Introduction to Job Order Contracting (JOC)

JOC Informational seminar

City of Chicago Department of Procurement Services

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Agenda

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

Overview of Job Order Contracting

- JOC is part of the family of indefinite quantity contracts: JOC, WOC, DOC, SABER, IDIQ, and IQC.
- The Federal Government began using JOC in the mid-1980's as a delivery method for small to medium sized construction work.
- The Gordian Group was established in 1990 for the purpose of implementing JOC for non-Federal agencies such as the City of Chicago.
- Today, there are over 2,000 Job Order Contracts in use nationwide with over $1.8 billion of construction ordered annually.
- In 2005, the National Institute of Governmental Purchasing (NIGP) awarded the "Best of the Best" award to City of Miami Beach for their implementation of a JOC program and the subsequent efficiencies that came out of having a JOC program.
- In 2015, Cook County received a National Association of Counties (NACo) award for their use of Job Order Contracting.

Overview of Job Order Contracting

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.

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Overview of Job Order Contracting

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.
- Once the master (umbrella) contract is awarded, Job Orders are issued for individual projects, potentially up to the maximum value of the contract.

Overview of Job Order Contracting

Prime Contractors

Part 1
Bidding the Umbrella Job Order Contracting Contract

Owner Advertizes 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

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Part 1 - Bidding as a Prime Contractor

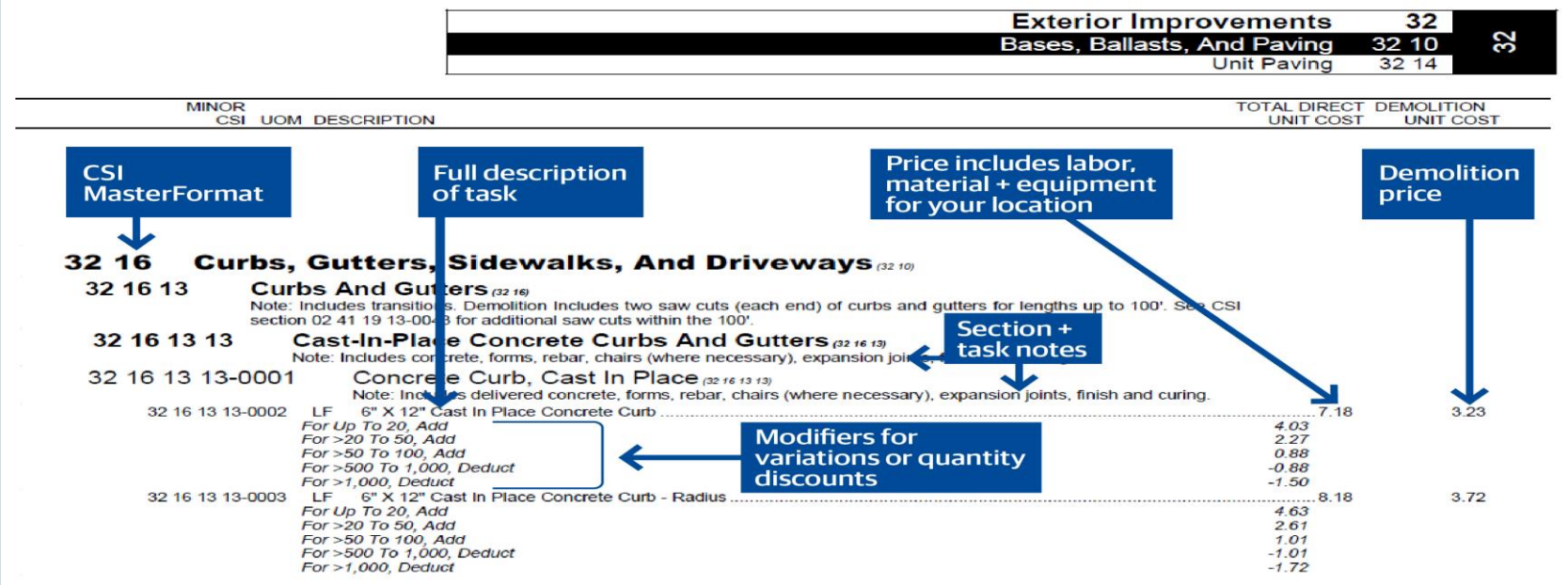
- **Book 1:** Instructions to Bidders and Execution Documents
- **Book 2:** City's General Conditions and JOC Special Conditions
- **Book 3:** Construction Task Catalog®
- **Book 4:** Technical Specifications
- **Book 5:** Clients' Specifications

