Job Order Contracting (JOC)

Non-Mandatory Pre Bid Conference for
The City of Miami

Bid Number: 11-12-017

Vertical and Horizontal Construction

Bidding Workshop
April 23, 2012
AGENDA

PART I
Contract Highlights
What is JOC?
The Contract Documents
Bidding a JOC Contract
How is Work Accomplished Using JOC?
City of Miami’s Contract Expectations

PART II
JOC From a Contractor’s View Point
How to Analyze the Construction Task Catalog® (CTC)
Calculating the Adjustment Factors
Other Bidding Considerations
Problems with unrealistic Low Adjustment Factors
BIDDING AND CONTRACT INFORMATION

- This Pre-Bid is Non-Mandatory - be sure to sign in!
- Bid Opening For the anticipation award of up to (6) Vertical and (6) Horizontal Contracts on May 11th, 2012 @ 2:00pm
- MUST SUBMIT A COMPLETE PROPOSAL PACKAGE FOR THE CONTRACT YOU ARE BIDDING ON!!! (Two Originals)
- MUST ACKNOWLEDGE ALL ADDENDUMS
- Contract Maximum Is $2,500,000/year Vertical and $2,000,000.00 for Horizontal.
- Contract Term is for (2) year
- Contract has (2) additional (1) year Renewal Options - The total contract duration will be no more than (4) years
- There is a self performance requirement of 30% for Horizontal Projects
BIDDING AND CONTRACT INFORMATION

- Bids Are Good for 120 Days; Bid Bond is $125,000 for Vertical and $100,000.00 for Horizontal contracts

- full Public Construction Performance and Construction Payment Bond of equal to 50% of estimated value. (i.e.) $1,000,000.00 for Horizontal and $1,250,000.00 Vertical

- 15% Local Preference
  - “responsible local bidders who maintain a local office, as defined in City Code Section 18-73, is within fifteen percent (15%) of the price submitted by the non-local bidder, then that non-local bidder and each of the aforementioned responsive, responsible local bidders shall have the opportunity to submit a best and final bid equal to or lower than the amount of the low bid previously submitted by the non-local bidder”

- Contractors Must Bid Two Adjustment Factors to Apply to ALL Construction Task Catalog Items

- Some projects may be Federally Funded and the David Bacon Act, Wages Decisions will apply and Certified payrolls must be submitted
BIDDING AND CONTRACT INFORMATION

• For the Lowest Responsive and responsible bidders, City intends to average the Adjustment Factors at time of award

• The Adjustment Factors shall be to the fourth decimal place (i.e. a 5% increase would be expressed as an Adjustment Factor of 1.0500 and a 5% decrease would be expressed as an Adjustment Factor of 0.9500).

• Written questions should be received no less than ten (10) calendar days prior to the date Bids are due.
MINIMUM REQUIREMENTS

• Minimum Requirements:
  • To be awarded a Contract for vertical construction Bidders shall hold a current active State of Florida Certified General Contractor license or a Certified Building Contractor license.
  • To be awarded a Contract for horizontal Construction a bidder shall hold a current active State of Florida Certified General Contractor license or General Engineering Contractor’s Certificate of Competency issued by Miami-Dade County's Construction Trades Qualifying Board.
  • Bidders must have a minimum of five (5) years experience under its current business name, in the construction of similar Projects as described for the applicable Contract herein,
  • including four (4) separate project references valued at $200,000 or greater in the last four years. The Bidder must meet all the minimum requirements as stated above, no exceptions.
TYPES OF WORK

• **Vertical Projects**
  • include, but are not limited to: new construction, alteration, renovation, and rehabilitation of City owned or leased property and facilities; capital maintenance; expansion of park and recreational facilities, community and day care centers, administrative offices and facilities, fire stations and support facilities, police facilities, other performance venues, marinas, etc.

• **Horizontal Projects**
  • include, but are not limited to: new construction repair, maintenance, and/or reconstruction of underground storm and/or sanitary sewer systems and components such as pump stations, force mains, injection wells and disposal outfalls; rights-of-way and streetscape improvements (roads, sidewalks and swale areas) including, without limitation, street grading, pavement milling, paving, curb and gutter installation, striping, sidewalks, pavers, irrigation systems, lighting and landscaping; and waterway improvements and maintenance.
The following formula has been developed for the sole purpose of evaluating Bids and awarding the contract. Complete the following calculation.

