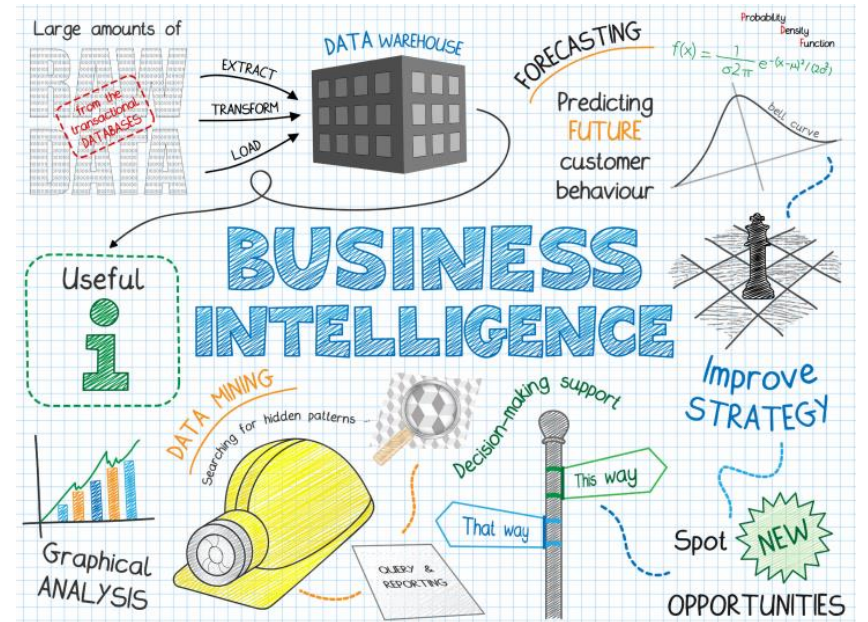


JOB ORDER CONTRACTING FUNDAMENTALS

LEAN Construction & Efficient Project Delivery for
Renovation, Repair, Maintenance, Sustainability, &
Minor New Construction

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Definition of Job Order Contracting

- *A collaborative 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. Based upon LEAN management practices, a Job Order Contract ...
- provides an "on-call" contractor.
- targets renovation, repair, sustainability, maintenance, and “minor” new construction projects,
- has specified term, generally up to five years,
- establishes project and/or task order pricing based a coefficient and Unit Price Book (UPB).
- relies upon existing owner construction specifications or may have a set of specifications linked specifically to the UPB.



Glossary - Job Order Contracting

- 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
- UPG - Unit Price Guide
- Coefficient - Multiplier applied to a construction cost estimate derived for the JOC UPB, generally ranging from 0.80 to 1.20. Generally includes contract overhead and profit, though specific items to be included in the coefficient are noted in the Job Order Contract. There may be separate coefficients for normal / non-normal hours and other conditions.
- Task Order, Delivery Order or Job Order - Individual construction projects performed under the umbrella Job Order Contract.
- Non-prepriced item - A construction task item not within the UPB. Generally a limit of 10% or less of the total value of a JOC task order is allowed for non-prepriced items.
- Priced items – Unit price line items derived from the approved UPB.
- NTP – Notice to Proceed