Gordian Documents

Construction Task Catalog (CTC)

Book 3: Construction Task Catalog® (CTC) (CD-ROM)

- 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



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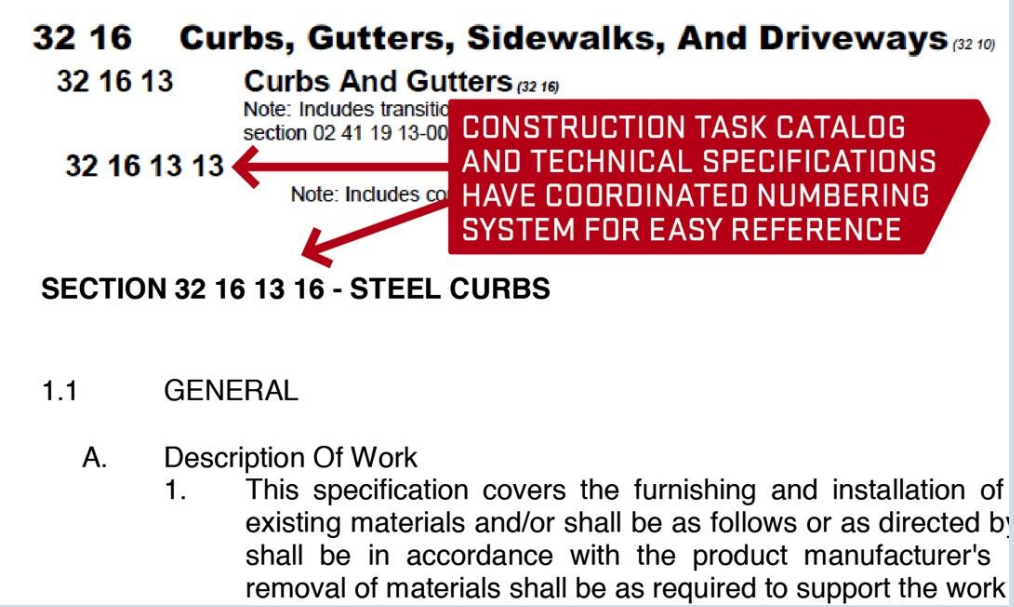
Technical Specifications

Book 4: Technical Specifications

• Coordinated Construction Task Catalog® and Technical Specifications gives bidders confidence in the pricing structure of the JOC process.

CRITICAL POINT!

• To realize optimum savings and control, it is essential that each construction task be tied to a concise technical specification.



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Bidding as a Prime Contractor

Step 1: Determine direct costs

- Analyze the CTC and specifications
- Completeness and clarity
- Review the CTC price against 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 amount of self performance versus subcontracting

Step 2: Determine overhead costs & profit expectations

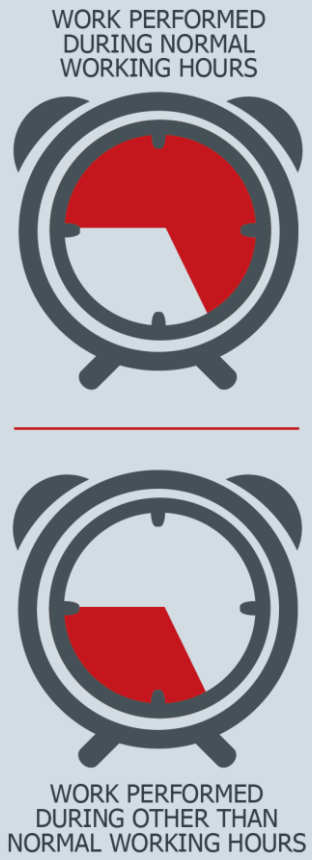
- Bonding, insurance, etc.
- Main overhead is staffing
- How much will it cost to employ the required staff?

