



**NA SFA**



# Job Order Contracting

A Facilities Management Tool



Sponsored by:

**Center for Job Order Contracting Excellence &  
National Association of State Facilities  
Administrators**



Advance

Collaborate

Enrich

# Job Order Contracting Definition

- **Job Order Contracting (JOC)** is a contracting method to get numerous, commonly encountered construction projects done quickly and easily through multi-year contracts. JOC reduces unnecessary levels of engineering, design, and contract procurement time along with construction project procurement costs by awarding long-term contracts for recurring renovation, repair and construction projects.



# Job Order Contracting Definition

- With an emphasis on collaboration and team work between owners and contractors, JOC provides the methodology to execute a wide variety of indefinite delivery, indefinite quantity, fixed price, multiple simultaneous orders for renovation, rehabilitation and repair work for large facilities and infrastructures.



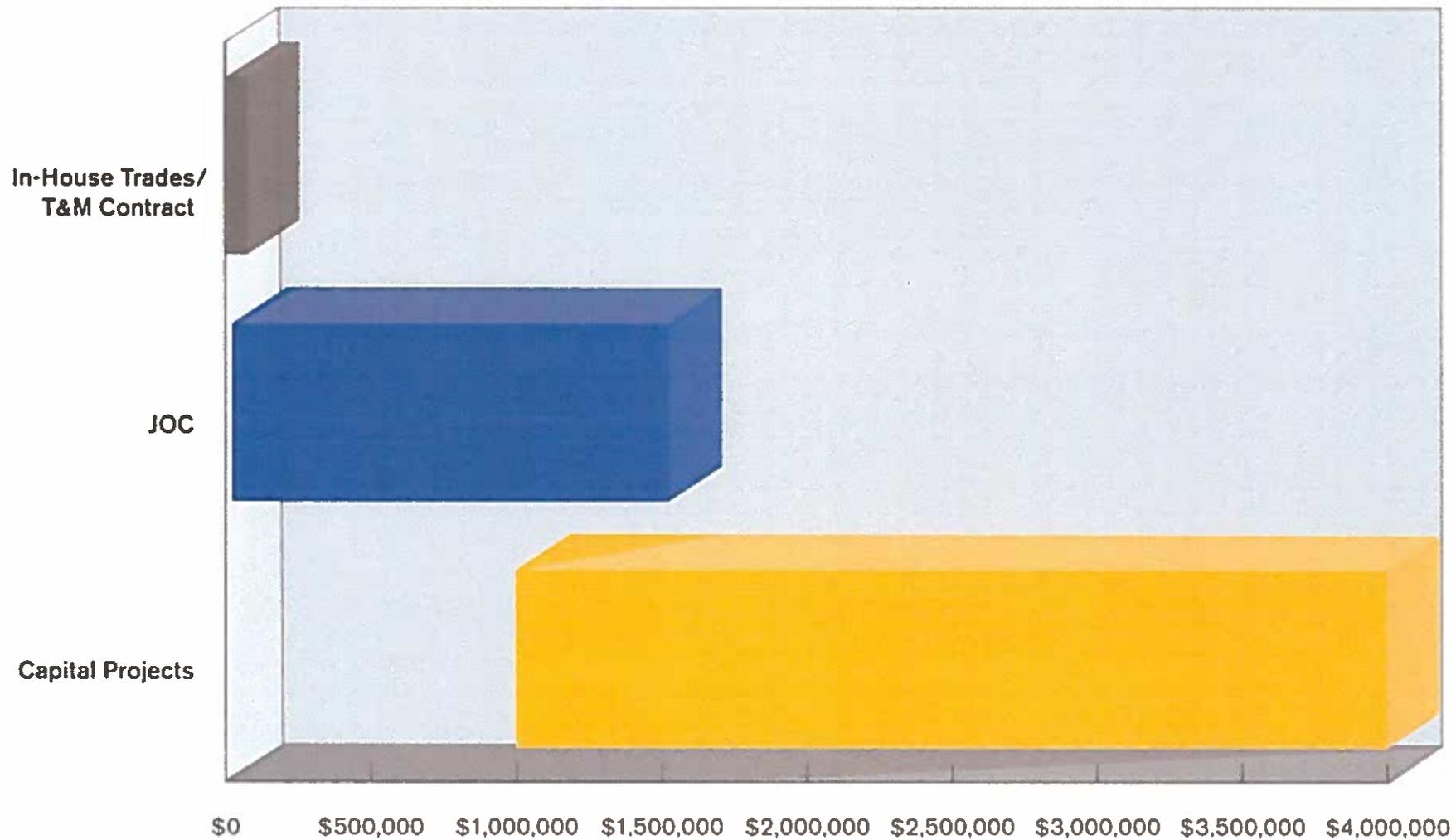
# Job Order Contracting

## Key Features

- Multi-year contract for on-call construction services
- A type of IDIQ (indefinite delivery indefinite quantity) contract
- Competitively procured and bid based on fixed unit prices
- Performance-based
- Supports a long-term owner-contractor relationship



