

RESOLUTION NO. 2506

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND APPROVING THE TEMPORARY INCREASE OF THE APPROVAL LIMITS OF THE CHANGE ORDERS FOR THE UPGRADE OF THE CITY'S WASTEWATER TREATMENT PLANT.

WHEREAS, the City of Salisbury is performing a complex and challenging upgrade of the Wastewater Treatment Plant; and

WHEREAS, despite very detailed engineering and review, there is a high probability of needing to make changes to the construction documents due to numerous variables and unforeseen site conditions; and

WHEREAS, the "Change Order" is the financial and contractual authorization and management control document used by the City to make modifications to a contract in time, financial, or other consideration; and

WHEREAS, since this project's scope is large and requires considerable amount of expensive equipment, numerous sub-contractors, and specialized materials requiring long lead-times, change orders need to be approved quickly or the City risks delay claims by the contractor if their workforce is idle during an unanticipated time period; and

WHEREAS, depending on when an idle period could occur in the construction schedule and how it impacts the project's critical path, the idle period could impact the overall construction completion date; and

WHEREAS, the City is under an Amended Consent Order with the State of Maryland to start up the upgraded Wastewater Treatment Plant by December 31, 2017; and

WHEREAS, implementing a temporary increase to the change order limit will minimize the potential liability of the City by causing time delay of the General Construction Contractor in approving Change Orders to the upgrade of the Wastewater Treatment Plant contract.

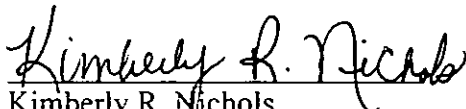
NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Salisbury, Maryland does hereby authorize temporary increase in Change Orders authorizations in accordance with the following provisions:

1. Project Specific: These Change Order limit changes are only applicable to the City of Salisbury Contract No. 107-15 Wastewater Treatment Plant Upgrade.
2. Time Period: These Change Order limit changes are only authorized during the period of June 1, 2015 to December 31, 2017 unless otherwise adjusted by authorized change order.
3. All change orders shall be initiated by the Department of Public Works and submitted to the Procurement Department for review and processing.
4. Tiered Authority: Three tiers of authority are proposed to be established, which are:
 - a. Change Orders of \$50,000 or less shall be approved by the Assistant Director of Internal Services – Procurement & Parking;

- b. Change Orders of \$50,000 to \$100,000 shall be approved by the Mayor; and
- c. Change Orders of \$100,000 to \$150,000 shall be approved by the Mayor and a City Council member selected by the President of the City Council.
- 5. Budget Authority: Regardless of amount, Change Orders shall only be approved within the City Council and Maryland Department of the Environment allocated funds for the project. Any change order exceeding funds available for the project shall be approved by the City Council and Maryland Department of the Environment.
- 6. Timely Notification: The City Council shall be informed in writing on the Change Order and justification within two business days following the approval of the Change Order as defined in the tiered authority in paragraph 3, above.
- 7. Public Meeting: All Change Orders valued at less than \$150,000 shall be placed on the Agenda of the next legislative City Council meeting after the Change Order was issued for public informational purposes. All Change Orders valued at more than \$150,000 shall be placed on an Agenda of a legislative City Council meeting for ratification.

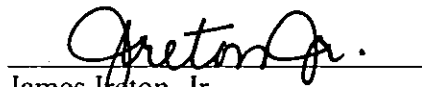
THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting of the Council of the City of Salisbury held on this 26 day of May, 2015 and is to become effective immediately upon adoption.

ATTEST:


Kimberly R. Nichols
CITY CLERK


Jacob R. Day
PRESIDENT, City Council

APPROVED by me this 28th day of May, 2015


James Iteton, Jr.
MAYOR, City of Salisbury

City of Salisbury



MARYLAND



JAMES IRETON, JR.
MAYOR

M. THOMAS STEVENSON, JR.
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

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MICHAEL S MOULDS, P.E.
DIRECTOR OF PUBLIC WORKS

To: Thomas Stevenson, Jr., City Administrator
From: Michael Moulds, Director of Public Works *MM*
Date: May 7, 2015
Re: Change Order Procedures for Contract 107-15, Salisbury WWTP BNR/ENR Upgrade

The Wastewater Treatment Plant (WWTP) Biological Nutrient Removal (BNR) and Enhanced Nutrient Removal (ENR) Upgrade will begin construction in June 2015. The City is operating under a Consent Order from the State of Maryland which requires that the startup of the upgraded WWTP must be achieved by December 31, 2017. The construction contract value is \$50,150,000. The existing WWTP will stay in operation during the upgrade as treatment processes are constructed and brought into service. Due to the size and complexity of the project, there is a potential for change orders for unforeseen conditions. Change orders can delay the project and can jeopardize the schedule.

During the previous WWTP upgrade in 2006 (Contract 114-05), Resolution No. 1360 was passed to modify and temporarily increase the approval limits for change orders. Contract 114-05 had a total of 27 change orders. The breakdown of change order tiers are:

Change Order Tier	# of change orders in each tier	Total value of change orders
<\$50,000	11 change orders	\$361,483.00
\$50,000 to \$100,000	7 change orders	\$513,839.00
\$100,000 to \$150,000	6 change orders	\$748,122.00
Other (time only or greater than \$150,000)	3 change orders	\$3,524,775.00
Contract 114-05 Total	27 change orders	\$5,148,219.00

Public Works found this process to be successful and respectfully requests consideration to temporarily increase the change order approval limits for the current WWTP upgrade as noted on the attached Resolution.

Per the discussion at the May 4, 2015 work session, the resolution language has been revised based on City Attorney comments and to clarify that approved change orders which are less than \$150,000 will be placed on the next legislative meeting agenda for public informational purposes.

Unless you or the Mayor has further questions, please forward this Resolution to the City Council.