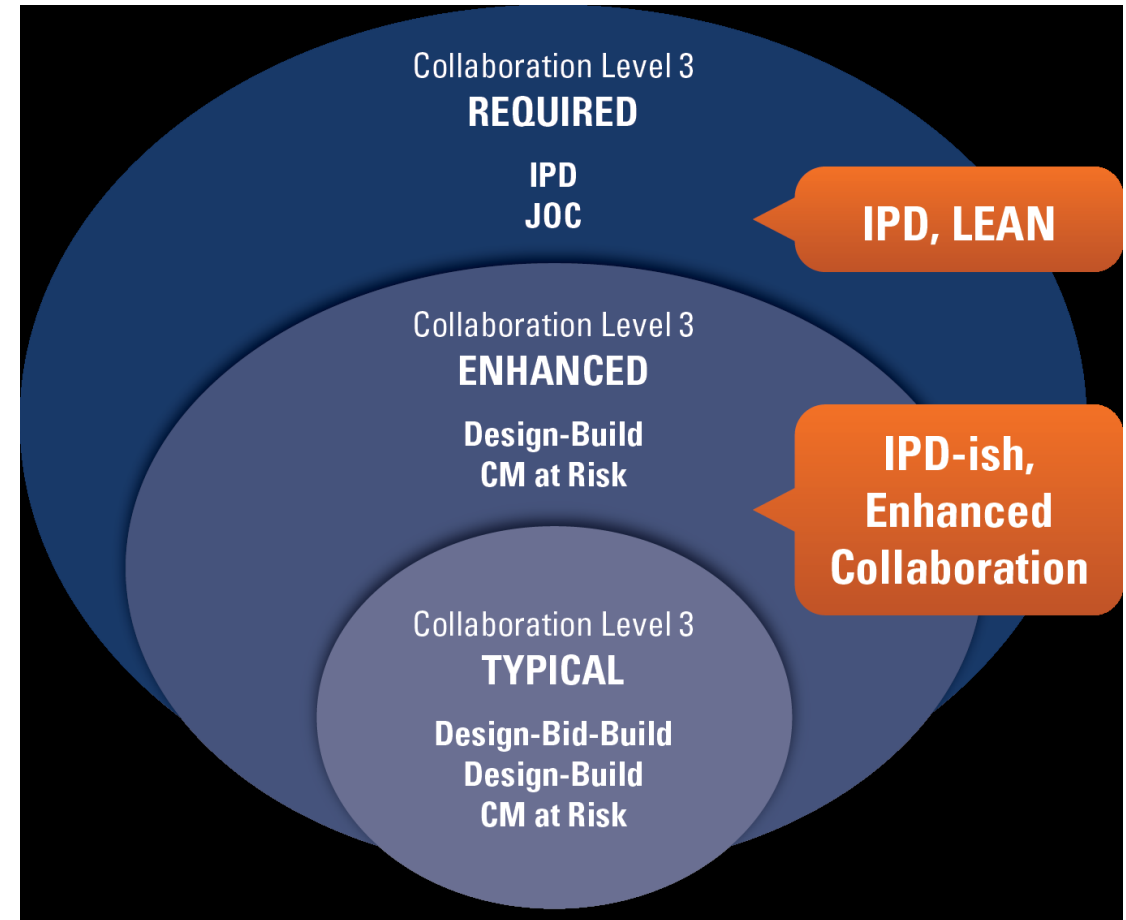
KEY CHARACTERISTICS

Job Order Contracting & LEAN Construction Delivery

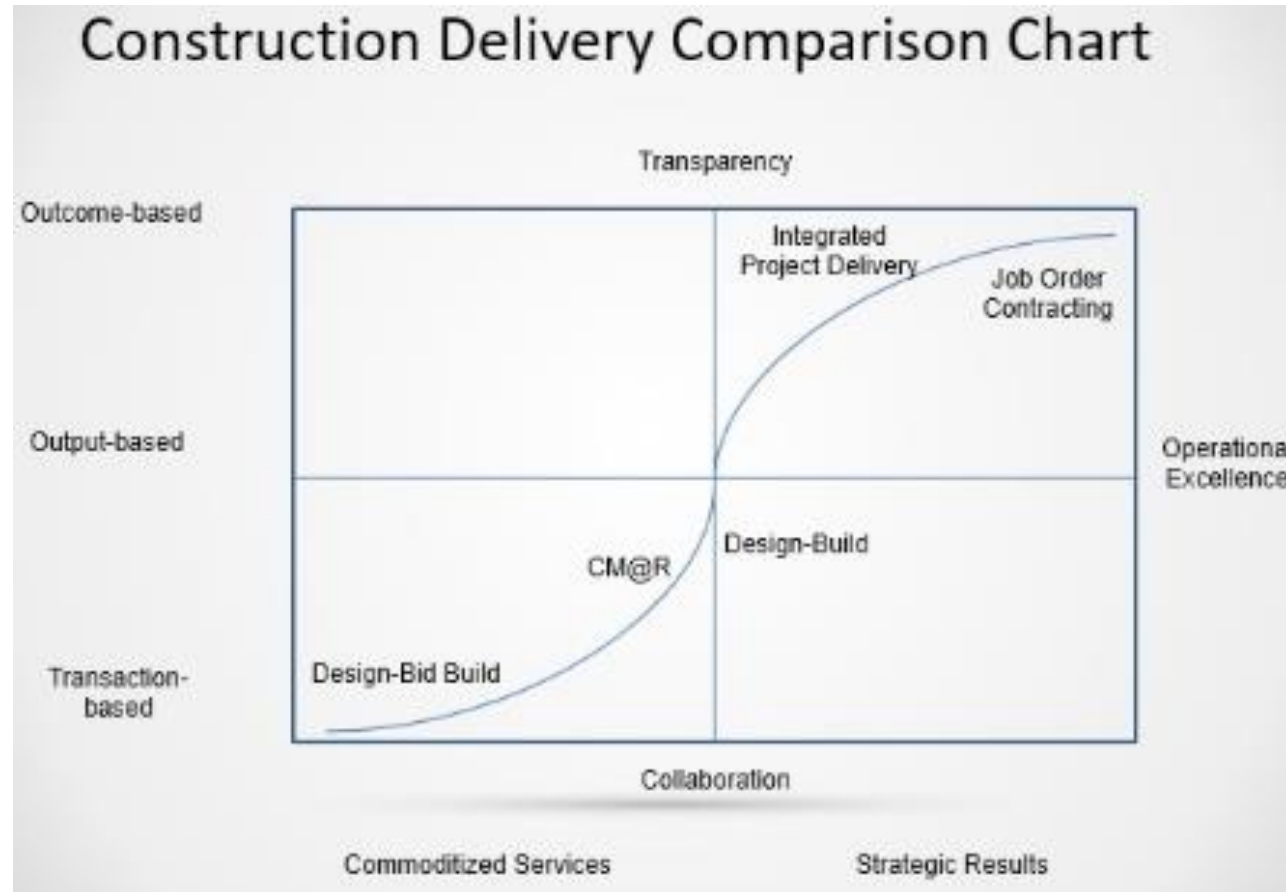
- Focus is upon OUTCOMES
- BEST VALUE procurement
- Shared RISK/REWARD
- Mutual TRUST/RESPECT
- Skilled, competent TEAMS
- COLLABORATION
- Financial TRANSPARENCY – UPB
- Common TERMS, DEFINITIONS
- LEAN management practices
- Metrics – Key performance indicators – KPIs
- Regular AUDITS
- Continuous IMPROVEMENT
- Ongoing (annual) TRAINING
- Written OPERATIONS/EXECUTION MANUAL as part of CONTRACT
- Supporting TECHNOLOGY to support consistent, lower cost deployment



JOC / IPD and Levels of Collaboration



Comparison to Other Construction Delivery Methods



Job Order Contracting Users

- Federal Government (DoD and non-DoD)



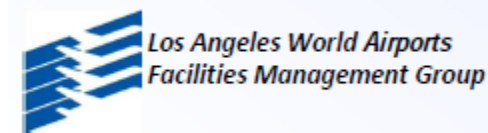
- Higher & Secondary Education



- State, County, and Local Government

- Healthcare

Travel. Transformed.

