



# City Council Report

**Date:** April 15, 2019  
**To:** City Council  
**Through:** Kari Kent, Assistant City Manager  
**From:** Beth Huning, City Engineer  
Rob Kidder, Assistant City Engineer  
**Subject:** Job Order Master Contracts  
General and Specialty Utility Construction Services  
City Project No. JOC-U19  
Citywide

## Purpose and Recommendation

The purpose of this report is to provide information to Council on the selection for five Job Order Master Contracts for utility construction services. These contracts will provide construction services for gas, electric, storm sewers, water, and wastewater, and other related facilities. Job Order Contracts (JOC) for utilities have been divided into two categories which are "General Utility Construction Services" and "Specialty Utility Construction Services". General Utility Construction Services will be utilized for projects that are larger in scale and cost and require more detailed design. Specialty Utility Construction Services will be used for projects that are smaller in scope, are repetitive in nature, and require limited or no design.

Staff recommends entering into a master contract with Talis Construction Corporation (a Mesa business), Garney Companies, Inc (a Mesa business), and Hunter Contracting Company for General Utility Construction Services. These contracts will be limited to \$1,500,000 per job order and a total contract value not to exceed \$10,000,000 for each year of the contract, per contractor.

Staff recommends entering into a master contract with Hunter Contracting Company and Garney Companies, Inc. for Specialty Utility Construction Services. These contracts will be limited to \$1,500,000 per job order and a total contract value not to exceed \$3,000,000 for each year of the contract, per contractor. However, it is anticipated that most of these projects will be within a much smaller cost range.

These Job Order Master Contracts will be for a period of one full year, with the option to extend the contracts for two additional one-year option periods, based on successful contractor performance and City concurrence.

## **Background**

Historically, large utility projects have higher impacts to the public rights-of-way and require extensive design and construction management to comply with permit, public, and safety requirements. Labor, equipment, and material costs are generally higher since the construction duration is longer and scope is larger. Customarily, smaller projects have focused on installation or rehabilitation of specific parts or sections of existing facilities to keep systems functional or to provide specific enhancements to existing facilities. Specialized services have been required for many of these smaller projects.

Previous JOC Master Contracts have included all utility construction projects. New master contracts for General Utility Construction Services will be used to service the larger projects whereas master contracts for Specialty Utility Construction Services will be used for the smaller or more specialized services. It is anticipated that the Specialty Utility Construction Services will be able to mobilize quickly, be more proficient in managing specialized work, and be better suited for small routine projects.

## **Discussion**

In January 2019, Staff received six (6) Statements of Qualifications (SOQ) from potential contractors that were interested in the JOC for General and Specialty Utility Construction Services. Based on their Statements of Qualifications and interviews, Talis Construction Corporation, Hunter Contracting Company, and Garney Companies, Inc. were selected as the top ranked firms. Each company has extensive experience working with underground utilities and has unique qualifications and experience for completing a wide variety of projects. Hunter Contracting and Garney Companies, Inc. were also selected for the Specialty Utility Construction Services, since their teams were able to demonstrate their ability to perform smaller, specialized work.

All firms will develop a local “Mesa Supplier and Subcontractor Participation Plan” to establish a goal of utilizing local Mesa firms to execute 20% or more of all job orders awarded to them under this contract. Actual percentages will be reported quarterly in conjunction with JOC project Council notifications.

## **Alternatives**

An alternative to the approval of the Job Order Master Contracts for General Utility Construction and Specialty Utility Construction services is to continue with the current approach by having the same master contracts for all city utility projects, regardless of size and scope. This will be less effective since smaller projects will benefit by using contractors better suited for specialized work. Another alternative is to use the traditional design-bid-build method. The common occurrences of unbalanced bids, construction delays, cost over-runs, and quality disputes are significantly reduced using the JOC method.

**Fiscal Impact**

Job Order Contracting typically decreases up-front design, procurement and administrative costs since drawings can often be simplified when using a JOC contractor. This allows more funding to be allocated towards the construction portion of the project. Change orders are often reduced because of the Contractor involvement in providing input and assistance with scoping, scheduling, and constructability issues.

**Coordinated With**

The Energy Resources and Water Resources Departments concurs with this recommendation.