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August 9, 2022

Honorable Council Members  
Los Angeles City Council

c/o Holly L. Wolcott  
Office of the City Clerk  
City Hall, Room 395

## **BUREAU OF ENGINEERING AND GENERAL SERVICES DEPARTMENT REPORT BACK ON CITYWIDE JOB ORDER CONTRACTING (CF 20-1574)**

Dear Honorable Councilmembers:

### RECOMMENDATIONS:

1. Request the City's Chief Procurement Officer consider Job Order Contracting (JOC) in the City's overall procurement strategy as part of their Strategic Plan for purchasing.

### SUMMARY

Per CF 20-1574, the Department of Public Works and the Department of General Services (GSD) were directed to report back with recommendations for implementing a JOC process for minor construction and maintenance projects within the City.

JOC is defined as a contract with pre-negotiated fixed prices on units of labor and materials for well-defined construction tasks. The JOC's are typically established for a fixed length of time or for a maximum dollar value, depending on the terms established for the contract. Typically, the contractor is selected for a specific construction scope based on a competitive pricing that uses the pre-established unit prices to perform various specific construction tasks. The construction tasks are issued as separate job orders during the life of the contract.

With the participation of the offices of the City Attorney, the Chief Legislative Analyst, the City Administrative Officer, the Mayor's Office of Procurement, and staff from the Department of Public Works - Board Office, the Bureau of Engineering (BOE) and GSD convened a meeting to review the status of JOC in the City in mid-March 2022. At the meeting, we reviewed current on-call construction contracts, options for new JOC contracts, and also received a presentation on JOC from the Los Angeles World Airports (LAWA).

BOE presented the Super-Expedited Wastewater Emergency Rehabilitation for Sewers (SEWERS) contracts that have been in place for the last 19 years. This contracting method is described below. BOE also discussed the Pre-Qualified On-Call Small Sidewalk Repair Services Contractors for the Sidewalk Repair Program (SRP) that was established in 2016 which currently has 17 contractors on the list, also discussed below.

Staff also identified how LAWA's process differs from the SEWERS contract. LAWA explained that successful implementation of this type of contract required careful identification of work scope and task orders as well as experienced staff to administer the contracts. The use of these contracts at LAWA is very limited as far as their overall maintenance and infrastructure costs.

BOE and LAWA have found that JOC can be cost effective and/or time efficient in a narrow range of situations and work scopes.

## BACKGROUND

The BOE began using a JOC contract in 2003 to have a contracting mechanism that can expedite the maintenance and repair of the wastewater system in order to protect public health and safety. The SEWERS contracts are currently established with three construction contractors to perform repairs of urgent necessity that are beyond the scope and capacity of LASAN's maintenance forces.

For the current SEWERS 7 contracts, BOE solicited a Statement of Qualifications (SOQ) on August 25, 2021 from contractors. The SEWERS 7 contracts were established on March 23, 2022. Four contractors submitted a SOQ package for the proposed 5-year contract. The four contractors were all Local Business Enterprise (LBE) companies.

With their SOQ's, the contractors provided a unit bid price for approximately 900 bid items that are commonly encountered for sewer repairs. For example, the bid items included the removal, replacement and rehabilitation of sewer pipes using a range of construction methods that included trenchless construction, sewer liner installations, and open trench removal and replacement, each on a cost per linear foot.

From the list of approved SEWERS contractors, one is selected for a construction order based upon the lowest quantity take-off (QTO) calculation for a specific scope of work, using the established unit bid items. The City Engineer performs a calculation of the quantities and bid item costs for a particular construction scope. The calculation of a construction order is determined by the total cost of all quantities at the bid unit prices of each of the contractors. The contractor with the lowest cost for the total construction order is selected to perform the work.

This method varies from the method used by LAWA. LAWA has two JOC contracts with prime contractors with a not-to-exceed amount of three million dollars (\$3,000,000) over 3 years. Each work package also has a limit of \$750,000. These amounts are very small in the overall Capital Improvement Program and maintenance program for LAWA.

The LAWA contract establishes all pricing based upon the RSMEANS Construction Cost Database. In the 1940's, Robert Snow Means compiled a database of costs for equipment, materials and labor for various construction tasks. The database today is managed by Gordian and considered an industry standard for cost estimating.

Due to the size of the bonding and insurance requirements, as well as other requirements, the prime contractors with LAWA are not LBE firms, although local subcontractors are utilized. LAWA's process is that they will issue a Task Order request for a maintenance and repair scope of work to a prime. The prime will then submit a bid based on RSMEANS to perform the work. LAWA managers will negotiate the cost with the prime and issue the Task Order for the agreed upon cost. LAWA balances the award amounts for each prime so that the amounts are approximately even. LAWA has found that costs for a JOC construction project are similar to the costs for the traditional design/bid/build contracts. According to LAWA, the use of their JOC contracts often provides time savings benefits due to the fact that the preparation of detailed bidding documents, bid advertising and other time intensive activities are not required. LAWA also indicated that it took experienced staff to manage the task orders and contracts.

In 2016, the BOE created a Pre-Qualified On-Call Small Sidewalk Repair Services Contractors for the Sidewalk Repair Program which currently has 17 contractors. This is intended for projects of less than \$100,000 estimated construction cost. BOE established a list of stipulated prices as part of these contracts. The Small Sidewalk Repair Services list is specifically targeted to provide small, local businesses the opportunity to contract with the City for goods and services. Many of the Small Sidewalk Repair Services contractors are first time contractors with the City of Los Angeles. Due to the contract ceiling for the Small Sidewalk Repair Services list, the scopes of work for these contracts are straightforward sidewalk repairs that have limited utility, tree, and private property encroachment work.

The Small Sidewalk Repair Services list provides a cost-effective means to price and undertake repairs for small standard sidewalk work, and it provides contracting opportunities to small, local businesses.

For the GSD, their Building Maintenance Division (BMD) maintains over 600 City facilities with over 200 trade staff, both full time and part time, including carpenters, heating, ventilation and air-condition (HVAC) mechanics, elevator mechanics, roofers and various craft helpers. For this reason, the Division has few contracts.


During the review with LAWA on their process, it was noted by GSD that LAWA found JOC effective in bringing construction contractors on board for overflow maintenance work. GSD has an in-house Construction Forces Division (CFD) with approximately 130 on-call tradespeople capable of flexing up to handle BMD's overflow maintenance activities if needed. These projects are often technical situations not easily defined by a standard pre-priced construction task list. CFD maintains contracts, established via pre-qualified lists and competitive bid process, for tenant improvement projects in City facilities under the direction of the BOE, however, this workload is not consistent with perhaps three to four projects per year.


## CONCLUSION

The Chief Procurement Officer is developing a Strategic Plan for purchasing for the City. Part of the plan is to identify and standardize procurement for a variety of materials, goods, and services for all departments. JOC contracting is a method that the BOE and LAWA utilize in distinct ways. BOE and GSD recommend that the purchasing Strategic Plan include a consideration of how to best to expand the use of JOC for the City.

If there is any additional information required, please contact Gregg Vandergriff at (213) 847-0577 or at [gregg.vandergriff@lacity.org](mailto:gregg.vandergriff@lacity.org).

Sincerely,

  
for Gary Lee Moore, PE, ENV SP  
City Engineer  
Bureau of Engineering

  
Tony M. Royster, General Manager  
Department of General Services

GLM/TA/DW/GV/:jgr

<https://englacity.box.com/s/pyddo51tw6z2wrggmyw897g51b00n1zn>

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