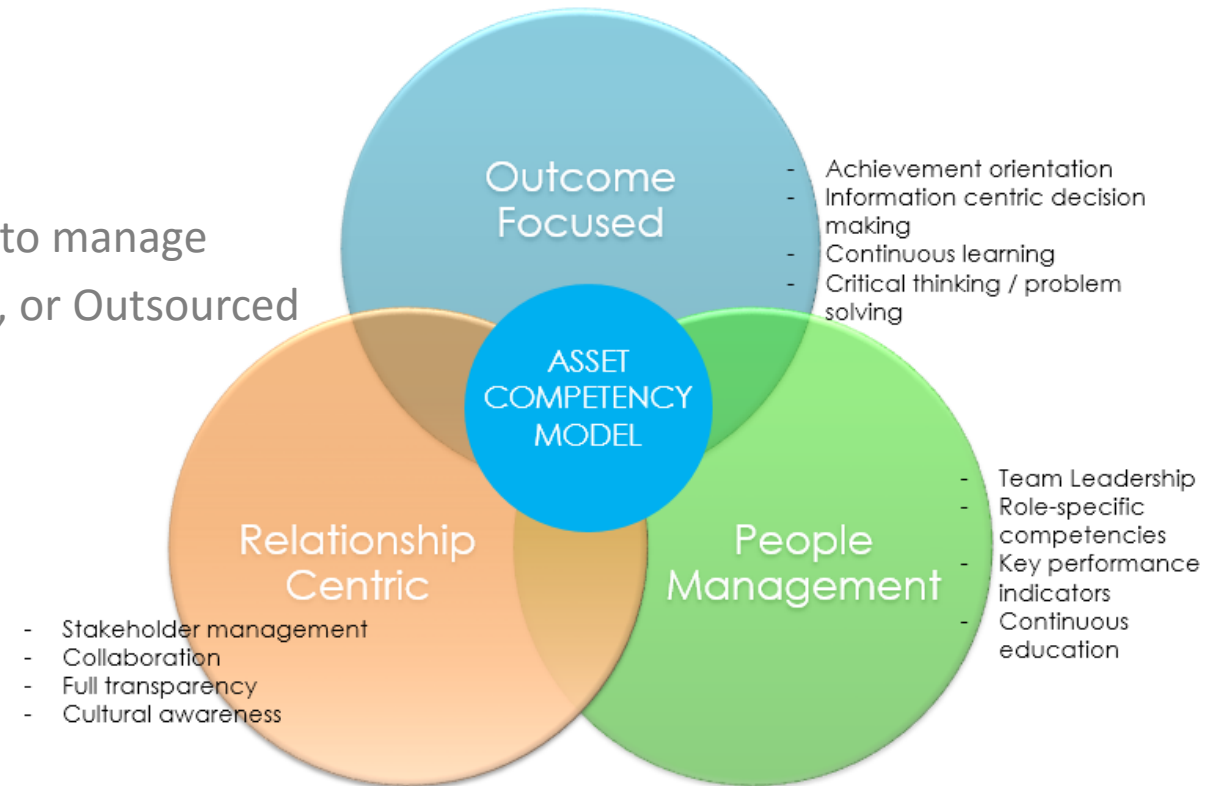


- Transportation (Airports, Mass Transit, Roadways and Bridges)



Job Order Contract Considerations

- Primary goal(s)
- Term (Generally 1 year with additional options years, up to five years total)
- Maximum contract value (annual and overall total)
- Maximum individual project size
- Minimum payment to contractor
- Available Owner resources and level of competence to manage
- Deployment method: Owner-managed, Cooperative, or Outsourced
- Best value selection/procurement capability
- Availability of experienced JOC contractors
- Key performance indicators (KPIs)
- Availability of ongoing training
- Supporting technology
- Selection of UPB
- Provisions for updating the UPB
- Management of non-prepriced items (NPP) to cover unforeseen requirements
- Regular JOC program audits
- Items to be included in the co-efficient
- Number and type of co-efficients
- Provisions for bonding, liquidated damages, change orders, progress payments, warranties, and payment withholding.



Uses for Job Order Contracting

- Projects that are time sensitive
- “Minor” construction projects (generally under \$1-2 Million)
- HVAC and Electrical
- Routine repairs
- Renovations of all types
- Upgrades to ADA standards
- Emergency repairs
- Site work and utilities
- Parks and playgrounds
- Upgrade landscaping
- Classroom additions
- Complete new buildings
- Replace flooring
- Roofing
- Communications
- Fencing

