



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 10

**Agenda Date:** November 2, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Public Works Department

**DEPARTMENT HEAD:** Razi Hosseini

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Amendment: 2022-2025 Job Order Contract (JOC) Program

**SUMMARY:**

An ordinance approving an amendment to increase the contract spending authorization capacity for the Job Order Contracts (JOCs) Program in the amount of \$24,000,000, amending the associated JOC agreements to increase spending authorization capacity as needed with Alpha Building Corporation, Lee Construction and Maintenance Company, Amstar, Inc., Con-Cor, Inc., Belt Built Contracting, LLC., The Sabinal Group, LLC., Tejas Premiere Building Contractor, Inc., and HJD Capital Electric, Inc. and, approving the recommendation to increase the task order amount threshold issued under the JOC program requiring City Council approval from \$250,000.00 to the statutory limit of \$500,000.00 imposed by Texas Government Code Section 2269.403.

**BACKGROUND INFORMATION:**

***Job Order Contracting (JOC) Program***

A Job Order Contract (JOC) is an Indefinite Delivery Indefinite Quantity (IDIQ) construction delivery method that allows facility projects to be completed through a readily available, competitively awarded contract. Facility projects include building and park maintenance, repairs,

renovations, and minor construction improvements. The JOC delivery method is governed under Chapter 2269, Subchapter J of the Texas Government Code.

The JOC method is an innovative contracting technique created specifically for facility maintenance and construction services. Using a JOC contract allows minor facility improvements to be completed quicker than a traditional method with long lead times for procurement and award to a contractor. JOC enables construction companies to build their business and establish a professional and reliable relationship with the City. As facility improvement needs are identified, the City may assign task orders to an awarded JOC contractor. According to Section 2269.403 of the Texas Government Code, any task order that exceeds \$500,000.00 must have City Council approval. City Ordinance 2022-02-17-0107, approved on February 17, 2022 set a lower threshold, requiring Council approval for any task order that exceeds \$250,000.

### ***Previous City Council Action***

On February 17, 2022, through Ordinance 2022-02-17-0107, Council approved the current JOC Program, authorizing a total program budget of \$72,000,000 for contracting with eight selected contractors: Alpha Building Corporation, Amstar, Inc., Belt Built Contracting, LLC., Con-Cor, Inc., HJD Capital Electric, Inc., Lee Construction and Maintenance Company, Tejas Premiere Building Contractor, Inc., and The Sabinal Group, LLC. The terms of the contract were for a one-year base term, with two optional one-year discretionary extensions. Ordinance 2022-02-17-0107 also increased the threshold for City Council approval of individual task orders from \$100,000 to \$250,000. Staff recommended the threshold increase to expedite the delivery of projects and align with JOC practices in other Texas cities.

### ***JOC Program Amendment***

Ordinance 2022-02-17-0107 created an annual limit of spending authority of \$3,000,000 and a total program limit of \$9,000,000 for each contractor. This amendment increases the contract spending authorization in the amount of \$24,000,000 and revises the program spending authority total amount and its agreement limits to allow maximum flexibility for using JOCs on the projected work for the remaining term of the JOC Program. The former annual contract limits will be repealed, and any unused capacity will be administered in accordance with this amendment. The other terms of the JOC agreement, such as participating in the Small Business Economic Development Advocacy (SBEDA) Program, will continue to apply.

### ***JOC Task Order Threshold Amount Increase***

Presently, stand-alone projects in excess of \$250,000.00 accomplished through the JOC Program require council action. This requirement adversely impacts projects in urgent need of completion. It is recommended that the task order amount threshold requiring City Council approval be increased from \$250,000.00 to the statutory limit of \$500,000.00 in alignment with Texas Government Code Section 2269.403.

### **ISSUE:**

This ordinance approves an amendment to increase the contract spending authorization capacity for the Job Order Contracts (JOCs) Program in the amount of \$24,000,000, amending the associated JOC agreements to increase spending authorization capacity as needed with the eight

preselected contractors: Alpha Building Corporation, Lee Construction and Maintenance Company, Amstar, Inc., Con-Cor, Inc., Belt Built Contracting, LLC., The Sabinal Group, LLC., Tejas Premiere Building Contractor, Inc., and HJD Capital Electric, Inc. and, approves the recommendation to increase the task order amount threshold issued under the JOC program requiring City Council approval from \$250,000.00 to the statutory limit of \$500,000.00 imposed by Texas Government Code Section 2269.403.

