



Review of the Job Order Contracting Program of the Facilities Maintenance Division

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Office of the County Auditor
Evan A. Lukic
County Auditor

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Executive Summary

This report presents the results of our review of the Job Order Contracting (JOC) Program, administered by Facilities Maintenance Division (FMD), of the Public Works Department (PWD). The purpose of our review was to (1) gain an understanding of the JOC program; (2) assess the level of program use across County agencies; and (3) validate the achievement of program objectives, as stated in FMD's report "Assessment of the Job Order Contracting Program" (Report), presented to the Broward County Board of County Commissioners (Board) on August 4, 2009; and (4) report on the current status of the program, through an update of the analyses in the Report, using current program data. The Report specifically assessed if the JOC Program was meeting the following stated goals:

- Expedite light construction projects
- Lower procurement costs (including reductions in architect and engineering fees)
- Result in fewer change orders and claims
- Increased SBE and CBE participation
- Award of projects based on contractor performance

Findings:

1. FMD did not retain data or calculations used to support assertions in its 2009 Report to the Board of County Commissioners; as such, in many instances, we cannot validate the claims made in the report, or provide an updated analysis.
2. Available information suggests that the JOC program assists in expediting construction projects as compared to traditional procurements.
3. Based upon FMD's methodology, total net program savings are estimated at \$648,000 (estimated design cost savings less JOC consultant fees).
4. No claims have been made under the JOC program, and the process itself precludes the use of "change orders."
5. Based upon FMD data, the program has achieved 53.55% CBE participation since inception.
6. FMD cannot satisfactorily demonstrate that ongoing project awards are based upon performance.
 - a. Project evaluations have not been consistently completed for JOC contractors.
 - b. No formalized review system has been developed to track performance in key areas.
 - c. A contract evaluation was not completed for the Consultant prior to determining 'only reasonable source status', or initiating negotiations for a new agreement.
7. JOC contractors have not been held responsible for project delays through the implementation of liquidated damages.
 - a. Fourteen of twenty open projects are currently an average of 145 days late.

Based on our review of available data, it appears the JOC program has provided tangible benefits to the County. Having a pool of readily available contractors generally reduces the level of effort related to procurement activities and results in faster project initiation. Additional advantages include decreased design costs and increased CBE participation. Improved monitoring and contract administration of the program will help to maximize its potential, and ensure the County's needs are fully met.

Recommendations:

To improve the administration of the JOC program and to provide high quality information to policymakers and County Managers, we recommend that the Board of County Commissioners direct the County Administrator to implement the following recommendations and provide a follow-up report to the Board by June 30, 2012.

1. To better demonstrate the value of the JOC program in the future, FMD should identify specific criteria, and establish necessary tracking processes to capture JOC program data, as well as comparable data for assessment purposes.
2. A formalized system to assess and track contractor performance should be established; performance data should be considered when awarding new work.
 - a. Project evaluations should be consistently completed at the end of work.
 - b. Evaluation results should be considered when awarding individual projects to contractors, and when awarding new JOC contracts.
 - c. Valuable project data (such as actual time frames to complete work, or quality of project proposals), should be collected and analyzed, as applicable.
 - d. FMD and Purchasing may consider the creation of a JOC- specific evaluation form, to better capture relevant JOC program performance data which can be used to make informed decisions.
3. Liquidated damages should be established for each project, and enforced when time overruns occur.
4. Implement a system to ensure that evaluations are completed and considered before authorizing negotiations for additional contracts and/or renewals.

Purpose and Scope

The purpose of our review was to (1) gain an understanding of the JOC program; (2) assess the level of use of the program across County agencies; and (3) validate the achievement of program objectives, as stated in FMD's report Assessment of the Job Order Contracting Program (Report), presented to the Broward County Board of County Commissioners (Board) on August 4, 2009; and (4) report on the current status of the program, through an update of the analyses in the Report, using current program data. To accomplish our objectives, we:

Reviewed:

- The Gordian Group contract, as approved by the Board on December 6, 2005
- Project Manual, Construction Task Catalogue®, and Technical Specifications documents developed by The Gordian Group for Broward County dated October 2007, and updated April 2010
- Original JOC bid awards and contract documents as approved by the Board on March 11, 2008, and June 10, 2008, and annual contract renewal correspondence
- August 4, 2009, Agenda Item #44, approving expanded use of the JOC program, including FMD's Assessment of the Job Order Contracting Program (Appendix A)
- Expanded JOC bid awards and contract documents as approved by the Board on September 28, 2010, and December 14, 2010
- Project Management Information System (PMIS) and Contract Central database information
- JOC work authorizations and vendor evaluations, as available
- Other reports and documents as maintained by FMD regarding JOC program

Interviewed:

- FMD Managers and staff
- Attended a joint scope meeting with FMD staff and the JOC Contractor

Background

Job Order Contracting Overview

Job Order Contracting (JOC) is a procurement method gaining popularity in the public sector for small to medium-sized construction or renovation projects. JOC procurements are competitively bid, and result in fixed price, indefinite quantity agreements. JOC was first used in the 1980's by the U.S. Department of Defense, and has increasingly spread across federal,

state and local agencies. JOC programs have been implemented by entities such as the United States Postal Service, Sacramento County, Palm Beach County, Pinellas County, City of Chicago, City of Phoenix, New York City, City of Tampa, and City of Miami. JOC programs are also commonly used by housing authorities, transportation agencies, airports, hospitals, and educational establishments.

Although individual programs may vary, in general, the first step in establishing a JOC program is the creation of a catalogue of construction tasks, with defined unit prices based upon local market costs. Contractors are then invited to bid on the work by providing an 'adjustment factor', also referred to as a multiplier, or co-efficient, which establishes the costs for all work to be performed under the agreement¹. Awards are made to the contractors submitting the lowest bids. Agreements usually establish minimum and maximum ranges for the dollar value of work to be awarded within the multi-year contract term.

The primary benefits of JOC programs are considered to be:

- Decreased procurement time: By creating a library, or pool, of available contractors with pre-established price factors, negotiation time frames are greatly reduced. Once a project is identified, contractors submit their proposals based upon specific quantities of materials to be installed (or demolished).
- Reduced design expenses: If needed, design documents prepared by consultants can be less detailed than those typically used for bidding.
- Limited opportunities for changes or cost overruns: Once the owner accepts the contractor's proposal, pricing is readily calculated based upon multiplying the known quantities by the pre-determined unit cost and adjustment factor. Any subsequent changes to the project, such as additional quantities, are also calculated based upon the same cost factors.
- Non-adversarial relationships with contractors: By removing tensions that may be caused by negotiation and change orders processes, relationships between owners and contractors are often improved.
- Quality performance: As the owner often has several vendors to choose from, and is only required to award a minimal level of work to each, individual contractors are motivated to perform quality work to encourage the owners to continue to use their services in greater quantities, across multiple years of the agreement.

