



REPORT TO COUNCIL

City of Sacramento 8

915 I Street, Sacramento, CA 95814-2671
CityofSacramento.org

CONSENT

February 9, 2010

**Honorable Mayor and
Members of the City Council**

Title: Pass for Publication: Ordinance Adding and Amending Requirements for Approval of Changes to Contracts for Supplies, Services and Public Projects

Location/Council District: Citywide

Recommendation: 1) Review an **Ordinance** adding and amending various provisions of Chapters 3.56, 3.60 and 3.64 of the Sacramento City Code related to the approval of contract changes; and 2) pass for publication the Ordinance title as required by Sacramento City Charter Section 32(c) to be adopted February 16, 2010.

Contact: Reina J. Schwartz, Director of General Services, 808-7195

Presenter: Christopher Stewart, Procurement Services Manager, 808-6202

Department: General Services

Organization No: 13001061

Description/Analysis

Issue: The City Code presently authorizes the City Manager to approve contract changes for public project contracts and professional service agreements, up to specified monetary thresholds, while contract changes above these thresholds must be approved by the City Council. The proposed ordinance would authorize the City Manager to also approve contract changes for supply contracts and nonprofessional service agreements, subject to the same monetary thresholds that presently apply to public project contracts and professional service agreements. The proposed ordinance also reformats and standardizes the City Code's contract change provisions for all of these categories of contracts and agreements, and updates these provisions to reflect current City practices.

Policy Considerations: This recommendation to add authorization for the City Manager to approve contract changes for supply contracts and nonprofessional service agreements is consistent with authorization the City Code already provides for the City Manager to approve contract changes for public project contracts and professional service agreements.

Environmental Considerations:

California Environmental Quality Act (CEQA): CEQA does not apply because adoption of the proposed ordinance pertains to administrative activities that will not have a significant effect on the environment (CEQA Guidelines Section 15061(b)(3)), and that do not constitute a "project" for purposes of CEQA (CEQA Guidelines Section 15378(b)(2)).

Sustainability Considerations: None

Committee/Commission Action: This item was heard by the Law and Legislation Committee on February 2, 2010 and is now being forwarded to Council for approval.

Rationale for Recommendation: The nature of the procurement process has changed since the time our existing ordinance was established; as such the code requires updating to adapt the language and processes to today's modern business and procurement environment. Moreover, the suggested amendments provide the much needed flexibility for those with delegated authority to initiate contract change when appropriate, subject to specified limits, provide explicit and consistent language for all chapters that regulate the procurement of supplies and services, improve understanding for individuals that are responsible for ensuring compliance, are consistent with procurement best practices, and are also representative of views discussed in the last internal audit report.

Financial Considerations: There is no financial impact to the City as a result of the administrative changes described herein.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.

Approved by: 
For: Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


Cassandra H. J. Gray
RAY KERRIDGE
City Manager

Table of Contents:

Report Pg 1

Attachments:

1 Ordinance- Red Line Version Pg 4
2 Ordinance Pg 16

REDLINE VERSION

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE ADDING ARTICLE VI TO CHAPTER 3.56,
AND AMENDING ARTICLE VI OF CHAPTER 3.60, SECTION
3.64.010 AND ARTICLE II OF CHAPTER 3.64 OF THE
SACRAMENTO CITY CODE, RELATING TO CONTRACT CHANGES**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Article VI is added to chapter 3.56 of the Sacramento City Code, to read as follows:

Article VI. Contract Supplements

3.56.280 Definitions.

As used in this article:

“Contract amount” means the price for which a contract for supplies or nonprofessional services is originally awarded, as amended by any contract supplements.

“Contract supplement” means an amendment to the terms of a contract for supplies or nonprofessional services.

3.56.290 Authority of city manager.

A. Contract supplements that increase the contract amount.

1. For contracts originally awarded for a price of less than \$100,000:

a. The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the contract amount remains less than \$100,000.

b. City council approval is required for a contract supplement that increases the contract amount to \$100,000 or more.

c. After the city council approves a contract supplement that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue contract supplements that further increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed six (6) percent of the original contract price.

