



# INFORMAL STAFF REPORT

## MEMORANDUM

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**To:** Ronald L. Olson, City Manager

**Thru:** Margie C. Rose, Deputy City Manager  
Gustavo Gonzalez, P.E., ACM, Public Works & Utilities  
Valerie H. Gray, P.E., Executive Director of Public Works  
Jeff H. Edmonds, P.E., Director of Capital Programs

**From:** Jerry J. Shoemaker, P.E., Senior Program Manager

**Date:** May 21, 2015

**Subject:** Job Order Contracting (JOC)

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### **Issue:**

At the May 12th and 19th City Council meetings, Mayor and Council requested staff to provide a memo about the Job Order Contracting (JOC) Program, including a list of the JOC projects in the last two years, including contractor name, change orders (CO) and CO amounts.

### **Background & Findings:**

The United States Department of Defense developed the Job Order Contracting Method in order to streamline and expedite procurement of facilities maintenance and construction-related services. JOC Programs have subsequently been adopted by a wide range of public agencies. The JOC Program utilizes an "on-call" general construction contractor on an as-needed basis to perform minor construction, repair, rehabilitation or alteration of facilities. Agency audits of JOC Programs have demonstrated that properly managed programs significantly reduce procurement times, produce cost savings and also increase the quality of construction work.

### **Authority for Job Order Contracting.**

Under Section 2269.401 of the Texas Government Code, "A governmental entity may award Job Order Contracts for the minor construction, repair, rehabilitation, or alteration of a facility if the work is of a recurring nature but the delivery times are indefinite and indefinite quantities and orders are awarded substantially on the basis of pre-described and pre-priced tasks."

### **Applicability of JOC's to Buildings.**

JOC's apply only to a facility that is a building, the design and construction of which is governed by accepted building codes, or a structure or land, whether improved or unimproved, that is associated with a building. JOCs do not apply to, and cannot be used to construct or repair:

- (1) a highway, road, street, bridge, utility, water supply project, water plant, wastewater plant, water and wastewater distribution or conveyance facility, wharf, dock, airport runway or taxiway, drainage project, or related type of project associated with civil engineering construction; or
- (2) a building or structure that is incidental to a project that is primarily a civil engineering construction project.

### **Contractual Structures, JOC Master Agreements.**

The contractual structure for the JOC Method involves an underlying JOC Master Agreement plus the individual job or task work orders that are issued pursuant to and using the set terms of the Master Agreement. A JOC Master Agreement does not define actual, individual jobs but normally awards a *potential maximum amount of work* over the term of the Master Agreement. For example, a Master may have an annual maximum of \$2 million or more, however, there is no minimum guaranteed amount of work orders that must be issued, and no guaranteed minimum dollar amount. As a result, the JOC contractor is not guaranteed any level of revenue.

The contractor shall provide performance and payment bonds (1) if required by law, based on the amount or estimated amount of any job order; or (2) if otherwise required by the City regardless of the estimated amount of a job order. At a minimum, the JOC Contractor will be required to provide a payment bond on all job orders that exceed \$25,000 and a performance bond on all job orders that exceed \$50,000.

### **The JOC Master Agreement**

The JOC Master Agreement contains the maximum aggregate price, but no guarantee of any price. When Council approves a JOC Master Agreement, Council is approving all of the job, task or purchase orders that will be issued under that JOC Master Agreement that do not exceed \$500,000, up to the maximum aggregate amount. The JOC Master Agreement sets the pre-described and pre-priced tasks, aggregate contract ceiling, types of tasks that can be issued and general contractual terms for the life of the JOC contract.

