

JOB ORDER CONTRACTING (JOC)

**A LEAN Best Management Practice for
Efficient Construction Project Delivery**



All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with or endorsement by them.



Content

- What is JOC?
- JOC terms
- JOC experience
- Types of JOC projects
- Benefits of JOC
- Steps in a typical JOC project and how projects are priced
- Keys to success

JOC is a collaborative, LEAN, *construction project delivery method* (also termed an Alternative Project Delivery Method or Integrated Project Delivery Method) using an Indefinite Delivery, Indefinite Quantity (IDIQ) contract for a specified period of time.

- JOC provides an "on-call" contractor with a transparent competitive rate structure.
- JOC targets renovation, repair, sustainability, maintenance, and "minor" new construction projects.
- Contracts typically have a specified term - generally two or three year base contract with annual renewal option not to exceed up to five years total.
- JOC prices are based on a coefficient tied to a Unit Price Book (UPB) or an owner's specified unit price list. Most UPBs are based upon a standardized cost book such as RS Means, Saylor, Sierra West's Cost Data, Gordian Group's CTC, Craftsman, and many other options depending on owner's preference.



What is JOC?

Job Order Contracting is a project delivery method in which...

- The contract to be performed is specified with a maximum annual contract value for unspecified quantity of delivery orders issued during the contract.
- Preconstruction services, scheduling, budgeting, subcontractor management, design assist services, value engineering, and other related project management services are included in the JOC process for each project. JOC value to the client is maximized with general contractors managing multiple trades. It is not the best delivery method for single trade projects. Single trade projects can be rapidly performed via service contracts or on-call trade contracts.
- The JOC contractor bids a coefficient or coefficients that include direct and indirect costs.



More about JOC

Public Entities that Use JOC

- Federal Government (DoD and non-DoD)
- Higher Education Facilities & Secondary Education Facilities
- State, County, and Local Governments
- Housing Authorities, Public Works Departments
- Transportation (Airports, Mass Transit, Roadways)
- Other Public entities with the need for transparent pricing and compliance with procurement laws



Where is JOC used?

JOC Terms

- JOC - Acronym for Job Order Contracting (also called TOC -task order contracting and DOC-delivery order contracting)
- IDIQ - Indefinite Delivery/Indefinite Quantity
- UPB - Unit Price Book; database or list of unit or line item costs (examples include an owner's unit price list or a purchased UPB such as RS Means, Gordian, Saylor, Sierra West Cost Data, Craftsman, Construction Cost Data, and many more)
- Open Book Pricing – Pricing associated with “hard bid” and typically involving obtaining subcontractor quotations. [Note: Use of Open Book Pricing in NOT JOC, except where non-prepriced items are required for a JOC task order.]
- Coefficient - Multiplier applied to UPB (line items x coefficient)
- Task Order, Delivery Order or Job Order - Individual construction projects performed under the umbrella procurement
- Non-prepriced item - A construction task item not in the UPB.



JOC Contracts:

- Solicited through a variety of procurement processes based on local requirements
- Qualifications-based selection results in contracts with experienced JOC contractors - yielding rapid deployment
- Best value procurement process is documented to result in the most efficient contracts
- Provides an umbrella contract for a broad range of construction services for minor construction
- Contains provisions for adding non-prepriced items (NPP) to cover unforeseen requirements
- Contractors should have proven ability to perform construction services on-demand (Best Practice)
- Provide quality construction services at fair value



JOC Contracts:

- Contract should require that all contractors are licensed, bonded & insured
- Performance and payment bonds are provided for job orders
- Liquidated damages may be available
- Progress payments typically occur on projects with more than six weeks duration
- Payment Retention may be available
- Requires owner/client involvement to gain the program's value of collaboration
- Incentive based contracts: Good performance by the contractor yields more work and poor performing contractors typically do not gain volume since the owner is not obligated to issue orders to poor performers.