B. Notwithstanding the foregoing, any single contract supplement that increases the contract amount by more than \$100,000 shall require city council approval.

C. The city manager is authorized to issue contract supplements that increase the contract amount in excess of the limitations set forth above, to the extent that it

becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

D. If the city manager issues one or more contract supplements to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the contract supplement(s) previously issued by the city manager, the city manager's authority to issue contract supplements as specified in this article shall be reset.

E. In issuing a contract supplement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the contract supplement from any contingency previously approved for the contract by the city council.

F. For contracts in any amount, the city manager shall have the authority to issue contract supplements that decrease or do not change the contract amount.

3.56.300 Limitation.

The authority of the city manager to issue contract supplements as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a contract supplement exceeding the general scope of the original contract is necessary to protect any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.56.310 Variance.

The city council may by resolution modify the above limitations of the city manager's authority to issue contract supplements for a specific identified contract or contracts where the city council finds that the circumstances are such that a variance is appropriate.

SECTION 2.

Article VI of chapter 3.60 of the Sacramento City Code is amended to read as follows:

Article VI. Change Orders

3.60.200 Definitions.

A. ~~As used in this article;~~

~~"Change order" means an amendment to the terms of a contract for a public project order to change the amount of work to be done on a contract which is anticipated to result in an increase in contract price.~~

~~"Contract amount" means the price for which a contract for a public project is originally awarded, as amended by any change orders.~~

B. ~~The foregoing definitions shall not be construed to affect the authority of the city manager to issue change orders to delete work or to order changes in the work at decreased price or no change of price.~~

3.60.210 Authority of city manager.

~~The city manager is authorized to issue change orders within the limits set forth below. The city manager, in executing the authority specified in this section, shall not be required to obtain further city council approval for the transfer of sufficient funds from the established project contingency.~~

A. ~~For contracts originally awarded for a price of less than two hundred fifty thousand dollars (\$250,000.00), the city manager shall have the authority to issue change orders for an increase in contract price of up to twenty five thousand dollars (\$25,000.00), provided that the sum of all such change orders for any single contract shall not exceed twenty five thousand dollars (\$25,000.00).~~

B. ~~For contracts originally awarded for a price of two hundred fifty thousand dollars (\$250,000.00), but less than one million dollars (\$1,000,000.00), the city manager shall have authority to issue change orders provided, that the sum of all such change orders for any single contract shall not exceed ten (10) percent of the original contract price.~~

C. ~~For contracts originally awarded for a price of one million dollars (\$1,000,000.00) but less than ten million dollars (\$10,000,000.00), the city manager shall have authority to issue change orders provided, that the sum of all such change orders for any single contract shall not exceed eight percent of the original contract price.~~

Adoption: Ordinance Adding and Amending Requirements for Approval of Contract Changes
February 16, 2010

- ~~D. For contracts originally awarded for a price of ten million dollars (\$10,000,000.00) or more, the city manager shall have the authority to issue change orders, provided, that the sum of all such change orders for any single contract shall not exceed six percent of the original contract price.~~
- ~~E. Notwithstanding the foregoing, any single change order which exceeds one hundred thousand dollars (\$100,000.00) shall require council approval.~~
- ~~F. Notwithstanding the foregoing, in the event that it becomes necessary in the discretion of the city manager to issue change orders in order to:~~
- ~~1. Prevent interruption of the work which would result in a substantial increase in cost to the city; or~~
 - ~~2. Protect the work or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work, from substantial and immediate danger of injury; or~~
 - ~~3. Protect, where damage or injury has occurred, the work, or equipment or materials to be used in the work, or human safety or the environment at or near the site of the work from further or additional damage or injury or deterioration caused by man, nature or other source;~~

~~Then, the city manager shall have authority to issue change orders in such sums as may reasonably be necessary for such purposes; provided, however, in the event any such action exceeds the specific authority set forth in the foregoing, the city manager shall report to the city council regarding any such action as soon as reasonably possible but in no event more than thirty (30) days.~~