# Job Order Contracting Market



# Job Order Contracting History

## US Army, 1980's

- Smaller projects were taking up to 1 year to procure
- 8-22% of project costs were consumed in design and procurement
- Change orders could increase project costs by 50%
- Excessive claims and litigation
- Low bid procurement produced low quality results
- Large backlog of projects



# Job Order Contracting History

## The Solution

- A long-term (3-5 years) contract for on-call construction
- Competitive pricing established at outset of the contract through the use of a *coefficient* applied to a *unit price book* (UPB) or catalog
- Qualifications-based selection to ensure contractor performance
- Individually-priced job orders



# Job Order Contracting History

- Pilot at Supreme Headquarters Allied Powers Europe, then at West Point
- A huge success, subsequently expanded to other military and federal branches
  - Air Force (SABER)
  - GSA (IDIQ)
  - NASA, HUD, etc.
- Gained momentum resulting from the Federal Acquisition Streamlining Act (FASA) of 1994



# Job Order Contracting History

## The Results

- Faster project delivery (3-9 months less)
- Streamlined engineering and design (\$ and time, collaborative approach)
- Assurance of cost reasonableness
- Better contractor performance, a partnering relationship
- More opportunities for small and disadvantaged business
- Effective use of year-end funds



Cassell, Jordan W., and Linda T. Gilday. *Improving the Army's Job Order Contracting Program*. Logistics Management Institute.

# Job Order Contracting Now Expanding

## Current Facilities Challenges

- Growing demands to renovate existing facilities and upgrade infrastructure
- **Over \$100 billion\*** a year in the U.S. is being applied to **renovation, remodeling and up-keep** projects in school, federal, state, and city facilities
- Back-log of projects
- Deferred Maintenance growing
- Not enough time, people or resources



# Job Order Contracting Owner Diversity

- State of Washington General Administration
- Dallas Independent School District
- Metropolitan Atlanta Transit Authority
- U.S. Department of Defense
- Maricopa County, AZ
- Washington DC Housing Authority
- University of California
- National Cancer Institute
- Missouri State University



# Job Order Contracting Success Story

## City of Miami Beach

- National Institute of Governmental Purchasing Best Practices Award



	Before JOC	JOC
Avg. Annual Projects Accomplished	15	65
Avg. Procurement Time (Days)	184	21
Change Orders	55	0
Protests/Litigation	9	0



# The Competitive Pricing Component of JOC

- Pricing structure relies on a Unit Price Book (over-the-counter or customized) Most books or databases allow customized items for your facility needs
- Competitive coefficient (multiplier, factor) establishes pricing at the outset of the contract
- Effectively bidding every imaginable component of construction

Example:

1 sf drywall	\$1.00
Coefficient .92	<u>-.08</u>
Contractual Price	\$ .92



# Job Order Pricing

## **Job orders are *firm, fixed price, lump sum...***

- UPB is an estimating tool, not a billing tool.
- Unit price proposals represent contractor's committed price—converts to lump sum
- Owner driven change orders will happen
- Contractor driven change orders are almost non-existent
- Always a consistent pricing structure with the unit prices/catalog
- Different from other on-call contracts. Not Time and Materials, not cost-plus-fee, not Construction Management
- Incentive to perform efficiently
- No program management fees and no surprises!

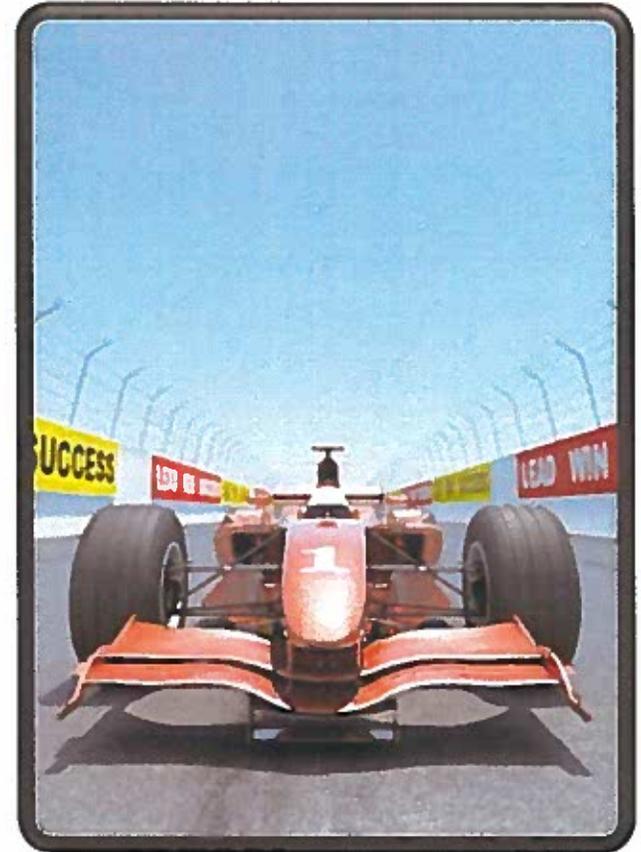


# Performance Focus

## JOC is all about Performance!

### Great JOC contractors strive for:

- Rapid Response
- Fast Delivery
- High Quality
- No Change Orders
- No Warranty Hassles
- Maximize budgets



