



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 16-232, **Version:** 1

- a. Award Natividad Medical Center Job Order Contracts (JOC) for a term of one year, with a minimum contract value of \$25,000 and maximum contract value of \$4.5 Million to the lowest responsive bidders as follows: NMC 2016-01 Ausonio Incorporated; and NMC 2016-02 John F. Otto, Inc. dba Otto Construction;
- b. Approve the Performance and Payment Bonds executed and provided by Ausonio Incorporated, Inc. in the amount of \$2 Million;
- c. Approve the Performance and Payment Bonds executed and provided by Otto Construction, Inc. in the amount of \$2 Million; and
- d. Authorize the Chief Executive Officer (CEO) of Natividad Medical Center to execute Job Order Contract Natividad Medical Center 2016-01 with Ausonio Incorporated, and Job Order Contract Facilities 2016-02 with John F. Otto, Inc. dba Otto Construction.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Award Natividad Medical Center Job Order Contracts (JOC) for a term of one year, with a minimum contract value of \$25,000 and maximum contract value of \$4.5 Million to the lowest responsive bidders as follows: NMC 2016-01 Ausonio Incorporated; and NMC 2016-02 John F. Otto, Inc. dba Otto Construction;
- b. Approve the Performance and Payment Bonds executed and provided by Ausonio Incorporated, Inc. in the amount of \$2 Million;
- c. Approve the Performance and Payment Bonds executed and provided by Otto Construction, Inc. in the amount of \$2 Million; and
- d. Authorize the Chief Executive Officer (CEO) of Natividad Medical Center to execute Job Order Contract Natividad Medical Center 2016-01 with Ausonio Incorporated, and Job Order Contract Facilities 2016-02 with John F. Otto, Inc. dba Otto Construction

SUMMARY:

The recommended actions will allow for the issuance of two one-year term Natividad Medical Center Job Order Contract contracts and the approval of the Performance and Payment Bonds executed and provided by the two contractors.

DISCUSSION:

Public Contract Code Section 20128.5 provides that counties may award annual contracts for repair, remodeling, or other repetitive work to be done according to unit prices. This is commonly referred to as Job Order Contracting (JOC), and is typically done by developing a construction task catalog that is then competitively bid. JOC is an indefinite quantity contract pursuant to which the Contractor will perform a variety of projects, consisting of specific construction tasks, providing an alternative procurement method for completing public works projects, which improves economy and efficiency in completing many public works projects, including urgent and time-sensitive projects. The price of an individual project will be determined by multiplying the preset unit prices and the appropriate quantities by the appropriate adjustment factor. The adjustment factor will vary depending upon the location of the work, and the time at which the work will be performed (normal working hours versus other than normal working hours).

In April 9, 2013, the Board of Supervisors approved an Agreement between the County of Monterey and The Gordian Group, Inc. to provide assistance to the County in developing a Job Order Contracting (JOC) System. On September 17, 2013, the Board adopted the Monterey County Job Order Contracting Policy Guidelines constituting the order of the Board approving Job Order Contracts pursuant to Public Contract Code Section 20128.5. On April 19, 2016, the Board of Supervisors approved the Monterey County Construction Task Catalog, Natividad Medical Center Project Manuals, and Monterey County Natividad Medical Center Technical Specifications for the Job Order Contract Projects, and authorized the advertising of the Notice to Contractors for their respective Bid Nos.: NMC 2016-01, and 2016-02.

The JOC Projects were advertised and bids were opened on May 19, 2016. The lowest responsive and responsible bidder, determined by the award criteria figure, for JOC Natividad Medical Center 2016-01 was Ausonio Incorporated and for JOC Natividad Medical Center Bid 2016-02, was Otto Construction. Each Contractor has certified to make a good-faith effort to employ Monterey Bay Area residents on the Project in compliance with Section 5.08.120 of the Monterey County Code. Each contractor and for has a staffed office located within the Monterey Bay Area.

For the Natividad Medical Center JOC, Natividad Medical Center recommends awarding contracts to two separate contractors to allow the Department the option to use the alternate contractor if the other contractor is deemed nonresponsive or has poor performance and also to have work performed concurrently. At this time, Natividad Medical Center requests two JOC contract awards.

JOC contracts will not exceed beyond a 12-month contract for the issuance of job orders. The contracts awarded to Ausonio Incorporated, and Otto Construction pursuant to JOC each offer a minimum contract value of \$25,000 and maximum of \$4.5 million. Due to that range, contractors were each required to provide performance and payment bonds in the amount of \$2 million in order to provide for JOC efficiency, maintaining control of contractor performance, as well as limiting potential risk to the County. At the time that cumulative Job Orders in excess of \$2 million are anticipated, Natividad Medical Center will return to the Board for approval of increased payment and performance bonds to cover the amount of the anticipated job orders.

Any Job Order that exceeds \$1 Million will be brought to the Capital Improvement Committee (CIC) prior to issuance of a notice to proceed. Natividad Medical Center will provide quarterly JOC status reports to the CIC summarizing issued Job Orders, including scope, cost, schedule, and source of previously appropriated/expended funds. The JOC contracts will provide another mechanism to accomplish work that fits within the JOC guidelines. Projects that do not meet JOC criteria or are not a good fit for JOC will continue to be completed using other procurement processes, such as the typical design/bid/build process.

OTHER AGENCY INVOLVEMENT:

Natividad Medical Center coordinated preparation of the JOC process and the standard agreement language with Contracts/Purchasing, County Counsel, Auditor-Controller, and Risk Management as to form and the required legal, fiscal, and insurance provisions. The Office of the County Counsel and Contracts/Purchasing attended the bid opening and reviewed all bids for conformance with applicable regulations. Natividad Medical Center reviewed the bids for responsiveness. The Office of the County Counsel, Auditor-Controller, and Risk Management have reviewed and approved the contract documents as to form and legality, fiscal terms, and insurance provisions, respectively. This report was supported by the NMC Finance Committee on May, 26, 2016, NMC Board of Trustees on June 3, 2016, Capital Improvement Committee on June 20, 2016 and Budget Committee on June 28, 2016.

FINANCING:

Job Order Contract expenditures will be within and not exceed the FY 2016-17 approved capital projects and operational budgets. The future fiscal year capital and operational budgets will be appropriately budgeted and approved prior to proceeding with expenditures. The Agreement is for two individual Job Order Contracts for \$2,000,000 with an option to extend the contract to a cap of \$4,500,000 for an initial contract total of \$4,000,000, with a potential total maximum cap of \$9,000,000. A five percent (5%) License Fee to utilize the JOC program is payable to the Gordian Group only if and when a Job Order is issued to a JOC Contractor. Optionally, as needed, the County may utilize JOC Project Management services for an additional 5.95% fee. There is no impact to the General Fund.

Approved by: Dr. Gary Gray, Chief Executive Officer

Prepared by: Brian Griffin, Project Manager III

Attachments: Agreements which include the performance and payment bonds