

Date: December 03, 2024
Current Meeting: December 12, 2024
Board Meeting: December 19, 2024

#### **BOARD MEMORANDUM**

**TO:** Indianapolis Public Transportation Corporation (IPTC) Board of Directors

THROUGH: President and CEO Jennifer Pyrz

**FROM:** Director of Capital Projects Matt Duffy

**SUBJECT:** Consideration and approval to modify the minimum change order amount requiring Board Action on the

Blue Line Bus Rapid Transit (BRT) project

#### **ACTION ITEM A - 15**

## **RECOMMENDATION:**

It is recommended that the Board of Directors authorize IPTC to modify the procurement policy to allow the President and CEO to approve change orders on the Blue Line BRT Project of \$250K or less through the duration of construction.

### **BACKGROUND:**

Per existing IPTC procurement policy, any Change Orders that exceed \$100K are presented to the board for approval. This policy applies to all projects, regardless of size. Under this process, large Change Orders can be approved no more than once per month at scheduled board meetings.

Based on experience from previous large scale capital projects including the Carson Transit Center, the Red Line, and the Purple Line, IPTC has learned that the pace of construction on a large project requires more administrative flexibility in change management. The IPTC Board approved change in policy to allow change orders up to \$250K with approval by the President and CEO for the Red and Purple lines. Any such change orders that were between \$100K and \$250K would be brought to the next Board meeting as informational items. Any change orders over \$250k required Board approval.

Under that same action item, the Board also approved a modification to policy to allow change orders over \$250,000 to be approved via ratification, rather than pre-approval, in time-sensitive situations. Under this revised policy, IPTC staff was required to notify board members of the pending change order via email concurrently with its execution, and the change order would then be ratified at the following board meeting. This latter process was to be used only in times of urgent need where delaying approval would result in excessive project cost or schedule impacts.

#### **DISCUSSION:**

Blue Line construction is expected to start in February 2025 and be completed in 2028. Similar to previous major capital projects, staff and the Construction Management team desire greater flexibility to respond to project needs in a timely manner through this construction period. It is requested that the President and CEO be authorized to approve change orders of \$250,000 or less, with any approved changes between \$100K and \$250K brought to the next regularly scheduled board meeting as informational item(s). Approvals will happen through written documentation of the request and corresponding approval at the next regularly scheduled board meeting.

Independent cost estimates are completed for each project change and all changes are reviewed and recommended for approval by the Designer of Record (WSP) and Construction Management Team (Butler, Fairman & Seufert) and prior to

IPTC execution. Change orders will be monitored by IPTC staff and the Construction Management Team via weekly change management meetings and reported to the executive team in regular meetings.

Efficient change management procedures also allow for the prompt payment of the Blue Line contractors, which allows for their prompt payment to DBEs, other subcontractors and suppliers.

## **ALTERNATIVES:**

The Board could choose not to approve this request and require that all change orders of \$100,000 or greater receive Board approval before proceeding, per existing procurement policy. This scenario could delay construction progress and potentially result in increased costs or delay claims from the contractor on critical-path items.

### **FISCAL IMPACT:**

There is no fiscal impact associated with this action item.

# **DBE/XBE DECLARATION:**

Not applicable

## STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

This action will be reviewed by the Finance Committee on December 12, 2024.