

# Building Chicago! Construction Contracting Overview

**DPS Workshop Series | Hosted by: Jackie Umbles**

The Department of Procurement Services is committed to Communications and Outreach, which is key to keeping citizens informed of bid opportunities, new programs, and innovations.

Also, ensure that you download a copy of our most recent **Consolidated Buying Plan**. This is a 15-month forecast including hundreds of upcoming opportunities for 12 city agencies. To download, go to: **[www.chicago.gov/dps](http://www.chicago.gov/dps)**.

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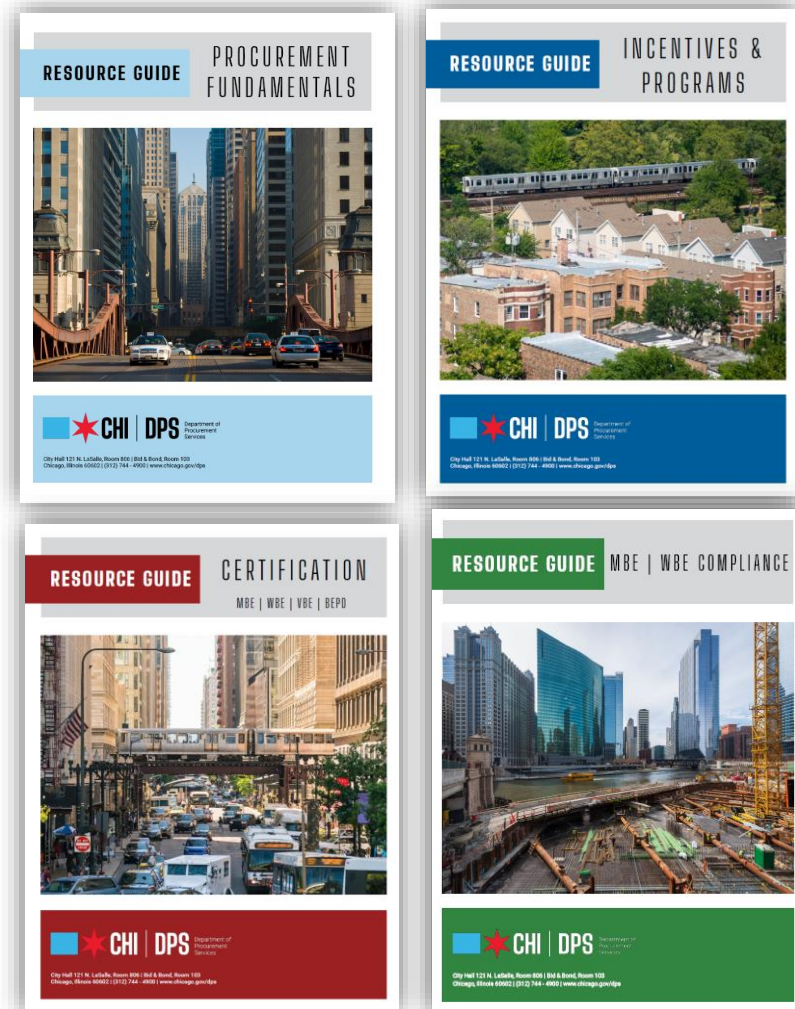
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- NOTE: Legal advertisements for the City of Chicago Department of Procurement Services (DPS) appear in the Chicago Tribune. Information about DPS contracting opportunities will be available at [www.chicago.gov/bids](http://www.chicago.gov/bids).

# Welcome



## RESOURCE GUIDES

- DPS has published a four-volume set of Resource Guides, expanding on the guiding principle of transparency.
- The Resource Guides were divided into key areas of the procurement process:
  - Contract Administration
  - Incentives and Programs
  - Certification
  - Compliance
- Download now at [www.chicago.gov/dpsguides](http://www.chicago.gov/dpsguides)



# Today's Workshop

- Everyone is muted upon entry for the presentation portion of the workshop
- We ask that you hold your questions to the end of the presentation. You can use the chat feature to type out your question and the speaker will answer the questions at the end of the presentation.
- To Send a Question: **Use only the Q & A panel to ask your question. Do not use the chat panel**
  - Use the **Q & A panel** on the right side of your screen.
  - In the Send to or To drop-down list, select the recipient of the message.
  - Enter your message in the chat text box, then press Enter on your keyboard.

Note: If you join a meeting, session, or event in progress, you can see only the Q & A that participants send after you join.

