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TO: Conan Smith  
Chair, Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Dave Shirley  
Support Services Manager

DATE: March 4, 2009

SUBJECT: Creating Two Separate Three Company Vendor Pools to Provide  
General Construction and Electrical Work throughout the County  
and Authorizing the County Administrator to Sign Contracts with  
Those Companies Which Staff Has Recommended for Those  
Vendor Pools

**BOARD ACTION REQUESTED:**

It is requested that the Board of Commissioners create two separate three company vendor pools to provide general construction and electrical work throughout the County and authorize the County Administrator to sign contracts with those companies which staff has recommended for those vendor pools.

**BACKGROUND:**

For many years, Washtenaw County has contracted with traditional building trade vendors to provide a variety of construction/renovation services to the County on an as-needed basis. Contracting with these vendors is consistent with Section II (A)(4)(e) of the County's Procurement Policy which states:

The County shall contract out traditional building trades work for all capital facilities or improvement projects whenever:

1. The engineer's estimate for electrical or carpentry work is in excess of \$20,000;
2. The engineer's estimate for all other trades work is in excess of \$10,000;

All traditional building trades work for capital facilities or improvement projects below such stated amounts may be performed by County personnel or may be bid out, depending upon the availability of County personnel, at the discretion of the County Administrator and/or the Facilities Management Director.

To preserve the flexibility the Purchasing Policy gives the County Administrator and/or Facilities Management Director to determine whether any particular construction/renovation job be done in-house by County personnel or completed by contract vendors, the County has competitively bid out the various building trade services with the understanding that any contracts awarded as a result of the bid are for "as-needed" work as determined solely by the County.

Both the general construction contract and electrical services contract were competitively bid (Bid #6417 and #6428 respectively). Originally, County staff recommended that Allied Building Service Company of Detroit, Inc. be awarded the contract as the lowest most responsive, responsible bidder for general construction services. Likewise, staff recommended that Huron Valley Electric be awarded the electrical contract as the lowest most responsive, responsible bidder. It should also be noted that these contracts were brought before the Ways & Means Committee of the Board of Commissioners on November 5, 2008 and again on February 4, 2009.

At the November 5, 2008 meeting, the Ways & Means Committee discussed a number of issues concerning the respective bids, including whether the contracts would take work away from in-house County employees and whether the bids of local vendors were analyzed unfairly. Ultimately, the Ways & Means Committee failed to approve the contracts on November 5, 2008.

The contracts were brought back to the Ways & Means Committee on February 4, 2009. Again, the Committee vigorously discussed a number of issues pertaining to these contracts, including the fact that a number of local responding companies who were not chosen, had submitted bids which were substantially similar to the bids submitted by the recommended companies. Again, the Ways & Means Committee did not approve the contracts with Allied and Huron Valley. Instead, the Committee recommended that County staff review all of the submitted bids for the general construction and electrical services and bring back a Resolution creating a vendor pool for these services.

The proposed Resolution creates a three company vendor pool for both the general construction services and the electrical services. Based upon the earlier competitive bid and submitted bid responses, staff is recommending that the following companies be awarded contracts to be a part of these vendor pools. For general construction services the three companies are: (1) Allied Building Service Company of Detroit, Inc; (2) Carver Construction Company; and (3) Krull Construction. For the electrical services vendor pool, the recommended companies are: (1) Huron Valley Electric; (2) Ronald A. Meyer Electric, Inc; and (3) Shaw Electric Company.

All of the proposed contracts will be for two years. Each of the companies chosen to be in the vendor pools must sign a Construction Unity Board ("CUB") agreement as required by the County's Procurement Policy as a condition of being awarded a County contract. The actual amount of work any of the companies in the vendor pool will

receive is contingent upon the County Administrator and/or Facilities Management Director's decision to assign work under the contracts. The proposed Resolution also directs Corporation Counsel to work with Facilities Management to implement a process to assign work to the members of the vendor pools.

**DISCUSSION:**

As explained more fully above, the County's Procurement Policy mandates that larger construction or renovation projects (defined as more than \$20,000 for electrical or carpentry work and more than \$10,000 for all other building trade work) must be bid out. Likewise, smaller projects may also be bid out so that the County Administrator and/or Facilities Management Director has a choice between in-house employees, if available, and contract vendors to complete the smaller projects in the quickest, most economical manner.

Approving the three company vendor pools for general construction and electrical services will give the Administrator and/or Facilities Management Director the flexibility envisioned by Section II(A)(4)(e) of the County's Procurement Policy to assign construction and/or remodeling work in an efficient and cost effective manner. Approving these contracts does not mean that smaller construction and/or remodeling jobs will never be assigned to in-house employees. To the contrary, if in-house employees are available, they are virtually always assigned the smaller jobs as they arise. If, however, in-house employees are already tied up with other projects or are unable for any reason to handle a job, approval of the vendor pools will provide another option to have the jobs completed quickly.

Conversely, if the vendor pools are not approved, the County will most likely pay more for the construction/renovation projects that will arise in the future. For example, assume that 20 various smaller construction projects occur during the course of a year. If in-house employees can complete 10 of the projects, the other 10 projects would either have to wait to be completed until the in-house staff could get to them or the County would be forced to complete 10 separate bids to bring in outside contractors to do the work. Undertaking this many bids for relatively small projects is not cost effective as each bid costs the County staff time and money to complete the process. The cost to the County would be even greater for emergency projects should in-house staff not be able to address the issue. In that case, there most likely would not be time for a bid and the County would simply have to find a vendor who could complete the work at whatever the going rate quoted by that contractor.