# The Performance-Based Character of JOC

- Contract has no or minimal work guarantee and this creates an incentive for performance
- Contract has clear volume potential (\$2m minimum, up to \$10m annually)
- Base year with 3 or 4 option years
- Incentive to perform to get more work requires a service approach from contractor



**Happy Customer = More Work**

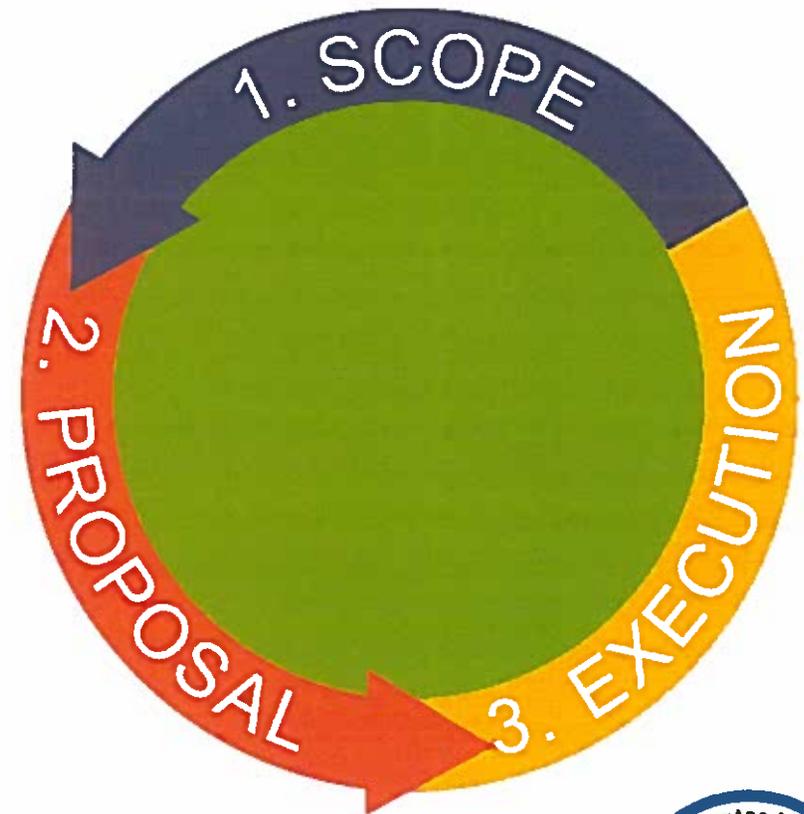
# The Importance of Relationships

- Long-term contract fosters a higher level of investment in making the working relationship a team
- Allows development of a trusted partner
- JOC Team operates as an extension of owner's staff



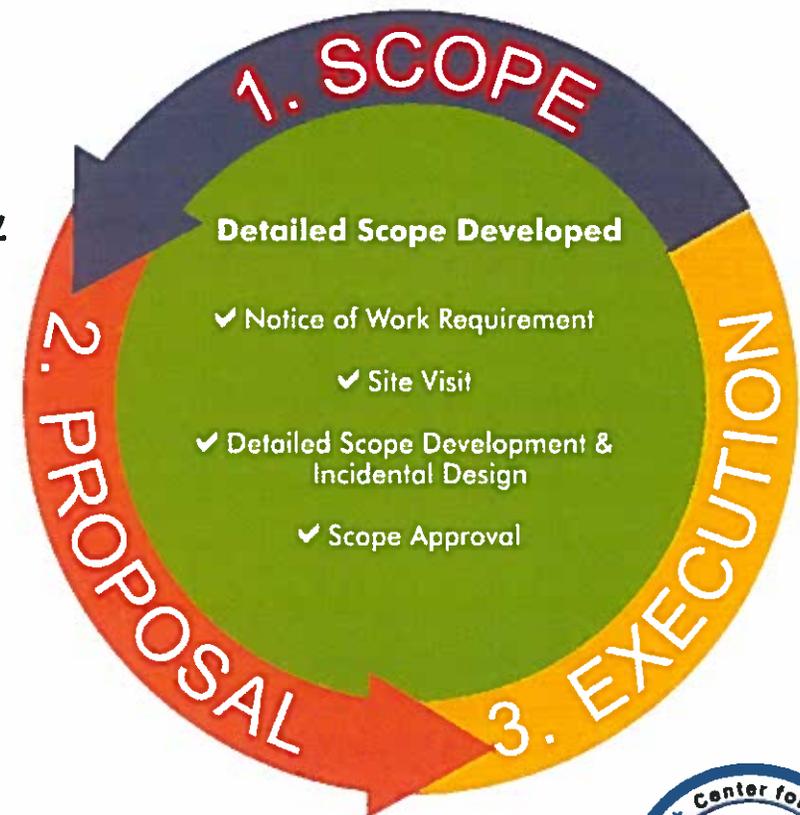
# Job Order Contracting Process

- Once a JOC Program is in place, client project demands/requests happen over the year(s). This starts the JOC Process:
  - Scope
  - Proposal
  - Execution



