JOB ORDER CONTRACTING
INFORMATIONAL PRESENTATION
FOR
PROSPECTIVE SANDAG CONTRACTORS

April 21, 2016
WELCOME & INTRODUCTIONS
AGENDA

• Overview of Job Order Contracting (JOC)
• What is the process for a JOC
• Example project and Estimating process
• SANDAG’s JOC Program
• SANDAG and JOC
• Closing Remarks
OVERVIEW OF JOB ORDER CONTRACTING
WHAT IS JOB ORDER CONTRACTING?

• A Firm Fixed Priced, Competitively Bid, Indefinite Quantity Procurement Process Primarily Used For Repair & Alterations Projects.

• Fundamentally **Different** Construction Procurement Relationship
OVERVIEW OF JOC VS. IFB PROCESS

- JOC is a contracting mechanism, not a design mechanism.
JOC USAGE ACROSS THE U.S.

- **Representative National Experience**
  - United States Postal Service (Nationwide)
  - New York State Department of Transportation (and 5 other State Wide Agencies)
  - Chicago Transit Authority
  - San Francisco Municipal Transportation Authority
  - The Pennsylvania Turnpike Commission (and 1 other State Wide Agency)
  - City of Philadelphia
  - City of Chicago (11 Departments)
  - City of New York (3 Departments)
  - City of Miami
  - City of New Orleans
  - City of Tampa
JOC USAGE IN CALIFORNIA

- Sacramento County – Multiple Departments
- San Luis Obispo County
- University of California – 9 Campuses
- California State University System – 21 Campuses
- City & County of San Francisco – 4 Departments
- City of San Jose
- City of Long Beach
- Lawrence Berkeley National Laboratory
- Los Angeles Unified School District
- US Postal Service - Statewide

- San Diego County
- Orange County
- Ventura County
- Riverside County
- Tulare County
- Solano County
- Sonoma County
- Kern County
- Contra Costa County
- Alameda County
- San Mateo County
- Santa Clara County – 3 Departments
- Los Angeles County – 3 Departments
CONTRACT TERMS, CONDITIONS & BID DOCUMENTS

• Must Accurately Explain the JOC Process

• Allows the issuance of individual job orders after contract is in place.
Joint Scope Meeting
- Develop Scope of Work
- Request for Proposal
- Contractor Develops Proposal
  - Selects Tasks and Quantities
  - Prepares Incidental Drawings & Sketches
  - Develops Schedule
  - Prepares List of Subcontractor
- Contractor’s Proposal Reviewed and Approved
  - ** Compared to SANDAG Engineer’s independent estimate
- Issue Lump Sum Job Order
A Job Order Contract is comprised of three documents:

- Construction Task Catalog®
- Technical Specifications for Each Task
- General and JOC Special Conditions
CONSTRUCTION TASK CATALOG

• A Price Established for Each Task
• Price Only Includes Prevailing Labor Rates, Local Material & Equipment Prices
• The Tasks Represent the cumulative “Scope of Work” for the Contract
TECHNICAL SPECIFICATIONS

• Technical Specifications are linked to specific sections in the Construction Task Catalog®.
ADJUSTMENT FACTOR

- Includes Everything outside of the established L/E/M pricing contained in the Construction Task Catalog®

- Overhead, Profit, Bonds, Insurance
- Scoping, Proposal Development and Review
- Obtaining Permits
- Mobilization, Management, Clean-up
- Supervision, Training, Quality Control
- Etc.
CONSTRUCTION TASK CATALOG® (CTC)

- Contractor must review and understand “Using the Construction Task Catalog”
- Explains the Pricing Methodology
- Make sure you get paid for all appropriate tasks
- Section 00 – Pages 1 to 8
UNDERSTANDING THE CTC

- Examples From the Review Notes That Interpret the CTC

- Unit Prices are for Complete and In-Place Construction (includes construction staking/layout)
- Unit Prices Include Labor, Material and Equipment.
- Unit Prices Include the Cost of Delivery to Site, Unloading, Storage and Handling.
- Unit Prices Include Testing, Calibration, Balancing Etc. for New Work
- Demo Price Includes Loading into Truck or Dumpster
- Contractor Paid for Installed Quantities Only, No Waste
- Assembly Prices take Precedence over Component Pricing
- Permits are Reimbursable at 100%
COMMON METHODS FOR CALCULATING THE ADJUSTMENT FACTOR

