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# Welcome!

## Bob Gair

## 2009 Industry Chairman



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# Agenda

- General Welcome by Bob Gair, 2009 Industry Chairman CJE
- A JOC User Shares Why JOC Makes Sense - Bill Kolster. LCPS
- JOC 101 - What, Why and How - Rick Farrag - CJE Board Member
- JOC User Shares Why JOC Makes Sense - Vince Curl from PGCPSS & Others As Well
- JOC Misunderstandings Addressed - Costs, etc. - Dan Cook – CJE Member
- Panel Discussion - Questions & Interactions - Facilitated By Bob Gair
  - Owners/JOC Users Vince Curl PGCPSS, Bill Kolster - LCPS ; JOC Consultant: Robert Coffey The Gordian Group, JOC Contractor Rick Farrag - KBR
- 12 Noon to 1:30 PM - CJE Regional Chapter & Lunch - Welcome by National Industry Chairman - Bob Gair, Introducing Bill K as the leader of the regional chapter efforts.
- Bill Kolster Review the goal of a regional chapter
  - Establish what members would like from a regional chapter-
  - Frequency and content of meetings
  - Establish dates and topics for future meetings.
- Close out by Bob Gair



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## Center for JOC Excellence

- Nonprofit association of leaders in the facilities and construction industries.
- CJE focuses its efforts on promoting successful JOC as a program delivery method for construction focused on renovation, repair and rehabilitation. CJE shares best practices through meetings, conferences, and publications, and advancing understanding and awareness of JOC as a construction delivery method.
- Definition of JOC: JOC is using long-term IDIQ contracts for construction services delivered on an on-call basis through firm, fixed price delivery orders based upon pre-established unit prices.
- Members include: JOC consultants, JOC contractors, JOC users/owners, JOC UPB publishers, educators, etc.





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# A JOC User Shares

- Bill Kolster – LCPS

## Why JOC Makes Sense

# **Job Order Contracting 101**

***Rick Farrag – CJE Board***





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## Why Should I Have JOC?

- Reduce my backlog of maintenance, repair, and renovations.
- Respond rapidly to my customers' needs and maintain schedules.
- Know costs before committing funds.
- Decrease up-front costs while maximizing the \$ to in-place construction and local subs.



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## What is JOC?

- Job Order Contracting is using long-term IDIQ contracts for construction services delivered on an on call basis through firm, fixed price delivery orders based on pre-established unit prices.



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**The goal is to provide quality and service resulting in maximum volume and favorable prices.**

## What is JOC?

- Unit prices provide the basis for establishing a lump-sum fixed price for each delivery order.
- A low contractual guarantee and a high, but realistic maximum provide a powerful incentive for the contractor to provide maximum customer satisfaction.
- Pre-qualified, local small businesses perform most of the in-place construction.
- The emphasis is on building relationships (Contractor, the JOC Customer, the subcontractors, etc.).



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## Benefits of a JOC Program

- More Dollars to the Project Work
- Reduced Procurement Costs & Time
- Control of Budgets & Time Lines
- Responsive Support
- Single Source Accountability
- Transparency of Decisions
- Ability to Support Green & Sustainability Efforts



