change Orders

- Contractor-initiated change orders typically based on:
  - Differing site conditions / interferences
  - Design errors or omissions
  - Delays to work
- Metropolitan-initiated change orders typically due to:
  - Additions to scope
  - Urgent need for support / shutdowns

# Examples of Change Orders

- Metropolitan-initiated change orders
  - Weymouth ORP – Expansion of ozone system (2013)
  - Sepulveda Feeder PCCP Repairs – Urgent repair of additional PCCP segment (2016)
  - Second Lower Feeder PCCP Repairs – Fabrication of pipe to enable the La Verne Shops to handle urgent drought response projects (2014)
- Other change orders
  - Jensen Solids Lagoons – Weather-related impacts & differing site conditions (2017)
  - Santa Ana River Bridge Seismic Upgrades – Differing site conditions in streambed (2016)



# Change Order Summary

## January 2015 – April 2017

- Contracts completed
  - 41 construction contracts, totaling \$157 million
  - 4 procurement contracts, totaling \$19.3 million
- Change order summary
  - Weighted average – 2.1 percent
  - Arithmetic average – 2.4 percent
- Industry data is difficult to obtain. However, these results are considered favorable.