# Job Order Contracting Process: Scope

- **Detailed Scope Developed**
  - Notice of Work Requirement
  - Site Visit
  - Detailed Scope Development & Incidental Design
  - Scope Approval

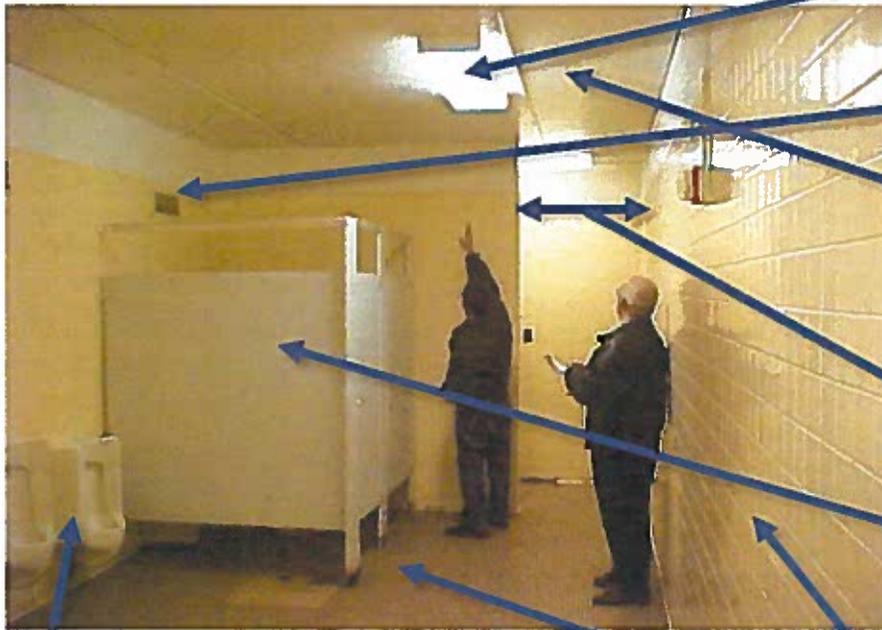


# Site Visit or Job Walk

- Typically within days
- Collaborative Process
- Identifying components of work and discussing the options
- Value Engineering suggestions