1. Adjustment Factor for Normal Construction Working Hours
   - Line 1. Multiply Line 1 by 0.80
2. Adjustment Factor for Other Than Normal Construction Working Hours
   - Line 3. Multiply Line 3 by 0.20
3. Summation of lines 2 and 4
   - Line 5. (Award Criteria Figure)

Applies to Vertical and Horizontal Contracts
CONE OF SILENCE

• Cone of Silence

• Pursuant to Section 18-74 of the City of Miami City Code and City of Miami Ordinance No. 12271, a “Cone of Silence” is imposed upon this ITB after advertisement and terminates at the time the City Manager issues a written recommendation to the Miami City Commission. The Cone of Silence prohibits any verbal communications regarding this ITB.

• Any communication concerning this ITB must be submitted in writing to CIP and Bidders must file a copy of such written communications with the Office of the City Clerk. Written communications may be in the form of e-mail, with a copy to the Office of the City Clerk at marcia@miamigov.com.

• This language is only an overview of the requirements of the Cone of Silence. Please review Section 18-74 of the City of Miami City Code or City of Miami Ordinance No. 12271 for a complete and thorough description of the Cone of Silence. You may also contact the City Clerk at (305)-250-5360, to obtain a copy.
Job Order Contracting (JOC) Provides:

- A fast track procurement process
- Facility owners with the ability to accomplish a substantial number of individual projects with a single competitively bid construction contract
- On-call contractors ready to perform a series of ongoing projects at different locations for competitively bid prices

Types of Work Performed with JOC

- Renovations, repair, upgrade, alteration and replacement in kind, site work, underground, HVAC, Fire Alarm, Major paint etc.............
PROCESS OF EXECUTION

- Work is Accomplished by:
  - Joint Scope process
  - Provide a Detailed Scope of work (Preliminary)
  - Provide an (RFP) Request for Proposal
  - Contractor provides a Price Proposal (from the Task Catalog)
    - Proposal is reviewed
    - Scope may be refined
    - Changes maybe made
    - Sends comments to contractor
  - Price Proposal is Re-submitted for final approval.
  - Contractor produces a Proposal Package – Incidental Scope Documentation (sometimes), Price Proposal, Schedule, Subcontracting Plan, Submittals, Technical Data, quantity take-off sheets, etc.,
  - After an agreement is made on the final documents – City of Miami issues a Job Order thru a Purchase Order. A separate Notice to Proceed will be issued by the Department managing the work.
  - Contractor is responsible to complete the Scope of Work based upon the Lump Sum Price Proposal Total
WHY JOC WORKS

• It provides The City of Miami with more control
• It Provides Transparency
• Auditability
• It provides for a procurement vehicle that allows for continued service
• It is a Performance based contract
  • Contractor must perform in order to receive more work
• It provides a cost savings mechanism
WHY IS JOC A PROCUREMENT OPTION

- **Traditional Bid Model can be Slow, Costly, and Involve Limited Competition**
  - Traditional Approach Can Take Months from Project Identification to Contract
  - Design is Sometimes Done for the Sole Purpose of Bidding
  - Numerous Change Orders delaying Construction and increasing the $$
  - Can Foster Adversarial Relationship Between The City of Miami and Contractor

- **JOC Provides a Cost Effective, Speedy, Very Competitive Alternative to Traditional System**
  - Faster Response, Usually Measured in Days
  - Design Limited to Defining the Scope
  - Pricing Based long term relationship

- **JOC has been a successful program for The City of Miami since its implementation in 2004**
JOC TIME SAVINGS

- JOC Offers a Cost Effective Alternative to the Traditional Bid
  - Faster Procurement – Weeks Instead of Months
  - Based on Owner-Contractor Partnership = Non-Adversarial Relationship

Based on independent studies, JOC can save up to 90% in procurement time from project identification to completion.
JOC COST SAVINGS: 8-15%

- Based on independent audit and is realized if you review the price proposal!
- Cost of construction: 3-6%
  - Contractor offers discount because bidding a large volume of work, not one small project
  - Overhead and profit spread over entire value of contract
- Lower procurement and administrative costs: 1-2%
  - JOC eliminates the need to use the full procurement cycle for each and every project
- Fewer change orders and claims: 1-2%
  - Joint scoping process eliminates misunderstandings about Detailed Scope of Work
  - Contractor responsible for errors and omissions
- Reduction of A/E fee: 3-5%
  - Currently many small projects are "designed" primarily for procurement purposes
JOC IS A PROVEN SYSTEM

- **Gordian Clients in Florida:**
  - Broward County
  - City of Pompano Beach
  - Palm Beach County
  - City of Miami
  - City of Miami Beach
  - Miami Dade County Public Schools
  - Jackson Health System
  - Miami Dade College
  - City of Longwood
  - Pinellas County
  - Tampa Housing Authority