*** Historical Project Data Can Be Used ***
- Select a Representative Completed Project
  - You Know Scope and Direct Costs
- Price Project From CTC
- Add on Overhead and Profit
- Calculate the Adjustment Factor

**Sampling Method**
- Evaluate a Sampling of the Anticipated Items

**Create a Representative Project**
- Create a Scope of Work
- Get Sub Quotes or Estimate Cost
- Price Project From CTC
- Add on Overhead and Profit
- Calculate the Adjustment Factor
EXAMPLE PROJECT

- Replace VCT
- Replace Chalkboard on Front Wall with Dry Marker Board
- Replace 2 Doors and Hardware
  - F84 Class 1 Lockset
  - LCN 4000 Series Closer
  - Glynn Johnson Stop
- Skim Coat Ceiling
- Prime and Paint Ceiling and All Walls
- Install 1 Air Conditioner
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## EXAMPLE PROJECT – CTC PRICING

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EXAMPLE PROJECT

• **Price from CTC**
  - VCT $ 1,826.27
  - Dry Marker Board $ 1,131.12
  - Doors and Hardware $ 1,953.04
  - Paint and Plaster $ 1,477.48
  - Air Conditioner $ 917.47
  - TOTAL = $ 7,305.38

• **Cost of Work (from historical or estimate)**
  - VCT $ 2,100.00
  - Dry Marker Board $ 995.00
  - Doors and Hardware $ 2,100.00
  - Paint and Plaster $ 1,600.00
  - Air Conditioner $ 800.00
  - TOTAL = $ 7,595.00
CONTRACTOR CONSIDERATIONS

Overhead (Example) 8% - 12%

Partial List – See “Using the CTC” for more information

- Job Order Development
  - Joint Scope Meetings
  - Review Detailed Scope of Work
  - Build Proposal
- Site Supervision and Management
- Insurance and Bonds
- Drawings, Submittals, As-built Drawings
- Vehicles
- Home Office Support
- Communications
- Incidental Design Services
## CALCULATING THE ADJUSTMENT FACTOR

### Cost of Work
- In-House + Sub Prices = $7,595.00

### Mark-up
- Overhead @ 10% = $759.50
- Profit @ 10% = $835.45

### Total
- $9,189.95

### Price from CTC
- $7,305.38

\[
7,305.38 \times (\text{Adjustment Factor}) = 9,189.95
\]

\[
\text{Adjustment Factor} = \frac{9,189.95}{7,305.38} = 1.2580
\]
Submitting Adjustment Factors

Definitions:

**Normal Working Hours**: as used herein are the hours when work is designated to be performed between 6:00 am and 6:00 pm on any day designated as a “Working Day.” (See “Working Day” below).

**Normal Working Hours (Rail Right of Way)**: For work conducted during Normal Working Hours (see “Normal Working Hours” above) which involves personnel or equipment within 15 feet of the nearest rail of any active track, where work is interrupted by rail operation.

**Other Than Normal Working Hours**: as used herein are the hours when work is designated to be performed between 6:00 pm and 6:00 am on any day designated as a “Working Day” and any work performed on a day not designated as a “Working Day.” (See “Working Day” below).

**Other Than Normal Working Hours (Rail Right of Way)**: For work conducted during Other Than Normal Working Hours (see “Other Than Normal Working Hours” above) which involves personnel or equipment within 15 feet of the nearest rail of any active track, where work is interrupted by rail operations.
Submitting Adjustment Factors

Restricted Work Shift (Railroad):

**Restricted Work Shift:** A designated construction work shift that will be used to perform Work on any facilities located on the system in areas where access is solely from the trackway. This Work must be performed when normal passenger revenue service trains are not operating and must be accomplished without interruption of freight operations. The Contractor shall plan for track time and power downs as required by SDTI and/or NCTD, as applicable to perform the work. Contractor access to the trackway will be controlled by central control and a Railroad Flagger is required in conformance with 49 CFR 214 requirements. The Engineer shall make the final determination on the accessibility of a construction work area for a specific Job Order. Final determination for Work designated as “Restricted Work Shift” will be at the sole discretion of SANDAG.

Restricted Work Shift will vary in duration between 1.5 and 4 hours in length due to variations in passenger rail operations on various segments of the passenger rail system on which the work is to be performed. Shifts in excess of 4 hours are not considered to be Restricted Work Shifts.


