

Job Order Contracting for Novices

Just the Basics

By: Gary Aller

So, what is JOC?

Job Order Contracting (JOC) is a way of getting small, simple, and commonly encountered construction projects done easily and quickly. A JOC contract usually applies to a specific site or sites and can be used for any number of jobs that need to be done for as long as the contract is in effect. The JOC method of project delivery was devised by the military sector in the 1980s as a way to overcome problems with the traditional Design Bid Build (DBB) or low-bid method. Using DBB, every project, no matter how small, had to be designed and put out for bid, with the award going to the lowest bidder.

Going through this procedure for every little job was becoming impractical. The common occurrences of construction delays, cost over-runs, and quality disputes were successfully reduced using the new method, and JOC has been equally successful in the private sector for more than a decade. Recent legislation and existing procurement regulations have authorized the use of JOC for public construction in many states (including New Mexico). Essentially, JOC provides owners with an on-call general contractor who is familiar with the site and the owner's needs.

When is JOC Used?

The JOC delivery method is particularly well suited to repetitive jobs and situations in which owners know that many small tasks will arise, but the timing, type of work, and quantity of work are unknown at the time the contract is signed. Many diverse tasks such as routine upgrades and renovations, remodeling, alterations, and minor new construction for a site are very efficiently handled using a single JOC contract. These jobs usually have minimal design requirements.

The JOC method should not be used for large, complex new construction projects that require extensive or innovative design or are likely to encounter changes and revisions during construction. In fact, some states require each job completed under a JOC contract to cost less than \$1,000,000.

Why is JOC Useful?

There are several important advantages provided by Job Order Contracting. Projects done under JOC contracts are completed faster and incur fewer "soft costs," and the quality of the work is equal to or higher than that of projects done using DBB.

The most obvious benefit of JOC is the fact that it is not necessary to write separate contracts for each job. Since procurement procedures are major contributors to overhead and require significant staff resources, bypassing this procedure saves time and money.

Jobs get done faster and more cost effectively because the procurement costs are spread over many jobs. In fact, for most jobs done under JOC contracts, work begins 20 – 30 days after the need for work is communicated to the contractor, as compared to 180 days for DBB.

Another advantage is that the JOC contract establishes unit prices for labor and material, so once quantities are determined, it is fast and easy to arrive at a fixed price for each job. There are no price negotiations involved in implementing a JOC contract.

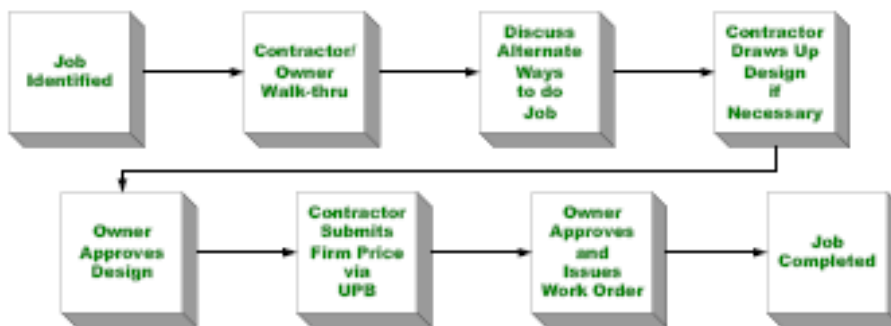
Additionally, because the owner establishes a long-term relationship with the Job Order Contractor, communication can be very efficient as the contractor becomes familiar with the needs and expectations of the owner. This long-term partnership, when established in a cooperative environment, leads to better quality and better value. JOC contracts are written with minimum and maximum dollar amounts of work that may be assigned under the contract. This situation creates a powerful incentive for the contractor to provide fast, high quality, reliable service to the owner. Owners are also motivated to establish positive relationships with the Job Order Contractors in order to reap the maximum benefits from the contract.

Finally, a very important feature of the JOC process is that the contractor is chosen by Qualifications Based Selection. This means that the choice will be based on experience with similar sites, knowledge and capability of personnel, and other factors that directly impact the quality of work delivered.

The JOC contractor typically uses his in-house design staff or an architect already under contract to quickly draw up plans for jobs as the need arises, saving substantial time.

How is a JOC Contract Used?

The process of using a JOC contract is very fast and straightforward. When a need is identified, the owner contacts the JOC contractor and they walk through the site, define the extent of the project, and discuss alternate approaches to be considered. The contractor then draws up a design, if necessary, and a detailed project list, including all materials and labor needed. Using the chosen unit price book, the contractor can establish a firm price for the job. The owner reviews the proposal and issues an authorization to proceed. The process from request to authorization to begin work takes a very short time, sometimes as little as ten days to two weeks and not more than 30 days. The flow diagram below shows the steps of the process.



Gary L. Aller is the former Director of the Alliance for Construction Excellence (ACE) and was instrumental in the Arizona state legislative process incorporating Alternate Delivery Project Methods into law in the early 2000's, including JOC. ACE is an outreach/inreach organization that is part of the Del E. Webb School of Construction at Arizona State University.