¹ The coefficient is multiplied by the unit cost, resulting in the actual price to be paid to the contractor. For example, if the unit cost is \$100, and 50 units are required, and the contractor's coefficient is .95, the contractor would be paid \$95 for each unit, or \$4,750 for the job.

- Increased minority and small business participation: As smaller projects can be individually awarded with lower bonding requirements than larger, single project contracts, small businesses are often successful bidders and performers.

Common drawbacks to the program are:

- Start-up costs of creating a local JOC program: The first step in establishing a JOC program is engaging a consultant to develop the price catalogue and technical specifications that will be used. Many times, this creates an up-front and/or additional ongoing cost not encountered with more traditional procurement methods.
- Initial learning curves: The owner organization must also train its staff in effectively using the new program. Similarly, many contractors must also learn to how to properly develop their bids, and if selected, their subsequent project proposals.

Job Order Contracting in Broward County

Consultant Services

Broward County's JOC program was first initiated in August 2003, when the Board of County Commissioners (Board) approved RLI 20030617-0-FC-01 seeking Consultant services to develop and provide training and administrative support for a JOC process for the Public Works Department and other County agencies. In December 2003, The Gordian Associates, Inc. (Consultant) (Gordian) was selected, and negotiations began, culminating in a contract approved by the Board on December 5, 2005. The initial term of the agreement was through September 30, 2009, with two optional one-year renewal terms. These were both exercised, thus extending the agreement through September 30, 2011.

Following contract execution, the Consultant began developing the County's JOC program. As stated within the Exhibit A, Scope of Services, the project included six phases:

- Program Development: Numerous meetings were held with County staff to ascertain needs and program goals. Issues such as project initiation, permitting, construction acceptance, project close-out and payment processes were reviewed to develop a program and applicable policies.
- Document Development: This phase required the development of several contract documents, including the Construction Task Catalog®, Technical Specifications and bids. In 2007, a unique and extensive catalog of items was finalized, including over 240,000 construction and/or demolition tasks. Line items were based upon standard

construction divisions, and cover work such as fencing, asbestos abatement, masonry, carpentry, flooring, roofing, plumbing, mechanical, HVAC, electrical, and various equipment installations. Descriptions generally define the specific work to be done, or the item to be installed (or removed). Pricing is based on individual quantities, or numbers of linear/square/cubic foot installed. Each task is specifically priced for Broward County, incorporating prevailing wage rates, equipment and material prices, and represents the full cost of the work. The Technical Specifications were also completed in 2007, and supplement the catalog, further defining each line item. The manual provides specific instructions for work, and establishes quality standard expectations. This can assist the contractor in pricing the work, and clarifies the Owner's expectations of the work to be performed. Finally, in coordination with County staff, the Consultant also developed contract language and bid documents.

- Procurement Support: Activities under this phase of the agreement include external marketing and outreach to educate the local contracting community, including 'pre-bid' seminars for potential bidders.
- Progen® Implementation: Progen® is a software system developed by the Consultant to support JOC programs. The web-based contract management tool is the vehicle by which contractor proposals are submitted, reviewed and approved, creating an auditable record of exchanges, and automatic validation and calculation of prices. Activities included set-up, testing and continuous support.
- Program Implementation and Training: To facilitate the implementation of the program, the Consultant was required to develop and conduct training modules to educate County staff about the program, and how to successfully implement its components, including a Master Training program. On-site technical support was also to be provided during the early phases of the program.
- Follow-On Technical Support: In this ongoing phase of the agreement, the Consultant is required to provide ongoing assistance to ensure the program is properly implemented by staff and contractors, including on-call technical support, continuous review of the program, proposals, and support of the Progen® system. This also included an update of the Construction Task Catalog® and Technical Specifications for rebidding in 2010.

According to the contract, the Consultant was not due any initial monies for developing the JOC program. Instead, 'license' fees are based upon a sliding scale percentage of the total value of

actual work completed by contractors utilizing the program.² As shown in Table 1 below, in Year 1 of the agreement, for the first \$7,000,000 in construction work completed, the fee is 5% of the total value of work, up to \$350,000. After this initial threshold is met, the Consultant's fees are calculated on a decreasing percentage value. For Years 2-5, the fee for the first \$15,000,000 of work per contract year is 1.95%, followed by the sliding scale rates. Following the initial \$7,000,000 of work, the Consultant has generally been paid 1.95% per each job, as less than \$15,000,000 in work for each year has been authorized. For all JOC DOs issued through November 2011, the Consultant's fees total \$794,314. On page 12, a table detailing the total monies paid to all contractors is provided.

Table 1: JOC Consultant fees are based upon a percentage of construction work completed

Construction \$ Award Range	Year 1		Years 2-5	
	Contracted Fee %	Maximum Fee Payable per Range	Contracted Fee %	Maximum Fee Payable per Range
up to \$7,000,000	5%	\$350,000	1.95%	\$136,500
\$7,000,001 to \$15,000,000	1.95%	\$156,000	1.95%	\$156,000
\$15,000,001 to \$25,000,000	1.75%	\$175,000	1.75%	\$175,000
\$25,000,001 to \$50,000,000	1.50%	\$375,000	1.50%	\$375,000
\$50,000,001 and up	1.00%	-	1.00%	-

Source: Office of the County Auditor presentation of FMD's interpretation of Agreement RLI 20030617-1-FC-01

Pending the anticipated expiration of RLI 20030617-0-FC-01, a new agreement has been negotiated with the Consultant and is pending execution. As established in a January 13, 2011, Purchasing Division memorandum, Gordian was determined to be the "only reasonable source" for ongoing services, as currently existing contracts are tied to Gordian's proprietary Construction Task Catalog® and the Progen® system. The negotiated terms and conditions of the pending agreement are similar to the first, with the Consultant providing ongoing program support, procurement and document maintenance support (on and off-site), training support, and software support. License fees established at 1.95% for the first \$15 million in work awarded each year, and a sliding scale thereafter.