# Developing Scope

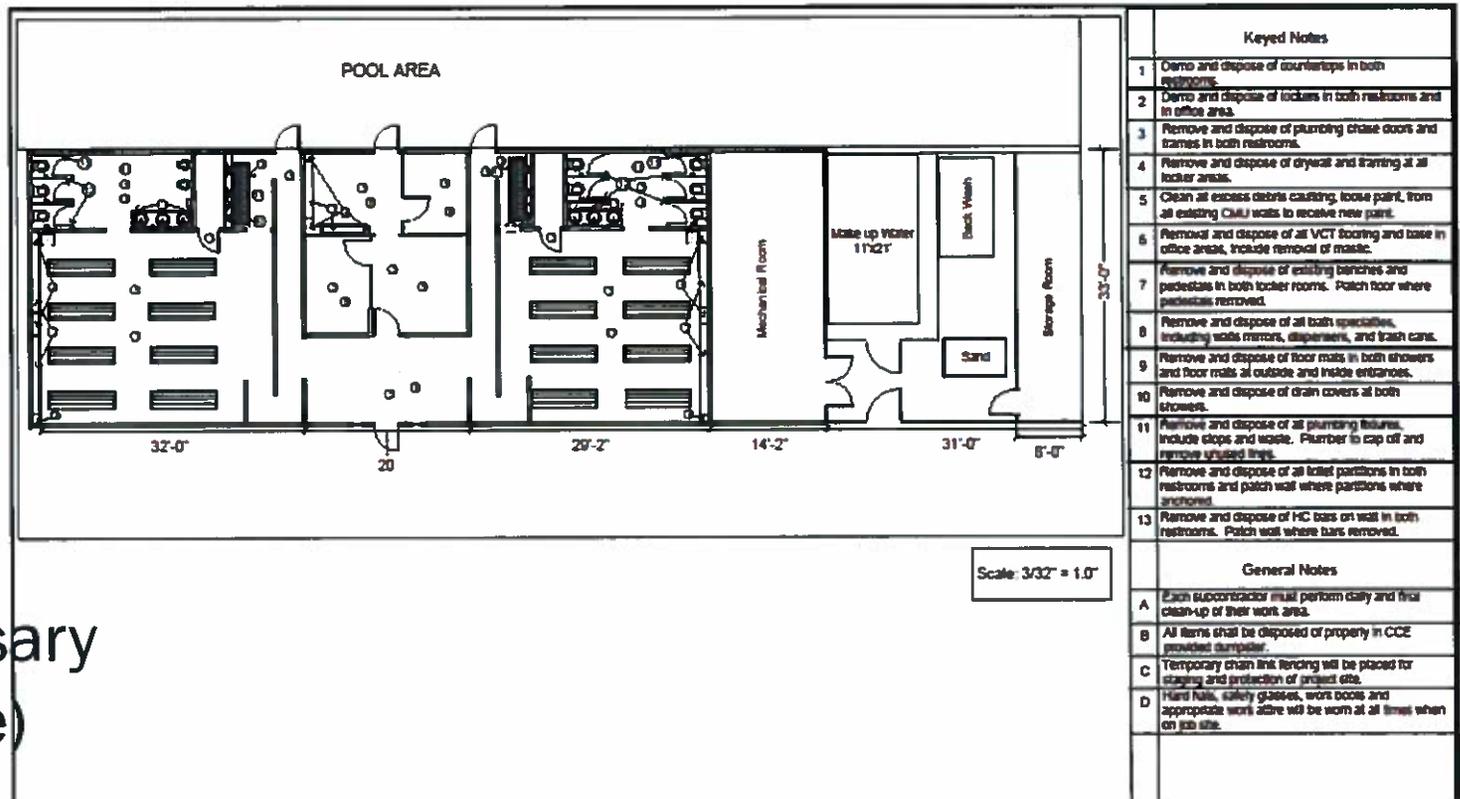


- Remove and reinstall existing 3 urinals and 2 commodes

- Demo / dispose of 3 existing lights. Reuse existing circuit for new lights
- Remove & replace 2 existing HVAC grilles
- Install gyp ceiling at 8' 8" with 4 new surface mounted explosion proof lights. Relocate existing smoke detector to new ceiling
- Demo CMU for 42" opening min. (exist opening +/- 36")
- Demo & dispose of existing metal partitions and replace with new 4" CMU covered completely with ceramic tile, with one block scupper at bottom of each
- Demo ceramic tile, floors and walls, (exist ceramic on walls is approx. 8'-0" high)

# Targeted or Incidental Design

- Performed in-house
- Included in coefficient
- Will engage design professional when necessary (line item fee)



# Scope and Work Plan Submitted

- Presented to owner for approval
- Revised as needed
- This step is crucial for aligning vision and expectations

## DELIVERY ORDER PROPOSAL AND WORK PLAN

Project: Socorro Pool Renovation

Date: 2-21-07

CCE #: 83-0050

Location: Socorro, NM

Estimated Construction Duration: 90 Calendar Days  
(Excluding Weather)

Owner Rep: Pat Salome

Description of Delivery Order: Renovation of Pool Heating , Interior Renovation, Pool Repairs

### I. Scope of Work:

#### Design & Administration:

Perform site investigations & programming meetings to develop project requirements.  
Administrate all bidding, preconstruction, construction, permitting, & project completion activities.  
Coordinate all construction scheduling to complete project within contract duration.

#### General conditions

1. Provide and install temporary Chain link fence for staging and protection of project site
2. Provide Temporary heat during construction renovation.
3. Provide a 30 CY dumpster for the duration of the project for construction debris.
4. Provide exterior cleaning of debris around building created by this work.
5. Progress cleaning of project
6. Final cleaning

#### Selective Demolition

1. All existing countertops related in bathrooms
2. All lockers in locker room and offices
3. Plumbing chase doors and frames
4. Removal of drywall, framing @ all locker areas.
5. Clean all excess debris caulking, loose paint, from existing CMU walls to receive new paint.
6. Removal of all existing VCT flooring and base in offices and locker room complete including mastic
7. Existing locker benches and pedestals (patch at pedestal removal locations TYP.)
8. Removal of all bathroom specialties including wall mirrors, dispensers, complete



# Job Order Contracting Proposal

- Project Proposal Presented
  - Job Order Request (RFP)
  - Proposal Package
  - Negotiations / Further Input
  - Revised Detailed Scope and Proposal (if necessary)
  - Preliminary Schedules Developed
  - Final Job Order Form Approved
  - Job Order Issued by Client



# Components of the Means Estimate

- Determine quantities of work
- Build the estimate from UPB/catalog
- Summarize the estimate and apply coefficient
- Apply city cost index if book is not customized