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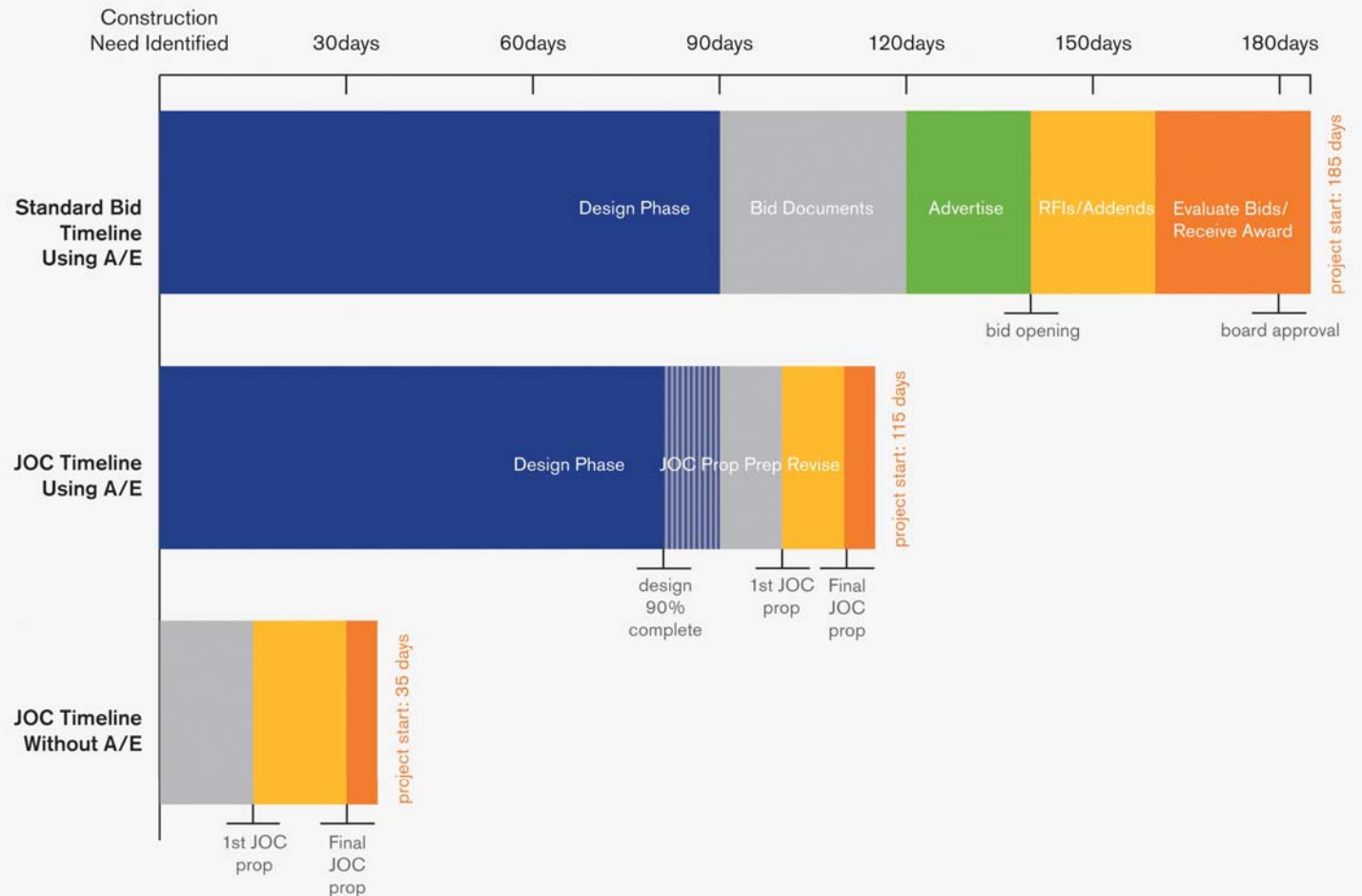
## Benefits of a JOC Program (continued...)

- Improved Communications
- Reduced/Eliminated Change Orders
- Eliminated Legal Issues
- Support of Local Subcontracting Businesses
- Improved Minority & Small Business Goals
- Extension of Existing Internal Team



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# Standard v. JOC Preconstruction Timelines





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## How Do I Get a JOC?

- Establish a realistic max. annual \$ volume expected.
- Determine Unit Price Book to be used.
- Determine the desired contract term after a base term of 1-2 years.
- Use a “qualifications-based” selection system.
- Use RFP, CSP, or RFQ and provide evaluation criteria and weighting.
- Determine overall “best value”



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**Use Best  
Practices**

## Making JOC Succeed

- Teamwork / Partnering
- Upfront Contractor Involvement
- Communication
- Customer Satisfaction



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## Teamwork / Partnering

- Creates the most effective JOC process
- Improves relationships
- Encourages flow of information
- Resolves conflicts or problems within the process



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# Upfront Contractor Involvement

- Provides input and assistance with scoping, scheduling, budget, and constructability issues
- Allows contractor to be up-to-speed on customer needs
- Reduces the overall time necessary to complete the project
- Provides better value for dollars spent.



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## Communication

- Designate a Primary Point of Contact (POC) for Each Customer
- JOC Project Procedures Manual Created and Distributed to Team
- Keep Project Schedule and Status Up-to-Date
- “Lessons Learned” on Project Debriefings Made Available
- Customer Survey Forms Distributed, Analyzed, and Acted Upon



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# Customer Satisfaction

## ■ Customer Needs

(Quick Response Time, Quality Service, On-Time completion, Minimal Disruptions, No Contractor Generated Change Orders, and Cost is Reasonableness)

## ■ Feedback

(Elicit Customer Responses, Develop Lessons Learned, Refine Processes, Policies, and Procedures, and Close the Loop)

## ■ Quality Improvement

(Quality Improvement Committee, Continuous QC Feedback)



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## Bottom Line

- Determine needs
- Select best contractor
- Partner
- Communicate
- Continually Improve
- Succeed!!!



