



# **FINANCE DEPARTMENT POLICIES & PROCEDURES**

## **Revision of Purchasing Policy for Job-Order Contracts**

Town Council Meeting

March 6, 2019

# OBJECTIVES

- Finish infrastructure projects faster
- Improve efficiency of procurement process



# BACKGROUND

- Number and timing infrastructure projects are increasing
  - \$195M Transportation Master Plan
  - \$140M+ Water/Wastewater Projects
  - New, Private Developments





# BACKGROUND (continued)

- Delegation Resolution approved by Town Council August 2018
  - Streamlined CIP contract approval process
- Today's request: Expand use of job-order contracts for infrastructure projects

# CURRENT PROCESS

- Job-Order Contract (JOC)
  - Competitive solicitation done up front for a specific type of work
  - Up to 5 Contractors selected to be on a pre-approved list
  - Pricing established up front
    - Per-unit / cost-plus / mark-up coefficient
  - Town Council approves master contracts







# CURRENT PROCESS (continued)

- Town already uses JOC's:
  - Well repair
  - Underground utilities
  - Block walls
  - Pavement preservation
  - Minor roadway improvements
  - Drainage
  - Electrical services



# CURRENT PROCESS (continued)

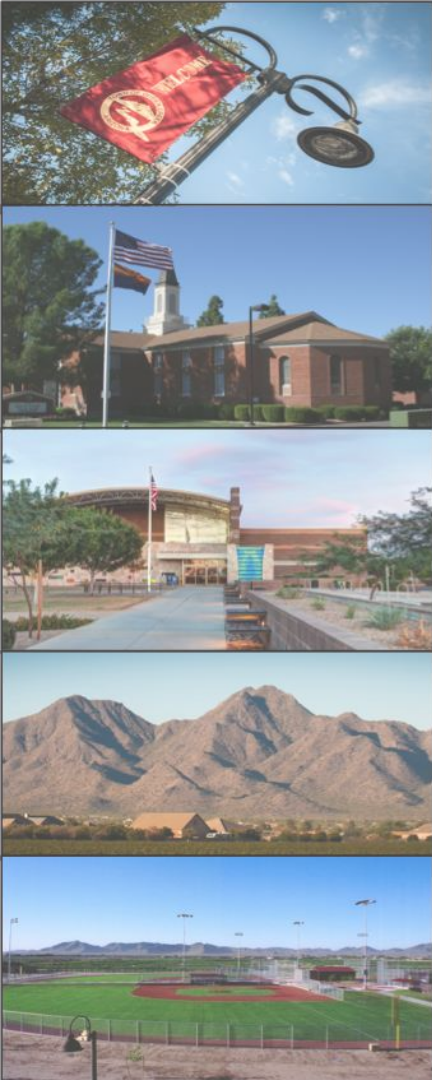
- State statute sets a default limit of \$1 million per project under JOC
  - All projects over \$1 million are bid out
  - 4-6 week bid process to select contractor
- State statute allows municipalities to set their own per-project limit



# CURRENT PROCESS (continued)

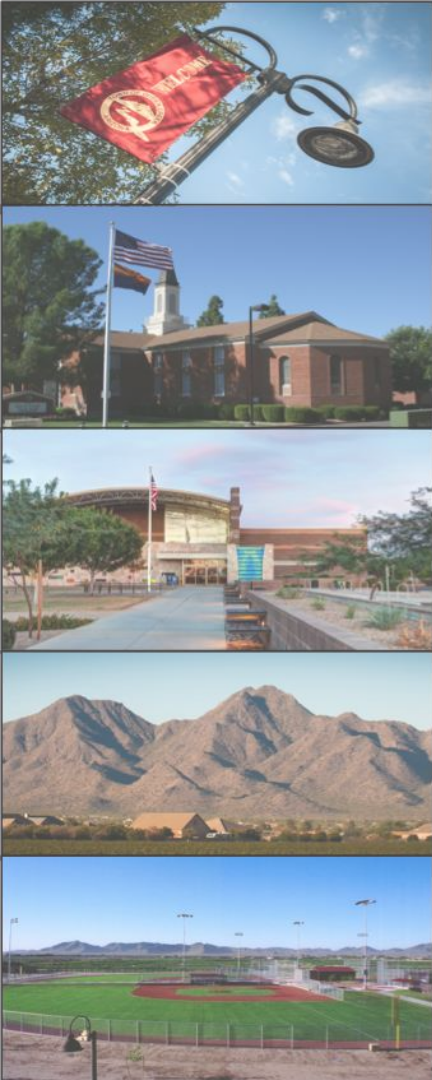
- JOC contracts still follow current approval process
  - Town Council
    - Initial Master Contract
    - Work Order for a Specific Job over \$25,000
  - Budget Review
  - Legal Review