10 Ways to Improve JOB ORDER CONTRACT PERFORMANCE

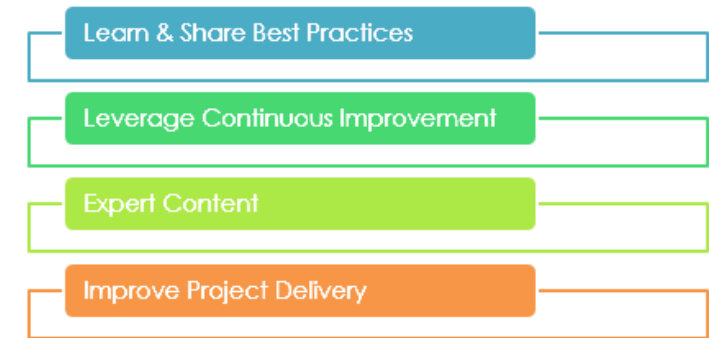
1. Early and ongoing communication among all program participants
2. Mutual respect and trust
3. Shared risk/reward
4. Common terms, definitions, and data architectures (Uniformat/Masterformat/Omniclass)
5. Owner leadership without excessive control
6. Key performance indicators, KPIs and monitoring
7. Ongoing education and training
8. Continuous improvement
9. Focus upon outcomes
10. Financial transparency



Benefits Job Order Contracting

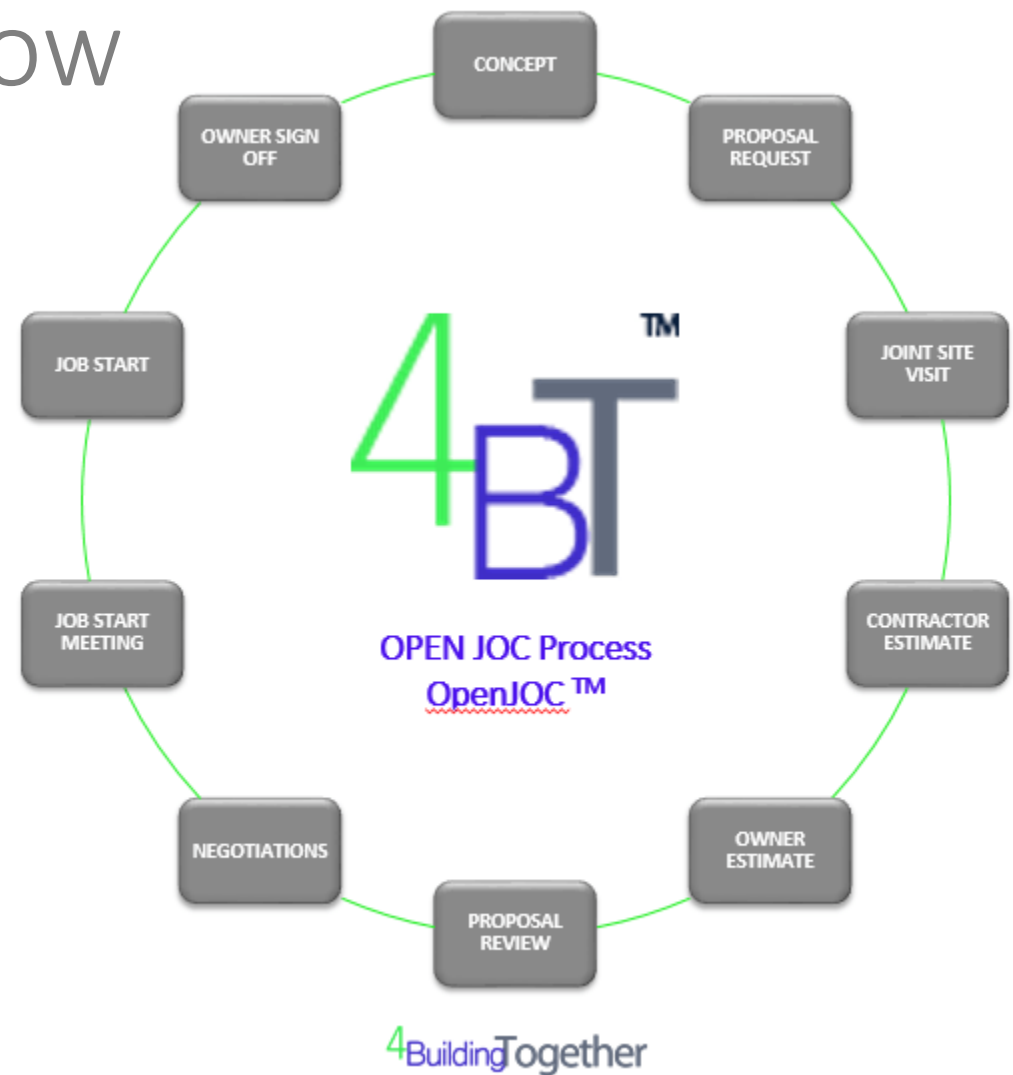
- 90%+ of projects on-time
- 90%+ of project on-budget
- Higher quality
- Greater satisfaction among participants and users
- Access to on-demand construction services
- Significant reduction in change orders and legal disputes
- Long term owner-contractor relationships
- Improved productivity
- Greater cost transparency
- Cost visibility
- Less “down-time” and fewer disruptions to building/asset users
- Reduced risk and variance
- Higher WBE/MBE participation
- Greater percentage of dollars spend upon construction versus administration/waste

