1.0 **SUBJECT TITLE:** Procurement and Administration of Construction Work Order Contracts

1.1 EFFECTIVE DATE: 10 days after approval

1.2 TYPE OF ACTION: New

1.3 KEY WORDS: CONSTRUCTION WORK ORDER

2.0 **PURPOSE:** To establish policies and procedures for the procurement and administration of CONSTRUCTION WORK ORDER contracts.

3.0 **ORGANIZATIONS AFFECTED:** All Executive Departments, Offices and Agencies.

4.0 **REFERENCES:**

4.1 CON 7-5-2 (AEP) Contract Closeout

4.2 CON 7-7-1 (AP) Small Works Roster for Public Work Projects

4.3 CON 7-7-2 (AEP) Procurement for Capital Projects

4.4 CON 7-9-3 (AEP) Capital Project and Contract Planning and Management

4.5 CON 7-10-2 (AEP) Project Control Officer

5.0 **DEFINITIONS:** Unless defined in this Section below, reference is made to Appendix A to King County Executive Policy CON 7-13-1 (AEP) for definitions of terms that are fully capitalized.

5.1 "CONSTRUCTION WORK ORDER CONTRACT" means a master Public Works construction agreement to be used by the Implementing Agency(s) (IAs) for multiple, small, discrete work elements, and when the details of the actual work cannot be clearly defined prior to CONSTRUCTION WORK ORDER CONTRACT execution. The actual work is implemented with the execution of INDIVIDUAL WORK ORDER(s).

5.2 "CPA NUMBER" Contract Purchase Agreement Number. The CPA number is the identifier used in the financial management system (Oracle).

5.3 "INDIVIDUAL WORK ORDER" means for the purpose of this policy a written agreement between King County and the CONTRACTOR to perform a clearly defined SCOPE OF WORK, schedule, and price in accordance with the terms of the CONSTRUCTION WORK ORDER CONTRACT.

5.4 "PCSS SUPERVISOR" means for the purpose of this policy the Supervisor of the Professional and Construction Services Section within the Procurement and Contract Services Division of the Department of Finance responsible for procuring PROFESSIONAL and CONSTRUCTION SERVICES.

6.0 **POLICIES:**

6.1 A CONSTRUCTION WORK ORDER CONTRACT may be Project Specific, Discipline Specific, or Multidiscipline.

6.1.1. A Project Specific Work Order contract is defined as a contract for a singular project with opportunity to do specific scopes of work by INDIVIDUAL WORK ORDER. Each INDIVIDUAL WORK ORDER will be negotiated to define the scope, schedule and price.

6.1.2. A Discipline Specific Work Order contract is defined as a contract where one specific discipline of work is being performed at one or more locations. Example: electrical work in multiple locations. Each
INDIVIDUAL WORK ORDER will be negotiated to define the scope, schedule and price.

6.1.3. A Multidiscipline Work Order contract is defined as a contract where multiple disciplines of work are being performed at one or more locations. Each INDIVIDUAL WORK ORDER will be negotiated to define the scope, schedule and price.

6.2 IAs shall use an advertised, competitive bid process to procure and award a CONSTRUCTION WORK ORDER CONTRACT to the lowest responsive and responsible bidder in accordance with Washington law. Within an advertised procurement, an IA cannot award a Construction Work Order Contract to more than one bidder/CONTRACTOR at a time.

6.3 A CONSTRUCTION WORK ORDER CONTRACT (excluding the Project Specific Work Order Contract) master agreement shall contain a not-to-exceed (NTE) amount up to $1,000,000 (excluding sales tax) with no guaranteed minimum amount of work issued to the CONTRACTOR. The master agreement may exceed $1,000,000 if agreed to by the PCSS Supervisor (or designee) and IA in writing and justification is included within the Request for Advice. The agreement between PCSS Supervisor and IA shall be documented and placed in the procurement and contract files.

6.4 A CONSTRUCTION WORK ORDER CONTRACT (excluding the Project Specific Work Order) master agreement shall be for a fixed term: one year with an additional one-year option, unless agreed to by the PCSS Supervisor (or designee) and IA. The agreement between PCSS Supervisor and IA shall be documented and placed in the procurement and contract files.

6.5 Every INDIVIDUAL WORK ORDER must have an independent estimate or critical estimate review before execution of the WORK ORDER with the CONTRACTOR. This independent estimate or critical estimate review documentation is to be maintained in the work order file.

6.5.1 Exception: In the case of urgent or unplanned events that require immediate action, with Division Director (or designee) approval, an independent estimate or critical estimate review can be provided a maximum of seven days after the work begins.
6.5.2 Every INDIVIDUAL WORK ORDER that uses a time and materials or unit price contracting method shall include a not to exceed price.

6.5.3 The IA will have a policy for notification and approval of the Division Director (or designee) in instances where the independent estimate for an INDIVIDUAL WORK ORDER, or CHANGE ORDER(s) to that work order, approaches the $125,000 limit, and a threshold at which such a notification must take place.