# DEPARTMENT OVERVIEW

DPS is the contracting authority for the procurement of goods and services for the City of Chicago. We work together as a team and with our customers to guarantee an open, fair, and timely process by establishing, communicating and enforcing superior business practices.



# Building Chicago! Construction Contracting Overview

Today's Workshop | Presented by: Bryon Whittaker & Michael Judd

# Programs & Bid Incentives

## Programs for:

- Small Business Initiative (SBI) Construction
- Mid-sized Business Initiative (MBI) for Construction
- Equal Employment Opportunity (EEO)
- Apprentice Utilization Bid Preference

**Program Goal:** Designed to encourage small businesses to participate in City-funded construction projects under \$3 million in total cost.

**Key Points:**

- Small local (six-county) businesses are exclusive bidders.
- Two Tiers – Small Business Initiative (SBI) I and II
- SBI I – Project Cost less than \$3 million (SBA size standards)
- SBI II – Project Cost less than \$2 million (1/2 SBA size standards)

Municipal Code: 2-92-710

# Small Business Initiative for Construction



# Mid-Sized Business Initiative for Construction

**Program Goal:** Designed to increase small and mid-sized business participation in City-funded construction projects between \$3 million and \$10 million in total cost.

**Key Points:**

- Small and mid-sized local (six-county) businesses are exclusive bidders.
- Estimated project cost is \$3,000,000-\$10,000,000
- Eligible bidder size limitation is 1 ½ time the SBA size standard

Municipal Code: 2-92-800 et seq.

**Program Goal:** This Bid Incentive is available on contracts for construction projects valued at \$100,000 or more and is designed to increase the utilization of minority and women journey workers, apprentices, and laborers.

**Key Points:**

Any Bidder proposing to utilize minority and/or women journey workers, apprentices, and laborers on a contract for a construction project may apply for this Incentive.

The Bidder must show its commitment to utilize minority and female workers in any of the three categories by completing the canvassing formula in its Bid.

Municipal Code: 2-92-390

# Equal Employment Opportunity (EEO) Bid Incentive

# Apprentice Utilization Bid Incentive

**Program Goal:** Designed as an incentive for City prime contractors to utilize apprentices for construction projects.

**Key Points:**

- “Apprentice” means any person who is: (1) sponsored into an apprenticeship training program by a contractor that is authorized by a union to sponsor apprentices; and (2) enrolled in, or has graduated from, a construction technology training program administered by the City Colleges of Chicago or is a graduate of a high school operated by Chicago Public Schools
- Contracts for \$100,000 or more
- Incentive for future contracts

**Tiered Incentive:**

- 5-10% work performed by apprentice results in ½% bid incentive.
- 11-15% project-area subcontractor work results in 1% bid incentive.

Municipal Code: 2-92-335



# THE GORDIAN GROUP

# Introduction to Job Order Contracting (JOC)



# Agenda

1. Overview of Job Order Contracting (JOC)
2. Job Order Contracting (JOC) Process
3. Benefits to JOC
  - a. Prime Contractors
  - b. Subcontractors
4. Bidding as a Prime Contractor
  - a. Adjustment Factors
5. Review/Key Points
6. Open Discussion (Q&A)



# Overview of Job Order Contracting

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- In the mid 1980's, the Federal Government utilized JOC.
- The Gordian Group established JOC in 1990 for non-Federal agencies.
- Today, there are over 2,000 Job Order Contracts in use nationwide with over \$1.8 billion of construction ordered annually.
- Awards:
  - 2005, the National Institute of Governmental Purchasing (NIGP) awarded the "Best of the Best" award to City of Miami Beach.
  - 2015, Cook County received a National Association of Counties (NACo) award for their use of Job Order Contracting.

# What is JOC?

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**Job Order Contracts are:** Firm, fixed price, competitively bid, indefinite quantity, delivery method designed to produce a large number of multi-traded, repair and rehabilitation projects, as well as minor new construction projects quickly.

- Firm, Fixed Price:** Construction Task Catalog® of pre-priced work tasks.

- Competitively Bid:** all bidders submit a set of adjustment factors to the fixed prices in the Construction Task Catalog®.

- Indefinite Quantity:** no projects are identified at the time of bidding. Contract is for a fixed term and has potential maximum dollar value.

# Delivery Methods

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JOC is another delivery method for the City to procure construction services



In-House Trades



Traditional Bid



Term Agreements



**\*Job Order  
Contracting (JOC)**

JOC is not meant to replace any procurement method - it is another tool for the City to accomplish work.