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

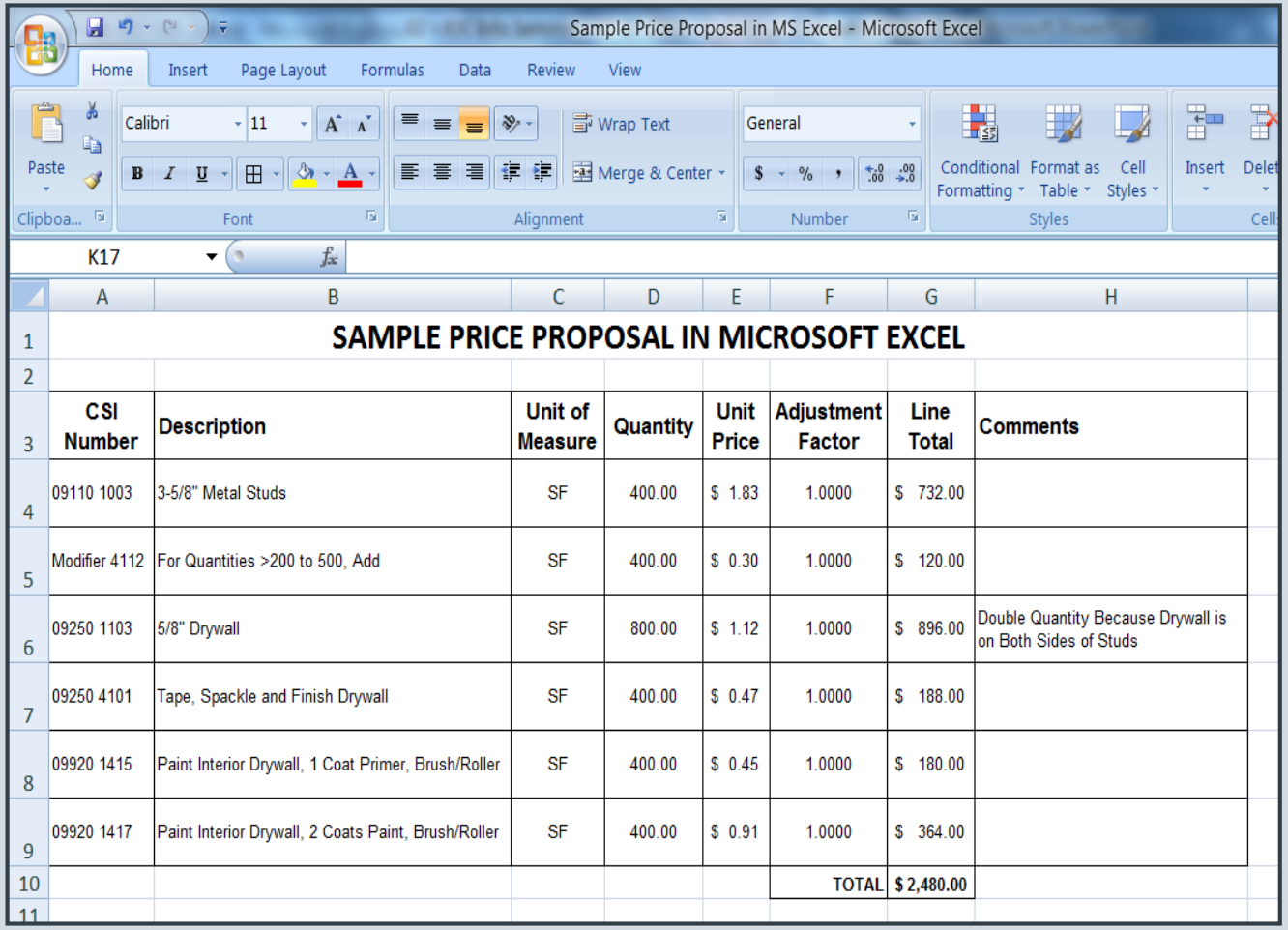
Preferred method for analyzing the price in the CTC versus your costs