- ~~G. The authority of the city manager to issue additional change orders to an accumulative total as specified above shall be restored to the extent that prior change orders issued and negotiated pursuant to the authority of the city manager shall have been specifically subsequently ratified and authorized by the city council.~~

A. Change orders that increase the contract amount.

1. For contracts originally awarded for a price of less than \$100,000:

- a. The city manager shall have the authority to issue change orders that increase the contract amount, provided that the contract amount remains less than \$100,000.
- b. City council approval is required for a change order that increases the contract amount to \$100,000 or more.

c. After the city council approves a change order that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue change orders that further increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.

2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.

3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed six (6) percent of the original contract price.

B. Notwithstanding the foregoing, any single change order that increases the contract amount by more than \$100,000 shall require city council approval.

C. The city manager is authorized to issue change orders that increase the contract amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or

2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more change orders to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the change order(s) previously issued by the city manager, the city manager's authority to issue change orders as specified in this article shall be reset.

- E. In issuing a change order pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the change order from any contingency previously approved for the contract by the city council.

- F. For contracts in any amount, the city manager shall have the authority to issue change orders that decrease or do not change the contract amount.

3.60.220 Limitation.

~~Notwithstanding anything to the contrary in the foregoing, t~~The authority of the city manager to issue change orders as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a change orders exceeding the general scope of the original contract areis necessary to protect the safety of human life and the environment at or near the site of the work any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.60.230 Assessment districts.

Notwithstanding anything to the contrary in the foregoing, the authority of the city manager to issue change orders for assessment district proceedings shall be governed by the provisions of any statute, ordinance or other law authorizing such proceeding.

3.60.240 Variance.

~~Notwithstanding any other provision of this article, t~~The city council may by resolution modify the above limitations of the city manager's authority to issue change

orders for a specific identified contract or contracts where the city council finds that the circumstances surrounding a public project are such that a variance is appropriate.

SECTION 3.

Section 3.64.010 of the Sacramento City Code is amended to read as follows:

3.64.010 Definitions.

~~The following words and phrases wherever~~As used in this chapter: shall be construed as defined in this section.

“Agreement amount” means the price for which an agreement for services is originally awarded, as amended by any supplemental agreements.

“City manager” means the city manager of the city of Sacramento or a representative authorized by the city manager. Authorization not specified in this chapter shall be made in writing by the city manager and filed with the city clerk.

“Services” means and includes professional services of any type or variety, including, but not limited to, services rendered by engineers, architects, auditors, consultants, actuaries and attorneys.

“Supplemental agreement” means an amendment to additional agreement which changes the terms of an agreement for services.

SECTION 4.

Article II of chapter 3.64 of the Sacramento City Code is amended to read as follows:

Article II. Supplemental Agreements

3.64.040 Authority of city manager.

~~The city manager is authorized to issue supplemental agreements without the prior consent of the city council within the limits set forth below.~~

- A. ~~For agreements originally executed for a price of less than two hundred fifty thousand dollars (\$250,000.00), the city manager shall have the authority to issue supplemental agreements for an increase in agreement price of up to twenty five thousand dollars (\$25,000.00), provided that the sum of all such supplemental agreements for any single agreement shall not exceed twenty five thousand dollars (\$25,000.00).~~

Adoption: Ordinance Adding and Amending Requirements for Approval of Contract Changes
February 16, 2010