### **Benefits of the JOC Program.**

JOC streamlines the construction procurement process by establishing an overriding Indefinite Delivery Indefinite Quantity (IDIQ) agreement with purchase or delivery orders based on specific projects as needed. The JOC process streamlines procurements, expedites project delivery, improves cost effectiveness, improves quality and reduces change orders. This process is extremely flexible, allowing scope and cost to be accurately detailed BEFORE award. The following are important benefits of using the JOC method:

1. Allows a better defined scope with cost for the customer.
2. Allows Early Contractor Involvement (ECI) that provides an efficient means of designing and planning infrastructure projects in a cost-effective, more efficient and less adversarial structure that should increase transparency and therefore reduce risk, increase shared responsibility and limit the reasons for change orders and litigation.
3. Construction contract award can be accomplished in weeks instead of months.
4. The engineering and design efforts are simplified and better coordinated directly with the contractors reducing unneeded documentation to save additional time, and cost.
5. Each delivery order is a stand-alone contract. Additional Delivery Order awards are based specifically on the contractor's performance, cost and the needs of the City of Corpus Christi. The requirement for sustained performance by the contractor provides real value and continued opportunity for partnering and improved project delivery, benefiting both parties.
6. Change Orders are minimized as the contractor is required to conduct detailed site visits, review the requirements and participate in the scope development submitting a proposal.

### **Pricing.**

A major element of the JOC contracting process is the use of a unit price book (UPB), which provides preset costs for specific construction tasks. The unit price book can cover nearly every construction, repair or maintenance task, whether it's replacing air filters, installing carpeting, replacing windows or doors, or even

painting or it can be limited to specific areas of work or a particular trade. If a task is not in the UPB, it can be negotiated, priced and added at any time to the book. Like most entities, the UPB the City uses is the industry standard known as the **RS Means**.

RS Mean's provides detailed costs for construction materials, labor and equipment with a local area cost factor throughout the Country. JOC Awards are based on contractors offering the best-discounted factor to RS Means' published costs.

JOC contractors are selected on qualifications, performance, and best value basis in conjunction with a price factor / bid of one or more coefficients. As part of its proposal, the contractor submits a coefficient (a multiplier) to be applied to the preset unit prices appearing in the RS Means book. The coefficient must include not only the contractor's overhead and profit, but also any adjustment that may be needed to the RS Means prices based on the contractor's costs in our local area (which are functions of labor costs, subcontractor base, market conditions and client-specific conditions). The project cost is determined using published unit prices multiplied by the item quantity. The price is then factored by multiplying by the individual JOC contractor's coefficient.

Price for each project / job order- basic calculation:

Pre-set unit prices (with City indices)      X      Quantity      X      Coefficient

**JOC Process.**

When a potential need is identified for a JOC project, the program proceeds according to the following steps:

1. Conduct a scope meeting with the operating department to review and discuss the work and the construction schedule (City Staff).
2. Prepare a draft scope of work with in-house personnel or Architect/Engineer (AE), if required.
3. Determine a recommended contractor from available JOC approved contractors. The selection is based on contractor capacity, past performance within the program, contractor cost coefficient, specialized trade requirements (Roofing, HVAC, etc.) and other relevant factors.
4. Issue request for proposal from the recommended contractor.
5. Conduct an on-site scope meeting with City Staff, AE (if required), and the contractor for review and detailed discussions regarding the work, construction schedule, work hours, and other related factors.
6. Contractor prepares a formal proposal with approved unit prices from the RS Means, quantities, construction schedule, list of subcontractors and other required documents.
7. City JOC Project Manager reviews the price proposal verifying scope, quantities, unit cost, contractor cost coefficient, and schedule with subsequent negotiations/revisions as required.
8. Delivery Order is reviewed and approved by Senior Program Manager and Director of Capital Programs based on the approved scope of work under the "Master JOC Agreement" that contains the coefficient and basic terms.
9. If over \$500,000, the Delivery Order is submitted to Council for approval.
10. Notice to Proceed is issued upon verification of required Bonds and Insurance.
11. Work commences with periodic City Inspection and progress meetings as required.
12. Final inspection, closeout and warranty exercised.

Please note that for the initial performance, all of the selected contractors will receive awards to allow Staff to evaluate of each contractor's responsiveness and contract administration including proper use of the RS Means (Price Book), construction performance, and quality. This is managed with small low risk projects. Only through this way can Staff properly evaluate the contractors to be prepared to execute future Delivery Orders. Additionally, Staff will periodically compete Delivery Orders between two or more of the contractors to allow alternate proposals for the material selections, means and methods, and schedules to achieve overall cost effectiveness of the project within the best interest of the City. This is not on a frequent basis to avoid overtasking contractors that unfairly increases administrative cost to the contractors that will not be reimbursed. However, this allows the maximum fairness and cost efficiency of the program.