These problems can be alleviated by approving the three company vendor pools for general construction and electrical services ahead of time pursuant to a competitive bid. Establishing these vendor pools before county projects, whether routine or an emergency, arise gives the Administrator and/or Facilities Management Director the tools they need to quickly and efficiently address both large and small construction/renovation projects as they arise.

**IMPACT ON HUMAN RESOURCES:**

Approval of the proposed Resolution will have no impact on the County's human resources as the companies under the proposed vendor pools have historically aided County staff for general construction and electrical services.

**IMPACT ON BUDGET:**

Approval of the proposed Resolution would have no impact on the County's budget as the costs associated with the vendor pool contracts are budgeted.

**IMPACT ON INDIRECT COSTS:**

None.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

Approval of the proposed Resolution will enable the County to more efficiently maintain its existing facilities and meet organizational needs.

**CONFORMITY TO COUNTY POLICIES:**

The Resolution conforms to all County Policies, including the Procurement Policy.

**ATTACHMENTS:**

- RFP #6417 Evaluation Spreadsheet
- RFP #6428 Evaluation Spreadsheet

A RESOLUTION ESTABLISHING TWO SEPARATE VENDOR POOLS OF THREE COMPANIES EACH FOR THE COUNTY'S GENERAL CONSTRUCTION AND ELECTRICAL SERVICES WORK AND AUTHORIZING THE COUNTY ADMINISTRATOR TO SIGN CONTRACTS WITH THOSE COMPANIES RECOMMENDED BY STAFF TO COMPLETE THOSE VENDOR POOLS

WASHTENAW COUNTY BOARD OF COMMISSIONERS

March 18, 2009

WHEREAS, Section II(4)(e) of the Washtenaw County Procurement Policy provides that all traditional building trade work for electrical or carpentry work which exceeds \$20,000 and for all other trade work exceeding \$10,000 must be competitively bid out and contracted to outside construction vendors; and

WHEREAS, this Policy also provides that building trade work falling below the above-stated thresholds may either be completed by in-house personnel or bid out to outside construction vendors at the discretion of the County Administrator and/or Facilities Management Director; and

WHEREAS, the County has followed this Policy for many years by competitively bidding out building trade work, with the understanding that any contracts awarded as a result of the bid were on an "as needed" basis with the County Administrator and/or Facilities Management Director determining how much work, if any, either construction vendor would receive under the contract; and

WHEREAS, the County has completed the bid process for general construction services (Bid #6417) and for electrical services (Bid #6428) and, after reviewing the responses to those Bids has chosen Allied Building Service of Detroit, Inc. ("Allied") as the County's general construction contractor and Huron Valley Electric ("Huron Valley Electric") as the County's electrical contractor, with work under the contracts to be assigned on an as needed basis by the County Administrator and/or Facilities Management Director; and

WHEREAS, these proposed contracts were discussed and disapproved at the Ways & Means Committee on November 5, 2008 and again on February 4, 2009; and

WHEREAS, during the Ways & Means Committee of February 4, 2009, it was suggested that because many of the submitted bids for the general construction and electrical services were close and had been submitted by local companies, County staff should rework the proposed Resolution and bring it back as a Resolution creating vendor pools for both general construction and electrical work in the County; and

WHEREAS, after reviewing the bid responses to Bid #'s 6417 and 6428, County Staff recommended that the following companies be selected for the general construction and electrical vendor pools:

### General Construction Vendor Pool

- Allied Building Service Company of Detroit, Inc.
- Carver Construction Company
- Krull Construction

### Electrical Services Vendor Pool

- Huron Valley Electric
- Ronald A. Meyer Electric, Inc.
- Shaw Electric, Company

WHEREAS, pursuant to Washtenaw County's Procurement Policy, all companies awarded contracts for new construction and/or renovation must sign Construction Unity Board ("CUB") Agreements as a condition of receiving those contracts, if any of the companies awarded contracts refuse to sign the CUB agreement, they will be excluded from the vendor pool and the next highest ranked company will be offered the position; and

WHEREAS, each of the proposed contracts are for a 2 year period with a stated compensation of over \$100,000 with the actual amounts received by each company dependent upon how much work they are assigned during the contract; and

WHEREAS, Corporation Counsel will work with Facilities Management to devise a procedure to award work under the vendor pools which is in the best interest of the County and its contractors; and

WHEREAS, establishing vendor pools and approving contracts pursuant to those vendor pools is consistent with Section II(A)(4) (e) of the County's Procurement Policy in that it gives the County Administrator and/or Facilities Management Director the discretion to use in-house County personnel or a building trades contractor when determining the quickest, most cost effective way to address County construction and/or renovation needs as they arise; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, the County Administrator's Office, and the Ways & Means Committee.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners establishes vendor pools for the County's general construction and electrical work to be comprised of three companies for each pool.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners authorizes the County Administrator to execute general construction and electrical work vendor pool contracts with the following companies:

### General Construction Vendor Pool

- Allied Building Service Company of Detroit, Inc.
- Carver Construction Company
- Krull Construction

### Electrical Services Vendor Pool

- Huron Valley Electric
- Ronald A. Meyer Electric, Inc
- Shaw Electric Company

BE IT FURTHER RESOLVED that if any of the companies awarded contracts for the general construction and electrical vendor pools refuses to sign a Construction Unity Board Agreement as required by Washtenaw County's Procurement Policy, that company shall be disqualified and the next highest ranked company shall be offered the position in the vendor pool.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners directs Corporation Counsel to work with Facilities and Purchasing to draft a Procedure to assign work among the vendor pool members which is in the best interest of the County and its contractors.