- ~~B. For agreements originally executed for a price of two hundred fifty thousand dollars (\$250,000.00) or more, but less than one million dollars (\$1,000,000.00), the city manager shall have the authority to issue supplemental agreements, provided that the sum of all such supplemental agreements for any single agreement shall not exceed ten (10) percent of the original agreement price.~~
- ~~C. For agreements originally executed for a price of one million dollars (\$1,000,000.00) or more, but less than ten million dollars (\$10,000,000.00), the city manager shall have the authority to issue supplemental agreements, provided, that the sum of all such supplemental agreements for any single agreement shall not exceed eight percent of the original agreement price.~~
- ~~D. For agreements originally executed for a price of ten million dollars (\$10,000,000.00) or more, the city manager shall have the authority to issue supplemental agreements, provided that the sum of all such supplemental agreements for any single agreement shall not exceed six percent of the original agreement price.~~
- ~~E. Notwithstanding the foregoing, any single supplemental agreement which exceeds one hundred thousand dollars (\$100,000.00) shall require city council approval.~~
- ~~F. Notwithstanding the foregoing, in the event that it becomes necessary in the discretion of the city manager to issue supplemental agreements in order to:~~
- ~~1. Prevent interruption of the work which will result in a substantial increase in cost to the city; or~~
 - ~~2. Protect any person, property, or the environment from substantial and immediate danger of damage or injury, or, where damage or injury has occurred, prevent the occurrence of further or additional damage, injury or deterioration;~~
- ~~Then, the city manager shall have the authority to issue supplemental agreements in such sums as may reasonably be necessary for such purposes; provided, however, in the event any such action exceeds the specific authority set forth herein, the city manager shall report to the city council regarding any such action as soon as reasonably possible but in no event more than thirty (30) days after such action.~~
- ~~G. The authority of the city manager to issue supplemental agreements to an accumulative total as specified above shall be restored to the extent that prior supplemental agreements issued pursuant to the authority of the city manager shall have been specifically subsequently ratified and authorized by the city council.~~

Adoption: Ordinance Adding and Amending Requirements for Approval of Contract Changes
February 16, 2010

~~H. This section shall not affect or limit the authority of the city manager to issue supplemental agreements to delete work or to order changes in the work at a decreased price or no change of price.~~

A. Supplemental agreements that increase the agreement amount.

1. For agreements originally awarded for a price of less than \$100,000:

a. The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the agreement amount remains less than \$100,000.

b. City council approval is required for a supplemental agreement that increases the agreement amount to \$100,000 or more.

c. After the city council approves a supplemental agreement that increases the agreement amount to \$100,000 or more, the city manager shall have the authority to issue supplemental agreements that further increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.

2. For agreements originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.

3. For agreements originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed ten (10) percent of the original agreement price.

4. For agreements originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed eight (8) percent of the original agreement price.

5. For agreements originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed six (6) percent of the original agreement price.

B. Notwithstanding the foregoing, any single supplemental agreement that increases the agreement amount by more than \$100,000 shall require city council approval.

C. The city manager is authorized to issue supplemental agreements that increase the agreement amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

D. If the city manager issues one or more supplemental agreements to increase the agreement amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the supplemental agreement(s) previously issued by the city manager, the city manager's authority to issue supplemental agreements as specified in this article shall be reset.

E. In issuing a supplemental agreement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the supplemental agreement from any contingency previously approved for the agreement by the city council.

F. For agreements in any amount, the city manager shall have the authority to issue supplemental agreements that decrease or do not change the agreement amount.

3.64.050 Limitation.

~~Notwithstanding anything to the contrary in the foregoing, t~~The authority of the city manager to issue supplemental agreements as specified in this article shall be limited to changes ~~that~~which do not exceed the general scope of work ~~identified in the original agreement unless in the judgment of the city manager a supplemental agreements exceeding the general scope of work identified in the original agreement are~~is necessary to protect any person, property, equipment, material or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.64.060 Variance.

~~Notwithstanding any other provision of this article, t~~The city council may by resolution modify the above limitations of the city manager's authority to issue supplemental agreements ~~for a specific with respect to an identified specific agreement or agreements where the city council finds that~~ the circumstances are such that a variance is appropriate.

