

Four BT, LLC

Technology, cost data, and services supporting the efficient renovation, repair, & sustainability of the built environment - buildings, transportation, utilities.

JOB ORDER CONTRACTING – JOC: A WHITE PAPER

Job Order Contracting (JOC) is a competitively bid, firm-fixed price, Indefinite Delivery Indefinite Quantity (IDIQ) LEAN construction delivery method. It is also implemented by the United States Air Force under the term SABER.

JOC FUNDAMENTALS – Job order contracting, like any LEAN best management process, has basic requirements that focus upon collaboration, transparency, quality, and continuous improvement:

1. Early and ongoing involvement of ALL participants.
2. Value and qualification based selection and procurement.
3. Cost and accounting transparency via standardized cost data architectures, terms, and definitions.
4. Shared risk/reward.
5. Appropriate use of supporting technology.
6. Centralized reporting and oversight with local empowerment, application, and management - monitoring, metrics, and continuous improvement.
7. Mutual respect.

IMPLEMENTING A JOC PROGRAM – A JOC program involves a scope of work and an associated JOC contract. A real property owner may set up and manage their own JOC contract, opt to procure JOC services via a COOP, or outsource their JOC to a third party. There are varying requirements for each of these methods as well as pros/cons, however, if an Owner has the appropriate skills and resources, an Owner managed JOC can provide the highest value.

Within a Job Order Contract, a real property owner contracts with a construction contractor to form a multi-year partnership where work is provided based upon performance. JOCs generally have a one (1) year to five (5) year term. A maximum and minimum dollar value for the JOC contract is also commonly specified. The JOC contract specifies a unit price book (UPB) (Note: A UPB may have other names, such as unit price guide, UPG, etc.). The UPB contains a list of construction tasks with associate material, labor, and equipment details that describe renovation, repair, and/or construction and associated costs. While unit price books can contain several hundred thousand items, fewer than 10,000 items are typically used on a regular basis for most of the common and numerous facility related renovation and repair tasks encountered. The unit price book may also have a localization factor. The unit price book should be adjusted regularly (annually or quarterly) in some manner to assure appropriate consideration of market variables. Having a static UPB throughout the term of a 3-5 year JOC is not recommended. Specifications are also associated with the JOC contract. These specifications generally already exist for the real property owner and are simply referenced in the JOC contract. Sometimes JOC specific specifications are developed. Custom specification, as well as custom unit price line items should be avoided whenever possible. The purpose of LEAN is to standardize and clarify terms, definitions, and requirements. In fact, most JOC contracts specify that no more than 10% of any individual project or task order shall exceed 10% in terms on non-UPB priced line items costs.

JOC best practices also require that an Owner audit their JOC program regularly and conduct Owner generated construction cost estimates for JOC task orders above a certain dollar amount. In the Federal Government, an Independent Government Estimate (IGE) may be mandatory. The dollar threshold for IGE requirement threshold will be stipulated by the JOC contract and \$150,000.00 seems to be a widely used value.

The JOC LEAN construction delivery process encourages and actually requires contractors/subcontractors and owners to be involved early, and throughout a process, from concept onward. A typical JOC process has the following stages:

1. Owner request for a JOC task order / project proposal.
2. Joint Owner/Contractor site visit.
3. Contractor prepared estimate/proposal.
4. Owner review of contractor proposal. (Owner may generate and independent owner estimate for comparison to the contractor estimate, or review the contractor's estimate in detail.)
5. Owner/Contractor negotiations and/or changes as needed.
6. Owner provide contractor with a notice to proceed (NTP).
7. Project start and execution.
8. Owner project sign off.



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