



CITY OF LONG BEACH
DEPARTMENT OF PUBLIC WORKS

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November 26, 2002

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Agreement With the Gordian Group to Provide Services Relating to the
Implementation of Job Order Contracting and for Use of Copyrighted
Materials (Citywide)

DISCUSSION

In order to enhance the City's ability to meet facilities maintenance and capital improvement needs, the Department of Public Works has investigated options for maximizing resources in order to meet demands and improve responsiveness, while continuing to provide high quality construction work at competitive costs. Job Order Contracting (JOC) has been successfully used for that purpose by the federal government since 1985. More recently, several California cities and counties have implemented JOC contracts as well. 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 sensitive 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 and/or elimination of change order claims and the reduction of design fees. Fully implemented programs in other counties and cities report project cost savings ranging from 7 percent to 12 percent. Based on a projection of contracting up to \$6 million dollars in multiple construction projects a year through the JOC program, the savings to the City of Long Beach would equate to between \$420,000 to \$720,000 per year.

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HONORABLE MAYOR AND CITY COUNCIL

November 26, 2002

Page 2

The JOC is a firm price master contract used for an indefinite quantity of work; it is competitively bid and awarded for a one-year or multiple-year period. Work is accomplished by issuing a series of individual work orders to a contractor. It differs from the traditional process in that it combines all types of construction and repair into one master contract.

Prior to seeking bids from contractors on the master contract, a unit price book containing more than 60,000 construction tasks must be compiled. Each task includes a description, unit of measure and unit price. The unit price includes direct costs for material, equipment and labor for this geographic area. Contractors bid only two adjustment factors: one for work during normal working hours, and another for work performed during off-hours, with each including profit and overhead costs, such as bonds, insurance, design and contingencies. The contractor's adjustment factors apply to all items in the unit price book and are the only bid variations allowed. The contractor with the lowest weighted average adjustment factors is awarded the master contract.

In order to implement an effective JOC program, it is necessary to have professional expertise in program design and development. The Gordian Group has a high level of expertise with JOC systems and extensive hands-on experience, having successfully implemented JOC programs for California State University, the City and County of San Diego, and the Counties of Los Angeles, San Luis Obispo, Kern, and Ventura; they are currently implementing programs for the Counties of Alameda and Sacramento.

The Gordian Group was selected through a competitive Request for Proposal (RFP) process in accordance with Administrative Regulation 8-4, "Selecting Professional Consultants." Four firms submitted proposals for this RFP. A Consultant Review Committee reviewed the four proposals and determined that two firms were qualified. After an interview and reference review process was completed, the committee determined that the Gordian Group was best qualified to provide the implementation for the Job Order Contracting Service.

The Gordian Group provides JOC document and software development and testing, contract development, implementation and training, and follow-up on technical support. In consideration for the use of copyrighted documents and software, the City will pay the Gordian Group a licensing and technical support fee of 5 percent of the value of projects up to \$6 million, after which the fee is reduced to 1.5 percent. The fees are paid only as the incremental work order projects are awarded. The maximum payable under the contract is \$350,000. The initial term of the contract is three years, with the option of two, one-year renewals. The City has the option of terminating the contract with 30 days notice without cause.

HONORABLE MAYOR AND CITY COUNCIL
November 26, 2002
Page 3

This matter was reviewed by Deputy City Attorney Donna F. Gwin on October 31, 2002, and Budget Manager Annette Hough on November 5, 2002.

TIMING CONSIDERATIONS

Action by the City Council is requested on November 26, 2002.

FISCAL IMPACT

The contract award is for an estimated amount of \$350,000. The initial work orders to be completed under this new method of contracting will be funded in Capital Improvement Project Number PW4110 in the Civic Center Fund (IS 380) in the Department of Public Works (PW).

After completion of work orders associated with the Civic Center Complex Improvements project, PW4110, additional work orders will be initiated under various other projects and their funding sources.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute an agreement with the Gordian Group in an amount not to exceed \$350,000, for a period of three years, relating to the implementation of a Job Order Contracting Service and use of copyrighted documents and software, and authorizing amendments to extend the term.

Respectfully submitted,



EDWARD K. SHIKADA
DIRECTOR OF PUBLIC WORKS

EKS/EG:rjr

APPROVED:



GERALD R. MILLER
ACTING CITY MANAGER