

## Change Order Requirements for Local Governments

- Change order maximum to \$50,000 for:
  - ✓ Cities
  - ✓ Other governmental subdivisions
  - ✓ Match county requirements currently at \$50,000
  
- Standardizing dollar amounts will help:
  - ✓ Vendors doing business with a variety of local governmental entities
  - ✓ Level cooperative purchasing agreements
  - ✓ Streamline purchasing requirements under the \$50k dollar level

Proposed by the Texas Public Purchasing Association (TxPPA) a state-wide professional organization of public purchasing professionals.

### *Full Justification*

Bringing all local governmental entities to the same dollar level for change order maximums.

### How the law would change

Currently only cities have \$25,000 change order limit. This bill will bring will bring to \$50,000 the dollar amount change order approval can be delegated to governmental administrators AS LONG AS the change is within the original scope of work.

### **Who is in favor?**

Municipalities and special districts under LGC 252 state-wide. The proposed legislation was written by a coalition of city, county, school district and special district entities. It is supported by the Texas Purchasing Managers Association, Texas Association of Counties and the Texas Municipal League as well as many local government councils, boards and commissions.

### Background

The Texas Public Purchasing Association was formed on January 1, 2008. One of the goals/missions of the organization is to bring the various procurement statutes for each type of local governmental entity to the same level or to standardize them as much as possible. This proposed legislation is one step in that direction.

### Who may oppose?

We have heard of no opposition.

### Counter to any opposition

This quote is from a newspaper article quoting Nueces County commissioners. "It is very costly to do business when our dollar has lost so much value. To have such a low threshold to make simple decisions makes things more difficult for us."

This bill would not be mandatory. If any entity wanted to keep their threshold for change orders at a lower dollar level they can certainly do so.

## PROPOSED CHANGES:

### Texas Local Government Code

**Sec. 252.048. CHANGE ORDERS.** Is amended as follows:

(c) If a change order involves a decrease or an increase of ~~\$25,000~~ \$50,000 or less, the governing body may grant general authority to an administrative official of the municipality to approve the change orders.

Chapter 271 Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments.

Local Government Code 271.060 is amended by adding Subsection (c) as follows:

**271.060. CHANGE ORDERS.**

(c) If a change order involves a decrease or an increase of ~~\$25,000~~ \$50,000 or less, the governing body may grant general to an administrative official of the municipality to approve the change orders.

### Chapter 281 – Municipal Civic Center Authorities

**Sec. 281.046. CONTRACTS.** Is amended by adding subsection (f) as follows:

(f) If a change order involves a decrease or an increase of ~~\$25,000~~ \$50,000 or less, the governing body may grant general to an administrative official of the municipality to approve the change orders.

### Chapter 325 Sports Facilities District Established by a County

**Sec. 325.040. CHANGE ORDERS** is amended to add:

After a construction contract is awarded, if the district determines that additional work is needed or if the character or type of work, facilities, or improvements should be changed, the board may authorize change orders to the contract on terms the board approves. A change made under this section may not increase or decrease the total cost of the contract by more than 25 percent. If a change order involves a decrease or an increase of ~~\$25,000~~ \$50,000 or less, the governing body may grant general to an administrative official of the municipality to approve the change orders.

## Chapter 351 County Jails & Law Enforcement

### Sec. 351.137. CONSTRUCTION CONTRACTS

Sections 351.137 (b) and (c) are amended to read as follows:

(b) Construction contracts requiring an expenditure of more than \$50,000 may be made only after competitive procurement ~~bidding~~ as provided by Subchapter B, Chapter 271.

(c) After a construction contract is awarded, if the district determines that additional work is needed or if the character or type of work, facilities, or improvements should be changed, the board may authorize change orders to the contract on terms the board approves. A change made under this subsection may not increase or decrease the total cost of the contract by more than 25 percent. If a change order involves a decrease or an increase of \$25,000 \$50,000 or less, the governing body may grant general to an administrative official of the municipality to approve the change orders.