

# DPS WORKSHOP



## Building Chicago! Construction Contracting Overview

Presented By:  
Department of Procurement Services  
The Gordian Group

# 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

# Small Business Initiative for Construction

**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

# 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 times the SBA size standard

Municipal Code: 2-92-800 et seq.

# Equal Employment Opportunity (EEO) Bid Incentive

**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

# 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

# Introduction to Job Order Contracting (JOC)



# Agenda

1. Overview of Job Order Contracting (JOC)
2. Bidding as a Prime Contractor
3. Job Order Contracting (JOC) Process
4. Benefits to JOC
  - a. Prime Contractors
  - b. 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.**

# 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<sup>®</sup> of pre-priced work tasks.
- **Competitively Bid:** all bidders submit a set of adjustment factors to the fixed prices in the Construction Task Catalog<sup>®</sup>.
- **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

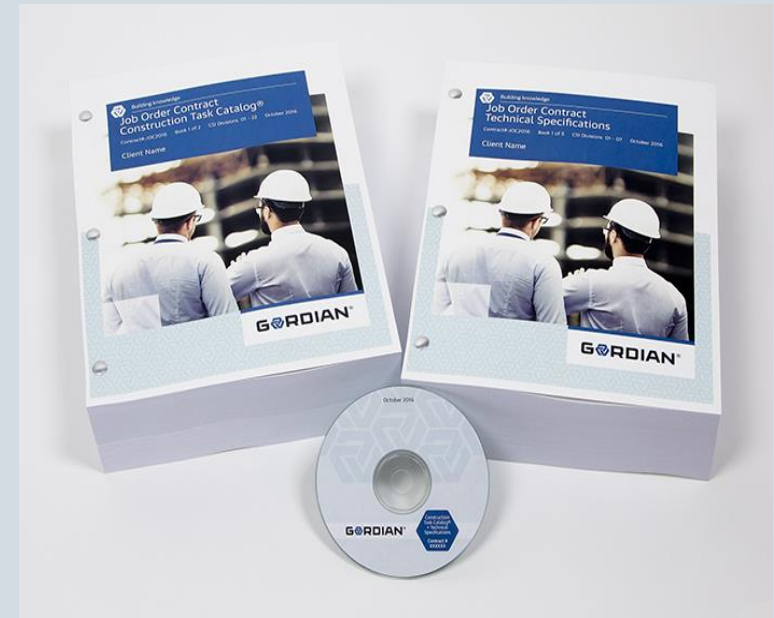
Owner Project C

Subcontracting Opportunities

# Part 1 - Bidding as a Prime Contractor

## Gordian Documents

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



# 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

		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	
<b>32 16</b>	<b>Curbs, Gutters, Sidewalks, And Driveways (32 16)</b>			
<b>32 16 13</b>	<b>Curbs And Gutters (32 16)</b> 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 13-00-3 for additional saw cuts within the 100'.			
<b>32 16 13 13</b>	<b>Cast-In-Place Concrete Curbs And Gutters (32 16 13)</b> Note: Includes concrete, forms, rebar, chairs (where necessary), expansion joints.			
<b>32 16 13 13-0001</b>	<b>Concrete Curb, Cast In Place (32 16 13 13)</b> 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		

CSI MasterFormat

Full description of task

Price includes labor, material + equipment for your location

Demolition price

Section + task notes

Modifiers for variations or quantity discounts

# Technical Specifications

## Book 4: Technical Specifications

- Coordinated Construction Task Catalog<sup>®</sup> 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.

The diagram illustrates the relationship between the Construction Task Catalog and Technical Specifications. A red callout box on the right contains the text: "CONSTRUCTION TASK CATALOG AND TECHNICAL SPECIFICATIONS HAVE COORDINATED NUMBERING SYSTEM FOR EASY REFERENCE". Two red arrows point from this box to the left. One arrow points to the number "32 16 13 13" in the list of items, and the other points to the section title "SECTION 32 16 13 16 - STEEL CURBS".

**32 16 Curbs, Gutters, Sidewalks, And Driveways** (32 10)

32 16 13 **Curbs And Gutters** (32 16)  
Note: Includes transiti  
section 02 41 19 13-00

32 16 13 13 ← Note: Includes co

**SECTION 32 16 13 16 - STEEL CURBS**

1.1 GENERAL

A. Description Of Work

1. This specification covers the furnishing and installation of existing materials and/or shall be as follows or as directed by shall be in accordance with the product manufacturer's removal of materials shall be as required to support the work

# 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

WORK PERFORMED  
DURING NORMAL  
WORKING HOURS



WORK PERFORMED  
DURING OTHER THAN  
NORMAL WORKING HOURS

Low bidder is based on the lowest award criteria figure.



