JOB ORDER CONTRACTING INFORMATIONAL SEMINAR

April 12, 2016
AGENDA

- Introduction
- DPD Program Information
- Monitoring Requirements
- Delivery Method
- Electronic System Platforms, Use and Maintenance
- DPS Application Process
- JOC Procedures
  - JOC Overview
  - JOC Process
  - JOC Contract Documents
  - Benefits of JOC to Contractors
- Is this something for Me?
- Questions
INTRODUCTIONS

• Participants
  • Department of Planning & Development
  • Department of Procurement Services
  • The Gordian Group
  • JOC Contractors
• Roof – repairs & replacement
• Porch – repairs & replacement
• Emergency Heating
• Eligibility
• Application Process
• Monitoring Requirements
Program Overview

- **Roof & Porch Repair Assistance**
  - Provides grants to eligible owner-occupants of 1-to-4 unit residential buildings to assist them with roof repair or porch repair.
  - Assistance is limited to one time through the life of the building
  - In-take list opens 2nd Thursday of September
  - Grants range from $10,000 to $35,000
  - Applications process and approved by Homeownership Center
• Emergency Heating Repair Program
  
  – Assist eligible owner-occupants with emergency heating system repairs during the winter season.
  
  – Applications available between November 1st to March 31st
  
  – Walk-in’s are welcome
  
  – $7,500 average grant
• Compliance Monitoring Accomplishments

• In 2015 we closed out 26 projects with a Construction value of $641 million.

• In 2015 verified MBE participation at 25.76% of our construction hard cost (1.76% above the goal of 24%)

• In 2015 we verified WBE participation at 7.08% of our construction hard cost (3.08% above the goal of 4%).

• In 2015 we remitted Davis Bacon Wages owed to 76 workers on Federally Assisted Projects.

• In 2015 we remitted an equal amount of wages to workers covered under the Illinois Prevailing Wage Act.

• In 2015 we collected approximated 1 Million dollars in liquidated damages associated with (Local Hiring).
DELIVERY METHOD

- Job Order Contract
- Benefits
- General Commitments and Requirements
  - PLA (PLA Applies to all JOC Projects)
  - Prevailing Wage
  - Davis –Bacon
  - MBE/WBE
- Vendor Forms of Ownership
• The City has entered into the PLA with various trades regarding projects as described in the PLA. A copy of the PLA, with appendices, may be found on the City's website at [http://www.cityofchicago.org/content/dam/city/depts/dps/RulesRegulations/Multi-ProjectLaborAgreement-PLAandSignatoryUnions.pdf](http://www.cityofchicago.org/content/dam/city/depts/dps/RulesRegulations/Multi-ProjectLaborAgreement-PLAandSignatoryUnions.pdf).

• Contractor acknowledges familiarity with the requirements of the PLA and its applicability to any Work under this Agreement, and shall comply in all respects with the PLA.

• ALL CONSTRUCTION, DEMOLITION, REHABILITATION OR RENOVATION WORK PERFORMED ON THIS CONTRACT, REGARDLESS OF ANY INDIVIDUAL PROJECT AMOUNT, MUST BE PERFORMED BY FIRMS THAT ARE SIGNATORY TO THE APPLICABLE AREA WIDE COLLECTIVE BARGAINING AGREEMENT LISTED IN THE PLA.
Since this Contract is federally funded, the Contractor will ensure that it and its Subcontractors comply with the applicable provisions of the Davis-Bacon Act (prevailing wages) Act, 40 U.S.C. sec 276, as amended, and the Copeland (anti-kickback) Act, 18 U.S.C., sec 874, and related regulations and pay such applicable prevailing wage rates.

Please refer to: http://www.wdol.gov for wage rates and more information.

As a condition of making payment to the Contractor, the City may require the Contractor to submit an affidavit to the effect that not less than the prevailing hourly wage rate is being paid to laborers, mechanics, and other workmen employed on this Contract in accordance with Illinois or federal law, as applicable.

Throughout the duration of the Contract, the Contractor is responsible for paying the most current hourly rate of wages in effect at the time the Work takes place.
The Certification & Compliance (C2) Network System is a web-based tool that provides:

– Online tracking of payments made to Prime Contractors;

– Online tracking of payments made to M/W/DBE firms;

– Online verification of M/W/DBE payments
Announced and unannounced site visits are performed by Field Analysts. While onsite at each construction location, they meet with the Resident Engineer or Project Manager and request to receive the daily work schedule and observe the duties being performed by the subcontractors and its’ workers.

It is expected that both the contractor’s employees and its’ subcontractors will cooperate fully in this monitoring process.
A completely automated web based system specifically designed for Prime Contractors and their Subcontractors.

The CPPS system allows for the management of Labor Compliance, Davis Bacon, and Prevailing Wage processes. It also validates local, State, and Federal Davis-Bacon prevailing wage regulations.

Payroll data may be entered directly into the system or uploaded from major construction accounting and payroll programs. This eliminates the need for paper documents to be submitted.

All contract-specific wage rates and worker classifications are online within the system, and Contractors select classifications from a menu.

Potential errors in wage rates or worker classification entries are flagged to Contractors preemptively, allowing Contractors to correct data prior to submittal.
Job Order Contracting is an Indefinite Quantity Construction Contract

- JOC Introduced in the United States in 1985
  - Dept. of Defense, USPS, NASA, etc.
- Implemented by states, counties, cities, K-12 schools, universities, housing authorities, etc. since 1990
- Nationally, hundreds of contracts currently in use
- Over $1.6 Billion in construction placed annually through Gordian JOC systems
JOC IS AN UMBRELLA CONTRACT

**PART 1**
BIDDING THE UMBRELLA JOC CONTRACT

**PART 2**
PROCURING INDIVIDUAL PROJECTS FROM OWNER POST AWARD

- OWNER PROJECT A
- OWNER PROJECT B
- OWNER PROJECT C
- SUBCONTRACTING OPPORTUNITIES
- SUBCONTRACTING OPPORTUNITIES
- SUBCONTRACTING OPPORTUNITIES
JOC IS AN UMBRELLA CONTRACT

• At this time, the Owner Cannot
  – Identify or Commit to any Specific Project or Location
  – Identify or Commit to any Specific CTC Tasks or Quantities
• Base Term with Option Periods
• Minimum Contract Value
• Maximum Contract Value
• Contractor Performance Drives Volume of Work
HOW IS JOC BID?

• Award Based on an Invitation to Bid
  – Lowest Price Based on Proposed Adjustment Factors
    • Normal Working Hours
    • Other than Normal Working Hours
    • Non Pre-Priced
  – Each Adjustment Factor is Weighted
  – Contractor with lowest, responsive, responsible bid is deemed to be the low bidder
• Joint Scope Meeting With the Client, Contractor, and Others to define the Detailed Scope of Work
• The Client Issues Request for Proposal for the Agreed Upon Detailed Scope of Work
• Proposal Development
  – Typical Proposal Due Date will be 2 weeks from RFP
• Proposal Review
• Issuance of Job Order
• Total Time Goal: Average 3-5 weeks
Why JOC Works for Contractors
  – Good work is rewarded with more work
    • Profit is a function of volume
    • Volume is driven by performance
    • JOC provides a steady flow of work
    • Do not have to chase the next project
  – Long-term relationship with the Client
    • Good work is rewarded with more work
    • Develop partnership with the Client
  – Reduced Risk
    • Payment for every element of work performed
    • Ability to provide input during scope development
Why JOC Works for Subcontractors

- Responsiveness requires local prime presence and use of multiple local subcontractors.
- Wide range of possible projects means variety of subcontractors will be needed to fulfill the contract.
- Simplified procurement process for the Client allowing them to procure more work in a shorter period of time. Results in greater number of subcontractor opportunities
- Multiple projects on multiple sites simultaneously.
Why JOC Works for Owner

- A Fixed Priced, Fast Track Procurement Process
- Job Orders are Lump Sum
- The Ability to Accomplish a Substantial Number of Individual Projects with a Single Competitively Bid Contract
- On-Call Contractors Ready to Perform a Series of Projects at Different Locations for Competitively Bid Prices
- Contractor Has A Continuing Financial Incentive To Provide
  - Responsive Services
  - Accurate Proposals
  - Quality Work on Time
  - Timely Close Out
- Future Purchase Orders Tied to Contractor Performance
  - No Obligation To Award Specific Projects
  - The Client can Use All Other Methods For Accomplishing Projects
• Time Savings
  – Faster Procurement = Weeks Instead of Months
  – Based on Owner-Contractor Partnership = Non-Adversarial Relationship
ADDITIONAL BENEFITS

• Owner Also Uses JOC to
  – Increases Transparency
    • The Owner Has the Ability to See and Review the Back-Up Pricing Details
  – Schedule Flexibility
    • No Shelf Life for Prices or Job Orders
    • Fast procurement cycle is good for end of fiscal year projects
JOC CONTRACT DOCUMENTS

- Owner’s Traditional Invitation for Bid Document
- Construction Task Catalog
- Technical Specifications
• Traditional Invitation for Bid
  – Contract Overview & Details
  – Submittal Requirements
  – Instructions to Bidders
  – Attachments to be Submitted with the Bid
  – Terms and Conditions
  – Bond Requirements
  – Warranty
  – Liquidated Damages
  – Changes in the Work
• Technical Specifications
  – Specifies Quality of Materials and Workmanship
  – Corresponds with Tasks in the Construction Task Catalog
JOC CONTRACT DOCUMENTS

• Construction Task Catalog (CTC)
  – Catalog of Pre-Priced Construction Tasks
  – Organized by Construction Specifications Institute (CSI)
  – Based on Local Labor, Material & Equipment Costs
  – The tasks represent the “Scope of Work” for the JOC Contract
Construction Task Catalog (CTC)
  - Typical Task:

```markdown
<table>
<thead>
<tr>
<th>CSI</th>
<th>MASTERFORMAT</th>
<th>FULL DESCRIPTION OF TASK</th>
<th>PRICE INCLUDES LABOR, MATERIAL + EQUIPMENT FOR YOUR LOCATION</th>
<th>DEMOLITION PRICE</th>
<th>SECTION + TASK NOTES</th>
<th>MODIFIERS FOR VARIATIONS OR QUANTITY DISCOUNTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 16</td>
<td>Curbs, Gutters, Sidewalks, And Driveways</td>
<td>32 16 13 Curbs And Gutters</td>
<td>Note: Includes two saw cuts (each end) of curbs and gutters for lengths up to 100. See CSI section S2 41 19 (32 000) for additional saw cuts within the 100.</td>
<td>32 16 13 13 Cast-In-Place Concrete Curbs And Gutters</td>
<td>Note: Includes concrete, forms, rebar, chairs (where necessary), expansion joints, finish and curing.</td>
<td></td>
</tr>
<tr>
<td>32 16 13 13</td>
<td>Cast-In-Place Concrete Curbs And Gutters</td>
<td>32 16 13 13-0001 Concrete Curb, Cast In Place</td>
<td>Note: Includes delivered concrete, forms, rebar, chairs (where necessary), expansion joints, finish and curing.</td>
<td>32 16 13 13-0002 Cast In Place Concrete Curb</td>
<td>For Up To 20, Add</td>
<td>4.63</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;20 To 50, Add</td>
<td>2.27</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;50 To 100, Add</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;500 To 1,000, Deduct</td>
<td>-0.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-1.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-1.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-2.32</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-2.73</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-3.13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>For &gt;1,000, Deduct</td>
<td>-3.53</td>
</tr>
</tbody>
</table>
```
Contractor must review and understand “Using the Construction Task Catalog”

Rules of the game

Make sure you get paid for all appropriate tasks

Pages 00 – 1 to 00-8 of the CTC
UNDERSTANDING THE CONSTRUCTION TASK CATALOG

Include All Appropriate Tasks:

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Unit</th>
<th>Quantity</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4” Cast In Place Concrete Sidewalk</td>
<td>SF</td>
<td>400</td>
<td>$5.06</td>
<td>$2,024.00</td>
</tr>
<tr>
<td>For Quantities 100 to 500, Add</td>
<td>SF</td>
<td>400</td>
<td>$2.04</td>
<td>$816.00</td>
</tr>
<tr>
<td>4” Crushed Aggregate Base</td>
<td>SF</td>
<td>400</td>
<td>$0.63</td>
<td>$252.00</td>
</tr>
<tr>
<td>For Quantities Under 1000</td>
<td>SF</td>
<td>400</td>
<td>$0.18</td>
<td>$72.00</td>
</tr>
<tr>
<td>Mobilize Backhoe</td>
<td>EA</td>
<td>1</td>
<td>$402.63</td>
<td>$402.63</td>
</tr>
<tr>
<td>Excavation by Backhoe</td>
<td>CY</td>
<td>11</td>
<td>$3.75</td>
<td>$41.25</td>
</tr>
<tr>
<td>For Quantities Under 20 CY, Add</td>
<td>CY</td>
<td>11</td>
<td>$3.75</td>
<td>$41.25</td>
</tr>
<tr>
<td>Loading Excess Materials</td>
<td>CY</td>
<td>13.75</td>
<td>$3.42</td>
<td>$47.03</td>
</tr>
<tr>
<td>For Quantities Under 20 CY, Add</td>
<td>CY</td>
<td>13.75</td>
<td>$3.42</td>
<td>$47.03</td>
</tr>
<tr>
<td>Hauling to Dump Site</td>
<td>CYM</td>
<td>207</td>
<td>$0.51</td>
<td>$105.57</td>
</tr>
<tr>
<td>Landfill Dump Fee</td>
<td>CY</td>
<td>13.75</td>
<td>$15.14</td>
<td>$208.18</td>
</tr>
</tbody>
</table>

* Sample only

Compare these prices

$10.14
NON PRE-PRI CED TASKS

- Work Tasks not in the CTC
- Three (3) Quotes on vendors’ or subcontractors’ letterhead
- Justification for less than three (3) Quotes
- Markup based on proposed Non Pre-Priced Adjustment Factor
METHODS TO CALCULATE THE ADJUSTMENT FACTORS

Recommended Method

• Use Historical Project Data
  – Select a Completed Project
  • You Know Scope and Direct Costs
  – Price Project From CTC
  – Add on Overhead and Profit
  – Calculate the Adjustment Factor

Alternative Method

• 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
• Multifamily Unit Renovation
  – Doors and Hardware
    • Replace 12 interior doors, hinges and hardware
    • Doors shall be 3x7, solid core wood doors
    • Grade 2 locksets with knobs
    • Replace 2 push bar exist devices and door closers on exit doors
  – Interior Lighting
    • Replace all lay-in troffer fixtures on first and second floors. 48 in total
    • Replace 4 exit fixtures
    • Replace 12 industrial fixtures in shop area
  – Plumbing Fixtures
    • Replace 8 bathroom sinks, 8 faucets, and 8 toilets in men’s and women’s bathroom in admin building and shop area
    • Replace 4 water fountains
  – Replace Boiler
    • Demo existing boiler and as much piping and venting to accommodate new boiler. Install a new 1028 mbh oil fired cast iron boiler. Weil-McLain Model 88. No access for packaged boiler. Must field assemble sections. Provide new piping as required.
– Normal Working Hours Apply
## SAMPLE PROJECT - PRICE PROPOSAL

**Contractor's Price Proposal Summary - Category**

<table>
<thead>
<tr>
<th>Job Order #:</th>
<th>DCHA1.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Sample Price Proposal</td>
</tr>
<tr>
<td>Contractor:</td>
<td>123 Contracting</td>
</tr>
<tr>
<td>Proposal Value:</td>
<td>$89,491.65</td>
</tr>
<tr>
<td>Proposal Name:</td>
<td>Sample Price Proposal</td>
</tr>
</tbody>
</table>

**To:** Project Manager  
**From:** Contractor Project Manager

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boiler</td>
<td>$48,911.43</td>
</tr>
<tr>
<td>Doors &amp; Hardware</td>
<td>$9,748.46</td>
</tr>
<tr>
<td>Lighting</td>
<td>$15,845.00</td>
</tr>
<tr>
<td>Plumbing</td>
<td>$14,986.76</td>
</tr>
</tbody>
</table>

**Project Proposal Total**  
$89,491.65
<table>
<thead>
<tr>
<th>Direct Cost of Work from CTC</th>
<th>Direct Cost of Work from Quotes or Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Replace Boiler</td>
<td>• Replace Boiler</td>
</tr>
<tr>
<td></td>
<td>$ 48,911.43</td>
</tr>
<tr>
<td>• Doors and Hardware</td>
<td>• Doors and Hardware</td>
</tr>
<tr>
<td></td>
<td>$ 9,748.46</td>
</tr>
<tr>
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</tr>
<tr>
<td></td>
<td>$ 15,845.00</td>
</tr>
<tr>
<td>• Plumbing</td>
<td>• Plumbing</td>
</tr>
<tr>
<td></td>
<td>$ 14,986.76</td>
</tr>
<tr>
<td>TOTAL =</td>
<td>TOTAL =</td>
</tr>
<tr>
<td>$ 89,491.65</td>
<td>$ 89,000.00</td>
</tr>
</tbody>
</table>
**SAMPLE PROJECT – PUTTING IT ALL TOGETHER**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Direct Cost of Work from Quotes</td>
<td>$89,000.00</td>
</tr>
<tr>
<td>B</td>
<td>Overhead 10%*</td>
<td>$8,900.00</td>
</tr>
<tr>
<td>C</td>
<td>Subtotal (Cost &amp; O/H)</td>
<td>$97,900.00</td>
</tr>
<tr>
<td>D</td>
<td>Profit 10%*</td>
<td>$9,790.00</td>
</tr>
<tr>
<td>E</td>
<td>Subtotal (Cost &amp; O/H &amp; Profit)</td>
<td>$107,690.00</td>
</tr>
<tr>
<td>F</td>
<td>Price From CTC</td>
<td>$89,491.65</td>
</tr>
</tbody>
</table>

**Adjustment Factor** = \( \frac{E}{F} \) = 1.2034

*Sample Only. Contractor to determine O/H & Profit. Prepare this calculation for more than one sample project.*
CONTRACTOR ADJUSTMENT FACTOR

• Importance of Adjustment Factors
  – Determines lowest proposed price AND
  – Used to price individual Job Orders
  – Price Proposal total becomes the lump sum Job Order Price

\[
\text{UNIT PRICE} \times \text{QUANTITY} \times \text{ADJUSTMENT FACTOR} = \text{TOTAL FOR TASK}
\]

\[
\text{UNIT PRICE} \times \text{QUANTITY} \times \text{ADJUSTMENT FACTOR} = \text{TOTAL FOR TASK}
\]

\[
\text{UNIT PRICE} \times \text{QUANTITY} \times \text{ADJUSTMENT FACTOR} = \text{TOTAL FOR TASK}
\]

TOTAL JOB ORDER PRICE
CONTRACTOR ADJUSTMENT FACTOR

• Annual Price Adjustment
  – Applied annually on the Contract Award’s Anniversary Date
  – Based on CCI (20 city average) published by Engineering News Record
  – Calculation
    • \[
    \frac{\text{Average CCI for Current Year}}{\text{Average CCI for Base Year}} = \text{The } \% \text{ Increase or Decrease in Construction Costs}
    \]
    • Percentage x Original Adjustment Factors = New Adjustment Factors for Next Year
  – Normal Working Hours
  – Other Than Normal Working Hours
  – NPP Adjustment Factors are Fixed for the Duration of the Contract
JOC MANAGEMENT SOFTWARE

- Internet Based Software Provided with Contract
  - eGordian Software Automates the Proposal Process
IS THIS SOMETHING FOR ME?
QUESTIONS AND DISCUSSION
BUSINESS CARD EXCHANGE