**Item 1:** Unit work requirements to be performed during **Normal Working Hours (Non-Railroad Right-of-Way)** (6:00 AM to 6:00 PM on and day designated as a “Working Day”) as ordered by SANDAG in individual Job Orders against the Contract.

**EXAMPLE:**
1. $0 \cdot 9 \cdot 9 \cdot 9 \cdot 8 \quad (x \ 40\%)$

**Item 2:** Unit work requirements to be performed during **Other Than Normal Working Hours (Non Railroad-Right-of-Way)** (6:00 PM to 6:00 AM on any day designated a “Working Day” and all work performed on any day not designated a “Working Day”) as ordered by SANDAG in individual Job Orders against the Contract.

2. $1 \cdot 1 \cdot 1 \cdot 1 \cdot 1 \quad (x \ 20\%)$

(Note: Item 2 may not be lower than Item 1 above.)

**Item 3:** Unit work requirements to be performed during **Normal Working Hours Along Railroad Right-of-Way** as ordered by SANDAG in individual Job Orders against the Contract.

3. $1 \cdot 2 \cdot 2 \cdot 2 \cdot 2 \quad (x \ 20\%)$

(Note: Item 3 may **not** be lower than Item 1 above.)

**Item 4:** Unit work requirements to be performed during **Other Than Normal Working Hours Along Railroad Right-of-Way** as ordered by SANDAG in individual Job Orders against the Contract.

4. $\square \cdot \square \cdot \square \cdot \square \cdot \square \quad (x \ 10\%)$

(Note: Item 4 may **not** be lower than Item 2 or Item 3 above.)

**Item 5:** Unit work requirements to be performed during **Restricted Work Shift** as ordered by SANDAG in individual Job Orders against the Contract.

5. $\square \cdot \square \cdot \square \cdot \square \cdot \square \quad (x \ 10\%)$

(Note: Item 5 may **not** be lower than Item 4.)
The Composite Adjustment Factor will be the Basis of Award for this contract. It is determined as follows:

General Civil

\[(\text{FACTOR 1}) \times (40\%) + (\text{FACTOR 2}) \times (20\%) + (\text{FACTOR 3}) \times (20\%) + (\text{FACTOR 4}) \times (10\%) + (\text{FACTOR 5}) \times (10\%)\]

\[X \cdot XXXX = \text{Composite Adjustment Factor}\]

The Lowest Composite Adjustment Factor from an Acceptable, Responsive, Responsible Bidder will be the Apparent Low Bidder.
SUBMITTING ADJUSTMENT FACTORS

- For All Five Adjustment Factors Submitted:
  - Factors must be carried out to 4 decimal places
  - All boxes must be filled in for bid to be valid
  - Same Adjustment Factors Apply to All Tasks in the CTC
SANDAG’S JOC PROGRAM
WHY DOES SANDAG USE JOC?

- Time and cost savings when compared to full Invitation to Bid (IFB) process
- Creates a cooperative experience between Agency and Contractor
- Contractors participate in helping find solutions
- Ability to respond quickly to construction-related issues

*SANDAG will continue to use IFB process for all other construction projects that don’t meet criteria for JOC*
JOC CONTRACT STRUCTURE AT SANDAG

- Fixed initial term (up to 3 years).
- Guaranteed minimum dollar value ($40,000)
- Maximum contract value
  - Based on contracts anticipated volume and budget
  - Individual Job Orders capped at $2,000,000 except in an Emergency or if authorized by the Executive Director per SANDAG Board Policy no. 24
- When the Job Order Contract is bid, it does not:
  - Identify or commit to any specific project or location
  - Identify or commit to any specific quantities or tasks in the catalog of construction tasks
JOC IS COMPETITIVELY BID USING ADJUSTMENT FACTORS

- Each bidder must bid multiple Adjustment Factors to the prices published in the unit price book
  - Standard Contracts (2 factors):
    - Normal Time
    - Other Than Normal Time
  - Inside Railroad Right of Way (3 additional factors):
    - Normal Time
    - Other than Normal Time
    - Restricted Work Shift
- These same Adjustment Factors apply to all tasks in the unit price book
- Adjustment Factors must include all indirect costs, overhead & profit & are fixed for one year
- The Adjustment Factors described above are weighted to establish a Composite Adjustment Factor.
LOW BIDDER DETERMINATION

- The lowest bidder is the contractor that submits the lowest Composite Adjustment Factor.

- This Composite Adjustment Factor forms the basis of award to the lowest responsive, responsible bidder.

