



# Monterey County

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## Board Report

Legistar File Number: A 16-043

March 15, 2016

**Introduced:** 2/26/2016

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** BoS Agreement

- a. Approve Amendment No. 2 to Agreement No. A-12434 with The Gordian Group, Inc. for Job Order Contract services described as the JOC Complete Solution®, JOC Complete Solution Plus™, construction estimating services, and project budgeting and planning to: allow for payment for services rendered in Fiscal Year 2015-16 exceeding the agreement's per fiscal year maximum amount of \$450,000; increase the not-to-exceed amount of \$2,250,000 by \$8,146,890 for a total amount not to exceed \$10,396,890 over the five-year term; increase the fiscal year maximum amount of \$450,000 by \$4,073,445 for a total maximum increase amount of \$4,523,445 for Fiscal Years 2015-16 and 2016-17; and extend the expiration date from April 1, 2016 for an additional year through and including April 1, 2017, for a revised term from April 9, 2013 to April 1, 2017, with the option to extend the Agreement for one additional one-year period;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 2 to Agreement No. A-12434 and future amendments that do not significantly alter the scope of work or change the approved Agreement amount; and
- c. Ratify the issuance of job orders by the Resource Management Agency Director and the Director of Public Works to address exigent project work and unscheduled maintenance and emergency repairs that correlatively resulted in The Gordian Group, Inc. JOC service fees exceeding the \$450,000 per fiscal year maximum of the Agreement.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Amendment No. 2 to Agreement No. A-12434 with The Gordian Group, Inc. for Job Order Contract services described as the JOC Complete Solution®, JOC Complete Solution Plus™, construction estimating services, and project budgeting and planning to: allow for payment for services rendered in Fiscal Year 2015-16 exceeding the agreement's per fiscal year maximum amount of \$450,000; increase the not-to-exceed amount of \$2,250,000 by \$8,146,890 for a total amount not to exceed \$10,396,890 over the five-year term; increase the fiscal year maximum amount of \$450,000 by \$4,073,445 for a total maximum increase amount of \$4,523,445 for Fiscal Years 2015-16 and 2016-17; and extend the expiration date from April 1, 2016 for an additional year through and including April 1, 2017, for a revised term from April 9, 2013 to April 1, 2017, with the option to extend the Agreement for one additional one-year period;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 2 to Agreement No. A-12434 and future amendments that do not significantly alter the scope of work or change the approved Agreement amount; and
- c. Ratify the issuance of job orders by the Resource Management Agency Director and the Director of Public Works to address exigent project work and unscheduled maintenance and emergency repairs that correlatively resulted in The Gordian Group, Inc. JOC service fees

exceeding the \$450,000 per fiscal year maximum of the Agreement.

SUMMARY:

At the onset when the County began using Job Order Contracting in FY 2013-14 there was discussion as to how much to set the Gordian Group, Inc. for service fees. Since there was no precedent to rely on, Contracts Purchasing established an Agreement for \$450,000 per year with a not to exceed of \$2,250,000. Now that the use of JOC is increasing, staff recommends to revise the not-to-exceed ceiling to reflect the current number of JOC Contracts awarded, and the maximum contract award for each JOC using the maximum percentage for TGG for service fees and construction management services.

DISCUSSION:

On April 9, 2013, the Board of Supervisors approved Agreement No. A-12434 between the County of Monterey and TGG to provide assistance to the County in developing a Job Order Contract (JOC) system and provide ongoing JOC services to County Departments. Agreement No. A-12434 provided TGG services for a three-year term through April 1, 2016, with an option for two additional one-year extensions. The entire five-year agreement not-to-exceed amount was set at \$2,250,000, with a maximum per fiscal year not-to-exceed amount of \$450,000. Amendment No. 1 to Agreement No. A-12434, approved by the Board on April 4, 2014, effected the provision of optional Construction Management Services at an additional 5.95 percent of each job order, Construction Estimating Services, and Project Budgeting and Planning at hourly rates, with no increase to the Agreement's not-to-exceed amount. TGG service fee of 5% pertains to each Delivery Order issued, however the 5.95% fee for Construction Management (CM) is assessed on a case-by-case basis depending on the need for the CM services.

