



Legislation Text

File #: 16-0314, **Version:** 1

Recommendation to request City Attorney to prepare an ordinance for an updated City of Long Beach Job Order Contracting Program and return to City Council for review in 45 days.

Over the last few weeks, the Mayor's office has been working with the City Auditor's office to improve the City's Job Order Contracting Program (JOC). We are interested in making changes to improve efficiency and strengthen transparency in our JOC programs.

The City of Long Beach for many years has used a Job Order Contracting Program to perform certain construction projects. JOC programs are used at many public agencies as cost-effective options for the delivery of these projects. At the City of Long Beach, we have used our JOC program for smaller construction projects like roof repairs, door way replacements, tenant improvements, painting, park improvements, demolition, electrical maintenance, and other repairs.

The benefits of a JOC project delivery system could include faster completion of projects, cost savings, and reduced complexity in the process. The use of JOC should not preclude traditional methods of project delivery when those methods result in greater cost savings.

However, JOC projects may not always provide the same protections as the traditional procurement process. The Long Beach JOC program should be revised to include industry best management practices, such as those outlined below.

The City should establish a prequalifying process for prospective JOC contractors, and should only use the JOC program for projects of \$500,000 or less. Initial contract terms with prequalified contractors should not exceed 12 months, with an option of extending or renewing for two more 12 months periods.

Contractor's performance histories should be measured, as established by the City and used as a component of prequalification, with prospective contractors passing this component in order to be prequalified.

The City should also establish an evaluation committee during the RFQ process to evaluate qualifications based only on the criteria specified in the solicitation documents, and assign a qualifications score to each contractor, and should establish written policies and procedures to prevent conflicts of interest for committee members. Qualification scores must be determined only by the criteria identified in the RFQ, and should include, but not be limited to, relevant experience and performance evaluations.

When prequalified contractors are bidding on a JOC project, the City should utilize a set of documents including a unit price catalog and pre-established unit prices, JOC technical specifications, and any other information necessary to describe the City's needs. Any architect, engineer or consultant retained by the City for this service should not be eligible to participate in the bidding.

The City should invite the prequalified contractors to submit sealed bids for the JOC project. Prequalified contractors should bid one or more adjustment factors to the unit prices listed in the catalog based on technical specifications. The City may reject all bids and begin the process again when in the best interest of the City.

The City should also establish a process to prequalify subcontractors, requiring them at a minimum to be licensed, hold liability insurance, and have sufficient relevant experience. All subcontractors used by the primary contractor must be prequalified and approved by the City. The JOC Contractor must perform at a minimum, 20% of contract work.

Consultants hired by the City as project managers should not be affiliated with any entity holding a contract with the city for conflicting services, such as design or engineering services, and the City should establish a process to ensure project managers are independent. The City should also obtain an independent estimate for all job order projects, and compare the independent estimate to the contractors' to ensure proposed prices are not unreasonable or undesirable.

The City should determine for each project if job order contracting will result in savings over traditional procurement. No project should be for new construction. The City should not approve any job order if the cost of items not listed in the job catalog exceeds 10% of the total cost estimate, and if items not listed in the job catalog are included, the contractor should be required to obtain three written quotes, with the lowest being selected.

All JOC documents should be available for public review once the job order is issued. The City should certify a project is completed to the City's expectations.

JOC project delivery has the potential to simplify the City's processes and save the City money, and this new proposed structure for JOC contractors will ensure an efficient and robust program.

None.
Approve recommendation.

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APPROVED:

PATRICK H. WEST
CITY MANAGER