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## Success Stories

- National Institute of Health JOC
- Spring Branch ISD
- Emory University
- City of Alexandria
- City Colleges of Chicago
- Tulsa Public Schools



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# National Institute of Health

## ■ Roof Replacement

*“Very few people were aware that a major construction effort was underway. It is doubtful that a better job could have been accomplished for any amount of money.”*

## ■ Laboratory Renovations

*“A miracle... one month ahead of schedule.”*

- Over 1000 Delivery Orders and \$350M of Work Done in 8 Years.
- Over 300 Small Business Subcontractors.
- Quality and On-Time Customer Ratings – Both 98%



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## Spring Branch ISD

- 45-ton Chiller - August 25<sup>th</sup> Chiller Failed; August 29<sup>th</sup> Work Completed, School Opened On Time.
- SBISD Savings \$1,857,543.91 (cumulative summary)
- Over \$37 Million in 3.5 Years
- All JOC Projects Under Budget
- All Schools Opened On Time
- 84% to Small Business, 18% to Minority Small business and 8% to Women-Owned Small Business
- Client Estimates Over \$2 Million Savings in Up-front Costs.



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# Emory University

- **Renovation of Room in Bishops Hall**  
A significant cost savings (43.5%) was derived by using JOC.
- **Office Renovation** – Coordination of asbestos abatement, interior design, and there were also constrictions imposed for noise limitation during normal business hours.
- **Remove/rebuild Chill Water Pump** – Contract format allowed use of labor allowance to address unforeseen hidden conditions.
- **Renovation of Winship Ballroom** – Large amounts of intricate painting, multi-color scheme and very tight schedule for coordination with electrical/communications subcontractor.



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# City of Alexandria

## ■ Renovation of Existing Warehouse into Office and Receiving Space

- A full-time superintendent was required to oversee the work of 60 – 100 trades personnel at the job each day.
- Working with the owner, over \$300,000.00 in design concerns were addressed prior to the start of work, thus eliminating start delay and change orders.



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# City Colleges of Chicago

- Renovation of existing teaching restaurant to state of the art facility.
  - 90 day completion time.
  - Long lead items were procured by the contractor and distributed to the subcontractors to insure timely completion.
  - Design recommendations by the contract and modification to existing furnishings resulted in reduced costs and timely completion of the project.



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# Tulsa Public Schools

## ■ Parking Lot and Playground Resurfacing

- Identifying a concern that the asphalt and existing sub-grade were not stable enough to receive an overlay, the contractor recommended changes to the owner supplied scope of work. Although this increased the overall project cost by \$40,000.00, the owner realized the long-term savings in future repair costs.
- Project completed 7 days ahead of schedule



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## Summary

- JOC is an effective Delivery Method and should be in your “tool box”.
- Executed properly, it can do work faster, better, and is a more cost effective method than traditional “low bid” single project methods.
- It helps local small businesses meet your goals and succeed.



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# A JOC User Shares

- Vince Curl – PGCPS

## Why JOC Makes Sense

# How JOC Saves

*Dan Cook – CJE Member*





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# Cost Savings in Job Order Contracting

- JOC Saves in 4 Areas
  - Procurement and Overhead
  - Design
  - Construction
  - Post Construction



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## Cost Savings in Job Order Contracting

- Procurement and Overhead Savings (2-3%)
  - The cost of the bid process is typically 1-2% of the cost of construction
  - In JOC, only the master JOC contract follows this process
  - Thereafter, hundreds of Job Orders can be issued from the master JOC contract



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## Cost Savings in Job Order Contracting

### ■ Design Savings (1-3%)

- The cost of putting together a traditional bid package is 6-8% of the cost of construction.
- Most JOC projects bid through the traditional design-bid-build process require A/E services for the sole purpose of preparing a set of bid documents.



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## Cost Savings in Job Order Contracting

### ■ Design Savings (1-3%)

- The JOC type of work is generally straightforward, simple and many times involves replacements in kind.
- Documenting the design in JOC is less formal and therefore less costly.



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## Cost Savings in Job Order Contracting

- **Construction Savings (4-6%)**
  - **Volume Discount:** Job Order Contracting combines many small projects into one master contract.
  - **Reduced Scope:** For projects involving a worsening condition such as a leaking roof or a failed drainage structure, starting work fast can substantially reduce the scope of work.



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## Cost Savings in Job Order Contracting

- Construction Savings (4-6%)
  - **No Contingencies:** Because they actively participates in the scope development, the Contractor's risk is reduced. When risk is reduced contractors do not include contingencies in their bids.