JOC is intended for minor construction, renovations, repairs and additions, including but not limited to the following:

- Projects that are operating under pressure due to time constraints
- “Minor” construction projects (generally under \$1 Million)
- HVAC and Electrical System upgrades
- Routine repairs
- Renovations of all types
- Upgrades to ADA standards
- Emergency repairs
- Site work and utilities
- Parks and playgrounds
- Upgrade landscaping
- Classroom additions
- Recurring projects such as bathroom renovations, lobby upgrades, federal and/or state compliance projects, sidewalk and parking lots



Top Five Reasons JOC is the of Choice for Many...

- Reason #1: Immediate access to pre-negotiated contract with predetermined and defined level of service and expectations
- Reason #2: Reduces Lead Time/Defined Schedule
- Reason #3: Quality/Efficiencies Increase
- Reason #4: Fulfills the need for extension of staff
- Reason #5: Cost/Budget advantages since the JOC performs as a program manger for an umbrella contract- reduces the need for additional layers of oversight from consultants

JOC is often the most cost effective and efficient method when analyzed as a program rather than project by project.



Benefit: Immediate Access

- Pre-negotiated JOC contracts with qualified vendors, can be used immediately without repeating the competitive bid process since the costs are listed in the UPB (unit price book)
- You may retain the same awarded contractor(s) for the awarded period (JOC contracts are typically 3-5 years in duration)
- BUT, the contractor and the owner are responsible for contract compliance and must ensure scope and type of work is within the scope of services just like other procurement actions



Benefit: Schedule

- Allows for faster response to customer needs
- Reduces disruptions to on-going operations through flexible scheduling
- Eliminates the need for multiple project solicitations
- Provides quick response to changing market conditions



Benefit: Quality

- Proven general contractors ensure top quality performance - JOC is not a delivery method for everyone. It takes specialized training to be an expert
- Team environment encourages quality collaboration
- High quality work ensures repeat business and develops relationships. Since the contract does not guarantee work, the owner is not obligated to use a poor performing contractor



Benefit: Performs as an Extension of Staff

- Predictability of project results
- Costs, schedule, safety, and quality
- Dependability
- Collaborative approach
- Reduced risk
- Increases MBE/WBE and small business participation