# The JOC Process

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# Performance-Based

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**Job Order Contracts are a performance-based contracting system. Once a minimum value is reached, future work is dependent upon contractor performance**

- Responsiveness of the contractor
  - Performance is rated from the project development phase through construction—start-up to close-out
- Project development phase
  - Scope definition
  - Timely and accurate price proposals
- Construction phase
  - Timely start-up
  - Effective management of work crew, to include subcontractors
  - Ensuring project is constructed according to the specifications
- Success in developing a partnership relationship with owner
- Performance also depends on:
  - Accurate adjustment factor
  - Quality staff



# Performance-Based

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## JOC contracts include measurable performance standards

- **Quality Price Proposals:** accurate price proposals that can be approved on the first or second submission.
- **Timely Price Proposals:** timely price proposals that are submitted on or before the due date indicated on the Request for Proposal.
- **Timely Construction:** rapid mobilization to start work, adherence to the agreed upon construction schedule and timely completion of any punch list items.
- **Quality Construction:** good quality construction where projects are constructed according to the specifications and require minimal punch list items.
- **Achievement of M/WBE Goals:** meet or exceed the M/WBE goals set forth in the contract documents.
- **Achievement of Self Performance Goals:** meet or exceed the self performance goals set forth in the contract documents.

# Benefits to JOC

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## Prime Contractor's benefits with Job Order Contracting

- JOC can be profitable
  - Profit is a function of volume
  - Volume is driven by performance
  - JOC provides a steady flow of work
  - Do not have to chase the next project
- Long-term relationship with the City
  - Non-adversarial relationship
  - Develop partnership with the City
- Professionally rewarding
  - Different types of projects (varying scope)
  - Ability to provide input during scope development





# Benefits to JOC

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## Subcontractor's benefits with Job Order Contracting

- No projects are identified at the time of bidding, so Prime Contractor cannot staff up to self perform.
- Increased subcontracting opportunities because Prime Contractors must utilize the subcontracting community.
- Simplified procurement process for the City allowing them to procure more work in a shorter period of time.
- Multiple projects on multiple sites simultaneously.



# Benefits to JOC

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**Contact Prime Contractors and establish a relationship.**

Variety of methods for Subcontractors to provide a quote:

- Provide a lump sum quote
- Provide a lump sum quote with a material breakdown
- Provide a lump sum quote with a material breakdown and CSI numbers from CTC

Subcontractors are NOT bound to the prices in the CTC

As contracts are advertised, it may be worthwhile to obtain a copy of the CTC so you know what Prime Contractors are being paid for a specific work task.

JOC is a performance-based contracting system that requires high-quality construction.

# Bidding as a Prime Contractor

## Prime Contractors

### Part 1 Bidding the Umbrella Job Order Contracting Contract

Owner  
Advertisizes  
Job Order  
Contracting  
Contract



Contractors  
Submit  
Bids



Owner  
Awards  
Umbrella  
Job Order  
Contracting  
Contract

## Prime & Subcontractors

### Part 2 Procuring Individual Projects From Owner

Owner  
Project A

Subcontracting  
Opportunities

Owner  
Project B

Subcontracting  
Opportunities

Owner  
Project C

Subcontracting  
Opportunities

# Bidding as a Prime Contractor

- **Book 1:** Instructions to Bidders and Execution Documents
- **Book 2:** City's General Conditions and JOC Special Conditions
- **Book 3:** Construction Task Catalog®
- **Book 4:** Technical Specifications
- **Book 5:** Clients' Specifications

## Gordian Documents



# Construction Task Catalog (CTC)

## Book 3: Construction Task Catalog® (CTC) (Link in eProcurement)

- Catalog of pre-priced construction tasks
- Organized by CSI MasterFormat
- Prices include local labor, equipment and material (LEM) costs
- Customized for City's tasks and standards
- Prices in the CTC are fixed for the duration of the contract.