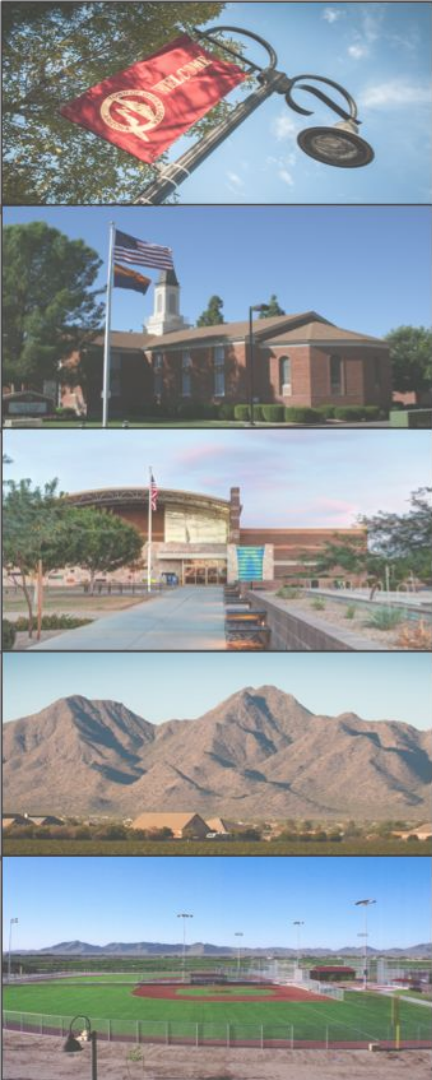
# CURRENT PROCESS (continued)

- Benefits of JOC:
  - Vendor already under contract
  - Pricing known up front
  - Few change orders
  - Contractor can begin right away
    - Saves 4-6 weeks by eliminating traditional bid process



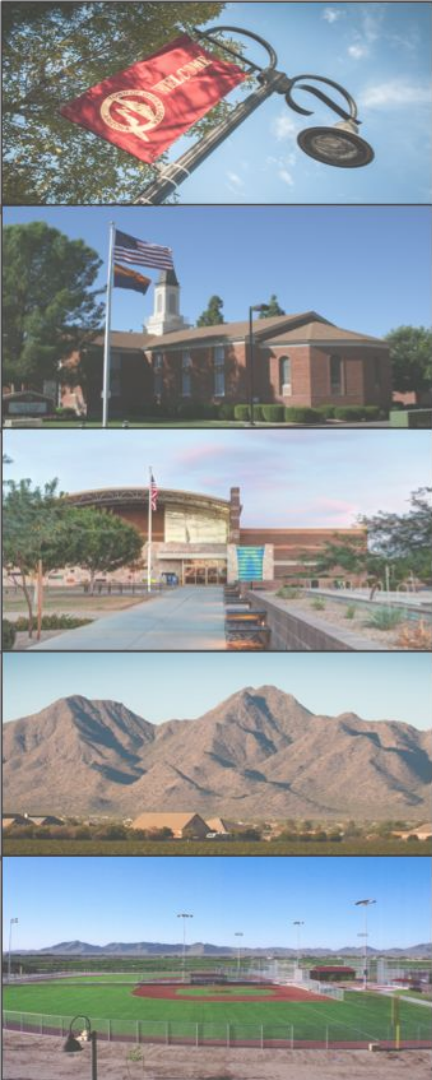
# CURRENT PROCESS (concluded)

- Other Entities' JOC limits:
  - Peoria - \$3 million
  - Chandler - \$2 million
  - Gilbert - \$1 million, with option for Council to exceed the limit on a case-by-case basis