JOC Estimate Example  
Interior Wall Partition Detail

Group	Phase	RS Means Index No.	Description	Quantity	Takeoff Quantity	Total Unit w/OH&P & CCI	Total Adjusted Amount	City Cost Index %
07200.000	07210.950		<b>THERMAL PROTECTION</b> Wall cling insul, non-rigid					
08200.000			Vertical stud metal studs surfaced finished 3/8"			0.46 AF	439.00	111%
09100.000	09110.100		<b>METAL SUPPORT ASSEMBLIES</b> Metal studs, partitions					
2300			Metal studs cm 12" H 1 1/2 B galv 25 ga 3/8"			0.88 AF		
09200.000	09250.700		<b>PLASTER &amp; GYPSUM BOARD</b> Drywall					
2000			Drywall gyp (paper) nailed to stud 5/8" thick on all sides taped 1/2"	1 000.00 SF		0.91 AF		
2100			Drywall gyp (paper) nailed to stud 5/8" thick on walls res taped 1/2"	1 000.00 SF		0.92 AF	921.00	102.3%
09400.000	09400.100		<b>FLOORING</b> Resilient flooring					
1100			Resilient floor cover res or vinyl 200' thick 3/32 color 4' ft	200.00 SF		1.42 AF	284.00	100.0%
09900.000	09910.820		<b>PAINTS &amp; COATINGS</b> Walls and ceilings					
0340			Walls/ceiling concrete masonry or base prep primer CT 1/2 sand 1/4 water	2 000.00 SF		0.26 AF	520.00	105.9%
0340			Walls/ceiling conc. dry wt or prep of base pre 2 coats em 1/4 water	2 000.00 SF		0.43 AF	860.00	105.9%

Estimate Totals			
LABOR	3,242		68.23%
MATERIAL	1,542		32.56%
	4,784	4,784	101.13%
UPR Factor @ .93	(239)		(7.00%)
	(239)	4,445	(7.98%)
Sales/Grates Receipts Tax	234		5.27%
	234	4,680	4.95%
Performance & Payment Bond	77		1.65%
	77	4,757	8.98%
<b>Total</b>		<b>4,757</b>	<b>4,757 AF</b>

CSI #

RS Means Index #

Apply Coefficient

Total Cost

Quantity

Unit Cost w/OH & P

Apply City Index



# The Summary of the Estimate

- Very different approach
- Assurance of a fair price
  - Are the line items chosen appropriate?
  - Are the quantities correct?
- Owner receives a line item estimate to review

**PROPOSAL**  
Contract #: 683000

Date:	February 20, 2007	-0000
Title:	Socorro Pool Renovation	
Location:	Socorro, NM	
<u>Proposal Data Calculation:</u>		
1) Socorro Pool, Mechanical Room		\$ 218,036.96
2) Socorro Pool, Interior Renovation		\$ 181,805.69
3) Socorro Pool, Pool & Deck Renova		\$ 208,332.70
<hr/>		
Total Means Cost		\$ 608,175.35
Coefficient	0.917	\$ 50,478.55
City Index	0.883	\$ 65,250.53
Burdened Means Cost		\$ 492,446.27
<hr/>		
Burdened Means Cost		\$ 492,446.27
Non-Prorated:		\$ -
Design Services:		\$ -
Bond:		\$ 3,767.21
Sales Tax @ 6.8750%		\$ 33,855.68
Total Purchase Order Amount:		\$ 530,069.17
<hr/>		

Total Performance Time required: 90 Working Days after CES Purchase Order Received  
 Progress Payments shall apply to this proposal for work in place and stored materials.

**CENTENNIAL CONTRACTORS ENTERPRISES, Inc.**  
 "Delivering Solutions, Building Relationships"

*[Handwritten Signature]*

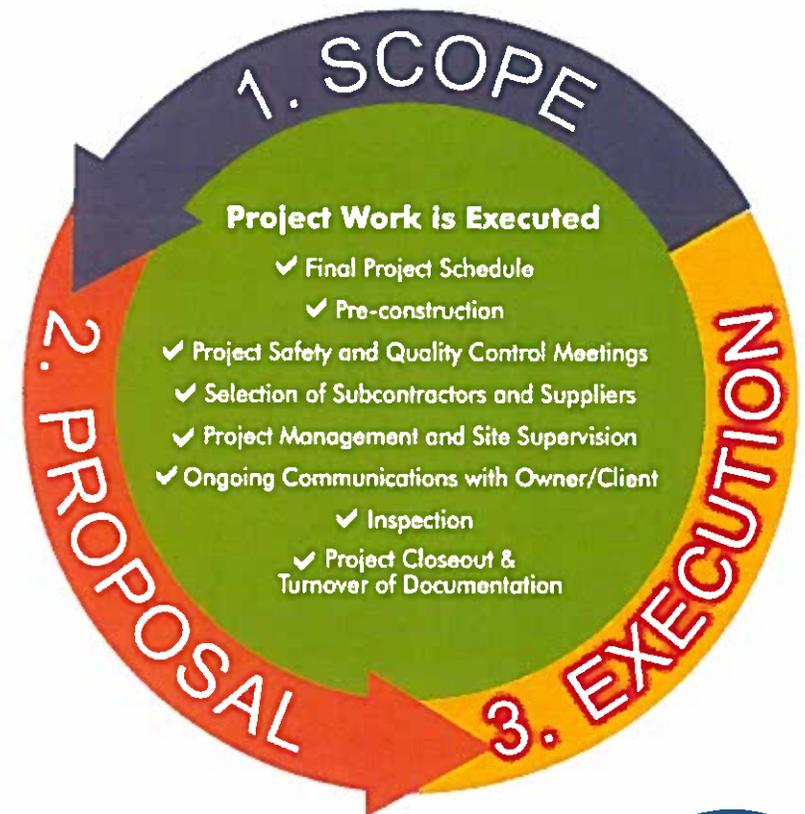
4113 Dallas Blvd  
 Suite 200 Project General Manager  
 Albuquerque, NM 87111

