

By David Carrithers



Job Order Contracting

A Collaborative Solution for Virginia Facilities Owners

Virginia facilities owners and managers have increased demands to generate continuing results, support and development of the buildings, campuses and bases for which they are responsible. At the same time they are experiencing reduced budgets and staffs, with increased stress. All these conflicting and contradicting demands only multiply for publicly funded facilities and managers of these facilities.

Since the mid 1990's there has been a tool available to Virginia facilities to help them with renovation, repair and ongoing construction needs. This alternative construction delivery method is called Job Order Contracting (JOC). Today in Virginia, a variety of public entities utilize JOC, including Loudoun County public schools, Fairfax County, City of Alexandria, Stafford County public schools, Fauquier County public schools, Prince William County Service Authority, federal bases including Quantico, Fort Lee, Fort Eustis, Fort Monroe, Naval Station Norfolk, Langley Air Force Base, Fort Meyer and other federal agencies in Virginia.

The Benefits of a Job Order Contracting Program to a Virginia Facilities Leader

- Responsive support allows for reduced backlog
- More funds are applied to construction instead of procurement costs
- The majority of funds go to the local economy
- Growth of small, minority and disadvantaged businesses
- Dependable ongoing relationships
- Reduced or eliminated claims, change orders and punch lists

A JOC program is based on a competitively bid Indefinite Delivery-Indefinite Quantity (IDIQ) contract between a facility owner and a construction contractor. The contract typically has a base year with two to four option years. The contract sets parameters such as the types of work that can be done, location of the work, design criteria and maximum amount of work to be awarded. The contract also has a Unit

Price Book (UPB) that establishes a unit price to be paid for each construction line item. A typical UPB has over 40,000 line items and covers every construction task. Items that are not in the UPB can be negotiated, priced and added to the UPB at any time.

Ideally, Virginia contractors compete for JOC contracts on the basis of performance as well as price. The contract's price is put in terms of a coefficient, which is a multiplier that covers the contractor's overhead and profit as well as any adjustment between the UPB and actual local prices. Once awarded a contract, the JOC contractor normally establishes a permanent office in close proximity to the agency's facility management staff. The contractor's project manager becomes part of the owner's facilities management team. The facility owner or manager decides how much work is performed by the JOC contractor based on the need and the performance of the contractor. There is a strong incentive for the JOC contractor to impress the facility owner with outstanding service and quality.

Once a JOC contract is in place, facility work requirements can be accomplished easily and quickly if the contractor is a performing JOC contractor. Typically, the facility owner needs to give the contractor a simple description of work to start the process. The contractor's project manager then arranges for a site visit and prepares a simplified design. Once the design is approved, the contractor and the facility manager prepare a cost estimate by compiling the appropriate quantities of necessary UPB line items. Normally, the UPB data is linked with an estimating software system; thus, the estimating process goes very quickly. After the cost estimates are completed, the contractor and owner negotiate to resolve differences in line items and/or quantities. Once a price is agreed upon, a job order is issued to the contractor and construction begins.

Key Elements of a Successful JOC Program

- Competitively bid formal solicitation, focused on performance and technical

ability, rather than lowest bid, resulting in a best value procurement

- Professional JOC contractor with proven performance results and experience
- Published UPB and a competitively negotiated coefficient that addresses local and specific requirements and needs
- Building trust and cooperative relationship with selected JOC contractor

- Enough work volume to sustain a JOC contractor's staff and operations

Excellent Quality

If the JOC contractor does not meet expectations, the owner simply does not give the firm any more work. Because profit is heavily dependent upon volume and long term support



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of the owner, the JOC contractor will strive to perform at their best so as to become the preferred provider of construction services.

Fast and Responsive

It takes much less time from a request for a JOC task order/project to project start-up than the traditional design-bid-build process. Typical reductions can be as much as 75 percent of the normal up-front time. Urgent requests can be done even faster. This speed is possible because projects do not require traditional soliciting and acquiring a contract, detailed plans and specifications, and a long approval process. Having the contractor located on site also contributes to speed and responsiveness. Three years of research at the Center for Job Order Contracting Excellence have identified the quick turnaround and delivery time of construction projects as the leading advantage of JOC.

Dependability

Long-term relationships, fixed pricing and simplified paperwork all help in meeting customer expectations for performance and price. The contractor is motivated to impress the facility owner with fast, dependable, quality service in order to receive the maximum possible amount of work from referrals and call backs.

Cost Savings

It is obvious that with a competitively bid and selected performing JOC contractor, the reduction in administration, design and construction management cost would be substantial.

Minimal Risk

The JOC process has been proven to work very well at thousands of locations nationwide. If there are problems with the JOC con-

tractor, the owner can unilaterally decide to stop using the contract based on poor performance. These occurrences are quite small. In a performance based procurement system it is all about giving the owners what they need, want and expect.

Benefits Small and Minority Businesses

JOC maximizes use of local small and Historically Underutilized Businesses (HUBs). The JOC process stresses working with small, MWBE and HUB businesses. The prime JOC contractor assists local subcontractors by mentoring them, paying them promptly, eliminating most bonding requirements and assisting in obtaining and paying for large items of equipment. As a result it is easier for these businesses to successfully obtain profitable work through JOC than bidding for it on their own. Most JOCs significantly exceed government goals for the use of these businesses.

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Not Alone

By competitively selecting a JOC contractor who is only assured continued future success based on current performance, a facility management team gains a valuable, trusted ally in the success of that team and their facility projects; it is about long-term performance over many projects. A professional JOC contractor works hard at reducing a facilities manager's backlog of work, allowing the existing in-house team to focus on mission critical and/or priority projects. The JOC contractor is focused on helping the facility manager meet budgets and schedules. This allows for the full utilization of budgets, existing resources and facility performance.

Interactive Dialogue & Scope Development

One obvious benefit is the ability for the JOC contractor and the facility owner to refine projects based on budget, time and project specific demands. Instead of the cumbersome process associated with design-bid-build which requires new bidding documents and solicitations on every project no matter the size or scope, JOC allows for open, continual dialogue and refinement of the project scope. This facilitates teamwork and the best outcome for the owner.

Happy Facility Users and Internal Customers

With a competitively bid and awarded JOC contractor and program, the owner is able to get more done because the JOC contractor serves as an extension of in-house existing resources. It also allows for those less glamorous, yet beneficial, projects to get resources and effort needed for completion.

A simple example is a school bond issue. In any bond campaign some percentage of the funds raised will go towards the construction of new schools (70 percent on average) and another percentage will go towards renovation and repair work. In most instances the messy

renovation work may not be a priority over a highly visible new school building. Each of these groups are important and with a JOC program in place, a school could begin renovating that local playground or ball field within 30 days of a bonds passage vs. months or years later, if ever. Never underestimate the negative impact of not quickly addressing the repair, renovation or remodeling projects on the next bond campaign.

For additional research and awareness of Job Order Contracting in Virginia, both as a possible JOC contractor and as a user/owner, please participate in the Mid-Atlantic Chapter of The Center for JOC Excellence. Find more information at www.jocexcellence.org/midatlantic.htm.

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