### ***JOC Program Amendment***

The JOC program solicitation was advertised as a four-year program with \$96,000,000 in spending authority distributed among eight selected contractors. Ordinance 2022-02-17-0107 limited these terms to three years and \$72,000,000 of spending authority. Texas Government Code Section 2269.403(b) requires the City to establish the maximum aggregate contract price when it advertises the proposal. Because the total aggregate contract price was advertised at \$96,000,000, it is possible to amend the existing JOC Program spending authority by \$24,000,000, which is the difference between the advertised amount and the amount approved in the 2022 ordinance. The current JOC Program is projected to reach its capacity before the expiration of the last term of the contract on March 1, 2025. The City has expended over \$40,000,000 of the \$72,000,000 authorized spending capacity. The JOC program will require additional spending authority to meet the projected JOC use during the remaining eighteen months of program capacity. This amendment revises the program spending authority total amount and its agreement limits to allow maximum flexibility for using JOCs on the projected work for the remaining term of the JOC Program. The former annual contract limits will be repealed, and any unused capacity will be administered in accordance with this amendment. The other terms of the JOC agreement, such as participating in the Small Business Economic Development Advocacy (SBEDA) Program, will continue to apply.

### ***JOC Task Order Threshold Amount Increase***

The governing state law, Texas Government Code Section 2269.403(c), creates a maximum threshold for administrative approval of individual JOC task orders at \$500,000, double the existing cap approved for the San Antonio JOC program. Other programs in the state of similar size and nature have increased their administrative approval threshold to statutory limit. The present \$250,000 limitation negatively impacts City projects with project delays caused by the added time for request for council action process, requiring contractors to complete several sequential projects that could be completed as one and adding costs for mobilization and general conditions.

A significant benefit of using JOC is expediting facility maintenance, repairs, renovations, and minor construction improvements that are either shovel-ready or require minimal design. Increasing the JOC program spending capacity and task order amount issued under the JOC program requiring City Council approval to \$500,000.00 will ensure projects are delivered expeditiously and minimize the potential delay in the start of forthcoming projects.

### **ALTERNATIVES:**

Alternatively, the City Council could choose not to approve this action and request the program continue until the terms of the agreements expire, and staff initiates a new solicitation process.

However, given the JOC Program is anticipated to reach its capacity many months before the expiration of the last term, this would adversely affect the timely completion of incidental demolition, construction, repair, rehabilitation, alteration, and deferred maintenance projects on City-owned and leased buildings, parks, and other facilities of interest to the City.

Additionally, should the Council not approve increasing the task order amount issued under the JOC program and request staff to keep the threshold at \$250,000, this will increase the number of task orders requiring Council approval, ultimately requiring additional time, resources, and limit opportunities of consolidating work efforts to timely complete projects.

### **FISCAL IMPACT:**

No funds are encumbered by this council action item. Requirements and associated work activities will be detailed in individual task orders. The City makes no minimum guarantee pertaining to the volume of work. If funding for any work activities is not previously appropriated, funding will be identified and appropriated through subsequent City Council action. Funding for these contracts may include but is not limited to, the General Fund, Certificates of Obligation, Tax Notes, or other funding sources.

There is no fiscal impact to the City in approving the recommendation to increase the task order amount issued under the JOC program requiring City Council approval.

### **RECOMMENDATION:**

Staff recommends approving an amendment to increase the contract spending authorization capacity for the Job Order Contracts (JOCs) Program in the amount of \$24,000,000, amending the associated JOC agreements to increase spending authorization capacity as needed with Alpha Building Corporation, Lee Construction and Maintenance Company, Amstar, Inc., Con-Cor, Inc., Belt Built Contracting, LLC., The Sabinal Group, LLC., Tejas Premiere Building Contractor, Inc., and HJD Capital Electric, Inc., and approving the recommendation to increase the task order amount threshold issued under the JOC program requiring City Council approval from \$250,000.00 to the statutory limit of \$500,000.00 imposed by Texas Government Code Section 2269.403.