



City Council Report

City Council Meeting: September 11, 2018
Agenda Item: 7.B

To: Mayor and City Council
From: Susan Cline, Director, Public Works, Architecture Services
Subject: Introduction and first reading of Ordinance amending Santa Monica Municipal Code Section 2.24.071 to update Public Works Contracts requirements; Award of Bid #SP2524 to eight general contractors to provide as-needed general construction services; and Authorization for the City Manager to execute a master on-call task order services agreement with each pre-qualified contractor, once the ordinance becomes effective

Recommended Action

Staff recommends that the City Council:

1. Introduce for first reading the attached ordinance amending Santa Monica Municipal Code Section 2.24.071 (Public Works Contracts) authorizing the use of City Council approved Master As-needed Services agreements.
2. Award Bid #SP2524 to eight California-based general contractors to provide as-needed general construction services on various Public Works projects including Airport, Facilities, Engineering, and Architecture work.
3. Authorize the City Manager to negotiate and execute an As-needed Master Services agreement with eight general contractors for a total amount not to exceed \$5,000,000 over a five-year period for each agreement, subject to Council approval of the biennial operating budget and the biennial capital improvement program budget which would allow appropriation of funds for any task order issued under each as-needed master services agreement, once the ordinance becomes effective.

Executive Summary

Achieving top quality and best price are the long-standing goals of public construction contracting in Santa Monica. The Santa Monica Municipal Code (SMMC) Section 2.24.071 (Public Works Contracts) stipulates that every contract involving an expenditure of more than \$175,000 for public works projects must be competitively bid and presented to the City Council for approval of the contract award prior to project commencement. Unfortunately due to required legal steps involved in that process, a bid award process takes 20 to 27 weeks depending on the complexity of the project. In addition to extending the project completion timeline, the lengthy process burdens

staffing resources with paperwork and process without directly contributing to the goals of quality and economy. To streamline the costly and inefficient process for smaller projects, staff recommends an ordinance amending SMMC Section 2.24.071 to add an alternate contracting method to deliver public works projects up to \$1,000,000 to allow the execution of eight As-Needed Master Services agreements (MSAs).

Background

On June 12, 2018, Council adopted the first year and approved the second year of the Capital Improvement Program (CIP) FY 2018-20 Biennial Budget. The adopted CIP Budget incorporated Santa Monica's *Framework for a Sustainable City of Wellbeing*. These projects will advance goals in five of the seven outcome areas, and address Council's strategic goals, particularly the Mobility strategic goal. In order to expeditiously complete these projects while still maintaining a balance between quality and cost, the Public Works Department performed an efficiency assessment to develop recommendations on improving project delivery and ensuring that the expectations of Council and the public are being met. This assessment built upon the Finance Department's overview of current procurement processes presented to Council in 2016.

Currently, all construction contracts over \$175,000 are required to be competitively bid and approved by the City Council. For projects estimated under \$1,000,000, commencing construction can take approximately 20-27 weeks from procurement to contract execution for projects with little or no design work (Attachment A). The efficiency assessment identified the use of MSAs as a way to improve efficiency and expedite project delivery.

Discussion

The proposed ordinance would amend SMMC Section 2.24.071 to add an alternate construction contracting/procurement approach which would allow the Public Works Department to utilize MSAs to expedite the commencement of work. The ordinance would authorize the City Manager, subject to certain conditions specified in the ordinance, to enter into an MSA, and would authorize the Public Works Director, or her designees, to issue task orders in amounts up to \$1,000,000 for construction under

each MSA. Goals for this new approach include: 1) accelerating the commencement of small, relatively simple public works projects, 2) increasing overall efficiency for the procurement, contracting and project delivery methods used for small projects including emergency work, and 3) accomplishing general construction services in a timelier manner. If the ordinance is approved, the Finance and Public Works departments, and the City Attorney's Office will draft administrative guidelines to ensure competitive bidding, appropriate environmental review and orderly implementation.

The MSA approach would work as follows:

- 1) City solicits general contractors through a request for qualifications including a formal competitive bidding and advertisement process.
- 2) City establishes a list of pre-qualified contractors from which to select its MSA contractors.
- 3) City presents the recommended MSA contractors to Council for approval to negotiate and execute MSA contracts.
- 4) Once MSAs are executed, bids from at least three contractors would be solicited for each task order.
- 5) All task orders would be awarded to the best bidder.
- 6) All projects under an MSA would have their own task order number for tracking and reporting.
- 7) The Director of Public Works or his/her designees may issue task orders in accordance with the terms and conditions of the MSA. Individual task orders shall not exceed \$1,000,000 and the cumulative amount of task orders under each MSA shall not exceed \$5,000,000.
- 8) All projects utilizing MSAs would be reviewed to ensure (i) appropriate environmental review, (ii) that projects are funded by Council-adopted biennial budgets, and (iii) that contractors adhere to all prevailing wage requirements.
- 9) Once a task order is completed, the task order amount would be tracked and counted against each contractor's maximum cumulative MSA amount.
- 10) Public Works would report back to Council annually by submitting an Information Item every June. The Information Item would include a summary of all projects completed per MSA including vendor names, amounts and task order numbers

as well as an evaluation of whether the revised process yielded the efficiencies expected.