- The individual Adjustment Factors that are submitted as part of the bid apply to every task in the unit price book and cannot be changed over the 1 year duration of the contract.

- In cases of multiple year contracts, the Adjustment Factor is updated at the one year anniversary of contract award based on the Engineering News-Record (ENR) 20-City Average.
WHY JOC WORKS

- The Job Order Contract is a series of individual projects or Job Orders
  - Contractor is guaranteed only a minimum amount of work
  - If minimum value is met, no further work has to be given to a contractor

- Contractor has a continuing financial incentive to provide:
  - Responsive services
  - Quality work
  - Lower cost

- Future Job Orders tied to contractor performance
  - No obligation by SANDAG to give a specific project to JOC contractor
  - Multiple JOCs may be bid and awarded for similar work
  - Contractor profit is a function of volume

- JOC is truly a performance-based contract
BENEFITS OF JOC - VARIETY

- Contractors will work on a variety of projects

- SANDAG provides construction services for its clients NCTD and Caltrans, so Contractors may work in a variety of locations around the county.

- SANDAG contracts may be jointly procured with MTS. In this case the Contractor will be able to work independently with MTS on projects specific to that agency.
BENEFITS OF JOC – JOC STRETCHES THE PUBLIC DOLLAR

- **Lower Procurement and Administrative Costs**
  - JOC Eliminates the Need to Use the Full Procurement Cycle for Smaller Projects

- **Fewer Change Orders and Claims**
  - Joint Scoping Process Eliminates Misunderstandings About Scope
  - Contractor Develops the Cost Proposal and is Responsible for Errors and Omissions

- **Reduction of Design/Development Costs**
  - Small Projects can be Accomplished without Elaborate Project-Specific Documents for Contracting Purposes
BENEFITS OF JOC – GREATER BUSINESS PARTICIPATION

• JOC Increases the Number of Opportunities for Small Business and Subcontractors

• Historically, the Prime Contractor often uses multiple subcontractors

• Advantages for small business and subcontractors include:
  • Expanded business opportunities
  • No bonding requirements for subcontractor
BENEFITS OF JOC – GREATER SCHEDULING FLEXIBILITY

- Joint Scope Process Allows SANDAG and Contractor to discuss and agree to scheduling issues before either is obligated
  - Issues include site access, work hours, stand down time, etc.

- No Shelf Life for Prices or Job Orders
  - Projects may be scoped and proposals developed in advance of work actually starting
  - Allows for flexibility in ordering long lead items

- No Time-Delay Claims in Job Order Contracting
  - Joint Scoping Process Eliminates Misunderstandings About Scope and Schedule
  - Liquidated Damages may be assessed on a project by project basis
BENEFITS TO CONTRACTORS
BENEFITS TO SANDAG JOC CONTRACTORS

• SANDAG JOC Projects are numerous and varied. We do much bigger and more complex construction projects with JOC, than most owners.

• Quick paced and exciting projects.

• Working in an environment of partnering and trust.

• SANDAG is known as a great owner to work for, and we have a strong willingness to work with our contractors for mutual success.
JOC – WHY SHOULD CONTRACTORS BE INTERESTED?

• It’s a proven system that works for Agency and Contractor
• Nationwide over $1.5 Billion spent annually (JOC is more cost efficient than any other project delivery method).
• It is used by over 150 major public agencies, including over 55 Public Agencies in the State of California.
• Understanding JOC could lead to contractors doing work for more public agencies
JOC – IS IT RIGHT FOR YOU?

JOC may not be the right contracting tool for every contractor, but it may work for you!

Are you registered in SANDAG’s online database to get contracting information via email?
DOING BUSINESS WITH SANDAG
UPCOMING JOC IFB’S

- SANDAG will be releasing four JOC IFBs in the upcoming months:
  - General Electrical, Traffic Signals & Communication Construction Services
  - General Building & Facilities Construction Services
  - Landscaping, Irrigation & Mitigation Services
  - Railroad Signals, Overhead Catenary Systems & Track Work Construction Services

- SANDAG’s database is the most accurate source of information for upcoming projects and open solicitations, this information can be found on www.sandag.org/contracts
REGISTERING WITH SANDAG

www.sandag.org/contracts
QUESTIONS?

SANDAG Points of Contact
JOC Program Manager – Chuck Clark,
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Contract Analyst – Susana Tello,
susana.tello@sandag.org