



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: BATA Oversight Committee

DATE: April 4, 2007

MTC Administration Committee

SAFE Operations Committee

FR: Executive Director

W. I. 11.1.10

RE: Recommended Revisions to Executive Director's Signature Authority (BATA Resolution No. 46, MTC Resolution No. 3619, MTC SAFE Resolution No. 44)

Current contracting procedures for MTC, BATA and SAFE ("the Agencies") allow the Executive Director on his own authority to (1) enter into contracts with third parties up to a cumulative amount of \$100,000 per contract, and (2) sign contract amendments in cumulative amounts up to 10% of the original contract price or \$25,000, whichever is greater, not to exceed \$100,000. Pursuant to our policies, all such contracts or contract amendments approved by the Executive Director are reported on a monthly basis to the appropriate Commission Committee as part of the financial statements. Any contracts or contract amendments above these threshold amounts must be approved by the respective Commission Committee.

As the contracting responsibilities for the Agencies have evolved and expanded, staff is finding that under certain circumstances, the ability to quickly enter into and amend contracts is critical to save costs and avoid project delays. As an example, BATA has awarded three contracts for the construction of improvements at the toll plazas for the state-owned bridges. In the course of those projects, it may be necessary to execute contract change orders to authorize work related to unforeseen construction issues (e.g. foundation issues with sign structures). The dollar value of these change orders may well exceed the current limits of the Executive Director's contracting authority for amendments. It would be beneficial for the respective projects if these change orders could be executed on a timely basis rather than having to wait for the next regularly scheduled BATA Oversight Committee meeting, provided that the Committee has reviewed and approved a contract budget ceiling that allows such change orders.

As a result, staff is proposing revised procedures intended to provide added flexibility for the Executive Director to amend contracts, as follows:

1. All awards exceeding the Executive Director's delegated signature authority (\$100,000) shall be submitted to the appropriate authorizing Committee for approval. In addition to the original contract amount, the Committee may be requested to approve a contract allotment above the proposed contract amount to cover changes that may arise during the performance period. The Executive Director will be authorized to sign change orders and contract amendments that, in total, do not exceed the approved contract allotment (contract amount plus contingency).
2. The Project Manager shall be responsible for determining and recommending to the appropriate Committee an appropriate contingency based on the scope of the project and the attendant risks. Prior to seeking approval of any contract allotment, the Project Manager shall confirm that the total contract allotment is included in the approved annual budget.
3. All change orders and contract amendments authorized by the Executive Director or his designee shall be reported to the appropriate authorizing committee on a monthly basis.
4. Amendments or change orders that exceed the approved contract allotment will continue to be subject to the current delegations: 10% of the original contract amount or \$25,000, whichever is greater, not to exceed \$100,000.

In order to initiate these procedures, BATA Resolution No. 46, MTC Resolution No. 3619 and MTC SAFE Resolution No. 44 will need to be revised to authorize the Executive Director to execute change orders and contract amendments up to the dollar value of the approved contract allotment, which may exceed the current limits of the Executive Director's authority. The attached resolution also includes clarifying changes, based on changes in the agencies' organizational structure since the resolutions were approved.

Recommendation

Staff recommends that the Committee approve and forward to the Commission or Authority for its approval the revisions to BATA Resolution No. 46, MTC Resolution 3619, and MTC SAFE Resolution No. 44, as applicable, as set forth in the attached resolution.

Steve Heminger

SH:RM:CS