



CITY OF LONG BEACH
DEPARTMENT OF PUBLIC WORKS

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June 17, 2003

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

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SUBJECT: Adopt Job Order Contracting (JOC) Contract Document No. R-6611 and Award Contract No. 1 to Mackone Development, No. 2 to Athena Engineering and No. 3 to New Creation Builders for As-Needed Construction Services (Citywide)

DISCUSSION

In keeping with the Three-Year Financial Strategic Plan, the Department of Public Works has identified a mechanism for ensuring efficient and cost effective service delivery. Job Order Contracting (JOC) has been successfully used by the federal government since 1985 to provide high quality construction work at competitive prices. More recently, several California cities, counties, and universities have successfully implemented JOC. A JOC is a comprehensive procurement system for obtaining construction services. It was specifically designed to help public agencies provide routine construction services more rapidly and at a lower cost than the traditional system of contracting.

Traditional procedures require an individual purchase order, with complete plans and specifications, advertising and a competitive bid process for each job or project. The impact of these costly, time consuming procedures is significantly reduced under the JOC. This is achieved by the reduction of the number of purchase orders written and processed, lower document distribution costs, elimination of the advertising costs (advertising happens once, when soliciting bidders for the master contract), reduction of change order claims and the reduction of design fees. Fully implemented programs with other agencies report project cost savings ranging from 7 percent to 12 percent.

The JOC is a competitively bid, firm-price master contract used for an indefinite quantity of work assigned on an as-needed basis. The JOC master contract includes a detailed collection of repair and construction tasks and specifications that have established unit prices. Work is accomplished by issuing individual work orders to a contractor for each job or project. Each work order includes a compilation of the construction tasks required to complete the job or project and their corresponding unit prices. The quality of the work is ensured by the traditional methods of inspection that occur during the construction process.

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HONORABLE MAYOR AND CITY COUNCIL

June 17, 2003

Page 2

On November 26, 2002, the City Council authorized the City Manager to execute an agreement with the Gordian Group to implement JOC (see Attachment 1). This agreement called for the development of JOC Contract Documents (R-6611), which contain general provisions, technical specifications and the Construction Task Catalog (CTC). The CTC is a unit price book containing more than 60,000 construction tasks. Each task includes a description, unit of measure and unit price. The unit price includes direct costs for materials, equipment and prevailing wages for this geographic area.

Based on the general provisions, technical specifications and the CTC, the City invited contractors to competitively bid adjustment factors. An adjustment factor is a percentage multiplied to the CTC unit prices, and includes the work to be done and the contractor's profit and overhead costs, such as project management, bonds, insurance, and minor design. The contractor's adjustment factor applies to all items in the CTC. As an example, the CTC includes a unit price of \$30.98 for relocating an existing sprinkler head and branch piping. The weighted average adjustment factor is then applied as follows to determine the adjusted unit price: $\$30.98 \times 0.7480 = \$23.17304/\text{unit}$. The contractor with the lowest weighted average adjustment factor is recommended for award of the JOC contract. The guaranteed minimum quantity of work to be ordered under each JOC contract will be \$50,000.

Each as-needed contract recommended for approval in this Council letter is for one year and up to \$1,000,000. Each contract provides two renewal options of one year each and up to \$1,000,000 per year, upon successful completion of the original contract or after one year, whichever occurs first. Job Order Contracts No. 1, 2 and 3, were advertised for bid on April 30, 2003. Bids were opened May 29 and 30, 2003. City Council adoption of the JOC Documents, and award of the three contracts concurrently, are being recommended to expedite JOC implementation for various CIP projects. Additional information on each firm is attached (Attachment 2).

The referenced contract documents (extracts also attached as Attachment 2) and the one-step approval process were reviewed by Deputy City Attorney Donna F. Gwin on June 2, 2003 and Budget Manager Michael Killebrew on June 5, 2003.

TIMING CONSIDERATIONS

City Council action is requested on June 17, 2003, in order to avoid project schedule delays.

HONORABLE MAYOR AND CITY COUNCIL
June 17, 2003
Page 3

FISCAL IMPACT

The three contract awards are for a maximum amount of \$1,000,000 with two renewal options. The work orders to be completed under this new method of contracting will be funded by various sources, depending upon that specific project's funding.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

- 1) Adopt the Job Order Contract Document No. R-661, inclusive of the general provisions, the Construction Task Catalog, and the technical specifications, for Job Order Contracting.
- 2) Authorize the City Manager to execute agreements for a minimum amount of \$50,000 and a maximum amount of \$1,000,000 with Mackone Development for JOC No. 1 with a weighted average adjustment factor of 0.7480, Athena Engineering for JOC No. 2 with a weighted average adjustment factor of 0.7239, and New Creation Builders for JOC No. 3 with a weighted average adjustment factor of 0.74141.
- 3) Authorize the City Manager to execute amendments for each JOC contract for two renewable options of one year and up to \$1,000,000 per year.

Respectfully submitted,

Christine F. Shippey

CHRISTINE F. SHIPPEY
DEPUTY CITY MANAGER/
ACTING DIRECTOR OF PUBLIC WORKS

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Attachments
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APPROVED:

Gerald R. Miller
GERALD R. MILLER
CITY MANAGER