



City of Long Beach
Working Together to Serve

Memorandum

R-18

Date: December 17, 2019

To: Honorable Mayor and Members of the City Council

From: Councilwoman Stacy Mungo, Fifth District *SM*
Councilmember Al Austin, Eighth District *Al*
Councilmember Daryl Supernaw, Fourth District *DS*

Subject: Exploring Alternative Procurement Methods

RECOMMENDATION:

Request the City Manager to work with Financial Management and all applicable City Departments to report back within 180 days on the potential benefits, partnerships, and challenges of expanding Citywide development, construction, and building procurement processes to include opportunities for alternative methods of collaboration and partnership.

DISCUSSION:

Traditionally, public agencies in California have long been restricted in the manner they can award public works construction projects. As a general rule, public agencies were obligated by competitive bidding statutes to award construction contracts to the lowest responsive, responsible bidder. This traditional project delivery method placed primary importance on cost, and restricted agencies from utilizing alternative project delivery methods available to the private sector that can drive down costs. In the end, these types of restrictions prohibit competition and limit our capability as a City in getting the best value out of our projects.

The best value of a project can be defined through an examination of prospective contractors against a range of pre-defined criteria. Values can be assigned to factors such as price, past performance, relevant experience, technical ability, sustainability, health and safety, innovation, resource availability, management skills and systems, proposed methodology, etc.

An increasing number of statutes have been enacted to allow public agencies to use alternative project delivery methods under certain circumstances. The advantages to using an alternative delivery method can include easier financing, guaranteed cost, risk reduction and efficiencies between planners, designers and builders.

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In other words, alternative delivery can oftentimes surmount hurdles that the traditional plan-design-bid process can't, to achieve more desirable outcomes. Each method can have its advantages and drawbacks depending on the project and its goals. Because of that, it's more important than ever for public agencies to have flexibility in choosing the delivery process that best serves the agency's objectives, timeline, and constraints.

These alternative methods include, but are not limited to the following or variations on the following:

- *Design-Bid-Build*: Traditional method in which the public agency contracts with a designer and contractor under separate contracts.
- *Construction Manager/General Contractor*: A public agency selects a project designer and qualified construction manager under a negotiated contract to provide both preconstruction services and construction.
- *Design-Build*: Design and construction services are contracted by a single entity.
- *Design-Build-Operate-Maintain*: A single contractor or entity vested with the responsibility for designing, constructing a facility, and operating and maintaining it for a specified period prior to handing it over to the sponsor or client.
- *Design-Build-Finance*: A single contract is awarded for the design, construction, and full or partial financing of a facility. Responsibility for the long-term maintenance and operations remains with project sponsor.
- *Design-Build-Finance-Operate-Maintain*: A contractual agreement between a public agency and a private sector entity. The responsibilities for designing, building, financing and operating are bundled together and transferred to private sector partners. The skills and assets of each sector are shared in delivering a service or facility for the use of the general public.

As important as knowing the guiding regulations and standard department practices within our own City, it is also important to know the guiding laws/regulations, and barriers presented at the State level.

Based on the recent successes of the public private partnership of our new Civic Center and Port of Long Beach Headquarters, it is time to explore current procurement practices and the new options and possibilities in meeting future Citywide development and construction needs.

This matter has been reviewed by Director of Financial Management, John Gross on October 4, 2019.

FISCAL IMPACT

This recommendation requests a report within 180 days on the feasibility of expanding future construction and building procurement processes. Preparing this report is anticipated to require a minimal impact on staff hours beyond normal budgeted scope of duties and is expected to have minimal impact on existing City Council priorities.