



City Council Study Session

October 12, 2015 - 5:30 PM

Auburn City Hall

AGENDA

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I. CALL TO ORDER

A. Roll Call

II ANNOUNCEMENTS, REPORTS, AND PRESENTATIONS

III AGENDA ITEMS FOR COUNCIL DISCUSSION

A. King County Tax Assessor's Valuations for the City of Auburn (10 Minute Presentation) (Hinman)

Phillip Sit, King County Assessor's Office

B Affordable Housing Guidelines (20 Minute Presentation/ 20 Minute Q&A) (Hinman)

C Job Order Contracting (15 Minute Presentation/ 15 Minute Q&A)* (Snyder)

IV OTHER DISCUSSION ITEMS

V ADJOURNMENT

Agendas and minutes are available to the public at the City Clerk's Office, on the City website (<http://www.auburnwa.gov>), and via e-mail. Complete agenda packets are available for review at the City Clerk's Office

**Denotes attachments included in the agenda packet.*



AGENDA BILL APPROVAL FORM

Agenda Subject:

Job Order Contracting (15 Minute Presentation/ 15 Minute Q&A)

Date:

September 21, 2015

Department:

CD & PW

Attachments:

[Auburn Construction Contracts](#)

Budget Impact:

\$0

Administrative Recommendation:

For discussion only.

Background Summary:

The purpose of this discussion is to provide information regarding job order contracting and to demonstrate the benefit of implementing job order contracting for certain types of City construction contracts.

Currently, the City's approach for procuring construction contracts varies based on the estimated contract value, complexity of work, and time constraints. Contracts that are estimated to be \$40,000.00 or less (single trade) or \$65,000.00 or less (multiple trade), are typically procured using an informal quote process where proposals are requested from 3 or more contractors and selections are made based on the contractor's proposals. Contracts with values estimated to be over these limits but under \$300,000.00 are either procured using the Municipal Research Services Center (MRSC) Small Works Roster or using formal competitive bidding. Contracts estimated to be \$300,000.00 or more are procured using formal competitive bidding. Emergency contracts are exempt from bidding requirements and are typically procured using informal bidding processes or direct selections. Contracts procured using the Small Works Roster and formal competitive bidding require a detailed set of plans and specifications, regardless of the complexity or scope of the construction work. Therefore, a significant amount of time and effort is sometimes expended to produce plans and specifications for contract work that is fairly straight forward and could have potentially been completed successfully without detailed plans and specifications. Staff has identified job order contracting as a procurement method that would reduce or eliminate the need to produce detailed plans and specifications for contracts with estimated values that would require using the small works roster or formal competitive bidding.

Job order contracts are particular types of construction contracts in which the contractor agrees to construct repairs and improvements at agreed upon rates on an as-needed basis for the City. Task orders are issued by the City to the Contractor with values defined by the previously agreed upon rates. The job order contract includes total maximum and required minimum contract amounts that are set by the City, subject to State requirements. Job order contracts are competitively bid using a formal process. Unlike formal bid procedures for typical contracts, the job order contracts are not awarded solely on the basis of the bid price. The City may set the criteria for award to include other elements besides price, such as, qualifications, references, and experience. Bidding a job order contract and assigning task orders under the job order contracts may not require detailed plans and specifications and would reduce the amount of administrative work related to managing multiple contracts through the normal quote and bidding processes.

Current City Code provides for the option of using job order contracting and with the overall goal of maximizing the efficiency of limited resources, Staff is planning to implement job order contracting to procure construction work for relatively straight forward projects. Staff is planning to take advantage of State law that allows the City to carry up to two active job order contracts. One contract will encompass civil type work (utilities, site work, roadway), and the other will cover vertical construction (building demolition, small re-model, roof and other repairs). Staff will begin the procurement process this fall and will be bringing forward the job order contracts to Council for award later this year for use in 2016.

Reviewed by Council Committees:

Councilmember:

Staff: Snyder

Meeting Date: October 12, 2015

Item Number: DI.C

Job Order Contracting

- Overview of construction contract procurement
- What is it?
- Who is using it?
- Why should Auburn use it?
- What is the plan?

Construction Contract Procurement

Contract Value

Informal Quotes Up to \$40k (single trade)

Small Works Roster Up to \$300k

Formal Competitive Bid

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Contract Value

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Formal Competitive Bid 

Job Order Contracting  Up to \$350k per task

Job Order Contracts – What are they?

- Task order based contract for construction work
- Allowed per ACC 32.12.110
- Defined by RCW 39.10:
"a contract in which the contractor agrees to a fixed period, indefinite quantity delivery order contract which provides for the use of negotiated, definitive work orders for public works"

Job Order Contracts – Who uses them?

- Cities w/over 70,000 population:
City of Seattle, City of Bellevue, City of Renton, City of Kirkland
- State Universities and School Districts:
University of Washington, Washington State University, Spokane Public Schools
- Port Districts:
Port of Seattle, Port of Everett
- Other Agencies:
King County, State Department of Enterprise Services, Sound Transit

Job Order Contracts – Requirements

- \$350k maximum per task order
- \$4 million maximum per year for all task orders
- Initial term not to exceed 2 years, option to extend 1 additional year
- Only 2 job order contracts allowed at one time
- Contract must define minimum value of work to be assigned

Job Order Contracts – Comparison

Job Order Contract

vs

Small Works or Formal Competitive Bid

Selection of bidder
based on experience,
past performance,
references, cost mark-
up, and other criteria
defined by City

Selection of bidder
based on lowest price
only.

Job Order Contracts – Comparison

Job Order Contract

vs

Small Works or Formal Competitive Bid

Prices are “preset”
based on third party
standard pricing
w/multiplier.

Prices are based on bid
amount.

Job Order Contracts – Comparison

Job Order Contract

vs

Small Works or Formal
Competitive Bid

Level of detail of
plans and specs
depends on
complexity of work.

Detailed plans and
specifications are
required to clearly
define work.

Job Order Contracts – How can Auburn use them?

Annual construction programs:

- sidewalk repair/replacement
- street patching and overlay
- utility repair and replacement

Non-complex construction work:

- roof repairs
- simple re-models
- building demolition
- landscaping/irrigation

Job Order Contracts – Benefits

- Reduces the amount of staff time required to develop and administer contract
- Lowers contract advertising expenses
- Allows for better cost estimating and budget planning
- Allows evaluation, comparison, and selection of contractors based on other factors besides price

Job Order Contracts – Next Steps

Prepare 2 JOC Contracts:

- Vertical-Building
- Horizontal-Site/Civil

Advertise, Evaluate, Award:

- Advertise in early 2016
- Award in Spring 2016
- First task orders to be issued for the 2016 construction season