				Exterior Improvements	32	32
				Bases, Ballasts, And Paving	32 10	
				Unit Paving	32 14	
MINOR	CSI	UOM	DESCRIPTION	TOTAL DIRECT UNIT COST	DEMOLITION UNIT COST	
<div>CSI MasterFormat</div> <div>Full description of task</div> <div>Price includes labor, material + equipment for your location</div> <div>Demolition price</div>						
32 16			<b>Curbs, Gutters, Sidewalks, And Driveways</b> (32 10)			
32 16 13			<b>Curbs And Gutters</b> (32 16)			
Note: Includes transitions. Demolition Includes two saw cuts (each end) of curbs and gutters for lengths up to 100'. See CSI section 02 41 19 13-00-8 for additional saw cuts within the 100'.						
32 16 13 13			<b>Cast-In-Place Concrete Curbs And Gutters</b> (32 16 13)			
Note: Includes concrete, forms, rebar, chairs (where necessary), expansion joints.						
32 16 13 13-0001			<b>Concrete Curb, Cast In Place</b> (32 16 13 13)			
Note: Includes delivered concrete, forms, rebar, chairs (where necessary), expansion joints, finish and curing.						
32 16 13 13-0002	LF		6" X 12" Cast In Place Concrete Curb	7.18	3.23	
For Up To 20, Add				4.03		
For >20 To 50, Add				2.27		
For >50 To 100, Add				0.88		
For >500 To 1,000, Deduct				-0.88		
For >1,000, Deduct				-1.50		
32 16 13 13-0003	LF		6" X 12" Cast In Place Concrete Curb - Radius	8.18	3.72	
For Up To 20, Add				4.63		
For >20 To 50, Add				2.61		
For >50 To 100, Add				1.01		
For >500 To 1,000, Deduct				-1.01		
For >1,000, Deduct				-1.72		



# Bidding as a Prime Contractor

## Step 1: Determine direct costs

- Analyze the CTC and specifications
- Completeness and clarity
- Review the CTC price against the direct cost for accomplishing the work
- Prices in the CTC do not include subcontractor OH & P
- Do you have to increase prices to cover your direct costs?
- Depends on the amount of self-performance versus subcontracting

## Step 2: Determine overhead costs & profit expectations

- Bonding, insurance, etc.
- Main overhead is staffing
- How much will it cost to employ the required staff?

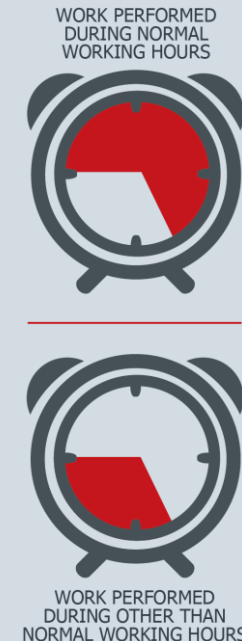
## Step 3: Bid normal hours and other than normal hours factors to the prices quoted in the CTC

- Applied to all work tasks in the CTC
- Must cover direct costs, overhead, and profit
- Cannot exclude any tasks

