

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: October 1, 2013

ITEM SUMMARY, JUSTIFICATION and/or SPECIAL CONSIDERATIONS:

Highest Ranked Respondents: Award of Job Order Master Agreement, Solicitation for Qualifications #90136 to Centerline Mechanical, LLC (Headquarters: Cave Creek, AZ), Pueblo Mechanical and Controls, Inc. (Headquarters: Tucson, AZ) and Sun Mechanical Contracting, Inc. (Headquarters: Tucson, AZ) for as-needed Heating, Ventilating, and Air Conditioning (HVAC) Contracting Services at various locations throughout Pima County in the shared amount of \$750,000.00. The initial term is one year with options to extend for up to three (3) additional one year periods. Funding Source: Various funds. Administering Department: Facilities Management.

A Solicitation for Qualifications #90136 for Job Order Master Agreement: HVAC Contracting Services was advertised to which there were nine (9) respondents. The responses were evaluated by staff from Facilities Management, a registered Architect, and a licensed General Contractor, using qualifications and experience based selection criteria in accordance with Board of Supervisors Policy D29.1 and A.R.S. Title 34, including an evaluation of Subcontracting Plans.

Jobs below \$20,000 are negotiated individually with whichever JOC contractor is selected by the using department. All federally funded jobs and jobs above \$20,000 must be competed between all three contractors. Jobs exceeding \$150,000 must be competitively solicited.

Based upon the evaluation, Centerline Mechanical, LLC, Pueblo Mechanical and Controls, Inc. and Sun Mechanical Contracting, Inc. were determined to be the highest ranked firms.

Number of Responses: 9

Final List: Centerline Mechanical, LLC
Pueblo Mechanical and Controls, Inc.
Sun Mechanical Contracting, Inc.

NOTE: Pursuant to A.R.S. §34-604(H), only the names of the firms on the final list may be disclosed. Disclosure of limited materials may be made after award of the contract; after contract execution, all materials are considered public documents in accordance with A.R.S. § 34-604(H).

Contracts Officer: Melissa Hala'ufia, 724-8586
Procurement Department, Design & Construction Division

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____



MEMORANDUM

PROCUREMENT DEPARTMENT

Subject: Background on Job Order Contracts and Master Agreements

Job Order Contracts (JOCs) are a form of indefinite delivery, indefinite quantity contract for construction services. JOC contractors are selected on the basis of expertise, experience and past performance and, in some instances, unit prices for line items of work. Conceptually, a JOC is akin to having well-qualified contractors on standby and available to construct projects or perform repairs on an *ad hoc* basis as the need arises without having to go through a formal procurement process.

Pima County JOCs are based on a multiple-award model, with JOCs being awarded to more than one contractor. Below a relatively low threshold, the responsible department may simply select one of the JOC contractors and negotiate the cost of the project. Above the threshold, however, the department must compete projects between or among the JOC contractors to ensure competitive pricing, and award the project to the contractor submitting the lowest bid or quote.

Historically, each JOC contractor would be awarded its own contract in an amount representing an equal share of the total award. Having multiple contracts complicated contract administration, with every amendment having to be done multiple times, for example, or when one JOC contractor won a disproportionate share of competed work and we had to shuffle funds between/among the contracts to preserve competition. This issue was resolved by the County's new system, implemented in July 2011, that allows us to assign multiple contractors to a single contract, leading the Procurement Department to develop and implement the Master Agreement concept for JOCs, with a single agreement and a single "pot" of money available to all of the contractors.

The Agreements are typically for a one year term with a maximum expenditure limit. Statutorily, individual job orders may not exceed \$1 million, with lower limits established in some Agreements. Provision for annual renewals and authorized expenditure increases are typically included in the Agreement.

Selection of Job Order Project Delivery Approach

The determination to use a JOC in lieu of independently bidding a particular project involves an assessment of tradeoffs with respect to quality, schedule and cost:

- The qualifications-based selection of the JOC contractor generally results in a lower risk of quality issues on a given project. A low-bid contractor may be only minimally qualified, resulting in greater risk of quality issues.
- The JOC is faster in terms of project delivery; individual job orders rarely require detailed design and the time to conduct a competitive bid is eliminated, although this may

be offset somewhat by the time needed to establish the final job order. A bid, on the other hand, requires sufficient time to select a designer, develop, review and accept a detailed design, and conduct a competitive procurement, adding months to the time needed to deliver a project.

- Competitively bidding a project may result in lower initial construction costs. The apparent low-bid cost advantage *may* be offset, however, by the added cost and time to develop the detailed design needed to bid the job, the soft costs associated with managing the design process, the transaction costs associated with conducting a competitive bid process, costs (if any) associated with delayed project delivery, and an enlarged risk of change orders.

Administration of Job Order Contracts

An administering department implements individual job orders by issuing a delivery order in AMS Advantage to the selected JOC contractor, regardless of whether the selection was made below the competition threshold or through a competition above the threshold. This action does not require involvement of the Procurement Department. Each JOC contractor's quality, schedule and cost performance throughout the year should also be a factor in the department's determination to request renewal of the agreement for the following year. Neither the use of the JOC nor any particular JOC contractor is mandatory and a department, at its own discretion, may simply stop using a JOC contractor that is charging excessive prices.