Adoption: Ordinance Adding and Amending Requirements for Approval of Contract Changes
February 16, 2010

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE ADDING ARTICLE VI TO CHAPTER 3.56,
AND AMENDING ARTICLE VI OF CHAPTER 3.60, SECTION
3.64.010 AND ARTICLE II OF CHAPTER 3.64 OF THE
SACRAMENTO CITY CODE, RELATING TO CONTRACT CHANGES**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Article VI is added to chapter 3.56 of the Sacramento City Code, to read as follows:

Article VI. Contract Supplements

3.56.280 Definitions.

As used in this article:

“Contract amount” means the price for which a contract for supplies or nonprofessional services is originally awarded, as amended by any contract supplements.

“Contract supplement” means an amendment to the terms of a contract for supplies or nonprofessional services.

3.56.290 Authority of city manager.

- A. Contract supplements that increase the contract amount.
 - 1. For contracts originally awarded for a price of less than \$100,000:
 - a. The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the contract amount remains less than \$100,000.
 - b. City council approval is required for a contract supplement that increases the contract amount to \$100,000 or more.

c. After the city council approves a contract supplement that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue contract supplements that further increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed \$25,000.

3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue contract supplements that increase the contract amount, provided that the sum of all such contract supplements issued by the city manager shall not exceed six (6) percent of the original contract price.

- B. Notwithstanding the foregoing, any single contract supplement that increases the contract amount by more than \$100,000 shall require city council approval.
- C. The city manager is authorized to issue contract supplements that increase the contract amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more contract supplements to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the contract supplement(s) previously issued by the city manager, the city manager's authority to issue contract supplements as specified in this article shall be reset.
- E. In issuing a contract supplement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the contract supplement from any contingency previously approved for the contract by the city council.
- F. For contracts in any amount, the city manager shall have the authority to issue contract supplements that decrease or do not change the contract amount.

3.56.300 Limitation.

The authority of the city manager to issue contract supplements as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a contract supplement exceeding the general scope of the original contract is necessary to protect any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.56.310 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue contract supplements for a specific identified contract or contracts where the city council finds that the circumstances are such that a variance is appropriate.

SECTION 2.

Article VI of chapter 3.60 of the Sacramento City Code is amended to read as follows:

Article VI. Change Orders

3.60.200 Definitions.

As used in this article:

“Change order” means an amendment to the terms of a contract for a public project.

“Contract amount” means the price for which a contract for a public project is originally awarded, as amended by any change orders.

3.60.210 Authority of city manager.

- A. Change orders that increase the contract amount.
1. For contracts originally awarded for a price of less than \$100,000:
 - a. The city manager shall have the authority to issue change orders that increase the contract amount, provided that the contract amount remains less than \$100,000.
 - b. City council approval is required for a change order that increases the contract amount to \$100,000 or more.
 - c. After the city council approves a change order that increases the contract amount to \$100,000 or more, the city manager shall have the authority to issue change orders that further increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.
 2. For contracts originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed \$25,000.
 3. For contracts originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed ten (10) percent of the original contract price.

4. For contracts originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed eight (8) percent of the original contract price.

5. For contracts originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue change orders that increase the contract amount, provided that the sum of all such change orders issued by the city manager shall not exceed six (6) percent of the original contract price.

- B. Notwithstanding the foregoing, any single change order that increases the contract amount by more than \$100,000 shall require city council approval.

- C. The city manager is authorized to issue change orders that increase the contract amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:

1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more change orders to increase the contract amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the change order(s) previously issued by the city manager, the city manager's authority to issue change orders as specified in this article shall be reset.

- E. In issuing a change order pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the change order from any contingency previously approved for the contract by the city council.
- F. For contracts in any amount, the city manager shall have the authority to issue change orders that decrease or do not change the contract amount.

3.60.220 Limitation.

The authority of the city manager to issue change orders as specified in this article shall be limited to changes that do not exceed the general scope of the original contract unless in the judgment of the city manager a change order exceeding the general scope of the original contract is necessary to protect any person, property, equipment, materials or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.60.230 Assessment districts.

Notwithstanding anything to the contrary in the foregoing, the authority of the city manager to issue change orders for assessment district proceedings shall be governed by the provisions of any statute, ordinance or other law authorizing such proceeding.