JOC Program Awards

In November 2007, Purchasing advertised the availability of the first four JOC bids. The bids were for work repairing County facilities, and each designated a general area of the County

² The agreement also included language allowing the County to engage the Consultant for optional services, based upon hourly rates; however, no such services have been utilized.

where the majority of work would be performed- North, South, North Central, and South Central. All four agreements were reserved for Community Disadvantaged Business Enterprise (CDBE) firms, with an overall established participation goal of 35%. This allowed the contractors to self-perform jobs, or subcontract to other CDBE certified or non-certified firms, as long as 35% of the overall value of the work completed through the contract was through CDBE certified contractors.

Contractors bid on price adjustment factors for normal working hours, other than normal working hours, and non-pre-priced items.³ These factors were weighted, and an overall factor was calculated to serve as the basis for determining the low bids. Only \$20,000 of work for each agreement was guaranteed, although the maximum value of work for the first year was established at \$1 or \$2 million, based upon the contract location. Each agreement was awarded for an initial term of one year, with four additional one-year renewal options. For each year the agreements are renewed, the Consultant develops an inflationary price adjustment which is applied to the agreement. Presently three agreements are in their fourth years (third renewal period); while one vendor is no longer CBE certified and has not been renewed. Table 2 below identifies each bid, the selected vendors, and the respective contract maximums.

Table 2: The maximum potential value of the original four JOC contracts is \$30,000,000

Bid #	Award	Work Zone	Contract Start Date	First Year Contract Value	Maximum Contract Value
N607197B2-A	MAC Construction, Inc.	North Central Broward	5/20/08	\$2,000,000	\$10,000,000
N607197B2-D	BMA Construction, Inc.	South Broward	5/5/08	\$1,000,000	\$5,000,000
N607197B2-B1	Gen-Ex Builders, LLC ⁴	South Central Broward	8/4/08	\$2,000,000	\$10,000,000
N607197B2-C	Shiff Construction and Development, Inc.	North Broward	5/5/08	\$1,000,000	\$5,000,000
Maximum Potential 5 Year Value					\$30,000,000

Source: Office of the County Auditor

³ Non pre-priced items are those which are not included in the Construction Task Catalog®. These items are negotiated on a case-by-case basis, as needed. The resultant negotiated line item and base price are then incorporated into the catalog for future use.

⁴ This bid was originally awarded to JW Anthony Builders, Inc. Based upon a request to withdraw, the Board rescinded the award offer on June 10, 2008, and awarded the agreement to the Gen Ex, Inc. as the next lowest bidder. Gen Ex was denied CBE certification on June 30, 2011, and their agreement has not been renewed for a fourth year.

In August 2009, Purchasing Division and Public Works submitted a recommendation to the Board to expand the JOC program, which was approved. The agenda item included the Assessment of the Job Order Contracting Program (Report) completed by FMD, which is further examined in this review (pages 13-22). In this Report, FMD provided information to the Board regarding the success of the program in reducing procurement time and costs, expediting light construction projects, increasing small and county business participation, and reducing architect and engineering fees. The proposed expanded JOC program would be utilized by all County agencies (with FMD remaining as project coordinator), and would include additional agreements for use by the Public Works Department, as well as contracts specific for Aviation, Port Everglades and Transportation Departments.

Subsequently, additional bids were advertised and awarded. On September 29, 2010, the Board approved four contracts, primarily designated to serve the airport and seaport. On December 14, 2010, the Board approved three additional contracts, primarily designated to serve the Public Works Department.⁵ In consultation with the Office of Economic and Small Business Development (OESBD), overall participation goals for these awards have been established at 25%. Some bids were reserved for CBE or SBE certified vendors, while others were open market; however, all contracts carry the overall participation goal of 25%. These seven agreements each have a one year term, with two optional one-year renewal periods. Table 3 below identifies each bid, the selected vendors, and the respective contract maximums.

Table 3: The maximum potential value of the JOC expansion contracts is \$60,750,000

Bid #	Award	Work Zone	Contract Start Date	First Year Contract Value	Maximum Contract Value
T08211404B1	Thornton Construction Co.	Aviation Dept.	10/13/10	\$4,000,000	\$12,000,000
T08211404B2	BMA Construction, Inc.	Aviation Dept. (CBE Reserved)	10/13/10	\$3,000,000	\$9,000,000
T08211404B3	Grace & Naeem Uddin, Inc.	Port Everglades	10/13/10	\$4,000,000	\$12,000,000
T08211404B4	Shiff Construction and Development, Inc.	Port Everglades (CBE Reserved)	10/13/10	\$3,000,000	\$9,000,000
T08211404B5	Thornton Construction Co.	Public Works Dept.	1/1/11	\$4,000,000	\$12,000,000
T08211404B8	Pioneer Construction Management Services, Inc. *	Public Works Dept. (CBE Reserved)	4/17/11	\$2,000,000	\$6,000,000
T0831301B1	Providian Construction Group, Inc.	Public Works Dept. (SBE Reserved)	12/13/10	\$250,000	\$750,000
Maximum Potential 3-Year Value					\$60,750,000

* This contract was originally awarded to BMA Construction Inc., who assigned its rights to Pioneer.

Source: Office of the County Auditor

⁵ One additional award was withdrawn at this time, and is still pending.

JOC Program Utilization

From program inception through November 3, 2011, a total of 337 JOC delivery orders (DOs) have been issued, for a combined value of \$28.9 million. Table 4 below demonstrates, by awarded contractor, the total number of delivery orders/work authorizations issued, and the respective value of the work. The original four contractors have been used for a variety of work across many County facilities. Jobs include replacing HVAC units, roofing and waterproofing, demolition of old structures, bathroom renovations, elevator upgrades, painting, tiling, landscaping, structural and stucco repairs to garages, removing and replacing fuel tanks, installing flagpoles, asbestos abatement, build-outs of office space, sidewalk repairs, and installing canopies. Public Works Department has been the largest user of the program, engaging contractors for work at the east and west Government Center buildings and other various County properties, such as libraries, parks, courthouses, and correctional facilities. Projects have ranged in size from less than \$1,000 to over \$1.6 million. Although new contracts have been awarded, the original agreements remain in effect and continue to be used. The JOC expansion contracts are relatively new and have been used to a lesser degree, but for similar purposes, in each of their respective award areas.

