

CHANGE ORDER APPROVAL PROCESS IMPROVEMENTS

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Chief Executive Officer
September 23, 2021



CHANGE ORDER APPROVAL DELEGATION

Current

- » CEO to approve and execute new contracts up to \$25 million, provided action is consistent with Program Baseline and Program Budget
- » Board approval of all new contracts greater than \$25 million
- » CEO to amend any contract for time only, for any time extension amount, provided action is consistent with Program Baseline and Program Budget
- » CEO to amend any contract by any dollar amount, provided action is consistent with Program Baseline and Program Budget
- » CEO to report contingency balance trends to the Finance & Audit Committee at regular meetings, and upon request, and to Board Chairperson any single contingency use of \$25 million or more
- » CEO to authorize further delegation within the organization to assure change orders are executed efficiently and sufficiently
- » All change orders are reported monthly to the Finance & Audit Committee, and change orders of \$25 million or more are reported to the Board Chair

Proposed

- » Establish and incorporate a Change Control Committee for change orders of \$1 million or more.
- » Expand the role of the Business Oversight Committee.
- » Change the reporting threshold to the Board so all contract amendments and change orders of \$25 million or more are reported to the full Board.



CHANGE ORDER APPROVAL PROCESS REVIEW

Input compiled from Director of Infrastructure Delivery, Regional Director, Director of Contract Management, Senior Contract Managers, Project Construction Managers, Rail Delivery Partner, Legal, Construction Package process documentation, and Project Controls.

Current

» Key Concerns Identified:

- Lack of documentation.
- Documentation quality requiring multiple review cycles resulting in delays.
- Lack of clarity and standardization for roles and responsibilities to determining merit resulting in delays.
- Contractor revisions to finalized COs.
- Lack of coordination with Cost Controls on funding sources for COs.

Proposed

» Primary Improvements Identified:

- Create Change Control Committee to verify merit and review CO quality earlier in the CO process.
- Further develop training and reference materials to promote quality documentation.
- All Authority parties to confer on Finding of Fact (FOF) and CO before negotiations with the Design Build (DB) contractor.
- Committee to communicate to Cost Controls earlier and more frequently in the CO process for improved coordination on funding.



CHANGE ORDER PROCESS PROPOSAL

Change Control Committee to validate merit, establish documentation standards, and review CO quality.

Members:

*Director of Infrastructure Delivery
CP Senior Contract Managers
Infrastructure Delivery CO/Claims Principal
Legal
Commercial
Project Controls*

In-depth review earlier in the process to ensure the Finding of Fact (FOF) and Change Order (CO) are clear and accurate prior to negotiations. Provide draft FOF and CO to Project Financial Branch (FINO).

Reviewers:

*Change Control Committee
Director of Contract Management*

Final review focused on updates resulting from negotiation.

Reviewers:

*Change Control Committee
Director of Contract Management*



To optimize review cycle times:

- Change Control Committee will develop documentation standards and training materials and delivery to ensure expectations are clear for improved documentation quality and consistency.
- Weekly reports will monitor CO volume and process efficiency.



CHANGE CONTROL COMMITTEE

Purpose: The Change Control Committee (CCC) will validate merit, set Finding of Fact (FOF) and Change Order (CO) documentation standards, review FOFs and COs over \$1 million for accuracy and clarity, and will make recommendations on approval/disapproval of COs.

Members:

- » Director of Infrastructure Delivery (DID) for COs >\$5M
- » Senior Contract Managers (SCMs)

Will review only CO's related to their respective CP

- » ID Principal Transportation Engineer, Claims/Change Orders (Chair)
- » Legal
- » Commercial Director
- » Project Controls Director/Deputy
- » Advisors (as requested by the CCC) – Project Directors, Risk Management, FINO, Contract Management, Engineering, Rail, outside counsel, etc.

Delegations of Authority from CEO to Staff:

- » CCC to be incorporated into existing delegations for changes orders >\$1M
- » SCMs continues to review/approve change orders <\$5M
- » DID continues to review/approve change orders >\$5M and make recommendations for change orders >\$10M.

Documentation:

- » CCC will document deliberations and decisions in each review step.
- » If SCM or DID disagrees with CCC recommendation, they will file a formal memo to document their decision.



CHANGE ORDER PROCESS IMPROVEMENT IMPLEMENTATION

The Process Improvement Team will continue coordinating cross-functional input to implement the following:

Next Steps	Planned Completion
Update delegations to include Change Control Committee	9/24
Finalize Change Control Committee Charter & RACI	9/30
Finalize detailed process map and processing time guidelines	9/30
Commence Change Control Committee weekly meetings	10/4
Develop additional documentation requirements	10/8
Revise reporting to monitor CO volume, process efficiency, and compliance (e.g., 202's)	10/22
Review policies, procedures and manuals against new process for needed updates	10/22
Develop training materials, make materials available, and schedule trainings	10/22
Recruit Infrastructure Delivery Principal for Claims/CO's <i>(Director of Contract Management to perform role until position filled)</i>	12/31



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