LEAN Construction Delivery



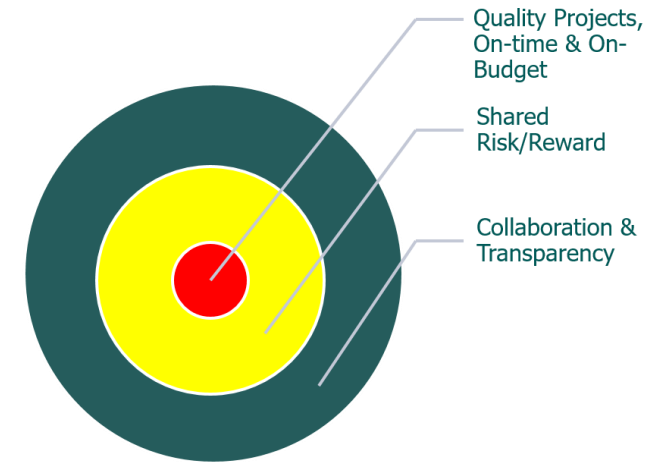
Job Order Contract Workflow

- Initial Concept / Scoping Session
- Internal Budgeting / Estimate
- Contractor Proposal Request
- Joint Site Visit
- Contractor Estimate
- Estimate Preparation
- Owner/Contractor Estimate Comparison
- Proposal Review / Negotiations
- Notice to Proceed
- Project Kickoff Meeting / Job Start
- Regular Owner/Contractor Progress Meetings
- Final Inspection
- Close Out



Initial Scoping & SOW Development

- Assure all interested parties, participants, stakeholder are present
- Funding availability and compliance
- Establish project goals
- Level of design services required
- Existing plans or estimates
- Building systems and quality of materials
- Identify client, contractor, and building user responsibilities
- Evaluate potential impacts to existing operations, including life/safety
- Determine project schedule and major milestones
- Safety, security and hazardous material issues
- Timing
- Permits
- MBE/WBE goals
- Review qualification and assumptions
- Revise the scope as necessary
- Confirm start/completion dates



JOC Estimating

- Select UPB – unit price book
- Contractor and Owner jointly scope and provide quantities of work.
- Contractor creates an estimate, and Owner prepares internal estimate or Internal Government Estimate (IGE) – for all projects or for projects over an established dollar value).
- The totaled UPB line item estimates in the estimate are multiplied by the coefficient(s) designated and accepted.
- A localization factor and/or economic index factor may also be applied, if applicable.

Sample – For reference purposes only

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, 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 09-68-16-10-0720-5000) 30*35 = 1,050.00 [1050 S.F. = 116.6667 S.Y. Conversion]	S.Y.	116.6667	\$8.00	\$933.33	RSM15FAC M, 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, 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



Use of a JOC Coefficient – Example

Example:

Total of UPB Line Items	\$45,328.10
Multiply by Coefficient (1.05)	\$47,594.51
Cost to Owner	<u>\$47,594.51</u>



Job Order Contracting & LEAN Construction Delivery – LESSONS LEARNED, Do's & Don'ts

- Focus upon outcomes
- Owner / Owner's representative must understand JOC and have direct involvement in the jobs & JOC process. JOC is not right for all Owners.
- DO NOT use JOC as a method to bypass procurement, or approve projects that others wise would not be approved.
- DO NOT pay a fee to a third party administrator or management firm to manage your JOC program that is tied to construction value. *This represents a clear conflict of interest and presents a potential for fraud.*
- Allow adequate time for the JOC process, it's a culture change.
- Contractors invest a lot of front end effort, JOC is not for all contractors.
- Owners can expect excellent execution of the work.
- Contractors can expect a reasonable profit and long term owner relationship.