Table 4: Since program inception, nearly \$30 million has been encumbered through JOC, across 337 Delivery Orders

Contract #	Award Region	Vendor Name	# of DOs	\$ Encumbered (in thousands)
Original JOC Agreements				
N607197B2-A	North Central	MAC Construction, Inc.	63	\$7,069
N607197B2-B	South Central	Gen Ex Builders, Inc.	40	\$6,932
N607197B2-C	North	Shiff Construction & Development, Inc.	113	\$4,724
N607197B2-D	South	BMA Construction, Inc.	74	\$4,277
JOC Expansion Agreements				
T0821404B1	Aviation	Thornton Construction Company, Inc.	2	\$1,061
T0821404B2	Aviation-CBE Reserved	BMA Construction, Inc.	1	\$8
T0821404B3	Port Everglades	Grace & Naeem Uddin, Inc.	3	\$359
T0821404B4	Port Everglades-CBE Reserved	Shiff Construction & Development, Inc.	5	\$1,401
T0821404B5	Public Works	Thornton Construction Company, Inc.	9	\$1,886
T0821404B8	Public Works-CBE Reserved	Pioneer Construction	9	\$815
T0831301B1	Public Works-SBE Reserved	Providian Construction Group, LLC	18	\$387
Totals			337	\$28,919

Source: Office of the County Auditor representation of FMD data as of November 3, 2011

Assessment

As noted previously, on August 4, 2009, FMD presented a Report to the Board regarding the success of the 'pilot' JOC program (see Appendix A for a copy of the report). The Report specifically assessed if the JOC Program was meeting the following stated goals:

- Expedite light construction projects
- Lower procurement costs (including reductions in architect and engineering fees)
- Result in fewer change orders and claims
- Increased SBE and CBE participation
- Award of projects based on contractor performance

FMD generally reported success for each objective based upon the review period of April 2008 to June 2009, during which time 109 Delivery Orders (DOs) were issued under JOC. In this current examination, we sought to validate the results asserted by FMD in 2009, and as applicable, provide updated analyses of the stated objectives, through the present (November 2011), inclusive of all 337 DOs issued. As such, our review relied upon, and in some instances was limited by, the availability of program data maintained by FMD. The following sections provide the results of our examination.

Expedite Light Construction Projects

The ability to more quickly procure needed construction and/or renovation services is commonly recognized as one of the primary advantages of a JOC program to governmental entities. After the initial creation of a 'price book' and the selection of JOC contractors, work orders can be developed and issued on an ongoing basis, with minimal delays. This differs from more traditional procurement, which typically requires each project to have its own individual bidding and award process before work can begin.

Due to a lack of supporting documentation, we cannot validate the results reported by FMD in 2009

In its 2009 Report, FMD compared the time frames needed to complete procurements using traditional County methods against the JOC program. FMD calculated an average number of days 'saved' for each DO issued, using various dollar thresholds. FMD concluded that, on the average (excluding 13 small DOs, valued at less than \$3,500), the JOC program saved 107 days in procurement time for each project.

Although the methodology used by FMD in 2009 appears reasonable, we are unable to validate FMD's results due to a lack of supporting information. Specifically, FMD did not retain source data for agency traditional processing, or a listing of the 109 JOC projects considered in the analysis.

Due to limited data availability, a definitive analysis of the JOC program's ability to expedite light construction projects cannot be completed at this time; however, available information suggests the program allows for faster procurement as compared to other methodologies

A current comparison of procurement time frames within FMD is not feasible, as according to FMD Managers, almost all light construction projects are now completed using the JOC program; as such, there is lack of comparative data for analysis.

However, using the Progen[®] system, FMD was able to provide some information regarding the time frames for the processing of JOC work orders. Specifically, a report was generated which calculated the number of days from the 'joint scope meeting' to the date a DO was issued, for all JOC projects, since program inception. The joint scope meeting is when FMD (or other County agency) staff meet with the JOC contractor at the job site to review the work. Following this meeting, the contractor develops a proposal, which is submitted to FMD via the Progen[®] system, and then reviewed by staff. If the proposal is accepted, a DO is issued, and the contractor can begin work. If the proposal is not accepted, FMD staff return the proposal, with comments, to the contractor, who has an opportunity to resubmit. This process is repeated until the proposal is approved by staff.

For the 221 DOs for which data was available and/or relevant⁶, an average of 61 days passes from the joint scope meeting to the issuance of a DO. This represents an improvement since the issuance of FMD's report, at which time the average processing time was reported as 77 days. In interviews, FMD Managers have stated that they feel the ability to move projects forward faster is the primary benefit realized by the County in using the JOC program. This position is consistent with research which supports the premise that JOC programs enable governments to expedite such projects as opposed to more traditional methods, which require individually advertising and selecting contractors for each job.

Further, this 61 day time frame compares favorably against Purchasing Division's FY 2010 OMB Performance Measure Report, which indicates an average of 177 and 295 days are required to

⁶ Of the 337 DOs issued, 34 were for reimbursable items only, and would not require a joint scope meeting; 3 were for reductions in cost; 79 DOs had missing or incorrect joint scope or DO issuance dates.

process construction awards between \$30,000 and \$250,000, and awards greater than \$250,000, respectively. While it is recognized that the information reported by Purchasing is not directly comparable to the information provided by FMD⁷, the comparison provides some context regarding the JOC program's ability to expedite projects, as originally claimed.

Lower Procurement Costs

In its 2009 Report, FMD calculated \$554,048 in cost savings through the JOC program using two measures. First, it was asserted that the JOC program reduces the level of effort (hours) a Project Manager spends on a project, as compared to traditional procurement. FMD calculated that based on the 109 JOC projects delivered, \$44,720 in salary savings was achieved. Next, FMD calculated the cost savings achieved by the JOC program through reduced or eliminated design work. Specifically, by eliminating the bidding process, detailed drawings are not always necessary; many times simplified design documents, or the joint scope meeting itself, are sufficient to provide direction to contractors, and the contractor's 'shop drawings' can be submitted to permitting authorities. Based on the 109 DOs in FMD's 2009 study, sixteen projects were identified which realized such savings. By estimating design costs to be 10% of the total construction (DO) amount, FMD estimated \$509,328 in savings.

Due to a lack of supporting documentation, we cannot fully validate FMD's 2009 claims of reduced project management costs during procurement

We are unable to fully validate FMD's reported results for this objective. First, FMD Managers state that the Project Manager's time savings were based upon interviews with staff, and their self-reported level of effort. An actual time study was not completed, nor were any notes or calculations retained which could be reviewed to support the claims made.

Considering the relatively small amount of dollars purported to be saved in this manner, the lack of comparative data, and the significant effort that would be entailed in initiating a time study in the present, our Office determined that there is minimal value in attempting to re-create current results for this indicator.

