

**Item**

Change Order #1 for the Washington Park Picnic Shelter Replacement Project

**Responsible Staff Contact**

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**Executive Summary**

Consideration of \$647.50 change order to cover the building permit fees for the City’s Washington Park Picnic Shelter. This change order came about as a result of a City project having already commenced prior to Ordinance 1038 going into effect. Ordinance 1038, if approved on final reading, would exempt the City from building permit fees.

**Background**

The City of Douglas Parks Dept. solicited bids for the Washington Park Picnic Shelter Replacement. The City of Douglas opened bids on 13 December 2023. There were multiple plan holders, and three bids were submitted:

K&R Construction	was the low bid at	\$ 119,000
Delta Wye Inc.		\$ 130,000
Knife River		\$ 228,900

K&R Construction was the low bidder and signed the contract to construct this project. By signing this contract, the contractor accepted the conditions of this contract as follows.

Prior to the commencement of any work, the successful Bidder must ensure that all requirements of Douglas Municipal Code are met, including but not limited to obtaining all required building and construction permits, contractor licenses and permits, and any other applicable required licenses, permits, and/or permissions. Bidder shall contact the Community Development Department to verify necessary requirements and obtain necessary licenses and permits.

The City Council did change the Ordinance 1026 in July of 2023 as follows:

*The City Council may waive paying the fee for a building permit to non-profit organizations, but such a permit shall be required of the contractor and he/she shall comply with the provisions of this chapter.*

Recently, after the Washington Park project commenced, the contractor on that project learned that the building permit fees were not waived and notified the City Council. Subsequently, the City Attorney review the language for clarity and opined that while the ordinance gave authority to the Council to be able to waive building permit fees for **non-profit organizations**, it does not provide the authority to waive building permit fees for city projects or for projects by other joint powers boards.



Following that opinion, the City Council wished to exempt City projects from being assessed a building permit fee. Ordinance 1038 was recently developed and approved by Council, with the third reading approved on March 25. The new language shown in red below, specifically waives building permit fees for City projects:

*“C. The city shall be exempt from paying the fee for a plan review and for a building permit and the City Council may waive paying the fee for a building permit for non-profit organizations. Building permits shall be required per the adopted International Codes and the National Electrical Code.”*

This new amendment, at the writing of this narrative, is expected to be published on April 3, thus putting it into effect at the time of consideration of this matter. In the meantime, the change order will allow the Council to pay for its own building permit fee. The most recent similarity to this action occurred with the installation of the electronic signage at City Hall, in which the City paid for the building permit fee of \$324.70 on 21 September 2024.

**Alignment to Strategic Doing (SD) and/or Other Plans**

SD24 Outcome

SD24 Strategy

SD24 KPI

2014 Master Plan

2015 Downtown Master Plan

**Budget/Fiscal Impact**

<u>Fund/Department</u>	Park Improvements-Imp Other than BLDG
<u>Project/Line Item(s)</u>	Washington Park Lighting
<u>Budgeted Amount</u>	\$85,000
<u>Anticipated Amount</u>	\$119,647.50

**Action Requested/Recommended Motion**

Council may approve the Change Order to cover the cost of the building permit fee.

**Reviewed/Approved**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Community Development | <input checked="" type="checkbox"/> Legal   |
| <input checked="" type="checkbox"/> Law Enforcement       | <input checked="" type="checkbox"/> Finance |
| <input checked="" type="checkbox"/> City Manager          |   |
| <input checked="" type="checkbox"/> Public Works          |   |
| <input type="checkbox"/> City Clerk                       |   |