JOC proved to be a viable alternative procurement method to complete many projects, especially exigent and time-sensitive projects. Six 2013 JOC Contracts were initiated to start the County's JOC program: two for Facilities projects, two for Roads & Bridges projects, and two for Natividad Medical Center projects. In FY 2013-14, 22 job orders were issued with a job order value of \$2,534,707. Efficiency of the JOC procurement method resulted in issuance of seven 2014 JOC Contracts (two for Roads & Bridges projects, two for Facilities projects, and three for Natividad Medical Center (NMC) projects) and nine 2015 JOC Contracts (three for Roads & Bridges projects, three for Facilities projects, and three for NMC projects). In FY 2014-15, 46 job orders were issued with a job order value of \$4,738,032. In FY 2015-16 through January 31, 2016, 102 job orders were issued with a job order value of \$10,186,422.

Amendment No. 2 increases the TGG Agreement limits to accommodate the fees associated with the increased volume of job order work. TGG's Attachment A summarizes the County's JOC usage since its inception in 2013. Additionally, Amendment No. 2 exercises the one (1) year extension option for continued provision of services to extend the agreement through April 1, 2017.

TGG's Attachment B summarizes the FY 2015-16 job orders issued and known job orders being processed and slated for issuance through March 1, 2016. The volume of FY 2015-16 job orders issued is not typical. Demolition and renovation work associated with the East-West Wing and Schilling Place projects markedly increased the annual amount of TGG Fees. The

**emboldened** job orders comprise the job orders issued that resulted in the TGG Agreement's "per fiscal year contract maximum" being exceeded. Ratification of the issuance of those job orders and any exigent or emergency job orders requiring issuance through today (March 15) is requested. All other terms and conditions of the Agreement remain unchanged and in full force.

As the TGG Agreement is utilized by Natividad Medical Center (NMC) and the RMA, staff is recommending that the TGG Agreement be amended to reflect an annual not-to-exceed amount that TGG would be eligible for based on the value of each JOC contract of \$4,590,000 at 10.95% or \$502,605 for each awarded JOC contract (9) not to exceed \$4,523,445 per TGG contract year.

OTHER AGENCY INVOLVEMENT:

County Departments coordinate the preparation of Job Orders with their respective Finance staff and the Auditor-Controller. The Capital Improvement Committee receives quarterly reports on the JOC program summarizing issued Job Orders, including scope, cost, schedule, and source of previously appropriated/ expended funds. Additionally, per the JOC Policy, any Job Order that exceeds \$1 Million is brought to the Capital Improvement Committee (CIC) for review and consideration prior to issuance of a notice to proceed. The Office of the County Counsel, and Auditor-Controller, have reviewed and approved the Amendment 2 to the Agreement as to form and legality, and fiscal provisions, respectively.

FINANCING:

Costs associated with Amendment No. 2 to Agreement No. A-12434 and funding for Job Orders is contained within the approved budget allocations of individual departments authorizing JOC projects. For the RMA, job order funding is either within the approved budget allocations of Fund 401- Facilities Maintenance Projects; Fund 402- and Fund 404- Capital Projects; Fund 002 Road Fund; or the respective funds established for individual County Service Areas or County Sanitation Districts. TGG fee is a 5 percent License Fee of each JOC project total value, and is payable by the County upon issuance of a Job Order to the JOC Contractor. TGG provides project management services for job orders as requested by the County for a set fee of 5.95 percent of the job order total value.

Prepared by: Donald D. Searle, Architectural Services Manager, (831) 755-5061

Approved by: Benny J. Young, Interim Director of Public Works & Facilities

Approved by: Carl P. Holm, AICP, RMA Director

Dated: March 7, 2016

Attachments:

Amendment 2 to Agreement No. A-12434;

Amendment 1 to Agreement No. A-12434;

Agreement No. A-12434;

TGG Attachment A Fiscal Year Recap;

TGG Attachment B FY 2015-16 Job Orders Issued (Attachments on file with the Clerk of the Board)

