

November 9, 2021

ORD-59

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Declare Ordinance amending the Long Beach Municipal Code Section 2.84.100 (Term) to increase the single job order project cost limit to \$750,000, and Section 2.84.110 (Contract Performance) to reduce the contractor performance requirements to 15 percent for Job Order Contracts (JOC), read the first time and laid over to the next regular meeting of the City Council for final reading. (Citywide)

DISCUSSION

On May 24, 2016, the City Council approved an amendment to Long Beach Municipal Code (LBMC) Section 2.84.100 (Term) and adopted Ordinance ORD-16-0008 relating to Job Order Contracts (JOC). JOC contractors are prequalified and enter into a competitively bid, fixed price, multi-year construction contract based on an established Construction Task Catalog for construction projects. JOC programs are used at many public agencies as a cost-effective option for the delivery of renovation, repair, and minor construction projects.

The JOC project delivery system provides a significant benefit to the City of Long Beach (City), including faster completion of projects, cost savings, and reduced complexity of processes. The City uses the JOC program for smaller construction projects like roof repairs, doorway replacements, tenant improvements, painting, park improvements, demolition, electrical maintenance, and other repairs including emergency requests.

Pursuant to LBMC 2.84.100, the JOC program can only be utilized for single job order projects that are less than \$500,000. As a result of this threshold, the City's JOC program is currently being underutilized due to inflation resulting in increased cost of materials and increased demand for construction services. Several projects have been rebid due to proposals exceeding the current JOC threshold of \$500,000. Increasing the single job order project cost threshold to \$750,000 will allow the City to better utilize the JOC program for renovations, repairs, and minor construction projects and deliver these improvements in a timely manner.

Reducing the contractor performance requirement in LBMC 2.84.110 from 20 to 15 percent will allow more opportunities for small businesses to become involved in municipal projects and for contractors who may not have available in-house staff to bid and complete JOC projects. It is difficult for contractors to predict the variety and type of tradesmen required for potential projects. Coupled with periods of inactivity between each project, maintaining a large crew of various in-house trades (such as roofing, flooring, plumbing, masonry, carpentry, electrical, lighting, etc.), is very difficult. Subcontracting reduces these barriers resulting in lower contract pricing for the City.

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While considering opportunities for more efficient and timelier project delivery, staff researched the use of JOC programs by other municipalities and found that numerous comparable municipalities set their project cost limits at \$1 million or above. Agencies with these increased thresholds include Los Angeles County Internal Services, Los Angeles County Development Authority, Los Angeles County Parks and Recreation, Orange County Sheriff's Department, and Orange County Public Works.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on October 18, 2021 and by Budget Operations and Development Officer Rhutu Amin Gharib on October 19, 2021.

TIMING CONSIDERATIONS

City Council action is requested on November 9, 2021, to apply new terms to upcoming JOC contractor solicitations.

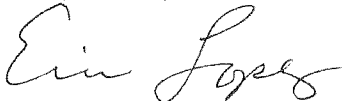
FISCAL IMPACT

There is no fiscal or local job impact associated with this recommendation. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ERIC LOPEZ
DIRECTOR OF PUBLIC WORKS

ATTACHMENT: ORDINANCE

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AMENDING THE LONG BEACH
MUNICIPAL CODE BY AMENDING SECTION 2.84.100 AND
SECTION 2.84.110, ALL RELATING TO PROCUREMENT
AND MANAGEMENT OF JOB ORDER CONTRACTS

The City Council of the City of Long Beach ordains as follows:

Section 1. Section 2.84.100 of the Long Beach Municipal Code is hereby
amended to read as follows:

2.84.100 Term.

Initial contract terms for JOC master contracts shall not exceed
twelve (12) months, with an option of extending the contract for two (2)
additional 12-month periods, for a maximum term of three (3) years. No
single job order project may exceed Seven Hundred Fifty Thousand Dollars
(\$750,000.00) during the term of the JOC master contract. No job order
project shall be split or separated into small job orders for the purposes of
evading the Seven Hundred Fifty Thousand Dollars (\$750,000.00) cost limit.

Section 2. Section 2.84.110 of the Long Beach Municipal Code is hereby
amended to read as follows:

2.84.110 Contract performance.

The JOC contractor must perform a minimum of fifteen percent (15%)
of the contract work for a project, with no more than eighty-five percent
(85%) of the work done by subcontractors. All subcontractors used by the
primary contractor must be pre-approved by the City, and at a minimum be

required to be licensed, hold liability insurance, and have sufficient relevant experience.

Section 3. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three (3) conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the Mayor.

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of _____, 2021, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor