



## Job Order Contracting Frequently Asked Questions

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### Q. What is Job Order Contracting?

Job Order Contracting is a unique, indefinite quantity procurement process that helps facility and infrastructure owners complete a large number of repair, maintenance, renovation and straightforward new construction projects with a single, competitively-bid contract. Unlike traditional bidding where each project is identified, designed and then put out to bid, Job Order Contracting establishes competitively-bid prices up front and eliminates the need to separately bid each project. It is sometimes referred to as JOC, SABER, TOC, WOC, IDIQ and DOC. It is an easy and expedited construction sourcing option to keep in your procurement toolbox.

### Q. How long has Job Order Contracting been around?

Job Order Contracting was invented in 1981 to tackle the demanding requirements, tight timeframes, and stringent, complicated competitive-bidding requirements at U.S. Army facilities in Europe. The purpose of Job Order Contracting was to simplify the process of completing routine, straightforward repair, renovation and alteration projects. Today, more than 1,000 Job Order Contracts are active and account for more than \$1.4 billion in construction annually.

### Q. How does Job Order Contracting work?

Contractors bid an adjustment factor to be applied to a catalog of tasks with preset unit prices developed using local labor rates and material and equipment costs. Job Order Contracts are generally awarded to the lowest, responsive, responsible bidder(s). Once a contract is awarded, the contractor can perform a variety of projects.

The contractor is paid the preset unit price X the quantity ordered X the competitively bid adjustment factor. No negotiation required.

### Q. How does Job Order Contracting help ensure a higher quality of work?

The contractor must satisfy the owner's high standards of quality and timely construction to ensure future work. The owner is not obligated to give the contractor more work. This motivates the contractor to meet and exceed expectations with quality work, completed on time. A 2015 Job Order Contracting industry study by the Performance Based Studies Research Group at Arizona State University found that 96% of Job Order Contracting projects were rated satisfactory by respondents, while almost all (99%) owner participants said they would recommend Job Order Contracting to other owners.

These high satisfaction marks derive from the time and cost saving benefits found with the Job Order Contracting process, as well as greater transparency, flexibility and efficiency compared to other procurement methods. Owners were 60% more satisfied with the Job Order Contracting process compared to Design-Bid-Build or Design-Build.

### Q. How does Job Order Contracting save money?

Budgetary control and cost savings are a cornerstone of Gordian's Job Order Contracting solutions. The Job Order Contracting industry study found that 91% of Job Order Contracting projects were delivered on budget. Additionally, owners estimated a 24% savings in administrative costs, while contractors estimated a 21% overall cost savings.



Owners said cost savings resulted from decreased procurement administration time, less project manager support time and lower design and drawing costs. The cost of procuring the projects is less because the owner does not have to repeat the entire procurement cycle for each project. The cost of construction is firm by the preset unit prices in the Construction Task Catalog®, which prices over 275,000 construction work tasks. The awarded contractor has competitively bid an adjustment factor to the pre-established unit prices, so the owner is assured a competitive price for each element of the project Scope of Work. Because contractors are bidding a series of projects instead of each small project, they may offer a volume discount.

#### **Q. How does Job Order Contracting save time?**

The traditional design-bid-construct cycle typically takes months to complete and uses a significant amount of agency administrative and technical resources. Once a Job Order Contracting contract is awarded, the owner can ask the contractor to perform a series of projects. Administrators do not need to prepare, copy, advertise and distribute bid packages for each project. The time-consuming front-end process is completed one time, rather than repeated for each project. The procurement process takes weeks instead of months. The 2015 study revealed revealed that contractors said 94% of Job Order Contracting projects are delivered on time, compared to only 63% for Design-Bid-Build and 73% of Design-Build.

#### **Q. What type of unit price book do you recommend?**

We recommend a localized, customizable unit price book with procurement data specifically tailored for the facility owner in his or her location. Our Construction Task Catalog contains over

275,000 construction tasks, each with a detailed description, unit of measurement, unit price, and, where applicable, demolition cost. Each unit price in the Construction Task Catalog contains locally-developed direct costs for material and labor. There are a set of technical specifications for each of the construction tasks and general conditions that contain the specific contract language concerning the execution of the contract.

#### **Q. What about change orders?**

Change orders are reduced because the contractor participates in the Joint Scope Meeting with all parties involved (owner, contractor and Gordian representative). This up front, open communication eliminates the misunderstandings and mistakes that lead to most change orders. The owner has the right to change the Scope of Work at any time during the project. With Job Order Contracting, extra work and change orders are priced using the Construction Task Catalog.

#### **Q. I am sensitive to the use of local and minority/women subcontractors and other considerations. How might this be handled?**

The Job Order Contracting construction procurement method has a history of attaining and exceeding participation goals. Local, minority, women and residency initiatives can be handled on a project-by-project or program-wide basis. The owner has the right to approve all subcontractors prior to issuance of the purchase order. Any specific conditions of the project, such as bonding or special insurance, is specified to the purchase order and provided to the owner. Most of these considerations will be handled up front in the initial customized bid documentation.



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**Q. What about price fluctuations from year to year?**

The adjustment factors are modified on the anniversary date of the contract award, based on the Construction Cost Index and the Engineering News Record. The average CCI for the current year is divided by the average CCI for the base year and equals the increase or decrease in the construction costs. The percentage is multiplied by the original adjustment factor and thus equals the adjustment factor for the next 12 months.

**Q. Why would I use Job Order Contracting?**

Job Order Contracting simplifies and expedites the construction procurement process, so work can begin earlier. It puts the owner in much greater contractual control and dramatically increases the quality of work. Any change orders are based on firm prices and Gordian's solutions virtually eliminate defaults, terminations and claims. Owners have access to a full-time, performance-

based professional construction contractor, working under a competitively-awarded contract. These contractors are ready to begin work immediately at a predetermined, firm price. Job Order Contracting will save time and money, allowing owners to complete more projects.

**Q. How do I access Job Order Contracting?**

Gordian has Job Order Contracting programs to fit your needs. Whether you need robust procurement data and software to supplement your in-house expertise, or you seek the development, implementation, training and support of a Job Order Contracting program, or you require an all-encompassing solution with construction management, we have the right program for you.

You can also access our Job Order Contracting process, also referred to as ezIQC®, through national and regional cooperative purchasing networks.