Memorandum

Date       October 10, 2008
To       Members of the Finance, Audit & Accountability Committee
         Chair Mitchell Rasansky, Vice Chair Jerry R. Allen, Mayor Pro Tem Dr. Elba Garcia,
         Vonciel Jones Hill, Angela Hunt, Ron Natinsky and David Neumann

Subject       Job Order Contracting Initiative

The Committee’s October 13th agenda includes the Subject briefing. Jack Ireland,
Director of Equipment & Building Services will brief the Committee and his briefing
materials are attached.

Should you require additional information, please let me know.

Edward Scott
City Controller

Attachment

C:     Honorable Mayor & Members of the City Council
       Mary K Suhm, City Manager
       Tom Perkins, Jr., City Attorney
       Deborah Watkins, City Secretary
       Craig Kinton, City Auditor
       Ryan S. Evans, First Assistant City Manager
       David O. Brown, Interim Assistant City Manager
       Ramon Miguez, P.E., Assistant City Manager
       Jill A. Jordan, P.E., Assistant City Manager
       A.C. Gonzalez, Assistant City Manager
       Dave Cook, Chief Financial Officer

Dallas, The City That Works: Diverse, Vibrant, and Progressive
City of Dallas
Job Order Contracting Initiative

Equipment and Building Services
Finance, Audit & Accountability – October 13, 2008

Efficient, Effective, Economical Government
Outline

- Purpose of Briefing
- Background
- What is Job Order Contracting?
- Why Use Job Order Contracting?
- Advantages of JOC
- How is the Cost of a Job Determined?
- RFP Responses
- Summary
- Recommendation
Purpose of Briefing

- Brief Council Committee on “Job Order Contracting”
- Request Council Committee’s support on Council action on October 22, 2008
Background

- The City of Dallas owns over 800 city buildings maintained by Equipment and Building Services (EBS)
- EBS constantly needs to address issues that require maintenance, repair, renovations and minor construction
  - Emergency repairs such as Cedar Crest Club House and FS #37 which were damaged by citizen vehicle accidents
  - Unplanned HVAC repairs such as the Science Place chillers
  - Facility renovation and space planning projects such as the clinic at City Hall
- Job Order Contracting is a tool that will allow the City to respond to these types of events in a timely, effective and efficient manner
What is a Job Order Contract?

- Competitively bid contracts used for maintenance, repair, renovations and minor construction projects

- Awarded to one or more qualified contractors
  - Results in a pool of contractors called upon to respond to jobs as needed
  - Common trades include mechanical, electrical, plumbing, and carpentry

- Cost of each job is based on prices specified in a Unit Price Book multiplied by the contractor bid “coefficient”
  - Unit Price Book is a national standard
  - The “coefficient” is the contractor’s adjustment to the unit price that is contained in the Unit Price Book
What is Job Order Contracting?

- When a specific job is identified
  - Scope of work is defined
  - Contractors from the approved pool are requested to submit proposals
  - A contractor is selected to complete the job
Why Use Job Order Contracting?

- Respond rapidly to needs and keep us on schedule
- Expedite construction project delivery
- Control and manage construction costs
- Know costs before committing funds
- Maximizes response with limited staff resources
- Reduce backlog of maintenance, repair, and renovations
Why Use Job Order Contracting?

- **Quality** - Increased incentive for contractors to produce high quality work to get additional work
- **Responsiveness** - Services from contractors are acquired much quicker than going through usual RFP process
- **Dependability** - Fosters long term relationships based on performance and motivates the contractor to impress the owner (City) with fast, dependable, quality service to receive the maximum possible amount of work
- **Line by Line Approval** - Using the Unit Price Book allows for simple contract documents that contain only the specific tasks of the project
- **Time and Cost Savings** - The administrative and time costs of traditional methods are greatly reduced
Advantages of JOC

- Work can start faster than traditional design-bid-build methods
- Provides flexibility and allows quick response to emergency needs
- It is an ongoing program that is competitively bid once, not a single project
- Provides opportunities to better manage in-house staff work load
- Allows contractor to be involved in scoping
- Good entry point to City for small to medium contracting firms
  - Enhances M/WBE (BID) opportunities
How is the Cost of a Job Determined?

- The Request for Proposals required
  - Using the RSMeans Facility Construction Cost Data unit price book
    - National Standard
    - Provides a price index for each city
  - Contractors bid a “coefficient” used with the unit price book to calculate the cost of a job
    - Fixed price, lump-sum contract
    - Includes a fixed overhead and profit markups
JOC Cost Calculation Example

Request for room to be painted
• RSMeans lists 28¢ per square foot (sf) for painting walls using a brush with an oil base paint
• RSMeans local city cost index for Dallas is .846
• Room has 400 square feet of wall to be painted
• Contractor proposed coefficient .73

• National average cost: 28¢/sf x 400sf = $112.00
• Cost adjusted to city: $112.00 x .846 = $94.75
• What city pays: $94.75 x .73 = $69.17
RFP Responses

- EBS, Business Development & Procurement Services and City Attorney Office developed process for use in the City
- 1,695 e-mail notifications sent to vendors
- Over 45 contractors directly contacted
- Eight responses were received to RFP
- Selection Committee determined all eight proposers met the City’s requirement for participation

<table>
<thead>
<tr>
<th>Contractor Name</th>
<th>Type</th>
<th>M/WBE</th>
</tr>
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<tbody>
<tr>
<td>Amistad Contracting and Services Company, Inc.</td>
<td>Painting Contractor</td>
<td></td>
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<tr>
<td>Centennial Contractors Enterprises, Inc.</td>
<td>General Contractors</td>
<td></td>
</tr>
<tr>
<td>Frontier Electric, LLC</td>
<td>Electrical Contractors</td>
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</tr>
<tr>
<td>Lakeview Enterprises, LLC</td>
<td>General Contractors</td>
<td>Seeking M/WBE</td>
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<tr>
<td>Lopez Electric Company, Inc.</td>
<td>Electrical Contractors</td>
<td>M/WBE</td>
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<tr>
<td>MetalMan Design/Build Corporation</td>
<td>General Contractors</td>
<td>M/WBE</td>
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<tr>
<td>Phillips/May Corporation</td>
<td>General Contractors</td>
<td>M/WBE</td>
</tr>
<tr>
<td>Resources Flooring Group</td>
<td>Flooring Contractor</td>
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</tr>
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</table>
Summary - Job Order Contracting

- Competitively bid construction contract
  - Recommend 24 months service contract
  - Recommend $2 million

- Provides for fixed pricing using
  - Detailed scope of work
  - Unit price book
  - Contractor bid coefficient

- Effective delivery method in the “tool box” used to complete work faster and with higher quality

- Used to complete multi-trade maintenance, repair, renovations and minor construction projects

- More cost effective method than traditional design-bid-build process
Recommendation

- Support from Council Committee on Council action on October 22, 2008 to authorize a twenty-four-month service contract for job order contracting services