

<b>COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT</b>			<b>Clerk of the Board Use Only</b> Meeting Date                      Held Until /       /     /       / Agenda Item No:                      Agenda Item No: _____                                      _____	
			( ) <b>4/5 Vote Required</b>	
<b>Department:</b> General Services			<b>Deadline for Board Action:</b>	
<b>Contact:</b> Rob Kambak	<b>Phone:</b> 565-3211	<b>Board Date:</b> 06/23/09		
<b>AGENDA SHORT TITLE:</b> <b>JOB ORDER CONTRACTING</b>  <b>REQUESTED BOARD ACTION:</b>  Approve staff recommendations for extending the "Job Order Contract" pilot program for capital projects.				
<b>CURRENT FISCAL YEAR FINANCIAL IMPACT</b>				
<u><b>EXPENDITURES</b></u>		<u><b>ADD'L FUNDS REQUIRING BOARD</b></u>		
<b>Estimated Cost</b>		<b>Contingencies</b>		<b>\$</b>
		(Fund Name:)		
<b>Amount Budgeted</b>		<b>Unanticipated Revenue</b>		<b>\$</b>
		(Source:)		
<b>Other Avail Approp.</b> (Explain below)		<b>Other Transfer(s)</b>		<b>\$</b>
		(Source:)		
<b>Additional Requested:</b>		<b>Add'l Funds Requested:</b>		<b>\$</b>
<b>Explanation (if required):</b>				
<b>Prior Board Action(s):</b> 05/15/07 – Approve Job Order Contract Pilot Program and seek Requests For Qualifications for a professional consultant to develop documents for a Job Order Contract 02/05/08 – Execute a contract with The Gordian Group, Inc. to establish the Pilot program 03/11/08 - Resolution authorizing the Notice Inviting Bids for the Job Order Contract 08/26/08 – Authorize staff to execute contract with Total Team Construction and adopt resolution authorizing County Architect to issue job orders up to \$125,000; Director of General Services to issue job orders up to \$250,000; County Administrator to issue all job orders over \$250,000; be performed under Job Order Contract with Total Team Construction.				
<b>Alternatives - Results of Non-Approval:</b> The Board may direct staff to discontinue using Job Order Contracting as a means of delivering capital projects.				

**Background:**

**Purpose**

The purpose of this report is to request the Board to extend the Job Order Contracting Pilot Program, initiated in September 2008, for one more year.

**What is Job Order Contracting?**

A Job Order Contract (JOC) is an annual, competitively bid, firm fixed price contract used for the performance of minor construction work, including renovation, alteration, painting, and repair. State contracting regulations do not allow JOC to be used for new construction, which has been interpreted to mean new facilities or construction that would expand the size of an existing facility. JOC is allowed for public projects under Public Contract Code Section 20128.5, and has been used by local public agencies in California since 1995. Bidding of a JOC is based on a book of unit prices for various construction activities with the lowest bidder determined by “price factors” submitted by the bidders that are applied to the unit prices.

Job Order Contracting was developed as a means of having an “on-call” contractor on hand, with fixed unit prices that could be used to perform capital work reducing the level of front end work relative to plan development, bidding, and resource contracting. Having a JOC in place reduces the overall length of time required to develop and deliver capital work. The JOC contractor is selected on a competitive basis and is required to be able to provide a wide variety of skills and capabilities. In most cases, the prime JOC contractor utilizes local subcontractors as a means of providing the multiple resources required to meet the wide variety of work efforts the JOC may be required to perform. Job order contracting has been utilized extensively across the United States and has been proven to deliver capital projects in less time and at a lower cost than the traditional design/bid/build method, while maintaining the specified level of quality. Cities and counties using JOC retain the option of using JOC only on those projects that are best suited for such delivery and having a JOC does not preclude a public entity from bidding a specific project or using in-house resources for capital work as allowed by the State Public Contract Code. Specifically to the JOC pilot program undertaken by the General Services Architecture Division, staff has already found value in terms of reducing both the time and the cost of delivering the limited number of projects that used the JOC process without experiencing any negative impacts. However, staff is of the opinion that the JOC process needs to be applied to more projects to better understand the costs and benefits of the program.

**Connection to County's Strategic Plan**

Finding #1 of the County's Strategic Plan points out that the cost of providing services to the public is outpacing the revenues to support them. As a response to this finding, the Strategic Plan established Goal #1 to “make the most efficient and effective use of current resources.”

**Attachments:**

**On File With Clerk:**

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than “Requested”)**

**Vote:**

**Background: (Continued)**

In addition, Goal #4 of the County's Strategic Plan states "Plan, procure, operate, maintain, and manage Sonoma County's facilities... at their highest and best use, such that they provide the best value to the County." Expanding the "tool box" of project delivery options facilitates the efficient use of staff resources and provides more flexibility in meeting specific project objectives.