- **Annually, The Gordian Group’s Clients Order over $1.25 Billion of Construction through the JOC System.** TGG Designed Programs Are Specific to the Individual Owner and Involve Over 1000 Contractors.
CONTRACT DOCUMENTS

• **Volume I - Terms & Conditions**
  - Instructions to Bidders
  - Bid Forms
  - Contract Forms
  - General Conditions - traditional construction contract language with special JOC features
  - Procedure for Ordering Work with the Contractor
  - Federal Work and the ARRA provisions
  - Davis Bacon Wages Decisions

• **Volume II – Construction Task Catalog®**
  - ± 200,000 Pre-priced Construction Tasks
  - Unit Price Includes **Direct Costs Only** (Labor, Equipment, Material) Which means **No mark-ups (OVERHEAD OR PROFIT)**
  - Task items are Organized by CSI Sections 01-43

• **Volume III – Technical Specification**
  
  
  
  

CONTRACT BID CD

- Documents are Provided on a **CD-ROM** Cost is $25.00 non-refundable
  - Volumes I, II, and III
  - Auto Start
- Documents in Adobe Acrobat Format
  - Adobe Acrobat Reader Provided on CD-ROM
  - Print to any Printer or View on your Monitor
- You can Consider Taking CD to Commercial Place to Print
  - Kinko's® can print around 1500 pages in an hour
  - Document can be printed double sided
SNAP SHOT / EXECUTION PROCESS

Project Assignment & Initiation of Project

Preliminary Investigation

City
DEVELOPS THE DETAILED SCOPE OF WORK

Joint Scope Mtg
Contractor  City Staff

City & CONTRACTOR
REFINE THE DETAILED SCOPE OF WORK

ISSUES
RFP & DSOW

CONTRACTOR SUBMITS PRICE PROPOSAL PACKAGE

- SCHEDULE
- PRICE PROPOSAL
- TECHNICAL DATA
- SUB INFO

REVIEWS PRICE PROPOSAL PACKAGE

1. ACCEPTS PROPOSAL/ISSUES JOB ORDER
2. REQUESTS REVISED PROPOSAL
3. REJECTS

CONTRACTOR SUBMITS REVISED PRICE PROPOSAL PACKAGE

- SCHEDULE
- PRICE PROPOSAL
- TECHNICAL DATA
- SUB INFO

City
ISSUES LUMP SUM JOB ORDER
PO and NTP
COSTING SOFTWARE “PROGEN”

- Utilizes an Electronic Version of the CTC - Contractor must have access to the internet to use the software to create and submit the Price Proposals and Invoices

- PROGEN® Software/training furnished at no charge and supported by TGG thru MDCPS

- Easy Entry/Easy to Modify

- Electronic Processing of:
  - Price Proposal
  - Price Proposal Changes-Supplemental Work Orders
  - Subcontractor participation
PROGEN® Software Automates The Entire Job Order Development Process

<table>
<thead>
<tr>
<th>CSI Number</th>
<th>Description</th>
<th>U.</th>
<th>Install Qty.</th>
<th>Demo Qty.</th>
<th>Install Price</th>
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<td>Up To 2-1/2&quot; (6.4 cm) Diameter Hole, A.</td>
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<tr>
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<td>4&quot; (10 cm) Diameter Hole, Auger By Mac.</td>
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<td>$0.00</td>
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<td>027111315</td>
<td>Concrete Fill, 6&quot; (15 cm) Diameter Hole</td>
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<td>LF</td>
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<td>Grounding For Gates (Per Opening)</td>
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<td>0.00</td>
<td>$14.12</td>
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<td>2&quot; Heavy Duty Tension Band, Galvanized</td>
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<td>0.00</td>
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Total: $16,305.35
NON-PRE-PRICED ITEMS

• Contractor is Responsible for Identifying NPP Work Tasks
  • Get approval from the City to use a Non Pre-Priced Task
  • City Agrees or Disagrees
  • Contractor Submits Cost Data/Three Quotes on Sub/Vender Letterhead
  • City Reviews Proposed Price and Technical Information
  • City Will Encourage Contractor to “Note all items in the Price Proposal”
  • Review Supplemental Condition Article 3 - Ordering Procedures for the Methodology to Establish Pricing of NPP Tasks
CHANGE ORDERS HANDLED

• There are no Contractor initiated Change Orders

• Scope Changes and Hidden Conditions Handled Differently than Traditional Contracts