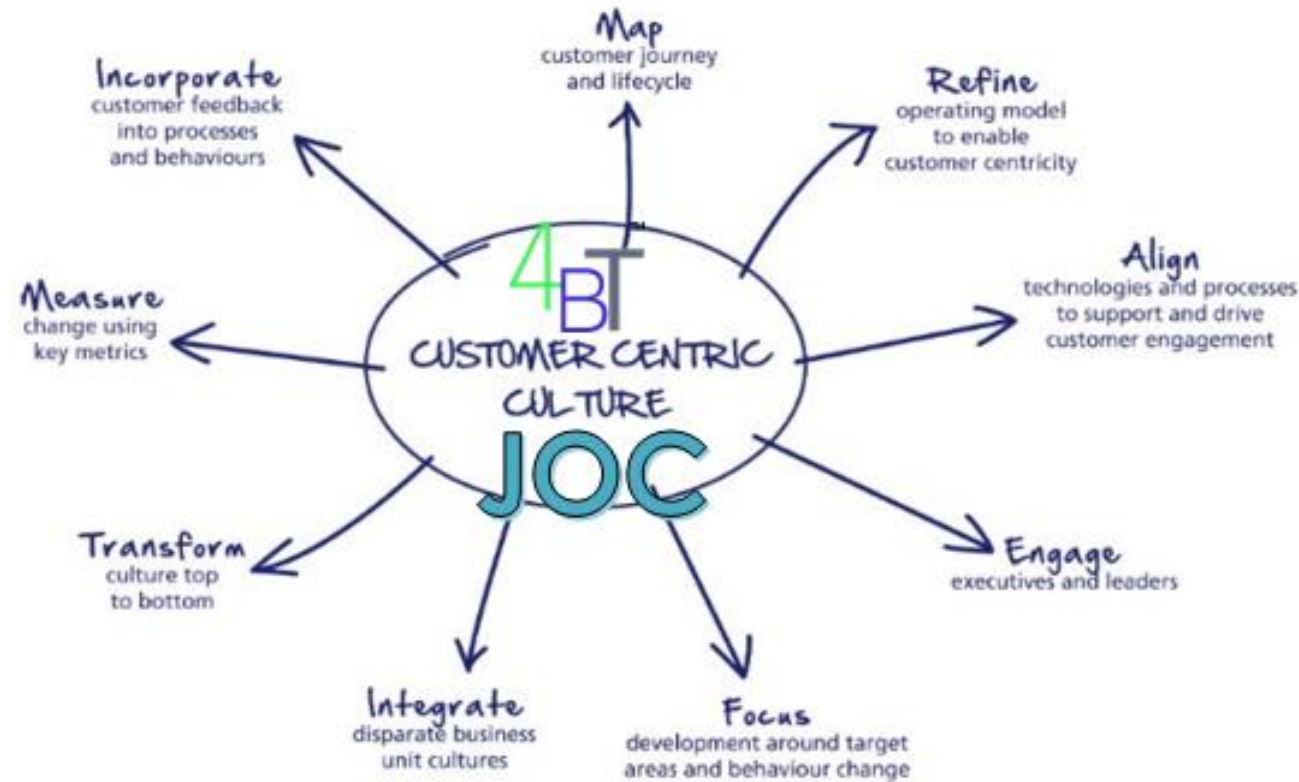


Owner's Role in JOC

- Provide LEADERSHIP
- Treat Contractors as TEAM members and with RESPECT
- Leverage the EXPERTISE of the contractor
- Manage and MONITOR without EXCESSIVE CONTROL
- Seek to CONTINUOUSLY IMPROVE KNOWLEDGE & PERFORMANCE
- Assure COMPLIANCE with regulations/statutes/Job Order Contract



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