

**SECOND AMENDMENT TO THE RESOLUTION OF
THE BOARD OF ESTIMATES OF BALTIMORE CITY
RELATING TO COST ESCALATION CHANGE ORDERS
DUE TO ADVERSE ECONOMIC CONDITIONS**

WHEREAS, the Mayor and City Council of Baltimore, acting by and through the Board of Estimates ("Board"), pursuant to Article VI, Section 11 (a) of the Charter of Baltimore City, 2022 Edition, as amended, ("Charter") is responsible for awarding contracts and supervising all purchasing by the City; and

WHEREAS, supply chain disruptions and high inflation as a result of the COVID-19 pandemic as well as the ongoing war in Ukraine continue to significantly increase costs of labor, materials, supplies, and equipment for contractors ("adverse economic conditions"); and

WHEREAS, contractors on awarded City construction projects have requested change orders to reduce the adverse economic impact on their businesses from the supply chain disruptions and high inflation; and

WHEREAS, City contracts do not contain escalation clauses to address adverse economic conditions such as supply chain disruptions and high inflation; and

WHEREAS, rebidding contracts, cancelling projects, or pursuing legal actions against contractors that will not perform due to the adverse economic conditions may be detrimental to the City in comparison to negotiating change orders; and

WHEREAS, the Board does have broad discretion to approve change orders related to adverse economic conditions; and

WHEREAS, by Resolution adopted by the Board on December 7, 2022 (the "December Resolution"), the Board created a process pursuant to which City agencies may request change orders due to adverse economic conditions for contracts awarded prior to July 1, 2022; and

WHEREAS, the December Resolution originally terminated on June 30, 2023, subject to extension of the term by the Board; and

WHEREAS, on June 21, 2023, the Board Amended the December Resolution to provide that the December Resolution termination date was amended to June 30, 2024, subject to extension of the term by the Board; and

WHEREAS, the December Resolution, as amended, terminates on June 30, 2024, subject to extension of the term by the Board; and

WHEREAS, the need for the City to consider the impact of adverse economic conditions on City contracts continues and necessitates the extension of the effective term of the December Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ESTIMATES OF BALTIMORE CITY, that the December Resolution is hereby amended as follows:

A. DELETE Section IV: “Effective Date” and **REPLACE** with the following new Section IV:

“This Resolution shall take effect upon the date of approval by the Board of Estimates and end June 30, 2024, unless further extended by the Board of Estimates. Any complete requests for change orders due to adverse economic conditions (“Cost Escalation Packages”) submitted to the City agencies and accepted by such City agencies for processing by June 30, 2024 will be allowed to be considered for approval.”

B. Except as amended by this Second Amendment, the December Resolution remains in full force and effect.

Approved as to form and legal sufficiency

Approved by the Board of Estimates

 6-26-2024
Chief Solicitor

CLERK Date