## Step 4: Specify EEO commitments and determine the award criteria figure

- The bid forms will walk bidders through the calculations

\* Low bidder is based on the lowest award criteria figure



# Bidding as a Prime Contractor

## Preferred method for analyzing the price in the CTC versus your costs

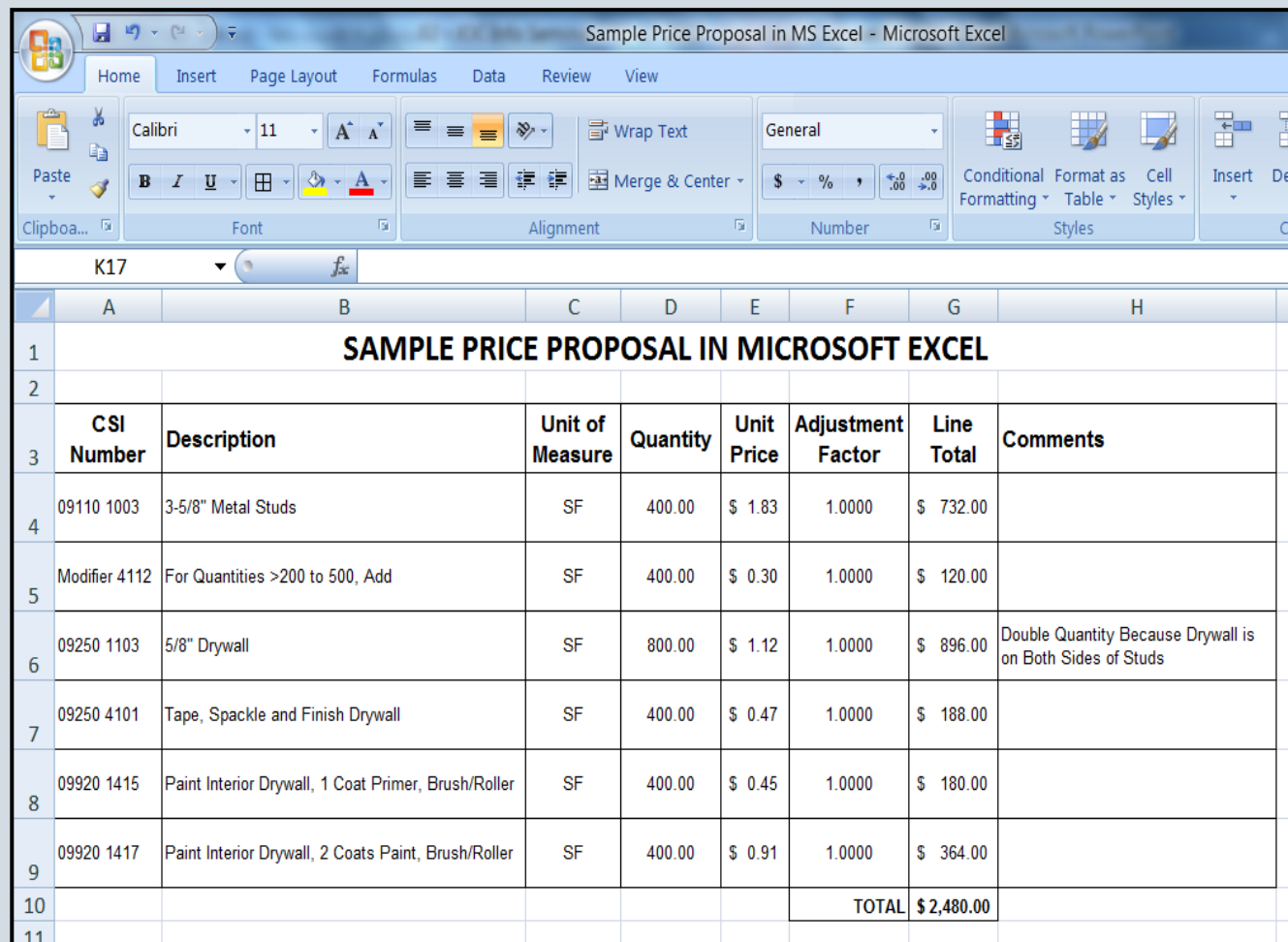
- Select a comparable project from your files (more than one)
  - Example: The project you selected paid you \$82,323.00
- Build a price proposal from the CTC at a factor of 1.0000 (i.e., no adjustment)
  - Price from the CTC = \$75,746.00
- Calculate the adjustment factor
  - If you were satisfied with the \$82,323.00 (i.e., covers your direct costs, OH & profit)
  - You would need an adjustment factor of:  $(\$82,323.00 / \$75,746.00) = 1.0868$

**Don't Stop There – Select More Than One Project!**

Dollar amounts and adjustment factor used above are for example purposes only.

# Bidding as a Prime Contractor

**\*Example of an Excel spreadsheet used to analyze pricing**



	A	B	C	D	E	F	G	H
1	<b>SAMPLE PRICE PROPOSAL IN MICROSOFT EXCEL</b>							
2								
3	<b>CSI Number</b>	<b>Description</b>	<b>Unit of Measure</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Adjustment Factor</b>	<b>Line Total</b>	<b>Comments</b>
4	09110 1003	3-5/8" Metal Studs	SF	400.00	\$ 1.83	1.0000	\$ 732.00	
5	Modifier 4112	For Quantities >200 to 500, Add	SF	400.00	\$ 0.30	1.0000	\$ 120.00	
6	09250 1103	5/8" Drywall	SF	800.00	\$ 1.12	1.0000	\$ 896.00	Double Quantity Because Drywall is on Both Sides of Studs
7	09250 4101	Tape, Spackle and Finish Drywall	SF	400.00	\$ 0.47	1.0000	\$ 188.00	
8	09920 1415	Paint Interior Drywall, 1 Coat Primer, Brush/Roller	SF	400.00	\$ 0.45	1.0000	\$ 180.00	
9	09920 1417	Paint Interior Drywall, 2 Coats Paint, Brush/Roller	SF	400.00	\$ 0.91	1.0000	\$ 364.00	
10						<b>TOTAL</b>	<b>\$ 2,480.00</b>	
11								