Anecdotally, it can be presumed that the JOC program results in administrative savings for several County agencies. For example, FMD Managers maintain that their staff, as the using agency, realizes savings through reduced level of effort in administrative tasks, such as drafting

⁷ Purchasing is reporting on both new construction and renovation projects, while JOC provides services for renovation projects to existing structures; Purchasing's time frame is based upon the date a requisition is received by their office through the date a purchase order is created, and includes all procurement methodologies.

bid documents and executing contracts. It can be further implied, if not specifically quantified, that through the elimination of multiple bids and awards, other agencies, such as Office of the County Attorney, Purchasing, and Risk Management also experience reduced staff investments.

FMD estimates design costs savings to be over \$1.4 million since 2008

More significant is the reported cost savings realized through reduced or eliminated design efforts. In its 2009 analysis, FMD considered 10% of the construction amount to be the savings realized by the JOC program when design services were able to be avoided. FMD completed a new analysis of all 337 DOs issued from program inception through November 3, 2011. In this study, as in the 2009 Report, FMD assumed design cost savings to be 10% of the total construction amount.

Table 5 below summarizes FMD’s analysis. Based upon FMD’s assumptions, the JOC program has saved the County over \$1.4 million in design costs. Of the 337 total DO’s issued, 53 were not applicable to this analysis as they were for price adjustments or reimbursable items only, such as permits or deputy detail services. ‘In-house’ design services were used for 133 DOs and did not yield any additional savings based on JOC program criteria. Design consultants were necessary in 49 instances, based upon the complexity of the work. The remaining 102 DOs were considered by FMD to result in approximately 10% design cost savings, based upon the eliminating the use of design services which would have been otherwise necessary if the projects had been bid.^{8,9}

Table 5: FMD estimates over \$1.4 million in design costs have been saved across 102 DOs

Design Status	# of DOs	Value of DOs (in thousands)	Estimated Design Savings (in thousands)
Design Savings Not Applicable	53	\$ 418	N/A
Design Completed In-House	133	\$ 2,742	N/A
Outside Design Services Needed	49	\$ 11,270	N/A
Design Services Eliminated Due to JOC	102	\$ 14,455	\$ 1,442
Totals	337	\$ 28,885	\$ 1,442

Source: Office of the County Auditor analysis of FMD data and estimates

⁸ The actual savings amounts were calculated based upon the construction value of the work; some DOs also included permit fees, which were not considered in the savings assessment.

⁹ We did not independently analyze the need for design services for each DO issued, and have instead presented FMD’s analysis herein, relying upon their experience and direct knowledge of the individual projects.

Based upon estimated design cost savings and actual fees paid to the Consultant, net procurement savings of \$650,000 were achieved using the JOC program

An additional cost of using the JOC Program is the fee paid to Consultant for each DO issued. As of November 2011, approximately \$794,000 in fees was due to the Consultant. These expenses reduce the overall estimated program savings to \$648,000.

Fewer Change Orders and Claims

In the 2009 Report, FMD states “under the JOC program, the County had zero negotiated change orders and zero claims.” The report further notes that additional work or problems due to unknown site conditions are handled as additional job orders, and are priced based upon the pre-established fixed prices.

Based upon our review of the program, this information is correct, and through the present use of the program, no claims have been made by JOC contractors. However, it is important to note, that by its very nature, there are no change orders within JOC programs, nor do the current JOC agreements provide for ‘change orders’. Instead, the appropriate mechanism for any changes to the original DO is a ‘supplemental DO.’ The supplemental DOs are developed based upon the same methodology and prices as the original DO, and as such, present a more simplified, cost-controlled approach when modifications are necessary.

Increased SBE and CBE Participation

Increased small business participation has been cited as a benefit of the JOC program. As previously noted (pages 9-11), the original four JOC contract awards were awarded to CDBE firms (now CBE). Five expansion contracts were open to the general market, with 20% participation goals, while the remaining three contracts were reserved for CBE or SBE certified vendors.

Overall, the JOC program has achieved a 53.5% CBE/SBE participation rate

In the 2009 Report, FMD stated that the overall CBE participation level for the JOC program was 44.68%. This was presented as comparing favorably against other similar projects, which prior to the JOC program, had achieved a 20% participation rate. As shown in Table 6 on the following page, over \$28 million in construction work has been encumbered across all JOC agreements. Based upon actual and anticipated participation levels, an overall participation

rate of 53.5% has been achieved since program inception. This level exceeds the County’s cumulative goal of 25% CBE participation across all contracts, as established by Ordinance.

Table 6: Over one half of JOC project award dollars has been committed to CBE or SBE vendors

Contract #	Award	Vendor	Encumbered Total (in thousands)	\$ Committed to CBE Firms (in thousands)	% of Participation
N607197B2-A	North Central	MAC Construction, Inc.	\$ 7,069	\$ 3,993	56.5%
N607197B2-B	South Central	Gen Ex Builders, Inc.	\$ 6,933	\$ 2,813	40.6%
N607197B2-C	North	Shiff Construction & Development, Inc.	\$ 4,725	\$ 3,093	65.5%
N607197B2-D	South	BMA Construction, Inc.	\$ 4,277	\$ 3,291	76.9%
T0821404B1	Aviation	Thornton Construction Company, Inc.	\$ 1,062	\$ 175	16.5%
T0821404B2	Aviation-CBE Reserved	BMA Construction, Inc.	\$ 8	\$ 8	100.0%
T0821404B3	Port Everglades	Grace & Naeem Uddin, Inc.	\$ 359	\$ 20	5.6%
T0821404B4	Port Everglades-CBE Reserved	Shiff Construction & Development, Inc.	\$ 1,401	\$ 808	57.7%
T0821404B5	Public Works	Thornton Construction Company, Inc.	\$ 1,886	\$ 607	32.2%
T0821404B8	Public Works-CBE Reserved	Pioneer Construction	\$ 816	\$ 288	35.3%
T0831301B1	Public Works-SBE Reserved	Providian Construction Group, LLC	\$ 387	\$ 365	94.4%
Totals			\$ 28,923	\$ 15,461	53.5%

Source: Office of the County Auditor presentation of FMD data, as of November 3, 2011

Projects Awarded Based on Contractor Performance

In the 2009 Report, FMD states “Each of the JOC contractors have performed well and jobs are generally distributed according to regions.”

FMD Managers cannot quantifiably demonstrate that projects are awarded based upon individual performance levels

FMD Managers acknowledge that performance has varied across contractors, bid awards, and over time. Specific challenges include submitting reasonable cost proposals, paying subcontractors, completing close-out paperwork, and completing projects in a timely manner.

In interviews, FMD Managers assert they have used contractor performance as a guide in awarding new work, and have generally stated that when problems were encountered, the amount of awarded work was decreased. However, Managers are unable to provide specific information or analysis regarding the application of this practice, either in 2009 or through the present.