3.60.240 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue change orders for a specific identified contract or contracts where the city council finds that the circumstances are such that a variance is appropriate.

SECTION 3.

Section 3.64.010 of the Sacramento City Code is amended to read as follows:

3.64.010 Definitions.

As used in this chapter:

"Agreement amount" means the price for which an agreement for services is originally awarded, as amended by any supplemental agreements.

"City manager" means the city manager of the city of Sacramento or a representative authorized by the city manager. Authorization not specified in this chapter shall be made in writing by the city manager and filed with the city clerk.

“Services” means and includes professional services of any type or variety, including, but not limited to, services rendered by engineers, architects, auditors, consultants, actuaries and attorneys.

“Supplemental agreement” means an amendment to the terms of an agreement for services.

SECTION 4.

Article II of chapter 3.64 of the Sacramento City Code is amended to read as follows:

Article II. Supplemental Agreements

3.64.040 Authority of city manager.

A. Supplemental agreements that increase the agreement amount.

1. For agreements originally awarded for a price of less than \$100,000:
 - a. The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the agreement amount remains less than \$100,000.
 - b. City council approval is required for a supplemental agreement that increases the agreement amount to \$100,000 or more.
 - c. After the city council approves a supplemental agreement that increases the agreement amount to \$100,000 or more, the city manager shall have the authority to issue supplemental agreements that further increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.
2. For agreements originally awarded for a price of at least \$100,000, but less than \$250,000:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed \$25,000.
3. For agreements originally awarded for a price of at least \$250,000, but less than \$1,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed ten (10) percent of the original agreement price.

4. For agreements originally awarded for a price of at least \$1,000,000 but less than \$10,000,000:

The city manager shall have authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed eight (8) percent of the original agreement price.

5. For agreements originally awarded for a price of \$10,000,000 or more:

The city manager shall have the authority to issue supplemental agreements that increase the agreement amount, provided that the sum of all such supplemental agreements issued by the city manager shall not exceed six (6) percent of the original agreement price.

- B. Notwithstanding the foregoing, any single supplemental agreement that increases the agreement amount by more than \$100,000 shall require city council approval.
- C. The city manager is authorized to issue supplemental agreements that increase the agreement amount in excess of the limitations set forth above, to the extent that it becomes reasonably necessary in the judgment of the city manager to take such action to:
 1. Prevent an interruption of work or services that would result in a substantial increase in cost to the city; or
 2. Protect any person, property, equipment, materials or the environment from substantial and immediate risk of damage or injury from any cause, or, where damage or injury has occurred, prevent the occurrence of further damage, injury or deterioration.

For any action taken pursuant to this subsection C, the city manager shall present a report to the city council describing the action taken and the reason(s) for such action as soon as reasonably possible, but in any event not later than 30 days after taking such action.

- D. If the city manager issues one or more supplemental agreements to increase the agreement amount pursuant to the city manager's authority specified in this article, and the city council subsequently ratifies the supplemental agreement(s)

previously issued by the city manager, the city manager's authority to issue supplemental agreements as specified in this article shall be reset.

- E. In issuing a supplemental agreement pursuant to the approval authority specified in this section, the city manager shall not be required to obtain city council approval for the transfer of funds necessary to pay for the supplemental agreement from any contingency previously approved for the agreement by the city council.
- F. For agreements in any amount, the city manager shall have the authority to issue supplemental agreements that decrease or do not change the agreement amount.

3.64.050 Limitation.

The authority of the city manager to issue supplemental agreements as specified in this article shall be limited to changes that do not exceed the general scope of the original agreement unless in the judgment of the city manager a supplemental agreement exceeding the general scope of the original agreement is necessary to protect any person, property, equipment, material or the environment from the risk of damage or injury, or, where damage or injury has occurred, to prevent the occurrence of further damage, injury or deterioration.

3.64.060 Variance.

The city council may by resolution increase the above limitations of the city manager's authority to issue supplemental agreements for a specific identified agreement or agreements where the city council finds that the circumstances are such that a variance is appropriate.