The JOC Program aligns with Strategic Plan goals to make the County's processes more efficient and effective by streamlining procedures to save time and money, and to provide the County with the best value. Job Order Contracting is a project delivery method that has proven to meet the objective of streamlining the capital project implementation process and in so doing, reduces the project delivery time and cost while maintaining quality and thereby providing the best value to the County.

**Evaluation of JOC Pilot Program**

The purpose of the pilot program was to test and evaluate the JOC method of delivering projects and determine the impact on the time, cost and quality of project delivery as compared to the traditional design/bid/build method. Under the current pilot program there is only one JOC contractor – Total Team – and only six projects that have been completed. Staff would like to secure a broader level of experience with this method of project delivery than has been gathered under the current pilot program, including experience with other contractors and a larger number of completed projects.

While only six JOC projects have been completed, the JOC pilot has provided some information to indicate that the process can lead to more expedient and lower cost project delivery. Time and staff cost savings are particularly evident in the bidding/procurement phase of the project in which average time for bidding has been reduced from 70 days for traditional design/bid/build projects to 12 days for JOC projects. Equally important, County project managers have reported that the delivery and quality of the work provided by the JOC contractor and subcontractors is equivalent to and in certain areas better than projects delivered using design/bid/build.

Further time and cost savings are anticipated as the County's project managers become more familiar with the program, especially when they begin to engage the JOC contractor during the design process. Under the current pilot program, most of the JOC projects had already gone through design and permits, and staff could not compare the total impact of JOC on the design process. Extending the pilot program will enable staff to evaluate the impact of JOC during the design with the expectation that the time and cost of design will be reduced when compared to the traditional design/bid/build method.

Another area that needs further evaluation is the engagement of local contractors in the JOC program. Extending the pilot program and issuing additional JOC contracts will enable staff to better promote the program to increase and track local participation.

**Background: (Continued)**

**Pilot Program Extension**

In order to gather more data and experience with the JOC program, staff recommends extending the timeframe for the pilot program by one year during which two additional JOC contracts will be executed and used. The current contract with Total Team expires in September 2009 (JOC contracts are, by law, limited to one year). Staff recommends executing two new JOC contracts to expand the experience with the JOC process, particularly relative to having multiple JOC contractors. Staff would like to assess work performance between contractors and expand the skill options available, which we are unable to evaluate with only one contract.

In addition, the current economy and contractor bid markets should improve the unit prices the County will pay for the next JOC contract year. The Gordian Group, the County's job order contracting consultant, reports that they have bid approximately 100 JOC contracts for a variety of governmental agencies in the past two years, in the northern California region. During this period, these agencies received an average of four bids with the lowest price factor of 1.15. More recently, agencies have received an average of six bids with the lowest price factor of 1.05. The current trend is more bids per contract resulting in a lower price factor. Price factors are applied to the unit price catalogue to arrive at the final cost of work to be performed by the JOC. It must be reiterated that by establishing a new JOC contract and extending the pilot project, the County is not locked into using only the JOC delivery method. The County can and will continue to use the traditional design/bid/build method as well as the design/build method when it is favorable to do so. Retaining the JOC delivery method only increases the number of options the County will have to deliver capital projects

Staff is also recommending that one of the new JOC contracts be for a lower dollar value than the maximum limit set by law (which is currently \$4 million). This will allow small contractors with lower bonding limits to bid, which will increase the pool of bidders and competition.

**Funding**

There is no separate funding required for the JOC program. The program is funded by individual capital projects approved by the Board through the annual Capital Budget process.

**Schedule**

Upon Board approval of staff recommendations, advertisement for bids will be released immediately in order for new JOC contracts to be executed before the existing JOC contract expires in September. Bids would be received in July and the Board will be requested to award the new JOC contracts in August 2009. This approach will allow the JOC pilot program to continue uninterrupted.

**Conclusion**

Based on limited information the JOC program has demonstrated that it can be a positive and value adding alternate method of delivering capital projects. Projects delivered by the JOC during the pilot period were delivered within the specified level of quality, at a lower cost, and in less time. By continuing the JOC pilot program, General Services will be able to gather more experience and information about the JOC process which will allow a better evaluation of the program.

**Background:** (Continued)

**Requested Board Action**

Staff recommends that your Board approve the following recommendations:

1. Extend the JOC pilot program by one year
2. Contract with more than one JOC contractors during the extension
3. Bid one or more contracts for a lower maximum amount than the legal limit
4. Continue to monitor the JOC delivery method and report back to the Board towards the end of the pilot program with recommendations

Following the Board's approval of these recommendations, staff will advertise for bids. Once bids have been received and reviewed, staff will return to the Board to award contracts in August 2009.