# Bidding as a Prime Contractor

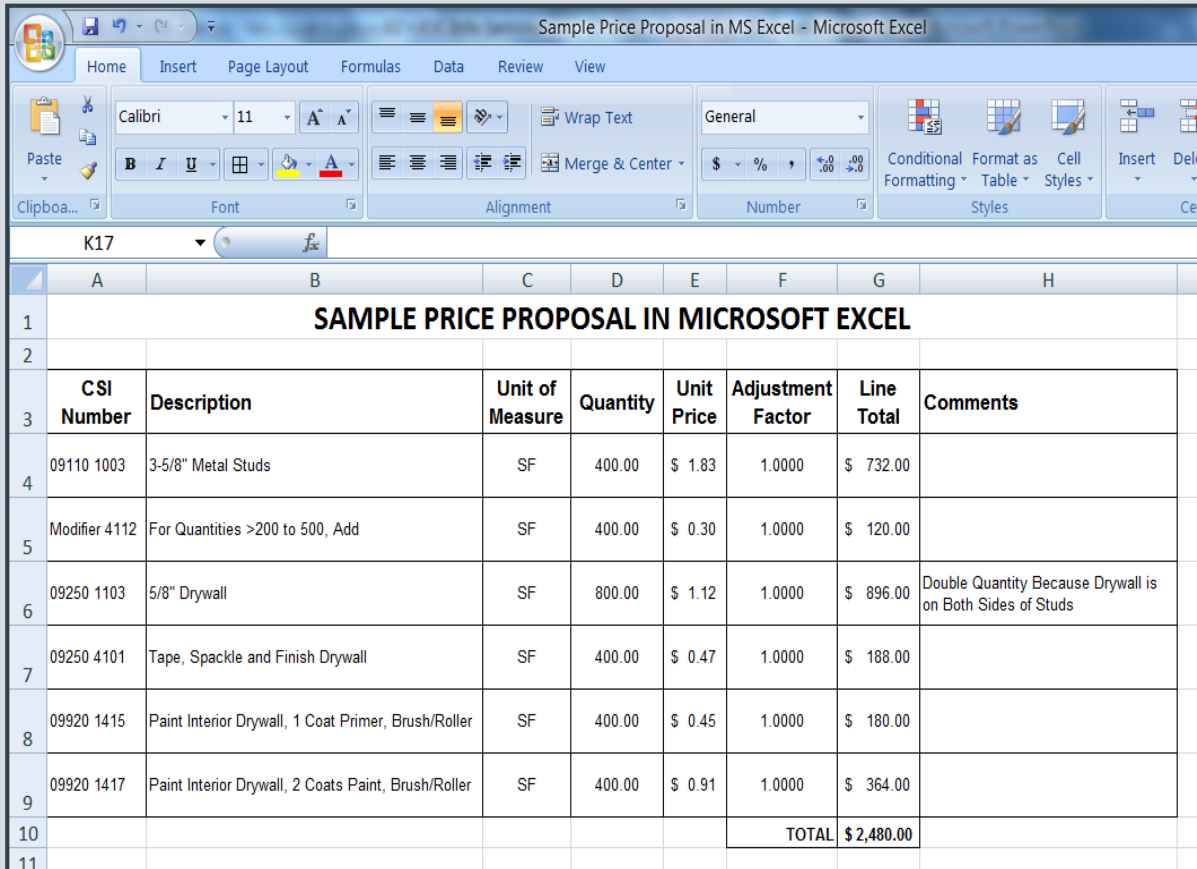
## Preferred method for analyzing the price in the CTC versus your costs

- 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



The screenshot shows a Microsoft Excel spreadsheet titled "Sample Price Proposal in MS Excel". The spreadsheet is a table with the following data:

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	

# 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

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# The JOC Process

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- 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](http://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

### **City of Chicago Contracting Process**

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**Questions?**



**WORKSHOP SCHEDULE**  
CITYOFCHICAGO.ORG/DPS

# TRAINING • OUTREACH • COMMUNICATIONS

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[www.cityofchicago.org/dps](http://www.cityofchicago.org/dps)

Note: All bid advertisements, addenda, upcoming workshops, events, new policies, and procedures that affect vendor community.

# Thank You for Attending...



FAIRNESS • TRANSPARENCY • DIVERSITY • INCLUSION

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City Hall Bid & Bond Room 103 • 11th Floor Room 1103

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