

JOC insights

Publication From The **Owners' Advisory Council**

IDIQ Programs for Construction

IDIQ contracts provide an indefinite quantity of services for a fixed time.



The Federal government defines Indefinite Delivery and Indefinite Quantity (IDIQ) project delivery method as allowing an owner to procure an indefinite quantity of services for a fixed time. This method is used when a contracting agency anticipates a recurring need but has not determined, above a specified minimum and contract maximum, the precise quantities of services that it will require during the contract period. Contractors bid unit prices for estimated quantities of standard work items, and work orders are used to define the location, scope, and quantities for specific work.

Job order contracting (JOC) is a form of IDIQ contracting that uses a unit price book in the solicitation and the contractor's coefficient or adjustment factor establishes the contract prices.

Government construction projects are diverse and range from new construction, replacements, remodels, disaster recovery projects, and all projects in between. There is no one-size-fits-all solution for getting good work done. To meet the demands and challenges, agencies use an array of project delivery methods. One of the many construction delivery methods available is IDIQ contracts and are used in many variations and for many different applications. *(see chart on page 2)*

IDIQ programs allow governments to order an undefined number of construction tasks or services from awarded contractors using one competitively-bid contract. It is an efficient means of streamlining backlog into a programmatic solution.

An IDIQ program begins with an umbrella contract that enables the government to issue purchase orders under that contract. The contract defines the parameters of the work that can be completed. The contract is typically a multi-year contract with a 3 to 5-year term. One of the strengths of completing construction work with IDIQ contracts is cost control since prices are usually preset. This allows work to begin faster and complete quicker. The attributes are listed below.

The DoD Information Analysis Center (IAC) at Fort Belvoir, Virginia, posted research in 2019 on the effectiveness of IDIQ contracts and documented the following benefits:

- *Fast, flexible, and low cost*
- *Incremental funding can be utilized over the multi-year contract*
- *Period of contract performance is 5-year allowing decreased acquisition expenditures*
- *Pre-qualified and pre-vetted industry-leading companies resulting from Best Value qualifications*
- *Flexible terms to allow adding new teaming partners and small business subcontractors at the TO level*
- *Provides a framework and guidelines for program structure*
- *Allows for flexible variants of IDIQs as solutions through proper application*

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IDIQ Programs for Construction (con't)

There are several types of IDIQ construction contracts and each serve to provide specific solutions for different purposes. Following is an analysis chart of the most commonly utilized IDIQ contracting methods with the related highest and best use to assist in choosing the best application.

IDIQ Project Delivery Program	Definition/Scope	Highest and Best Use
Basic Purchasing Agreements (BPA)	The Government Accountability Office and US Courts state that BPAs are not contracts. ¹ Each Order gets negotiated to become a contract; it contains contract clauses applying to future contracts between the parties during its term	Ideal for maintenance and small projects to expedite contracts for services and supplies via a price list and rates; quick mobilization of supplemental resources; typically used for specialty contracts
Job Order Contracts (JOC)	Each master contract is tied to a unit price book or data set of pre-priced construction tasks. The contract is competed via coefficients or adjustment factors. Each job order becomes a lump sum contract.	Ideal for a variety of small to medium construction projects including repairs, renovations and maintenance work, small new builds, recurring needs, and emergency construction. Contractor engaged early to joint scope & value engineer
Multiple Award Construction Contracts (MACC)	Best value pre-qualified pool of contractors awarded from a single RFP; project awards based on lowest responsible bid within the pool of contractors.	Used for larger construction projects that require some design and higher bonding capacity; limits small business participation as a prime. Plans and specs needed before bidding projects.
Multiple Award Task Order Contracts (MATOC)	Typically used for larger programs; the contract creates a pool of contractors to bid on projects and leans towards negotiating with the apparent low-bidder	Most common in O&M contracts; need a large volume of work for this structure to be worthwhile due to multiple awards and repetitive bidding; plans & specs needed
Trade Contracts or Unit Price Contracts	Single trade contracts with pre-established labor rates and materials mark-up; negotiation occurs with credits and debits; no lump sum work orders	Created for small projects with undefined scope to supplement in-house crews and help with backlog. Most cost-effective solution for single-trade construction on-call types of work

1. JSR, Inc, B-419110, Nov. 2, 2020 (GAO) and McLeod Group, LLC v. United States, Fed. Cir. (No. 1:18-cv-00628-LKG, Dec. 17, 2020.) (CAFC).