Without regular review of performance data, FMD Managers do not have readily accessible information to support current decisions, or upon which to base their future choices. This is particularly important for a program such as JOC, for several reasons: minimum award requirements are low; the potential amount of work is high; contract terms are renewable for up to three to five years; and there is a pool of vendors to select from.

FMD has not been consistent in completing contractor evaluations for each project, or formally monitoring contractor performance on a regular basis

Completing contractor evaluations at the conclusion of a project is a critical aspect of contract administration. Information in the evaluation documents the contractors' performance, and can be a valuable tool in determining the award of future work. This is particularly important in a JOC program, as the County is only obligated to award a minimal amount of work to each contractor; once the initial obligation is met, future awards should be based upon the contractors ability to perform.

Although FMD had not formally tracked or analyzed evaluation results, as part of this review, we requested FMD provide us with copies of all completed evaluations. Table 7, on the following page, presents the number of closed projects, the number of evaluations available, and each Contractor's average score. According to the Performance Evaluation Form, an overall score of '1-1.8' indicates unsatisfactory performance; '1.81-2.59' is poor performance; '2.60-3.19' is for fair performance; '3.20-4.49' equates with good performance; and '4.50-5.00' denotes excellent performance. The majority of completed evaluations reflect 'good' performance levels. Several evaluations include lower scores based upon issues with subcontractors, and timeliness in completing work, consistent with FMD's feedback.

In reviewing available data, it is noted that several earlier projects do not have completed evaluations available. Specifically, for two of the four original JOC contracts, evaluations have been completed in less than half of the projects. FMD Managers state that some electronically-stored evaluations may have been lost during conversions between the PMIS and Contract Central databases. However, Managers also acknowledge that evaluations have not been

consistently completed throughout the program, and they are making efforts to improve performance in this area.

Table 7: JOC Contractor performance is generally evaluated as ‘good’

Provider	# Completed Projects	# Evaluations Available	% Evaluations Completed	Average Rating
<i>Original JOC Contracts</i>				
Gen-Ex	34	30	88%	4.16
MAC	34	13	38%	3.47
BMA	52	21	40%	3.78
Shiff	69	41	59%	4.08
<i>Expansion JOC Contracts</i>				
Pioneer	5	5	100%	4.48
Providian	12	7	58%	4.33
Grace & Naeem Uddin	1	0	0%	n/a
Schiff-Port	3	1	33%	4.21
Thornton-PW	3	3	100%	4.51
Thornton-Aviation	1	1	100%	4
BMA	1	1	100%	2.79

Source: Office of the County Auditor Analysis of FMD data

FMD has not maintained data regarding the timely completion of projects, and contractors have not been held accountable for delays

Completing projects in a timely manner is important for many reasons. As many job orders are for repairs and maintenance, timely project completion reduces the burden on staff and the public in managing active construction projects or broken equipment, and allows for greater beneficial use and maintenance of County assets when facilities are kept in optimal condition.

All JOC work orders include a time frame for project completion. As many of the projects are small by nature, the majority of assigned time frames are 90 days or less. Other projects have 120, 180, 270 days for completion, and one project was allowed 425 days. Article 2.2 of the original four JOC contracts state that the contractor may be required “to pay the County as liquidated damages a sum in accordance with the General Conditions for each and every calendar day the Contractor shall be in default on that individual Job Order”.

We are unable to determine how many job orders were completed on time as FMD has not retained dates of project completion in their records. Without this information we cannot determine which projects/contractors have been satisfactorily performing in this key area.

In interviews, FMD Managers report that they have not required liquidated damages for any job orders. This is problematic, as it has been reported that several projects have experienced significant delays. Without enforcing available liquidated damage provisions, FMD is failing to hold contractors accountable for their actions.

In lieu of a full examination of all project completion dates against the time frames provided within the work authorizations, we have instead (using available information), reviewed current 'open' projects against their planned completion dates. Of twenty currently open projects, six are still in progress and have not yet reached their planned completion dates. The remaining fourteen projects have extended 18-598 days past their anticipated completion dates, and are an average of 145 days late (as of November 3, 2011).

Although FMD has identified other important performance criteria, a system has not been formally developed to ensure ongoing awards are based upon demonstrated positive performance

FMD has identified the area of proposal development as an important aspect of the JOC program. Specifically, when accurate proposals are submitted, the time frame for approval may be reduced, and the project can begin sooner. Further, accurate proposals help ensure costs are appropriate based upon the design of the program. If a mutually acceptable proposal cannot be agreed upon, the project may not proceed, or may be awarded to another contractor. Consistently evaluating contractors' performance in this area can provide FMD with valuable information. While FMD completed a summary analysis of proposal submissions as part of this review, it is noted that such information was not consistently used or analyzed throughout the administration of the JOC program.

The Consultant was awarded 'sole reasonable source' status without a project evaluation

Pending the termination of the existing Consultant agreement, FMD initiated negotiations for a new contract. No solicitation for a new JOC Consultant was completed, as Gordian was established by Purchasing to be the 'only one reasonable source' provider (memorandum dated January 13, 2011), considering that the program was already underway, and existing JOC contracts were tied to the use of Gordian's licensed Progen[®] system and Construction Task Catalog.

As part of this review, a copy of Gordian's performance evaluation was requested; however, according to Managers, no evaluation was completed due to confusion regarding the appropriate form. This is a concern as the Consultant has been under contract for five years,

and a new contract has been negotiated. In this case, an assessment of the Consultant's performance was even more important than usual, as the JOC program was initiated as a 'pilot' program based upon the Consultant's design, and based upon its 'success', the Consultant has since been approved as a sole reasonable source, and is likely to be engaged for another three to five years.

Findings and Recommendations

Findings:

1. FMD did not retain data or calculations used to support assertions in its 2009 Report to the Board of County Commissioners; as such, in many instances, we cannot validate the claims made in the report, or provide an updated analysis.
2. Available information suggests that the JOC program assists in expediting construction projects as compared to traditional procurements.
3. Based upon FMD's methodology, total net program savings are estimated at \$648,000 (estimated design cost savings less JOC consultant fees).
4. No claims have been made under the JOC program, and the process itself precludes the use of "change orders."
5. Based upon FMD data, the program has achieved 53.55% CBE participation since inception.
6. FMD cannot satisfactorily demonstrate that ongoing project awards are based upon performance.
 - a. Project evaluations have not been consistently completed for JOC contractors.
 - b. No formalized review system has been developed to track performance in key areas.
 - c. A contract evaluation was not completed for the Consultant prior to determining 'only reasonable source status', or initiating negotiations for a new agreement.
7. JOC contractors have not been held responsible for project delays through the implementation of liquidated damages.
 - a. Fourteen of twenty open projects are currently an average of 145 days late.