505/254-8677 Cell  
 505/254-8067 Fax



# Job Order Contracting Process Execution

- Project Work is Executed
  - Final Project Schedule
  - Pre-construction
  - Project Safety and Quality Control Meetings
  - Selection of Subcontractors and Suppliers
  - Project Management and Site Supervision
  - Ongoing Communications with Owner/Client
  - Inspection
  - Project Closeout and Turnover of Documentation

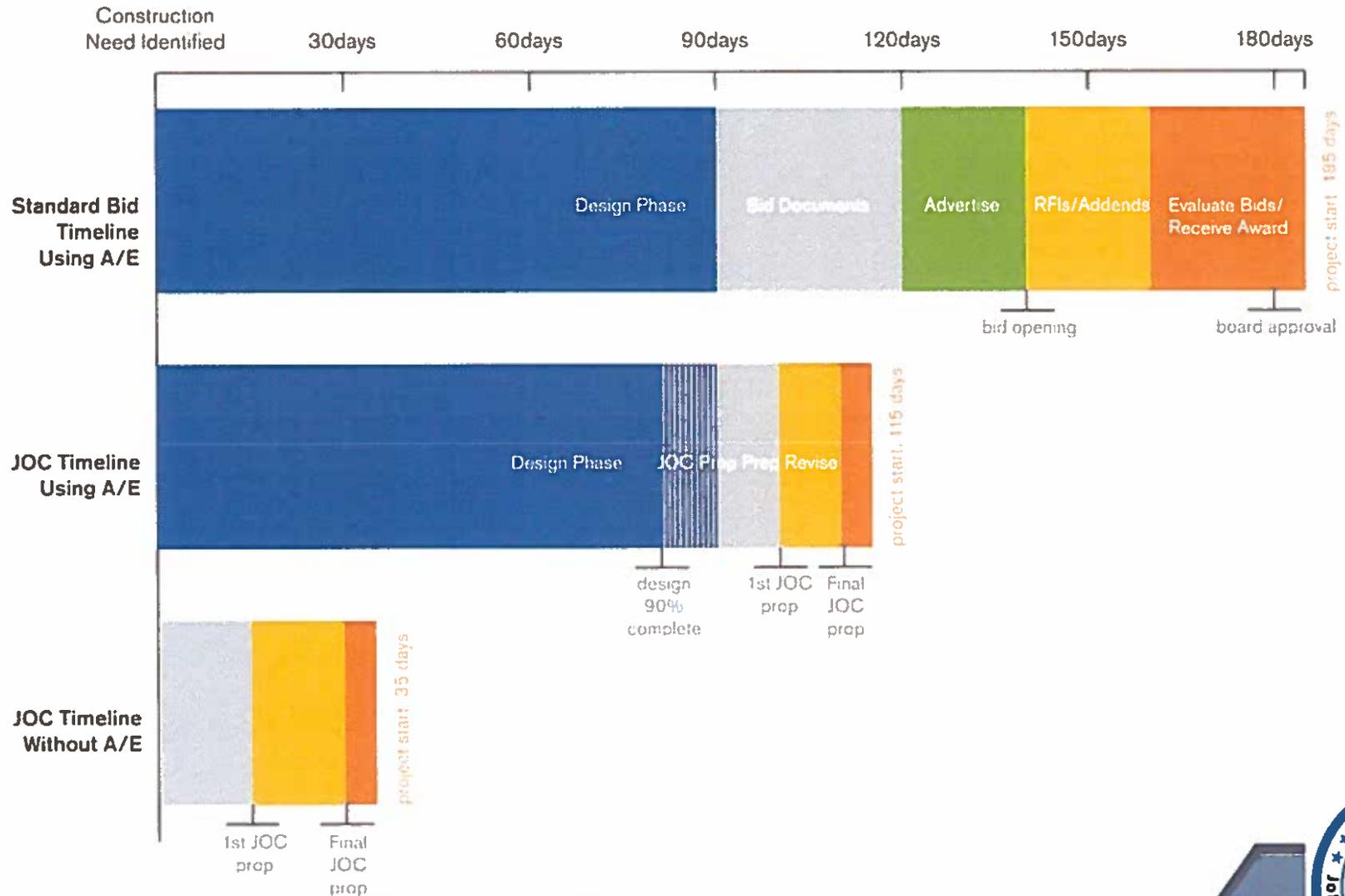


# Benefits to Owners

- Focus limited people resources on mission critical and priority needs
- Fully transparent construction method based on unit prices
- Getting more done – generating a positive impression & experience
- Improved quality of delivery and results
- Flexibility, matching scope to budget
- Saves time
- Pre-construction services and value engineering is included
- More cost-effective