1. Changes are Jointly Scoped by the Contractor and the City

2. Agree on the Scope of Work

3. A new Scope of Work and RFP are issued

4. Contractor Prepares a Price Proposal Using the CTC

5. A Supplemental Work Order is Issued

6. Changes may be additive or negative in nature
EXPECTATIONS ON PERFORMANCE

- **Fast Response Time**
  - Quick turn around is essential to be successful (City of Miami) will not tolerate multiple proposal submittals with incorrect tasks items and quantities not related to the Scope of Work
  - Have knowledgeable staff in place that can Submit Proposals on Time and Correct to Minimize the Project Development & Procurement Time
  - Reliable, Controlled, Construction Schedules with Quick Response to Punch Lists - Start on Time and Finish on Time
  - Prompt Close-out of Project - If this is not accomplished you will not reach the Maximum $$$ of the Contract
  - Provide proper back up on Federally Funded Projects
  - Ability to staff up as work load increases
  - Quality Construction at a Firm, Fixed, Price
PART II

1. How to pick the right item from the CTC
2. Review of what’s included in the Adjustment Factor
3. How the value of a Job Order is calculated
4. Review Note in the CTC Using The Construction Task Catalog©
5. How to Analyze the CTC
6. Calculating the Adjustment Factors For the Bid
7. Problems with Unrealistic Low Adjustment Factors
8. Bid Considerations
SELECTING TASK FROM THE CTC

- How to Pick the Right Line Items from the CTC
  - Read the Description of the Section Heading and the Task Item
    - It Will Explain What is Included or Excluded (i.e. Painting Includes minor Prep Work, Cutting in, Taping, Floor Protection, etc.)
    - Some Manufacturers Name and Model Numbers May be Included in the Description
  - Assembly Versus Component Prices
    - Always Use Assembly Prices When Available (i.e. Concrete Sidewalks, Sprinkler Systems, Wall Systems, Chain-link Fencing, Roofing, Etc.)
  - Use Modifiers, if Appropriate
    - Installation Methods (i.e. Mechanically fastened versus Adhesive)
    - Material Alternatives (i.e. Stainless Steel)
    - Quantity Discounts/Small Quantity Premiums
    - Work in Constricted Areas
**JOB ORDER CALCULATION**

- **Formula for Calculating Price Proposal**

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<th>Unit Price</th>
<th>Quantity</th>
<th>Adjustment Factor</th>
<th>Total for Task</th>
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</table>
ADJUSTMENT FACTOR (S)

• Bidders must Analyze The Construction Task Catalog® (CTC)
  - Completeness and Clarity of the tasks, pricing and descriptions
  - Review the Price Listed vs. your L,E,M Cost for Accomplishing the Work
• Develop a Value for the Catalog Based on the Local Market
• Determine your Overhead Costs and Set Profit Expectations
• Bid (2) Adjustment Factors to the Prices listed in the CTC
• 1-Normal Time Construction
• 2-Other Than Normal (Overtime Construction)
• Adjustment factors should be the 4th decimal place such as (1.1500)
ADJUSTMENT FACTOR (S)

• Must Include All Indirect Costs, O.H. & Profit in the Adjustment Factors
• Applied to all Work Tasks in the CTC
• Cannot Exclude any Items
• Normal Hours from 8:00am to 6:00pm Monday Through Fridays and non recognized Holidays
• Other than Normal Time from 6:01pm to 7:59 am, Saturdays, Sundays, and City-recognized Holidays
ADJUSTMENT FACTOR (S)

- Includes Everything
  - Overhead, Profit, Bonds, Insurance
  - Sub Contractors Overhead, Profit
  - Scoping the project with City of Miami, Proposal Development and Review
  - Scoping the project with your subcontractors
  - Mobilization, Management, Clean-Up
  - Supervision of your staff and subs
  - Quality Control
  - Training
  - Etc.

- Review Using The Construction Task Catalog© page 00-1-00-6
CONTRACTOR DEVELOPMENT STAGE

- Attend Joint Scope Meeting
- Revisit Site With Subs
- Review Detailed Scope of Work
- Develop Proposal
  - Price Proposal
  - Construction Schedule
  - List of Proposed Subs
  - Sketches/Drawings
- Attend Price Proposal Review Meetings
- Revise Price Proposals
ANALYZE THE CTC

1. Use Historical Project Data
   - Select a Representative Completed Project
     - You Know Scope and Direct Costs
   - Price Project from CTC
   - Add on Overhead and Profit
   - Calculate the Adjustment Factors

2. Create a Representative Project
   - Create a Scope of Work
   - Get Sub Quotes or Estimate Cost
   - Price Project from CTC
   - Add on Overhead and Profit
   - Calculate the Adjustment Factors