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## Cost Savings in Job Order Contracting

- **Post-Construction Savings (1-3%)**
  - Joint scope development reduces the number of Change Orders
  - The Contractor takes responsibility for errors and omissions in the Proposal, so it has an incentive to reduce them.
  - Changes in scope are priced the using same procedures. No negotiations of cost.



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## Cost Savings in Job Order Contracting

- **Post-Construction Savings (1-3%)**
  - This non-adversarial relationship eliminates the underlying cause of most claims and changes.
  - Since JOC is a series of individual Job Orders, it is against the contractor's best interest to submit claims.



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## Cost Savings in Job Order Contracting

- Total Savings of 8-15%
  - Procurement and Overhead (2-3%)
  - Design (1-3%)
  - Construction (4-6%)
  - Post Construction (1-3%)
- Most comprehensive independent study was done by LAUSD and found a cost savings of 9.2% (excluding the cost of procurement)



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# JOC Savings Not Guaranteed

- Not all users of JOC realize a cost savings
- “JOC is faster, but you will pay a premium” is often heard among certain JOC users
- Reasons why JOC may cost a agency more:
  - Inexperienced Contractor
  - Inexperienced Owner
  - Incomplete or Inappropriate Unit Price Book



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# JOC Savings Not Guaranteed

## ■ Inexperienced Contractor

### ● Too Slow

- Unable to handle multiple projects at the same time
- Difficulty producing timely and accurate proposals

### ● Poor Quality of Work

- Cuts corners to save \$
- Hires wrong subcontractor

### ● Uncooperative

- Not used to partnering with Owner



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# JOC Savings Not Guaranteed

- Inexperienced Owner
  - Poor Program Management
    - Awards too many or too few Contracts
    - Wrong Contractor selection method
    - Chooses wrong type of projects for JOC
  - Poor Project Management
    - Does not provide clear Scopes of Work to Contractor
    - Failure to review contractors proposals
    - Failure to enforce the use of proper line items and quantities
  - Uncooperative
    - Not used to partnering with Contractor



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# JOC Savings Not Guaranteed

- Experienced Contractor w/  
Inexperienced Owner:
  - Inflated proposals
  - Scope creep
  - Higher Costs
  - Only willing to work on “winning” projects



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# JOC Savings Not Guaranteed

- Understand the unit price book you use in your program
- Difficult for Contractors to bid with;
  - Generic task descriptions or poor scope
  - Tasks with varying prices for minimum, average and maximum
- Arguments between Contractor and Owner when;
  - Inappropriate line items used to cover the work to be performed
  - Line items are not tied to a specific set of technical specifications



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# JOC Savings Not Guaranteed

- Understand the unit price book you use in your program
- Prices are not accurate when;
  - They are not based on local material prices or wages
  - There are no quantity discounts for large projects
- Inappropriate use of unit price books leads to negotiated job orders and grossly inflated costs
- Inability to agree on appropriate line items and quantities



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## JOC for Stimulus Work

“Those of us who manage the public's dollars will be held to account — to spend wisely, reform bad habits, and do our business in the light of day — because only then can we restore the vital trust between a people and their government.”

- **President Barack Obama's Inaugural Address**

“We will act swiftly and we will act wisely. The vast majority of the investments in the plan will be made within the next 18 months -- immediately creating jobs and helping states avoid painful tax hikes and cuts to essential services. And every dime of the spending will be made available to the public on [Recovery.gov](http://Recovery.gov) -- so every American can see where their tax dollars are going.”

- **President Barack Obama - February 3, 2009**



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## JOC for Stimulus Work

- Job Order Contracting can:
  - Allocate the funds quickly so that local business can benefit immediately
  - Ensure a high return on any investments made while also maintaining a fully auditable paper trail
    - Good news if the contract you work on is run properly
    - Bad news if it is not



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## Closing Thought: CJE Mid-Atlantic

- One goal of CJE Mid-Atlantic can be to better quantify the Cost Savings
- Compare experiences
- Share best practices among members

# **JOC Discussion Panel**

***Bob Gair – CJE Industry  
Chairman***





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## Discussion Panel

- JOC Users/Owners – Vince C, Bill K & Others
- JOC Consultant – Robert C
- JOC Contractor – Rick F

**Questions?**

**Thoughts?**

**Sharing?**





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## The Starting Point

- Welcome from national CJE
  - Bob Gair
    - Why Regional Chapters?
  
- Leader CJE Mid-Atlantic Region
  - Bill Kolster



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# Goals & Focus Regional Chapter

- Why Have One
  - Networking?
  - Best Practices Sharing?
  - Trends & Needs Sharing?
  - Career?
  - Training?
  - Committees?
- How Often Should We Meet?
- Interested Volunteers?