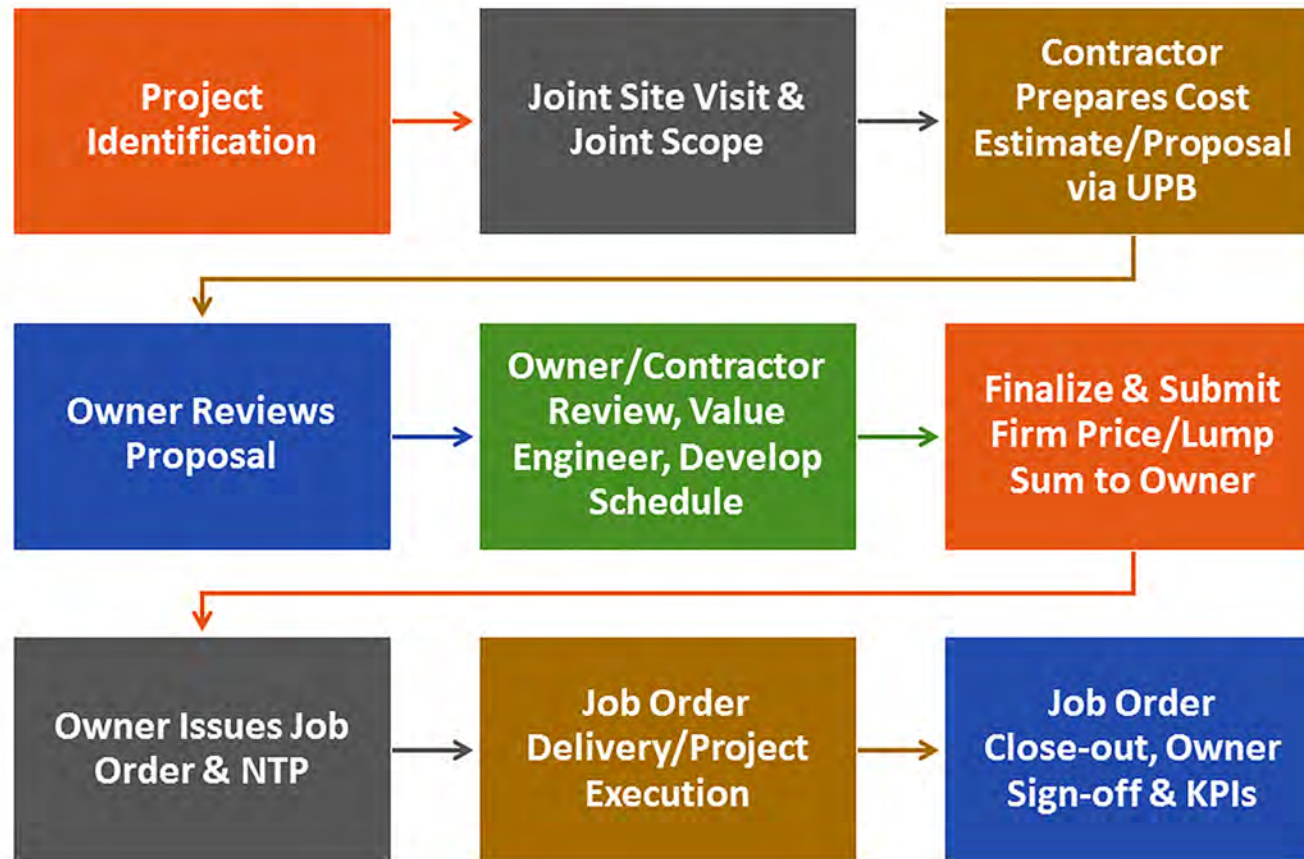


Benefit: Cost Effective/Best Value

- Dramatically decreases up-front procurement & administrative costs
- Maximizes the dollars for in-place construction
- Provides an extension of the owner's staff without additional expense of layers of program oversight when properly implemented
- Reduces backlog of maintenance, repair and renovations
- Provides a complete proposal before the P.O. is written
- Allows scope and budget alterations with defined costs
- Reduces or eliminates claims, litigation and change orders



The Job Order Process



Steps in a typical JOC project

Initial Request (Getting the Owner's Thoughts on Paper)

- Are all the interested parties represented?
- Who are the decision makers?
- Is the project funded?
- Is the project under \$ limit?
- Do you have any pre-determined expectations?
- Are there special wage considerations (i.e., federal funded projects)?
- Are you relying on existing plans, estimates or budgets?
- Are there any time or critical constraints?
- Are permits required?
- Are there MBE/WBE goals?



Scoping Session

- Visit the jobsite and document conditions
- Establish project goals
- Determine if design services are required
- Define building systems and quality of materials
- Identify client's responsibilities
- Determine project schedule and major milestones
- Identify safety, security and hazardous material issues



Process: Scope Confirmation

- Confirm scope of work and quantities
- Review any qualifications and assumptions
- Revise the scope as necessary
- Perform value engineering
- Review the schedule
- Confirm start and completion dates
- Understand and mitigate impacts on existing operations and facilities
- Review safety concerns and requirements



Estimate/ Project Proposal Preparation

- Select UPB – unit price book or list
- Contractor and Owner determine quantities of work based on scope.
- Contractor creates an estimate, based on scope and Owner prepares internal estimate (Internal Government Estimate (IDE) if applicable
- For UPB pricing, the line item estimate is totaled and a coefficient is applied.
- A city cost index is applied, if applicable.
- Applicable bond, permit & taxes.