3. Sampling Method
   Evaluate a Sampling of the Anticipated Items
CONSTRUCTION TASK CATALOG®

- Identify specific individual construction tasks to be included
- Established a price for each task
- The tasks represent the “Scope of Work” for the contract
- Price includes
  - Local labor
  - Local materials
  - Local equipment
TECHNICAL SPECIFICATIONS

- Customized Technical Specifications for each Task
  - Can incorporate your unique needs and standards
  - Quality and standards
- The Pricing Structure has a direct link to the Technical Specifications
  - You must know what you are buying!
**CONSTRUCTION TASK CATALOG®**

- **Construction Task Catalog® (CTC)**
  - Catalog of over 150,000 pre-priced construction tasks
  - Based on Miami Dade County labor, material & equipment costs
  - Typical Task:

<table>
<thead>
<tr>
<th>CSI Number</th>
<th>Full Description of Task</th>
<th>Price Includes Labor, Material and Equipment</th>
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<tr>
<td>05 41 00 00-0002</td>
<td><strong>Studs With Tracks And Runners 18 Gauge</strong> (05 41 00-0001)</td>
<td><strong>05 41 00 00-0004</strong> SF 3-5/8&quot; Load Bearing Stud, 18 Gauge, 16&quot; On Center, With Tracks And Runners ..........................................................</td>
</tr>
<tr>
<td></td>
<td>For Walls &gt; 10' High, Add</td>
<td>0.67</td>
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<td></td>
<td>For Curved Wall, Add</td>
<td>0.47</td>
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<td></td>
<td>For Up To 200, Add</td>
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<td></td>
<td>For &gt; 200 To 500, Add</td>
<td>0.49</td>
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<td></td>
<td>For 12&quot; On Center, Add</td>
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<td></td>
<td>For 24&quot; On Center, Deduct</td>
<td>-0.50</td>
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</table>

- Modifiers for Variations or Quantity Discounts
- Demolition Price if Applicable
EXAMPLE SKETCH

- Cabinetry
- New Lights
- Replace windows
- Marker Boards
- New Doors
SAMPLE DSW

**General**
1. Complete partial interior upgrade as described below and on attached sketch dated 02-24-10. Demolish and relocate/replace partition walls as indicated on sketch and install new marker boards in 10 adjacent classrooms. All materials are to be approved via submittal process prior to installation.

**Division 1**
1. Dispose of all construction debris

**Division 6**
1. Replace base cabinets with 48”x 30”x 24” 2 drawer/2 door cabinets with plastic laminated countertop.

**Division 8**
1. Install 2 new 3’x 6’ 8” 14 gauge metal door frames. Install 2 new solid core birch doors with hinges, privacy lockset, wall mounted bumper, closers, kick plates (inside and outside). Key lockset to existing master key system.
2. Replace 2 single hung aluminum hung impact louver less windows.

**Division 9**
1. Demo and install new metal stud and 5/8” Gyp board partition walls as shown on attached sketch. Use water resistant drywall on sink walls.
2. Demolish existing 2x2 ceiling tiles and grid. Replace in kind.
3. Demolish and replace existing VCT and base (on all walls).
4. Prime (all new gyp board) and paint (2 coats latex) all gyp board. Prime and paint (2 coats latex) door frames. Stain (2 coats) doors.
SAMPLE DSW

Division 10
1. Replace surface mounted mirrors above vanity countertops with 48”x36” mirror.
3. Install Magnetic Marker boards in 10 classrooms next to room being renovated.

Division 15
1. Install new vitreous china counter top lavatories with center set faucets. Demo and replace existing plumbing (copper supply lines, PVC waste lines/vents, traps, shut off valves, etc) as required to return sinks to proper functioning condition.

Division 16
1. Demo and replace wall mounted and 2x4 lay-in fluorescent lights. Replace conduit, wiring and boxes as necessary to return lighting, switches and outlets to proper function. Utilize existing circuit/breaker. Replace all switches and duplex outlets. Use GFI outlets as required by code.
## SAMPLE PRICE PROPOSAL

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<td>01510</td>
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<td>EA</td>
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<td>20 CY Dumpster (3 Ton) <em>Construction Debris</em> Note: Includes delivery of dumpster, rental cost, pick-up cost, hauling, and disposal fee. Non-hazardous material.</td>
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<td>Patch Floors, 1/8&quot; To 1/4&quot;, Epoxy Cementitious Patching Mortar</td>
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<td>&gt;42&quot;-48&quot; Wide, 34-1/2&quot; High x 24&quot; Deep 2-Drawer/2-Door Cabinet Note: Prefinished with solid hardwood face frames, hardwood door frames and drawer fronts. Hardware veneer on raised door panels. Excludes top</td>
<td>936.64</td>
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<td>Field Cutout For Sinks And Lavatories</td>
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<td>Plastic Laminate Counter Top With Backsplash, Up To 28&quot; Deep</td>
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## SAMPLE PRICE PROPOSAL