### **Introduction of the JOC Program.**

The first JOC program began in approximately 2006 as a one-year Pilot Test case implemented through the Texas Cooperative Procurement Network (TCPN), a cooperative state wide program specifically competed for such programs within Local Government and School Districts. Centennial Contractors, Inc. of San Antonio, Texas was the contractor utilized under the TCPN. Based on the success, the City issued a stand-alone JOC Program to avoid unnecessary administrative fees of the cooperative program and provide local contractors an opportunity to participate.

In January 2007, the City of Corpus Christi issued an RFP (2007-01) for JOC contractors with a 3-year performance period (base year plus two 1-year options) that expired in 2010. This enabled the City of Corpus Christi to more effectively target local contractors, including minority/minority business enterprises and Historically Underutilized Businesses (HUB) contractors. Six contractors submitted proposals; however, one proposal was received late and was returned unopened. After evaluation by staff and the selection committee, it was recommended to pursue JOC contracts with two contractors:

1. Alpha Building Corporation, San Antonio, Texas with a local office at 6300 Ocean Drive, Corpus Christi, Texas, 78412, and
2. Nuway International Inc., 2621 Holly Road, Corpus Christi, Texas, 78415

In 2009, the RFP was again advertised for new competition with a 3-year performance period (base year plus two 1-year options) that expired in 2012. Six contractors submitted proposals and after evaluation by staff and the selection committee, it was recommended to pursue JOC contracts with two contractors:

1. Alpha Building Corporation, San Antonio, Texas with a local office at 6300 Ocean Drive, Corpus Christi, Texas, 78412, and
2. Barcom International Inc., 5826 Bear Lane, Drive, Corpus Christi, Texas, 78405

In 2012, the RFP was advertised for new competition with an extended 5-year performance period (2-year base with three 1-year options). Five contractors submitted proposals and after evaluation by staff and the selection committee, it was recommended to pursue JOC contracts with two contractors:

1. Barcom International Inc., 5826 Bear Lane, Drive, Corpus Christi, Texas, 78405, and
2. CAS Companies, 4402 Congressional, Corpus Christi, Texas, 78413

**Attached is a summary listing of the JOC contracts from 2014 and 2015.**

### **Most Recent JOC RFP and Awards.**

Mid-year 2014, Barcom Commercial, Inc. was the only JOC contractor under a Master Agreement with the City recommended for additional work. On October 8, 2014, Capital Programs issued a Request for Proposals (RFP) for JOC contractors. In February 2015, City Council authorized execution of four (one to each) Master Agreements for JOC for a two-year base term (with option to renew administratively for up to three one-year periods), with no guaranteed minimum and a maximum aggregate of \$2,000,000 per vendor in any one year. Additionally, as provided under State law, all work or task orders (little JOCs) issued under the Master and not exceeding \$500,000 may be approved administratively. The February 10th Council Agenda Memo is attached for your convenience.

Seven respondents submitted proposals, four of which were deemed administratively complete and sent for review by a Selection Committee. The other three proposals contained material omissions and were deemed nonresponsive. The Selection Committee evaluated each proposal based on the following criteria:

1. Experience, Background, Qualifications (40%)
2. Proposal Plan (20%)
3. Price (proposed coefficients) (20%)

4. Local Business/Historically Underutilized Enterprise Participation Program (20%)

The panel selected the most highly qualified contractors with proposals that offered the best value to the City.

- Alpha Building Corporation
- Cruz Maintenance & Construction, Inc. (CMCI)
- Haeber Roofing Company
- JE Construction Services

The following is the ranking matrix of the successful contractors:

<b>Firm</b>	<b>Quals</b>	<b>Proposal Plan</b>	<b>Price (Coefficient) - Standard Hours vs. After Hours</b>	<b>Small Business Goals</b>
Alpha Building	40	20	1.05/1.13	20
CMCI	39	19	0.95/1.05	20
Haeber Roofing	40	18	1.0/1.2	20
JE Constr. Serv.	32	19	1.15/1.3	20

**Next Steps:**

Continue the JOC process to achieve the most efficient and cost effective delivery of JOC candidate projects.