

CITY OF EUREKA

Category: ADMINISTRATION

POLICIES & PROCEDURES

Subject: CONTRACT CONTINGENCIES  
AND CONTRACT CHANGE  
ORDERS

Date Adopted: April 3, 1990

File 1.64  
Number

### POLICY OBJECTIVE

1. Establish policy and procedures for Contract Contingency.
2. To establish procedures and authority for preparation and execution of contract change orders (C.C.O.).

### ASSIGNED RESPONSIBILITY

City Manager, Assistant City Manager, Public Works Director, City Engineer, Finance Director, Purchasing Agent.

### APPLICABILITY

Applicable to all contracts for construction or rehabilitation of City facilities.

### DEFINITIONS:

1. Construction Change Order (In Scope-Category I)-  
Additional work required under contract beyond the control of normal design procedures necessary to complete construction in timely manner.

#### **Examples:**

- a. Existing utilities uncovered during construction are not consistent with information taken from existing plans.
- b. Soil borings taken during preliminary investigation do not show full extent of on-site soil conditions discovered during construction.

2. Construction Change Order (Out of Scope – Category II)-

#### **Examples:**

- a. When constructing an above ground facility, additional building space is requested and therefore an addition to original building design would be warranted.
- b. During the construction phase involving dike repair additional areas outside original scope of project are found to also warrant repair.

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PROCEDURES:

Contract Contingency:

1. A contract contingency of five percent (5%) of the Contract bid amount, including additive alternates shall be recommended for projects considered to be tried, tested and true.
2. A contract contingency of ten (10%) of the Contract bid amount, including additive alternates, shall be recommended for projects where the potential for differing site conditions may exist.
3. A contract contingency of a greater percentage than ten percent (10%) where potential exists for changes in scope shall be submitted to City Council and shall be justified by the merits of the complexity of the contract.

Changes within the scope of work necessary to complete construction in timely manner (Category 1):

1. If additional work is required to facilitate the orderly progress of a project a Contract Change Order (CCO) shall be prepared by the project engineer directing the work be accomplished at contract unit price, agreed price, or force account.
2. Authority for approval of Category I Change Orders
  - a. Changes in the contract up to the amount of the contract contingency.
    1. City Engineer or Public Works Director
    2. Assistant or Deputy City Engineer, Associate Civil Engineer or Deputy Public Works Director acting in the absence of the City Engineer or Public Works Director.
  - b. Changes in the contract in excess of the authorized contract Contingency must be approved by City Council.

Additional work outside the scope of work as defined in the contract (Category II):

1. When it is desirable to accomplish additional work most appropriately performed by the contractor at hand, a C.C.O. shall be prepared as in section V.B.I.

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2. Approval of Category II Change Orders, which exceed the established contract contingency amount, shall be by the City Council with concurrence of the City Manager and appropriate responsible department head.

Emergency Changes in the Work:

1. Changes in the work made necessary by virtue of an emergency situation as defined in 39.44 of the Eureka Municipal Code may be ordered by the City Manager or the department head in conjunction with the Purchasing Agent in accordance with 39.44 of the Eureka Municipal Code
2. Such emergency actions shall be reported in full to the City Council.