Recommendations:

To improve the administration of the JOC program and to provide high quality information to policymakers and County Managers, we recommend that the Board of County Commissioners direct the County Administrator to implement the following recommendations and provide a follow-up report to the Board by June 30, 2012.

1. To better demonstrate the value of the JOC program in the future, FMD should identify specific criteria, and establish necessary tracking processes to capture JOC program data, as well as comparable data for assessment purposes.
2. A formalized system to assess and track contractor performance should be established; performance data should be considered when awarding new work.
3. Project evaluations should be consistently completed at the end of work.
4. Evaluation results should be considered when awarding individual projects to contractors, and when awarding new JOC contracts.
5. Valuable project data (such as actual time frames to complete work, or quality of project proposals), should be collected and analyzed, as applicable.
6. FMD and Purchasing may consider the creation of a JOC- specific evaluation form, to better capture relevant JOC program performance data which can be used to make informed decisions.
7. Liquidated damages should be established for each project, and enforced when time overruns occur.
8. Implement a system to ensure that evaluations are completed and considered before authorizing negotiations for additional contracts and/or renewals.

Conclusion

Based on our review of available data, it appears the JOC program has provided tangible benefits to the County. Having a pool of readily available contractors generally reduces the level of effort related to procurement activities and results in faster project initiation. Additional advantages include decreased design costs and increased CBE participation. Improved monitoring and contract administration of the program will help to maximize its potential, and ensure the County's needs are fully met.

Assessment of the Job Order Contracting Program

The Job Order Contracting (JOC) Program was originally approved by the Broward County Board of County Commissioners as a pilot program, for use by the County's Public Works Department. The Program is managed by the Facilities Maintenance Division (FMD). For the period of April 2008 to June 2009, FMD conducted an assessment of construction contracting opportunities, comparing traditional purchasing Procurement Processes to the JOC Program, to determine whether the JOC Program was meeting the stated goals of:

- Lower procurement and administrative costs;
- Expedite light construction projects;
- Result in fewer change orders and claims;
- Increase Small Business Enterprise (SBE) and Community Disadvantaged Business Enterprise (CDBE), now known as Community Business Enterprise (CBE) participation;
- Award projects based on contractor performance;
- Reduction in Architect/Engineering Fees.

Background:

On December 6, 2005 (Item No. 68), the Board approved the Agreement between Broward County and The Gordian Associates, Inc., Request for Letters of Interest (RLI) No. 20030617-Q-FC-01, to provide consultant services to develop and provide training and administrative support for a pilot Job Order Contracting (JOC) Program for minor construction projects, maintenance, renovations, and repairs.

On March 11, 2008 (Item No. 70), the Board awarded four open-ended contracts to the following general contractors: MAC Construction, Inc.; JW Anthony Builders, Inc., Shiff Construction and Development Inc. and BMA Construction, Inc. On June 10, 2008 (Item No. 32), the Board rescinded the award to JW Anthony Builders, Inc. and awarded the contract to Gen-Ex Builders, LLC.

The Public Works Department and the Small Business Development Division established an overall goal of 35% CDBE participation for the contract. The general contractors are all certified CDBE firms.

The total amount awarded to each general contractor is as follows:

1. MAC Construction Inc. was awarded Bid No. N607197B2-A (North Central Broward) in the potential not-to-exceed amount of \$10,000,000.
2. Gen-Ex Builders, LLC was awarded Bid No. N607197B2-B1 (South Central Broward) in the potential not-to-exceed amount of \$10,000,000.

3. Shiff Construction & Development, Inc. was awarded Bid No. N607197B2-C (North Broward) in the potential not-to- exceed amount of \$5,000,000.
4. BMA Construction, Inc. was awarded Bid No. N507197B2-D (South Broward) in the potential not-to-exceed amount of \$5,000,000.

Data:

Tables 1 and 2 provide data on the average duration of the traditional procurement process and the average Project Manger’s levels of effort for each procurement threshold. For the purpose of this report, Level of Effort is defined as the amount of actual time spent (working) for the PM’s role in the procurement process. The durations of the traditional procurement processes were determined using template schedules developed from actual historical projects.

TABLE I: TRADITIONAL PROCUREMENT

Procurement Thresholds (Actual Dollars)	Agency Traditional Processing (Days)	Purchasing Div. Processing (Days)	Project Managers Level of Effort (Hours)
\$1,000 - \$3,500	40	N/A	10
\$3,500 - \$30,000	68	52.66	13
30,000 - 250,000*	194	138	29
250,000 – AND OVER	591*	200.67	93.75
Average	223	130	36.5

Note: * For the agency construction projects in amounts greater than \$250,000, the processing days include both consulting and construction.

The duration of the JOC procurement processes were determined using actual times from PROGEN, (proprietary software used by the Gordian Group to track project time frames, beginning at the Joint Scope Meeting of the project and completing the tracking at the issuance of the Delivery Order for the project).

TABLE 2: JOC PROCUREMENT

Procurement Thresholds (Actual Dollars)	JOC Processing (Days)	PM Level of Effort (Hours)
1,000 - 3,500	33	6

3,500 - 30,000	33	8.5
30,000 - 250,000	48	20.5
250,000 AND OVER	193	33.5
<hr/>		
Average	76.75	

Lower Procurement Cost (FMD):

Calculations were made to determine the following:

1. Level of effort it took for Project Managers to receive a Purchase Order (P.O.) / Delivery order (D.O.) to begin construction on a project. (See Tables 1 and 2)
2. Consultant fees saved.

Table 3, below, shows the results of the comparison and provides an estimated total savings to the County. The figures are based on 109 JOC D.O.'s issued since April 2008.

