Job Order Contracting – What Every Public Owner Should Know

Presentation for

American Association of Community Colleges

2009 National Conference ~ Phoenix, Arizona

April 5, 2009
About Parsons

Parsons Corporate Profile

- 12,000+ employees
- Employee Owned Company
- $3B+ annual revenue
- Worldwide construction organization
- Specialize in construction project delivery
  - Design & engineering
  - Program and project management
  - General Contracting
- Over 25 years of Arizona experience
What is Job Order Contracting?

Definition:

“A Job Order Contract is a long-term, indefinite delivery, indefinite quantity (IDIQ) contract for construction services delivered on an on-call basis through firm, fixed price delivery orders based on pre-established unit prices” *

* Not all our JOC’s in Arizona are unit price based
Arizona JOC Programs

- Mohave Educational Services Cooperative*
- Arizona State University*
  - Maricopa County Community Colleges
- City of Phoenix*
- City of Surprise
- Maricopa County Facilities
- Maricopa County Stadium District
- Coolidge USD
- Gilbert Public Schools

* = 2nd generation contracts
History of JOC

- Started in Europe in early 1980’s
- Developed & tested by the U.S. military
  - 1985 – West Point Academy
  - 1986 – Air Force bases
  - Widespread military use by 1990’s
- 1990’s – mainstream U.S.A.!!
  - City of Chicago
  - Baltimore Housing Authority
  - NYDOT – Bridge repairs in NY state
  - Many, many other public entities
History of JOC, continued …

- 2000 wide use by U.S. public sector
- The secret is getting out!
- Purchasing cooperatives offer it
- States start working on their legislation
- 2001 JOC arrived in Arizona
Where Can JOC Be Used
2000 ARS allow use of three alternative project delivery methods (APDM)
2001 Mohave Educational Services Cooperative awards JOC’s
2001 Cities of Phoenix & Chandler award several JOC’s
2001 – present +/- 95 contracts awarded
Originally for jobs under $750K
Now for jobs under $1,000,000*

* = Governments can raise or remove $ cap
JOC Terms

- **UPB** – Unit Price Book
- **IDIQ** – Indefinite Delivery/Indefinite Qty.
- **RS Means** – One industry standard UPB
- **Task or Delivery Order** – Individual construction project performed under JOC program
- **Coefficient** – Multiplier applied to UPB by the contractor
How The Procurement Works

- Purchasing procures a contract
  - Single trade
  - General construction
  - Single award or multiple award
  - Outlines whole process for doing work
  - Similar to “on-call services” contract
- Targeted for construction projects less than $1 M
- One award for all projects (for years)
- Performance based selection (not necessarily the low bid)
How JOC Works

Scoping/Estimating/Award Phase

End user contacts JOC for work

Site visit by JOC & end user

JOC prepares scope & end user approves

JOC prepares formal proposal w/ estimate & submits to end user for review & approval

End user reviews & negotiates proposal with JOC

End user issues job order to JOC
How JOC Works

Scoping/Estimating/Award Phase

End user contacts JOC for work → Site visit by JOC & end user → JOC prepares scope & end user approves → JOC prepares formal proposal w/ estimate & submits to end user for review & approval → End user reviews & negotiates proposal with JOC → End user issues job order to JOC

By Owner on hard bid work

Can’t do this at all in a hard bid scenario!
How JOC Works

Scoping/Estimating/Award Phase

- JOC Proposal Elements
  - Detailed, line-item *estimate* of the work
    - Based on quantities and units of work
    - Lump sum price for the scope of work
  - *Technical plan* for the entire project
  - *Detailed schedule*, including pre-construction activity
Scoping/Estimating/Award Phase

- Negotiating the Proposal
  - The estimate
    - Agree on quantities of work
    - Review complete scope of work (all there?)
    - Discuss means and methods
    - Compare to owner’s estimate
    - Rework scope to meet the budget, if necessary
    - Ask questions and get clarity
Scoping/Estimating/Award Phase

- Negotiating the Proposal, cont’d…
  - *The Technical Plan*
    - Agree on scope of work, by discipline
    - Review specifications for the work
    - Discuss impact on owner & facilities
    - Set quality control parameters
    - Review staffing requirements
    - *Discuss potential subcontractors*
Scoping/Estimating/Award Phase

- Negotiating the Proposal, cont’d…
  - **The Schedule**
    - Discuss overall start & finish dates
    - Agree on hours of work & days per week
    - Negotiate control of the site (safety, security, etc.)
    - Identify critical items and who owns them
    - Agree on milestone dates, if required
    - Schedule regular progress updates
# Planning Phase

## Schedule Development

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<th>Task Name</th>
<th>Cal. Days</th>
<th>Start</th>
<th>Finish</th>
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How JOC Works

Execution Phase

1. JOC orders long lead items
2. JOC & end user develop schedule
3. JOC mobilizes and begins the work
4. JOC executes the work and performs quality control per schedule
5. JOC achieves substantial completion of the work
How JOC Works

Job Order Closeout Phase

1. JOC completes the work & punch-list
2. JOC notifies end user of completion
3. End user inspection and acceptance
4. JOC prepares final turnover docs and submits to end user
5. JOC submits final invoice and end user remits

Job order complete
The JOC contractor acts as an extension of owner’s staff
JOC delivery assures competitive pricing
Faster construction start to finish
Flexible, team delivery approach
Collaborative problem solving & non-confrontational
Win-win-win scenario
Reduces Procurement Time

- Standard bid timeline using A/E: 185 days to contract
- JOC timeline using A/E: 116 days to contract
- JOC timeline w/o A/E design: 35 days to contract
Based on established UPB

Coefficient includes direct and indirect costs

Unit prices form the basis for establishing the lump sum value of each project

Each delivery order is a firm, fixed price

Change orders are a rare occurrence
Delivery Expectations

- JOC saves up to 90% of procurement time
- JOC is not best delivery process for every project
- Proposal preparation within 1 - 3 weeks
- Emergency services available
- “On-Call” services (24/7 if needed)
- Sets the bar high
- **Builds a solid relationship over time**
Communication Loop

- Coordinate all task orders through project manager(s)
- JOC ensures timely communications with all project stakeholders
- “Zipper theory” of contacts between JOC and the Owner
JOC Project Diversity

- Utility Line
  - $167,440
  - 3 week schedule
Mesa Community College Crematory Furnace
- $81,481
- 3 week schedule
Furnish & Distribute Roadway Materials

- $446,000
- 13 day schedule
- 32,750 tons of material
- 1,637 truckloads
- 126 loads per day
- 1 truck every 3.8 min.
16,000 Sq. ft. Residential Siding Replacement
- $251,313
- 4 week schedule
Chandler-Gilbert Community College ~ Portable
- $72,404
- 8 week schedule
- Restroom remodels
  - $81,000
  - 8 week schedule
Deans Office remodel
- $32,000
- 3 month schedule
Scottsdale Community College ~ Cafeteria
- $349,081
- 11 week schedule
Concrete Sidewalks

- $28,087
- 4 week schedule
Conclusions from 8 years

- **JOC national survey summary:**
  - Quality = **65%** say JOC is equal or better
  - Construction cost = **49%** say JOC is equal or better
  - Safety = **75%** say equal or better
  - Schedule = **90%** say JOC is equal or better
  - C. O.’s = **70%** say JOC is equal or better
  - Overall = **85%** say JOC is equal or better

- **Properly applied it really works!**

* = PHD thesis survey done by Dr. Greg Ohrn at Northern Arizona University
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Questions?