- Select a comparable project from your files (more than one)
  - Example: The project you selected paid you $82,323.00
  - You were happy with $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

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



SAMPLE PRICE PROPOSAL IN MICROSOFT EXCEL

CSI Number	Description	Unit of Measure	Quantity	Unit Price	Adjustment Factor	Line Total	Comments
09110 1003	3-5/8" Metal Studs	SF	400.00	$ 1.83	1.0000	$ 732.00	
Modifier 4112	For Quantities >200 to 500, Add	SF	400.00	$ 0.30	1.0000	$ 120.00	
09250 1103	5/8" Drywall	SF	800.00	$ 1.12	1.0000	$ 896.00	Double Quantity Because Drywall is on Both Sides of Studs
09250 4101	Tape, Spackle and Finish Drywall	SF	400.00	$ 0.47	1.0000	$ 188.00	
09920 1415	Paint Interior Drywall, 1 Coat Primer, Brush/Roller	SF	400.00	$ 0.45	1.0000	$ 180.00	
09920 1417	Paint Interior Drywall, 2 Coats Paint, Brush/Roller	SF	400.00	$ 0.91	1.0000	$ 364.00	
					TOTAL	$ 2,480.00	

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Bidding as a Prime Contractor

Don’t Stop There – Select More Than One Project!

- Projects of varying scope
  - Single trade projects and multi-trade projects
  - Interior renovations
- Projects of varying size
  - $35,000.00 project
  - $150,000.00 project
- Other methods
  - Evaluate a sampling of the anticipated items
  - Get subcontractors to evaluate their section of the CTC

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 four (4) 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

Part 2 - The JOC Process

The JOC Process

- Department develops SOW Create JOC job order in eGordian
- Notifies JOC Contractor of new Project – Forwards scope
- Finalize outstanding issues at Joint Scope meeting
- Develop Scope of Work
- Request for Proposal
- Contractor develops proposal
  - Selects tasks and quantities from CTC
  - Submits to the City for review
- Contractor's proposal reviewed & approved
  - Contractor prepares final package
  - Includes a list of subcontractors, M/WBE status, and certification letters
- Issue lump sum blanket release

Change orders & hidden conditions follow the same fixed price process

From DPS approval to issuance of blanket release is approximately 35-45 days.

Performance Based

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

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 in Job Order Contracting

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 in Job Order Contracting

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 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 in Job Order Contracting

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.

Review/Key points

- 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.

Getting Involved!

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

City of Chicago Departments with a JOC Program

- Department of Fleet and Facility Management (2FM)
- Department of Aviation (CDA)
- Department of Water Management (DWM)
- Department of Planning and Development (DPD)
- Department of Fleet and Facility Management Environment (DOE)
- Office of Emergency Management and Communications (OEMC)
- Department of Transportation (CDOT)

Review/Key points

- 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.

Chicagoland Area JOC Programs

- Chicago Housing Authority
- 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

To Find More Information….

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

- Sign up for DPS alerts
  - See postcard inside the handout

- Check the DPS website
  - Go to www.cityofchicago.org/procurement
  - Under Bid Proposal Information, click on the link for “Current Bids and Requests for Proposal”

- Check the newspaper (Chicago Sun Times)

Key Contacts

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Questions