TABLE 3: COMPARISON TWO PROCESSES FOR PROJECT MANAGERS AND SAVINGS TO COUNTY

Thresholds	Number of Delivery Orders	PM Hours Saved using JOC (Hours)	PM Cost Saved (\$)
1,000 - 3,500	13	4	2,504
3,500 - 30,000	43	4.5	9,321
30,000 - 250,000	48	8.5	9,653
250,000 – AND OVER	5	96.5	23,242
<hr/>			
Sub Total:			\$44,720
Add savings from Consultant Fees (See page 6 of 6, Table 5 below):			\$509,328
<hr/>			
Savings to County:			\$554,048

“The PM Cost saved” column in table 3 is calculated as follows:
 PM Cost Saved = No. of D.O.'s X PM hours saved using JOC X Average PM Salary¹

¹ The FMD Project Manager (PM) average hourly salary, including benefits, equals \$48.17;

For the purpose of this report, only cost savings associated with FMD project management, time and consultant fees were considered in calculating project costs. In actuality, the JOC process has greater savings when the Risk Management Division, the Purchasing Division, the County Attorney Office, County Administration and Building Code Services salaries are included in project cost calculations, as time spent preparing bid packages, formal advertizing, pre-bid meetings, bid openings, evaluations and award of individual contracts increase project costs.

Expedite Light Construction:

This review compared the amount of time for Project Managers to receive a Purchase Order (P.O.) / Delivery order (D.O.) to the amount of time to begin construction on a project. (See Section 1 Tables 1 and 2.)

As shown in Table 3, 109 D.O.'s have been issued, with an average dollar amount of approximately \$86,000. The average time frame from the Joint Scope Meeting to issuance of the D.O. is 76.75 days, excluding Job Orders for permit reimbursements or other reimbursable items. This compares with an average of 223 days for traditional procurement processes. (See Tables 1 and 2).

TABLE 4: TIME SAVED WITH JOC PROGRAM

Thresholds	Number of D.O's Since April 2008	Time Saved Using JOC per D.O. (Days)	Total Time Saved Using JOC (Days)
1,000 - 3,500	13	7	91
3,500 - 30,000	43	35	1505
30,000 - 250,000	48	146	7008
250,000 – AND OVER	5	362	1810
Total:			10,414

The “Total Time saved” column is calculated as follows:

$$\text{Total Time Saved} = \text{Number of delivery orders} \times \text{Time Saved Using JOC per D.O.}$$

From Table 4, 109 projects have saved a total of 10,414 days. To put this number into perspective, we can estimate the amount of time that is saved using JOC per project as follows:

1. Eliminating the 13 small D.O.'s issued in the threshold range of \$1,000 – \$3,500, we are left with 96 D.O.'s for a total time saved of 10,323 days;
2. Numbers of days saved per project may be calculated as $\frac{10,323}{96} = 107$, or approximately 3.6 months per project.

Fewer Change Orders and Claims:

Under the JOC Program, the County had zero negotiated change orders, and zero claims. The JOC is set up as a fixed unit price contract, with project proposals broken down into individual work tasks issued as a lump sum for the scope of work. The price for each work task is fixed, and as such, the cost of additional work done at any point of the project is the same as if it was included in the original scope. Problems as a result of unknown site conditions are handled as an additional Job Order based on the fixed price work tasks rather than change orders. Under the JOC Program, the contractor participates in the joint scope meeting at the beginning of the process, and as a result, any issues or problems are discussed openly and resolved, significantly reducing liability and claims.

Increase SBE and CDBE participation:

For the period between April 2008 and June 2009, the amount of \$4,185,639.79 was committed to CDBE firms, for a participation rate of 44.68%. This compares to an average participation rate of 20% for similar projects assigned Goals prior to the implementation of the JOC Program.

Projects Awarded on Contractor Performance:

Each of the JOC contractors have performed well and jobs are generally distributed according to regions. Certain contractors have stood out in the performance of very specialized tasks (e.g. Asbestos Abatement) and as such, specialized projects tend to go to these contractors.

Result in a Reduction of Architect/Engineering Fees:

The JOC process eliminates the creation of documents utilized specifically for bidding. As a result, Architect/Engineering consultant fees on individual projects are eliminated or reduced from bid to permit documents in instances when required by the jurisdiction having authority. Table 5 represents a list of actual JOC projects that did not require a consultant as a result of the JOC Program.

TABLE 5

Project	Elapse time to issuance of D.O. (Days)	Construction D.O. Amount	Consultant Fee Saved. (10% of Construction D.O.) ²
BARC Booher Shower Stall Replacement	83	\$233,488	\$23,349
Replace windows BCJC Phase I	71	\$94,237	\$9,424
Replace windows BCJC Phase II	44	\$100,892	\$10,089
Replace windows BCJC Phase III	18	\$42,215	\$4,222
Port Driveway	83	\$174,812	\$17,481
Main Library AHU Replacement	241	\$925,608	\$92,561
West Wing Upgrade Elevators BCJC	70	\$1,609,561	\$160,956
GC Lexan Replacement & Waterproofing	94	\$129,883	\$12,988
East Garage Barrier Cables Replacement	56	\$562,360	\$56,236
Central HAC Waterproofing	50	\$485,962	\$48,596
SRC Replace Quarry Tile	82	\$211,418	\$21,142
Replace Chiller	30	\$177,188	\$17,719
SRCH Cabinets Phase I	28	\$42,559	\$4,256
SRCH Cabinets Phase II	17	\$130,671	\$13,067
SRCH Cabinets Phase III	26	\$37,502	\$3,750
Med Examiner Replace 4 A/C Units	55	\$134,921	\$13,492
Total Consultant Savings:			\$509,328

Total Cost of Projects Completed Under the Program / and Fees Paid to Gordian Since Inception:

The first Delivery Order was issued on April 28, 2008. Since then, between the four vendors, 109 construction Delivery Orders have been issued in the amount of \$9,367,812.14. Fees are incurred to The Gordian Group Inc. through a percentage of construction services. The Gordian Group Inc. has been paid \$396,172.35 to date based on the following sliding scale per Article 5 of the Agreement with Broward County:

- \$350,000, or 5% of the first \$7,000,000 (one-time limit);
- 1.95% for any amounts over the first \$7,000,000;
- 1.75% for any amounts cumulating over \$1 5,000,000;
- 1.5% for any amounts cumulating over \$25,000,000;
- 1% for any amounts cumulating over \$50,000,000 annually.

The County has met its 5% one time limit of \$350,000 to The Gordian Group Inc. and is now compensating that vendor at a reduced rate of 1.95% for all future construction cost until the

² The consultant's fee represents approximately 10% of the construction cost;

requirement of the 1.75% rate is reached. As a comparison, if the rate of 1.95% is used to calculate the construction cost of \$9,367,812.14 for the 109 D.O.'s completed, the fee of The Gordian Group Inc. would be reduced to \$182, 672.

Conclusion:

Based on the information provided in this report, the JOC program has shown that it can be a positive and value adding alternate method of delivering capital projects. Projects delivered by the JOC during the pilot period were delivered within the specified level of quality, at a lower cost, and in less time.