6.5.4 For INDIVIDUAL WORK ORDERS that exceed, or are at risk of exceeding, the $125,000 limit, the IA will consider alternative means of procurement, including the Small Works Roster for Public Work Projects and/or a Job Order Contract (JOC).

6.6 The IA project management manual shall include an approval process for INDIVIDUAL WORK ORDER’s under the master agreement. At a minimum, the first approval level shall not exceed $125,000 (excluding sales tax), including any CHANGE ORDERS. Approval of INDIVIDUAL WORK ORDER’s above $125,000 shall be above the project level authority and shall also be clearly defined in the delegation of authority in the IA project management manual. All approvals shall be documented in writing and maintained in the contract files.

6.6.1 INDIVIDUAL WORK ORDERs exceeding $150,000, including CHANGE ORDERS are required to be sent to PCSS Supervisor or Finance Project Control Officer (or designee) for review and recommendation prior to issuance. The PCSS review of Work Orders above $150,000 shall not exceed three days. A brief synopsis of the minimum approval limits are defined as follows:

- **INDIVIDUAL WORK ORDER’s from $0-$125,000**-Approval limits and delegation of authority established in IA manual.

- **INDIVIDUAL WORK ORDER’s from $125,000-$150,000**-Approval limits (above the project level authority) and delegation of authority established in IA manual.

- **INDIVIDUAL WORK ORDER’s exceeding $150,000**-Approval limits (above the project level authority) and delegation of authority established in IA manual. Required to be sent to PCSS Supervisor or
Finance Project Control Officer (or designee) for review and recommendation prior to issuance.

6.6.2 Project Specific Work Order Contracts are excluded from the approval limits outlined in this policy.

6.7 The IA shall provide the Director of Finance, PCSS Supervisor and Finance Project Control Officer, with a periodic (quarterly) report that lists each of its construction work order contracts and work order history under each contract. The work order history identified in the report shall include:

(A) For the CONSTRUCTION WORK ORDER CONTRACT:
   1. Date the master agreement was executed
   2. Duration of the agreement
   3. The not to exceed contract price for the agreement
   4. NOTICE TO PROCEED (NTP) date
   5. Payments to date against the contract

(B) For each identified INDIVIDUAL WORK ORDER:
   1. Date the individual work order(s) was executed,
   2. The NTP date(s),
   3. A brief description of work
   4. The original work order price
   5. The original and actual SUBSTANTIAL COMPLETION date
   6. The total number and amount of CHANGE ORDERS
   7. Revised work order price (including all CHANGE ORDERS)
   8. Date closed
   9. Total amount paid to date against the work order.

7.0 PROCEEDURES:

7.1 The IA shall establish procedures for compliance with this policy including:

- Establishment of a CONSTRUCTION WORK ORDER CONTRACT document management system.
- Verification of adequate capacity within the total price of the CONSTRUCTION WORK ORDER CONTRACT.
- Process to ensure that INDIVIDUAL WORK ORDERS are written with clearly defined scopes of work.
- Procedures for contract administration of CONSTRUCTION WORK ORDER CONTRACTS and INDIVIDUAL WORK ORDERS.
7.2 DOCUMENTATION Standards:

A. At a minimum, the DOCUMENTATION for each INDIVIDUAL WORK ORDER shall contain the following:

- CONSTRUCTION WORK ORDER CONTRACT Title and Number, CPA NUMBER, and assigned INDIVIDUAL WORK ORDER designation,
- Name of the CONTRACTOR,
- Name of the PROJECT REPRESENTATIVE administering the CONSTRUCTION WORK ORDER CONTRACT for the IA,
- Name of the Work Order PROJECT MANAGER for the INDIVIDUAL WORK ORDER,
- Description of the INDIVIDUAL WORK ORDER SCOPE OF WORK,
- Total price (excluding retail sales tax) and period of performance of the INDIVIDUAL WORK ORDER,
- An independent estimate including record of reconciliation, or critical estimate review DOCUMENTATION for the work,
- Prior Approval signatures that comply with the IA’s delegation of authority as set by this policy Section 6.6 and clearly defined in their Project Management Manual,
- CONTRACTOR should sign the INDIVIDUAL WORK ORDER prior to execution by the County,
- NOTICE TO PROCEED and Notice of Completion documentation
- DOCUMENTATION of any changes in the INDIVIDUAL WORK ORDER scope, schedule, or price.

8.0 RESPONSIBILITIES:

8.1 IA is responsible for establishment of procedures for compliance with this policy.

8.2 PCSS is responsible for establishing the procedure for a request to exceed the $1,000,000 NTE amount for a CONSTRUCTION WORK ORDER CONTRACT, and the procedures for the review of such a request.

8.3 PCSS is responsible for establishing the procedure to review and provide IA with recommendation regarding individual work orders exceeding $150,000.
9.0 **APPENDICES:**

9.1 NONE.