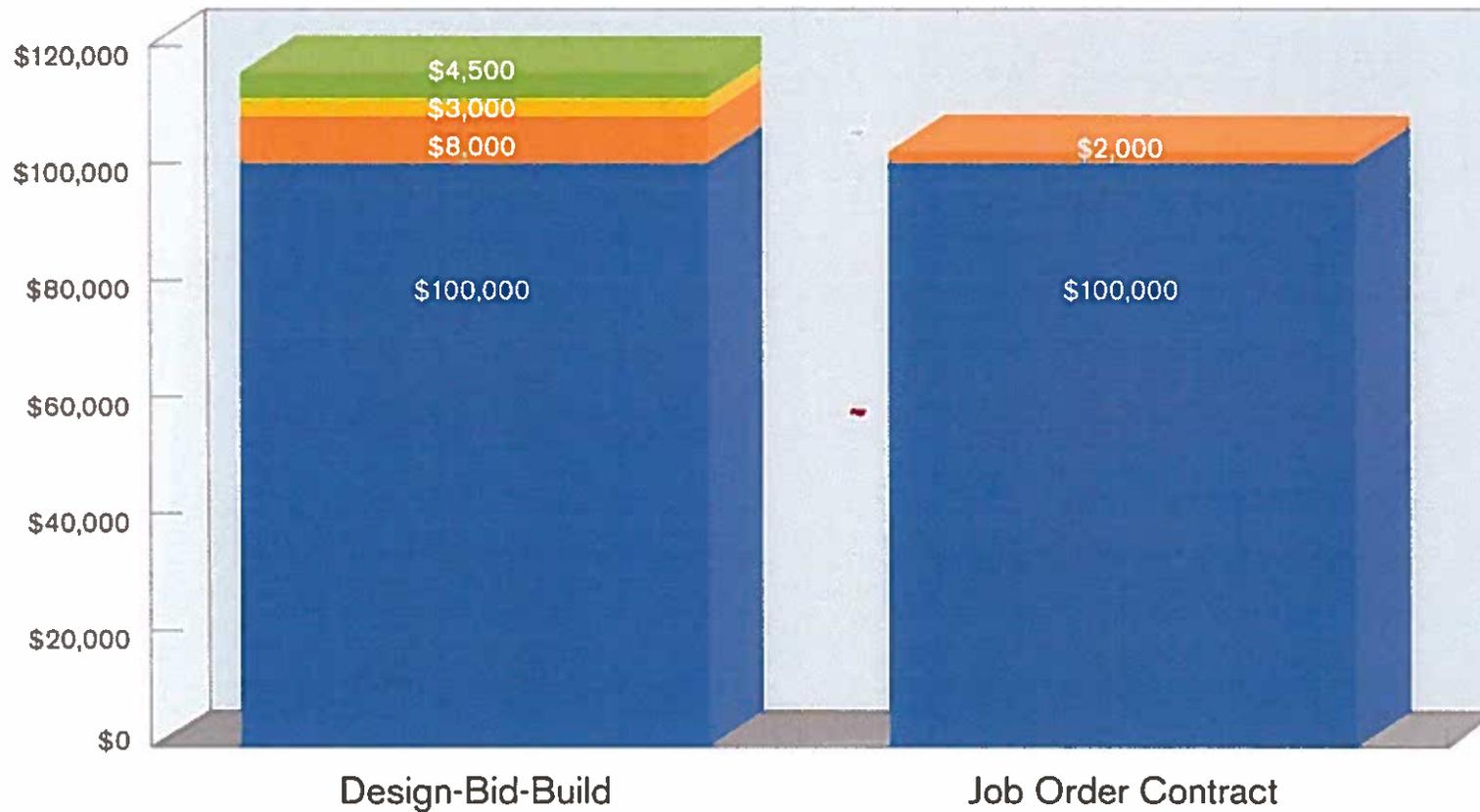


# Timeline Comparison



# Cost Comparison

■ Construction Contract   ■ Design Fees   ■ Change Orders/Claims   ■ Procurement Costs



source: study by Logistics Management Institute



# What Job Order Contracting is Not

- Cheap construction
- A one-time fix for a problem project
- A no-bid contract
- The right contracting vehicle for every owner
- The right contract for every contractor

**It is another tool in your toolbox!**



# How do I get JOC?

1. Solicit your own contract
  - Need at least \$2-3 million annual volume per contractor
2. Piggyback or ride on another contract 
3. Utilize cooperative purchasing contracts with awarded job order contracts

# Additional Resources on JOC

## Center for Job Order Contracting Excellence (CJE)

*The Designated Non-Profit Resource Center for JOC*

[www.jocexcellence.org](http://www.jocexcellence.org)

*Training, conferences, sample contracts, legislative efforts*