# Bidding as a Prime Contractor

## Tips for being a successful JOC Contractor

- Bid correctly
  - Anticipate the type of work the City expects to complete using JOC
  - Depends on the contract.
  - At the pre-bid meeting, there are slides detailing the type of work used under the previous JOC contract.
  - Analyze the prices in the CTC versus your costs
  - Run sample projects.
  - Determine factors required to adjust prices in CTC to cover your direct costs, overhead, and profit.
- Staff correctly

The bid factors and quality of staff affect whether or not a contractor can meet the performance standards

# Getting Involved!

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## **Getting involved in the JOC program**

- Analyze the JOC programs in the Chicago area and any other areas you are willing to work.
- Identify those programs whose Scope of Work relates to your work.
- For Prime Contractors, analyze the prices in the CTC and develop accurate adjustment factors at the time of bidding.
- For Subcontractors, establish a relationship with Prime Contractors.



# Review/Key Points

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- JOC is an established procurement system used by several types of public agencies nationwide.



- JOC has benefits for all parties: Owner, Prime Contractor, & Subcontractors.
- Performance based contracting system that determines the amount of work to be issued.
- For Subcontractors, be aware of the methods to submit a quote to the JOC Prime Contractor and be ready to perform at a high level.

# Review/Key Points

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## City of Chicago Departments with a JOC Program

- Department of Assets, Information, and Services (AIS)
  - Bureau of Architecture, Engineering & Construction (AEC)
  - Bureau of Environmental, Health & Safety Management (EHS)
- Department of Aviation (CDA)
- Department of Water Management (DWM)
- Department of Housing (DOH)
- Department of Transportation (CDOT)
- Office of Emergency Management and Communications (OEMC)

# Review/Key Points

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## Chicagoland Area JOC Programs

- Chicago Public Schools
  - Chicago Transit Authority
  - Public Building Commission
  - City Colleges of Chicago
  - University of Illinois at Chicago
  - Cook County
  - Lake County
  - Naperville
  - United States Postal Service
- Identification of other agency's JOC programs is for informational purposes only.
  - All discussions in this workshop pertain to the City of Chicago only.
  - Procedures at other agencies identified on this slide may be different.
  - To find advertisements for agencies listed on this slide, look on the agency's website.
  - The City's website does not advertise contracts for agencies listed on this slide.

# To Find More Information...

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## **To find out about current advertisements (applies to all City contracts)**

Sign up for DPS alerts

Check the DPS website

- Go to [www.cityofchicago.org/dps](http://www.cityofchicago.org/dps)
- Under Bid Proposal Information, click on the link for “Current Bids and Requests for Proposal”

Check the newspaper (Chicago Tribune)



# Key Contacts

## Job Order Contracting Process

Freeman Banks

*Senior Account Manager*

The Gordian Group

e: [f.banks@gordian.com](mailto:f.banks@gordian.com)

p: 312.856.6141

## City of Chicago Contracting Process

Byron Whittaker

*Deputy Procurement Officer*

The City of Chicago

e: [Byron.whittaker@cityofchicago.org](mailto:Byron.whittaker@cityofchicago.org)

p: 312.744.4926

## Job Order Contracting Process

Michael Judd

*Account Manager*

The Gordian Group

e: [m.judd@gordian.com](mailto:m.judd@gordian.com)

p: 312-389-7277



▼ Q & A 🔗 ✕

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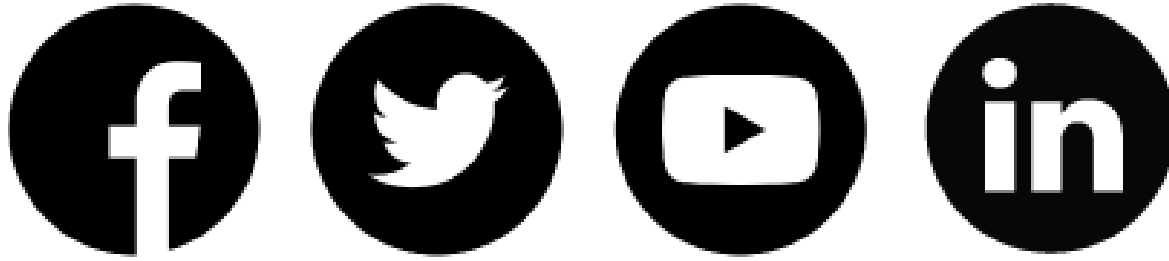
Select a question and then type your answer here.  
There's a 512-character limit.

Send Send Privately



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Do you have a question? Please use the WebEx Q&A feature as shown.



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