# RECOMMENDATION

- Staff recommends a \$3 million limit
  - 7 utility projects \$1M – \$3M in next two years
    - Example: Final Action Item #2
  - 6 projects \$900k - \$1m in next 10 years
  - Pavement preservation may be able to do larger areas under one contract



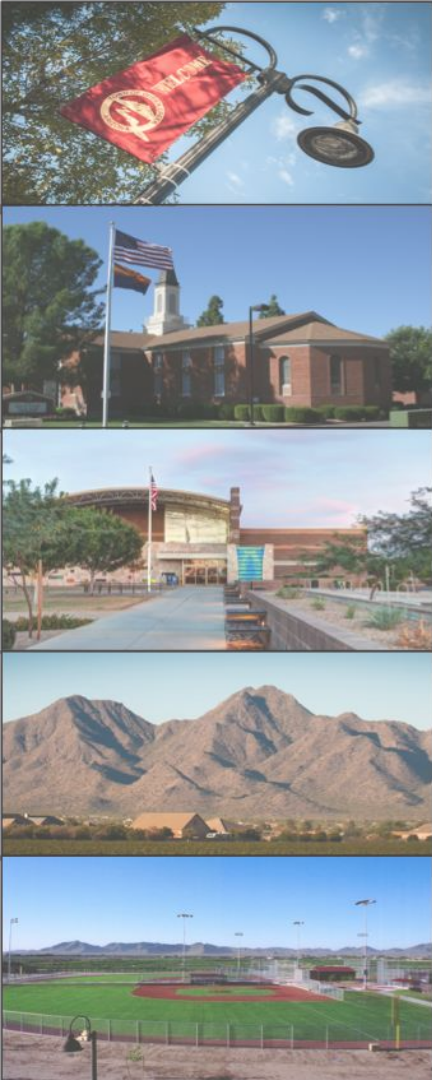
# PURCHASING POLICY REVISIONS

- Section 3-106 Contracting for Designated Professional Services – add one sentence:

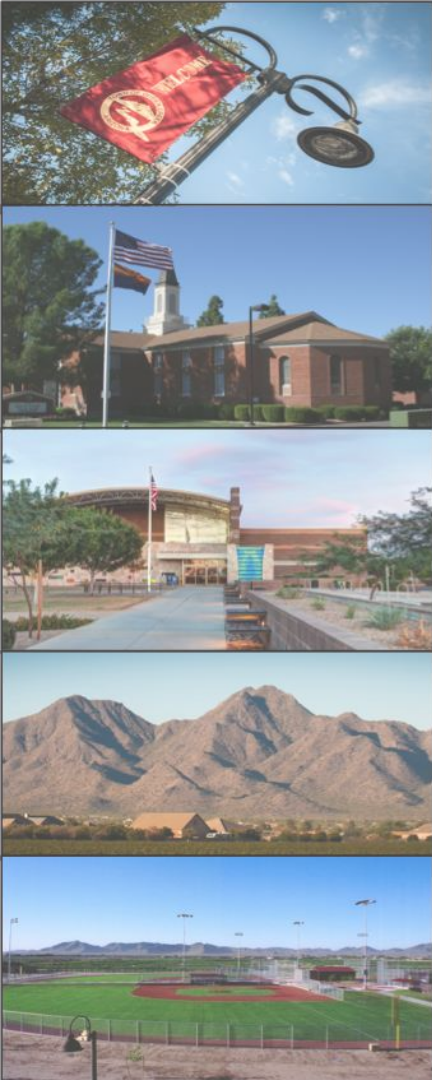
“The maximum dollar amount of an individual project for work accomplished under a job-order contract shall not exceed three million dollars (\$3,000,000).”

# PROPOSED MOTION – FINAL ACTION ITEM #1

- Motion to approve amendments to the Town's Procurement Policy to increase the single-project limit for projects awarded under a job-order contract from \$1 million to \$3 million.







## FINAL ACTION ITEM #2

- Job Order Contract with B&F Contracting
  - Power Road Lining Rehabilitation Project
  - JOC in an amount not to exceed \$1,493,778
  - Budget adjustments necessary due to timing of project
- Staff recommends approval of Final Action Item #2