### Section 08

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<td>3'x6'-8&quot; Through 7'-2&quot;x6'-3/4&quot; Deep Metal Door Frame, 16 Gauge</td>
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<td>08210</td>
<td>3'x7'x1-3/4&quot; Solid Core, Birch Faced Door</td>
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<td>08520</td>
<td>Single Hung With Louvers - For any window less than 16 SF</td>
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## Sample Price Proposal

**Section 08**

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<tr>
<td>08710</td>
<td>4-1/2&quot; x 4-1/2&quot;, Standard Duty, Full Mortise, Ball Bearing, Brass/Bronze Hinge</td>
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<td>08710</td>
<td>1&quot; Diameter Aluminum Door Pulls, 12&quot; Long</td>
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<td>107.98</td>
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<td>Surface Mounted Standard Duty Door Closer - LCN 1460 Series</td>
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<td>Entrance/Office F04 Mortise Lockset Note: Locked with key outside and thumb knob inside.</td>
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**Subtotal for 08**

4,840.01
### SAMPLE PRICE PROPOSAL

#### Section 09

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<td>3-5/8&quot; Metal Stud Channel, 16&quot; On Center, 25 Gauge Cold Roll, With Tracks And Runners</td>
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<td>09250</td>
<td>Tape, Spackle And Finish Drywall Walls Up To 10' Height</td>
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<td>09270</td>
<td>Corner Bead, Galvanized Metal For Gypsum Wallboard</td>
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<td>09511</td>
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## SAMPLE PRICE PROPOSAL

### Section 09

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<th>09540</th>
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<th>SF T Bar Ceilings Suspension System 2'x 2', Standard 15/16&quot;</th>
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<th>EA One Coat Stain With Brush And Wipe Off Wood Door (Per Face)</th>
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**Subtotal for 09**

**4,018.18**
## Section 16

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</tr>
<tr>
<td>Demolition</td>
<td>8.00</td>
<td>18.11</td>
<td>1.0000</td>
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</table>

**Subtotal for 16**

2,846.93
SAMPLE PRICE PROPOSAL

<table>
<thead>
<tr>
<th>Sect.</th>
<th>Item</th>
<th>Mod.</th>
<th>UOM</th>
<th>Description</th>
<th>Line Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19,724.26</td>
</tr>
</tbody>
</table>

Any discrepancy between line totals, sub-totals and the proposal total are due to rounding of the line totals and sub-totals. The job order proposal total represents the correct total for the proposal.

**Project Proposal Total**

|       |      |      |     |             | 19,724.26  |
## MARKET COMPARISON

- **Price (from the CTC) 8 CSI Divisions and 49 Line Items/Modifiers**
  - 01-General Requirements: $451.52
  - 03-Concrete: $473.00
  - 06-Woods and Plastics: $1,175.72
  - 08-Doors & Windows: $4,840.01
  - 09-Finishes: $4,018.18
  - 10-Specialties: $3,991.22
  - 15-Plumbing: $1,927.68
  - 16-Electrical: $2,846.93
  - **TOTAL =** $19,724.26

- **Actual Costs (Example Sub Quotes + Self Performance)**
  - **TOTAL =** $19,400.00

- **CTC Value to Market ($19,724.26/$19,400.00)**: 1.0167

- Unit Prices Cover only 1.0167% Over Your Direct Costs
DETERMINE YOUR CM COST

Example Construction Management Cost - 10% to 14%

- On-site Management and Supervision
- Job Order Development
- Bonds
- Insurance
- Vehicles
- Office Support
- Scope Documentation Services
- Supplies
- Computers
- Communications
PUTTING IT ALL TOGETHER

Cost
Direct, Subs Cost (L, M, & E) = $19,400.00
CM Costs @ 14% (Direct Costs) = $2,716.00
= $22,116.00

Profit
@ 6% (of Direct Cost) = $1,326.96

Total
$23,442.96

CTC Price
$19,724.26

Adjustment Factor: $19,724.26 (X) = $23,442.96

Formula
$19,724.26 (X) = $23,442.96 = (X) = $23,442.96 = (x) = 1.1885
$19,724.26 $19,724.26 $19,724.26

Note: If you bid an Adjustment Factor of less than 1.0000 such as 0.9200 you will get paid ($19,724.26 x 0.9200) $18,146.32 to complete the Work.
THINGS TO CONSIDER

Take into Consideration That the Following may Influence Your Adjustment Factor (s)

- The Work Volume
  - Flow of Work (Peaks and Valleys)
  - What Volume of Work Should You Assume? $2 Mil, $4 Mil, $6 Mil (Expectation?)
  - Average Size Project +- 200K
    - There will be times where project will be small..........