Estimator: Ryan Brown						Final Estimate		
						Renovate Classroom 1		
Item	Description	UM	Quantity	Unit Cost	Total	Book		
02 - Existing Conditions								
1	02-41-19-19-0700	Selective demolition, rubbish handling, the following are to be added to the demolition prices. Dumpster, weekly rental, includes one dump per week, 10 C.Y. capacity, 3 tons	Week	1.0000	\$480.00	\$480.00	RSM15FAC M, L, B	P
2	02-41-19-19-2000	Selective demolition, rubbish handling, the following are to be added to the demolition prices. Load, haul, dump and return, 0' to 50' haul, hand carried	C.Y.	10.0000	\$25.00	\$250.00	RSM15FAC L, B	P
02 - Existing Conditions Total						\$730.00		
09 - Finishes								
3	09-05-05-20-0400	Selective demolition, flooring, carpet, bonded, including surface scraping 30*35 = 1,050.00	S.F.	1,050.0000	\$0.30	\$315.00	RSM15FAC L, B	P
4	09-05-05-20-0850	Selective demolition, flooring, vinyl or rubber cove base 30*30+35*35 = 130.00	L.F.	130.0000	\$0.30	\$39.00	RSM15FAC L, B	P
5	09-05-05-20-0860	Selective demolition, flooring, vinyl or rubber cove base, molded corner	Ea	4.0000	\$0.30	\$1.20	RSM15FAC L, B	P
6	09-65-13-13-0700	Resilient base, 1/8" vinyl base, standard colors, straight or cove, 4" high 30*30+35*35 = 130.00	L.F.	130.0000	\$2.41	\$313.30	RSM15FAC M, L, B	P
7	09-65-13-13-0730	Resilient base, 1/8" vinyl base, standard colors, corners, 4" high	Ea	4.0000	\$3.23	\$12.92	RSM15FAC M, L, B	P
8	09-68-16-10-0720	Sheet carpet, commercial grades, direct cement, nylon, level loop, 28 ounce, light to medium traffic 30*35 = 1,050.00 [1050 S.F. = 116.6667 S.Y. Conversion]	S.Y.	116.6667	\$36.57	\$4,266.50	RSM15FAC M, L, B	P
9	09-68-16-10-0720-5000	Sheet carpet, for less than full roll, approximately 1,500 S.F., add (Modified using S.Y. 09-68-16-10-5000) 30*35 = 1,050.00 [1050 S.F. = 116.6667 S.Y. Conversion]	S.Y.	116.6667	\$8.00	\$933.33	RSM15FAC M, L, B	P
10	09-68-16-10-0720-9850	Sheet carpet, for brand-named specific fiber, add (Modified using 09-68-16-10-9850) 30*35 = 1,050.00 [1050 S.F. = 116.6667 S.Y. Conversion]	S.Y.	116.6667	\$8.00	\$933.33	RSM15FAC M, L, B	P
09 - Finishes Total						\$6,814.58		
Alternates								
11	09-68-16-10-0720-5620	Sheet carpet, for borders and patterns, add to labor (Modified using 09-68-16-10-5620) 30*35 = 1,050.00	S.Y.	1,050.0000	\$0.82	\$861.00	CUSTOM L, B	P

Steps in a JOC process

UPB with Coefficient

Example:

Quantity x RS Means unit price	\$100.0
Multiply by City Cost Index	0
(.89)* Multiply by Coefficient	\$89.00
(1.05)	\$93.45
 Cost to Owner	 \$93.45

Note: City cost index varies by location of the work.
Not all contracts use a city cost index.

