



## **CITY OF MENIFEE**

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**SUBJECT:** First Reading and Introduction of an Ordinance Repealing and Replacing Section 3.12.090 as it Relates to Change Orders

**MEETING DATE:** April 17, 2024

**TO:** Mayor and City Council

**PREPARED BY:** Margarita Cornejo, Deputy Finance Director

**REVIEWED BY:** Travis Hickey, Chief Financial Officer

**APPROVED BY:** Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Introduce an ordinance repealing and replacing Section 3.12.090 of the Menifee Municipal Code as it relates to the City Manager's signing authority threshold for construction contract change orders.

### **DISCUSSION**

Chapter 3.12 of the Menifee Municipal Code, titled "Purchasing," serves as the framework guiding the City of Menifee's procurement processes for delivering essential municipal services to our community. These processes encompass a wide range of activities, including procuring supplies, equipment, professional services, and licensed contractors for various construction projects.

Of particular significance is the City's Capital Improvement Program (CIP), which is dedicated to enhancing and expanding our city-managed infrastructure, such as streets and public facilities. Operating within the bounds of our Municipal Code and the state's Public Contract Code, Menifee diligently seeks to execute projects under the CIP in a timely and cost-effective manner. However, it's not uncommon for projects to encounter unforeseen circumstances during the transition from design to construction. Consequently, our staff rigorously evaluates and negotiates change order requests to ensure both necessity and cost-effectiveness. Efficient management of change orders is crucial for maintaining project timelines and budgets.

To further support efforts of the CIP, and to ensure timely and cost effective project delivery, at the September 15, 2021 City Council meeting, the City Council deliberated on the topic of construction contract change orders. Based upon industry standards and in consideration of the cost, size, and scope of construction contracts, at the conclusion of the discussion, City Council provided direction to staff to amend the Municipal Code to allow the City Manager to approve construction contract change orders in increments of up to \$50,000 so long as the aggregate

amount of change orders did not exceed 10% of the total contract amount. In the event a change order exceeds \$50,000, or an aggregate of 10% of the original contract amount, City Council action would be required for approval.

Amidst ongoing efforts for a more thorough review and amendment of Chapter 3.12, governing purchasing, which has remained unchanged since the City's incorporation, a comprehensive overhaul is currently underway. This initiative is slated for presentation to the City Council as an upcoming agenda item. The forthcoming update will comprehensively address all aspects of purchasing, ranging from supply procurement to construction bids, with the aim of consolidating and restructuring contract and purchasing procedures within a unified section of the municipal code.

Initially, the intention was to include proposed changes to Section 3.12.090 in conjunction with the more comprehensive update to Chapter 3.12. However, recognizing the critical need to ensure the timeliness of construction projects and prevent potential delays, staff is proposing the amendment to Section 3.12.090 be considered separately while the more comprehensive review is still ongoing. This amendment to the Municipal Code would support the seamless progression of CIP initiatives, ultimately benefiting the community by delivering essential infrastructure enhancements in a timely manner.

### **STRATEGIC PLAN OBJECTIVE**

Regular City Business

### **FISCAL IMPACT**

There is no fiscal impact associated with the recommended action.

### **ATTACHMENTS**

1. Ordinance Amendment