- Your Confidence in the CTC Evaluation
  - Run several types and sizes of projects for your evaluation; Suggested types of projects;

    **Vertical**: renovation and rehabilitation of City property and facilities; Community
    and day care centers, administrative offices and facilities, fire stations and support
    facilities, police facilities, , other performance venues, marinas, etc..............

    **Horizontal**: Underground storm, sanitary, water main, and right-of-way and
    streetscape improvements etc.....................
THINGS TO CONSIDER

• The CTC Notes (Listed in the front of the CTC)
  • What is included in the price
  • What is not included in the price
  • General Interpretations

• High Quality Workmanship

• Staffing Consideration
  • High Quality, Management Skilled
  • Construction Knowledge and Estimating ability

• Relationships with Subcontractors

• The Unit Prices and Cost Escalation

• The Adjustment Factors are all Inclusive

• Complying with the Davis Bacon Act on Federally Funded Projects
MORE THINGS TO CONSIDER

- Contractual Limitations
  - Maximum Value
  - Number of Option Periods
  - Some small projects
- Volume Determinants
  - Contractor
    - Responsive Proposals
    - Defendable Proposals
    - Demonstrated Performance
    - High Quality, Timely Completion
    - Cost Saving Proposal
    - Partnership
  - The City of Miami
    - Experience JOC user-started in 2004
    - Capable Staff
    - JOC is a preferred procurement tool
    - Interpretation of JOC Process and Principals
EVEN MORE TO CONSIDER

- CTC
  - Did you Run Some Sample Projects?
    - What is the Value of the CTC?
    - Is the Book Balanced - Minimize the Risk of Losers
  - Accuracy Of Evaluation?
- A Low Adjustment Factor
  - Leads to Adversary Relationship
  - Reduced Volume or even no work!
  - No Options
  - Lost Profitability
- No Change Orders to Improve the Margin
- This is a performance based contract
JOC “BIG NOTE”

• Contractor Must Read, understand “Using The Construction Task Catalog”

• Using The Construction Task Catalog®
  • Pages 00-1 thru 00-8 in the Construction Task Catalog®
  • What the Unit Prices Include
  • What the Adjustment Factors Include
  • General Interpretations
UNDERSTANDING THE CTC

- General Rules
  - Unit Prices are for Complete and In-Place Construction
  - Unit Prices Include Labor, Material and Equipment.
  - Unit Prices Include the Cost of Delivery to Site, Unloading, Storage and Handling. Delivery Height is up to 2 ½ Stories
  - Unit Prices Include Testing, Calibration, Balancing Etc. for New Work
  - Unit Prices Include all Fasteners, Bolts, Anchors, Adhesives Etc. For New Work
  - Unit Prices for Tasks Such as Windows, Doors, Frames, Countertops Etc. Include Sealant and Caulk
UNDERSTANDING THE CTC

- General Rules
  - Demo Price Includes Loading into Truck or Dumpster
  - If Item Demolished as Part of Different Task, It will Not Be Paid for Separately
  - Contractor Paid for Installed Quantities Only. *Waste is Included in Unit Price*
  - Assembly Prices take Precedence over Component Pricing
  - 14’ Working Height for All Work Except Masonry
  - 4’ Working Height for Masonry
  - Dumpsters are a Separate Task
UNDERSTANDING THE CTC

- Contractors **Never** Get Paid Separately For:
  - Joint Scope Meetings and Proposal Preparation
  - Moving and Returning Furniture Occupying Less than 55% of Floor Area. For Example, Moving Classroom Furniture to Paint Room
  - Labor for Protecting Work in Place. For Example, a Laborer to Stay After a Concrete Pour
  - Plastic, Drop Clothes, Etc. to Protect Surfaces Not in the Scope of Work
  - Minor Barricades and Signage.
  - Portable Toilet, Field Office, Field Office Equipment for Contractor’s Use
  - Layout, Site Engineering for the Work Itself
STAFFING CONSIDERATION