Staff believes using MSAs would improve project delivery and benefit the City by shortening project timelines by an estimated 20-27 weeks, decreasing the risk of potential escalation costs, reducing the amount of time staff spends on a project, and facilitating a more accurate overall project schedule. Other municipalities such as the cities of San Francisco, Los Angeles, and Anaheim have already adopted similar forms of as-needed contracting ordinances to improve project delivery.

To expedite vendor selection, in the event that Council approves the recommended ordinance, staff conducted a process to pre-qualify contractors to provide general construction services on various public works projects for five categories of work: interior remodels/tenant improvements, exterior building renovations, parks/playgrounds/site work, general engineering, and pier work. Should Council approve awarding bids to these MSA contractors, task orders issued pursuant to the agreements entered would not exceed the current \$175,000 threshold unless and until the proposed ordinance became effective.

Vendor Selection

RFQ Data					
RFQ Posting Date	RFQ Posted On	RFQ Advertised In (City Charter & Municipal Code)	# of Firms Downloaded	# of Submittals Received	Date Publicly Opened
06/07/2018	City's Online Bidding Site	Santa Monica Daily Press	52	10	06/21/2018

Pre-qualified List	
John S. Meek Company, Inc.	Kasa Construction, Inc.
Judge Netting, Inc.	Ramco
Cushman Contracting Corporation	Blois Construction, Inc.

Vendor Selection Recommendation	
Municipal Code	SMMC 2.24.072
Evaluation Criteria	Previous experience/technical competence, answers to a questionnaire, references, resumes of relevant staff, and DIR project experience (labor compliance).

Kemcorp Construction, Inc.	GSE Construction Company, Inc.		
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Justification to Short-List
<p>Eight of the 10 statements of qualifications received for general construction services were rated and deemed acceptable and were placed on a pre-qualified list. Attachment B shows the breakdown by vendor on which of the five categories (interior remodels/tenant improvements, exterior building renovations, parks/playgrounds/site work, general engineering, and pier work) each vendor is pre-qualified to perform as-needed work. These eight pre-qualified vendors were ranked highly and are recommended to enter into a master services agreement. Bids will be solicited from all pre-qualified contractors prior to performing work valued at more than \$10,000. Concept Consultants and Graph Company, the ninth and tenth vendors, did not meet the criteria to be placed on the pre-qualified list due to inaccurate submissions; hence, these vendors are not recommended.</p>

Financial Impacts and Budget Actions

Staff requests authority to award a Master As-needed Services agreement with each of the eight pre-qualified general contractors. All amounts are not to exceed \$5,000,000 over a five-year period. Funding for existing projects to be completed under these MSAs was approved by Council in the FY 2018-19 Adopted Budget. Future year funding is contingent on Council budget approval. Expenditures would occur only upon issuance of a task order by the Public Works Director to an MSA vendor, listed below.

Master Services Agreement Request		
Vendor	FY 2018-19 through FY 2022-23 Budget Various Departments/CIP Account #	Total Contract Amount
John S. Meek Company, Inc.	Various	\$5,000,000
Judge Netting, Inc.	Various	\$5,000,000
Cushman Contracting Corp.	Various	\$5,000,000
Kemcorp Construction, Inc.	Various	\$5,000,000
Kasa Construction, Inc.	Various	\$5,000,000
Ramco	Various	\$5,000,000
Blois Construction, Inc.	Various	\$5,000,000
GSE Construction Company, Inc.	Various	\$5,000,000
Total		\$40,000,000

Prepared By: Phillip Ticun, CIP Project Manager

Approved

Forwarded to Council



Dean Kubani, Assistant Director

9/5/2018



Rick Cole, City Manager

9/6/2018

Attachments:

- A. Procurement Timeline
- B. SP2524 - General Contractor Services Pre-Qualification List
- C. John S Meek Oaks Form
- D. Judge Netting Oaks Form
- E. Cushman's Contracting Oaks Form
- F. Kemcorp Oaks Form
- G. KASA Oaks Form
- H. RAMCO Oaks Form
- I. GSE Construction Oaks Form
- J. Blois Construction Oaks Form
- K. Ordinance - Public Works - Contracting - 09112018