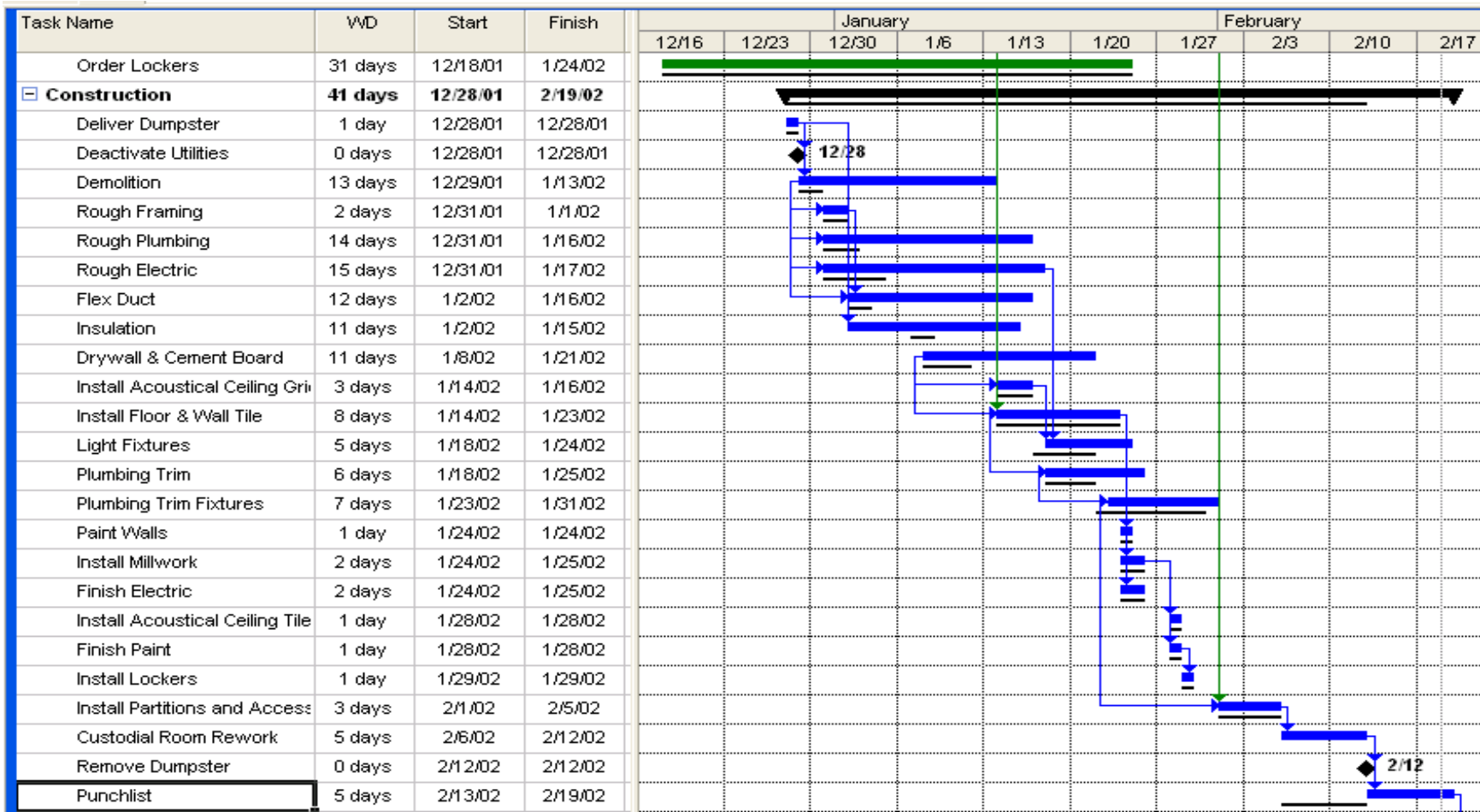


Construction

- Contractor reviews the work plan again
- Contractor ensures all subcontracting goals are addressed
- Contractor properly segregates the construction zone and develops a safety plan
- Contractor performs the work in a continuous and timely fashion
- Contractor maintains budget and performs quality control from project conception to close-out



Steps in a JOC process



Sample JOC Schedule

Updates

Contractor holds regular progress meetings on:

- Safety
- Schedule
- Construction issues
- Submittals
- RFI's



Final Inspections

Contractor will:

- Walk the project at completion
- Provide closeout documentation
- Train the facility managers
- Manage the warranty process



Close Out

- Feedback
- Have a post completion meeting with the users
- Deliver close out documents, as-builts, warranties, etc.
- Customer surveys to assist with Key Performance Indicators (KPI's)
- Follow up visits



Steps in a JOC process



Good JOC contracts & JOC contractors virtually eliminate vendor caused "Change Orders"

Benefits of JOC

Remember:

- Ensure the project is funded or that funding is readily available
- Owner's representative must understand JOC
- Utilize LEAN best management practices when possible
- JOC is not another price quote for the work - it's an umbrella or framework contract for ongoing work
- Owner still has a lot involvement in the job
- Contractor invests a lot of front end effort so it's not intended to be a free estimating service
- Owner can expect excellent execution of the work from performers
- Ensure that all owner & contractor stakeholders have had sufficient input into each job
- Ensure owner & contractor consensus on scope, schedule and cost
- Owner & contractor must each holdup its end of the bargain
- Successful JOC is a non-adversarial relationship
- JOC eliminates most if not all change orders



Keys to Success



Center for JOC Excellence

JOIN US!

CENTER FOR JOB ORDER CONTRACTING EXCELLENCE

and get access to training and development

visit our website at jocexcellence.org