- Professionally Competent
  - Problem Solvers
  - Construction knowledge and experience
  - People Skills
  - Team Members
  - Need some Computer Experience
- Must Be Able to Develop a Partnership/Non-Adversarial Relationship
MODIFYING THE FACTORS

Applied Annually
Based on CCI in the ENR

Calculation:

\[
\text{Average CCI for Current Year} \div \text{Average CCI Base Year (12 mo. prior to original Award)} = \text{The % Increase or Decrease in Construction Costs}
\]

Percentage \(\times\) Original Adj. Factors = New Adj. Factors for Option Year

The City reserves the right to extend an offer to renew the Contractor without an economic price adjustment.
CONSTRUCTION COST INDEX

- Look Carefully at the CCI and The Formula for Calculating the Annual Adjustment to Contractors Adjustment Factors
- Based on the ENR Construction Cost Index (CCI) for the US Twenty City Average
- Anticipate the Impact of the CCI on Future Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjustment</th>
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<tbody>
<tr>
<td>2007</td>
<td>2.78%</td>
</tr>
<tr>
<td>2008</td>
<td>4.32%</td>
</tr>
<tr>
<td>2009</td>
<td>3.12%</td>
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<td>2010</td>
<td>2.69%</td>
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<tr>
<td>2011</td>
<td>3.06%</td>
</tr>
<tr>
<td>2012</td>
<td>0.64%</td>
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</tbody>
</table>
FACTOR ARE ALL INCLUSIVE

Each Contractor Will “Bid” TWO Adjustment Factors For The Published Unit Prices

Factor 1 - Construction is to be Performed During Normal Working Hours

Factor 2 - Construction is to be Performed During Other Than Normal Working Hours

NOTE - Project Schedules For Individual Projects Are Discussed at the Joint Scope Meeting with a Determination Made as to which Adjustment Factor is Appropriate.

The Adjustment Factors Must Apply To All Items In The CTC

- Adjustment Factors Include All Indirect Cost & Profit
- Adjustment Factors Fixed For The Duration Of The Term 12 months
- Adjustment Factors must be submitted to the fourth decimal place
AN UNREALISTIC ADJUSTMENT FACTOR

• A Low Adjustment Factor
  • Leads to Disputes in Price Proposal Review
  • Subcontractors prices are higher than your Price Proposal—what are forced to do?
    • Unsupportable Tasks
    • Exaggerated Quantities
    • Leads to Delays in Job Order Development
      • Takes Longer to Review Price Proposals
  • Creates an Adversarial Relationship
    • Reduced Volume of Work
    • No Option Periods
    • Lost Profitability
  • No Change Orders to Improve the Margin
AN UNREALISTIC ADJUSTMENT FACTOR

• THE CONSEQUENCES IF YOU CAN’T PERFORM:
  • You will get No Work
  • The City may hold your Performance and Payments Bonds for 12 months
  • May lose the opportunity for future JOC contracts
REVIEW OF KEY POINTS

- Know the Value of the CTC
- Review Pages 00-01 thru 00-08 Using The Construction Task Catalog®
- Evaluate the Risk of an Unrealistic Low Bid
- JOC is Long Term Relationship
- Volume Driven by the Contractor
  - Right Staff
  - Supervision of your subs and staff on all projects
  - Partnership
  - Good Defendable Proposals
  - High Quality
  - Timely Completion
# CHECK LIST OF ITEMS TO SUBMIT

1. Clearly mark the envelope of the intended Contract
2. Bid Form - Section 4
3. Bid Bond - Section 5
4. Supplement to Bid Form - Questionnaire
5. Supplement to Bid Form - Customer Reference List
6. Supplement to Bid Form – Office Location Affidavit

- “It is the Bidder’s responsibility to review all Contracts Documents and provide the proper documentation at the time of bidding. Not all elements of the Contract Documents are addressed during the pre-bid conference.”
It is the sole responsibility of all firms to ensure the receipt of any addendum and it is recommended that firms periodically check the CIP webpage for updates and the issuance of addenda.

All bids shall be submitted in accordance with the Instructions for Submission. Bids must be submitted in duplicate originals at the time, date, and place above and will be publicly opened. Any bids received after the time and date specified will not be considered. The responsibility for submitting a bid/proposal before the stated time and date is solely and strictly that of the Bidder. The City is not responsible for any delay, late or mis-delivered Bids, no matter the cause.

YOU ARE HEREBY ADVISED THAT THIS INVITATION TO BID IS SUBJECT TO THE "CONE OF SILENCE," IN ACCORDANCE WITH ORDINANCE NO. 12271 CODIFIED AS CITY CODE 18-74, MIAMI CITY CODE.