

Transforming Construction Procurement Through Job Order Contracting

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About JOC

- JOC is an alternative to traditional procurement and contracting methods
- Best suited to low design/high volume construction and maintenance
- It was developed in the 1980's and is widely used by public agencies in the US
- In Canada, it is used by the City of Richmond BC (since 2010), WorkSafe BC and Niagara Region (since 2017)



About JOC – cont'd.

- Job Order Contracting provides a way to accomplish many individual projects with one competitively bid contract
- It uses a unit price book of pre-priced items, each with a construction task description – Construction Task Catalog
- Organized by Construction Specifications Institute (CSI)
- Prices based on local labour, material and equipment costs
- Contractors competitively bid a mark-up that is applied to the unit prices



About JOC – cont'd.

- JOC is a turnkey solution
- Requires third party services (consultant)
- The consultant does most of the legwork to set up and maintain the unit price book and construction tasks catalog, relevant to the program
- The consultant conducts training for staff and the contractor



JOC process – Average Time: 3-5 Weeks



Cost Savings

- JOC estimated to result in savings of 8-15% compared with traditional procurement methods
- Cost savings come from efficiencies:
 - Design
 - Procurement
 - Construction
 - Contract Management



Cost Savings

- Reduction in design: 1-3%

Many small projects are designed just for bidding purposes

- Lower procurement and admin costs: 2-3%

Eliminates individual procurement processes for each project

- Cost of Construction: 4-6%

Volume discount based on large volume of work, not one small project

- Fewer change orders and claims: 1-3%

Joint scoping process eliminates discrepancies

Change orders are new job orders – the price is known



Cost of JOC

- No upfront costs
- Accessed through a SaaS web-based application, owners have unlimited user licenses
- Owner pays a flat fee - percentage of the value of each JOC issued through the system
- Contractors pay a lower flat fee percentage



Quality

The JOC contractor has a continuing incentive to:

- Provide responsive services
- Perform quality work
- Meet the schedule
- Future job orders are tied to performance and quality
- Performance issues usually not related to JOC and are managed through the contract language



Time Savings

- One contract that can be used for many projects means fewer individual procurements
- The contract is in place – work starts sooner
- Owners work directly with the contractor to develop scopes of work
- Owners can be more responsive to scheduling issues, seasonality and unplanned or expedited work (CIP150 & PTIF)



Other Benefits

- The standard specifications and contract terms are helpful to staff who lack expertise for scoping and managing projects
- Each order has line item details and is fully auditable
- Unit prices help to establish budgets and manage spend
- Contract is not exclusive – other procurement methods can be used as applicable
- The JOC model can be used for a variety of services: roofing, grounds keeping, major trades, etc.



Implementation Steps

- Step 1: Select JOC consultant
- Step 2: Work with JOC consultant to develop typical work and specs.
- Step 3: Prequalify JOC contractors (info. Session)
- Step 4: Conduct bid process for JOC contractors
- Step 5: Implement contract(s)
- Step 6: Train staff and contractors



Implementation Steps – cont'd.

- Mississauga has implemented JOC contracts on the basis of 3 years
- This is to offset the effort and obtain fair contractor prices
- The first 12 months will operate on a pilot basis
- After the pilot phase, we'll conduct an assessment and may elect to continue



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
- Long-term relationship with Mississauga
 - Develop partnership with Mississauga
- Ability to leverage subcontractor and supplier relationships
- Reduced risk
 - Fixed prices
 - No negotiations
 - Payment for every element of work performed
 - Ability to provide input during scope development



Why JOC Works for Owners

- A fixed priced, fast track procurement process
- Job orders are lump sum
- The ability to accomplish many individual Projects with a single competitively bid contract
- 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
 - Owners can use all other methods for accomplishing projects
- Increases use of local businesses
 - Responsiveness requires the prime to use multiple local subcontractors



Questions?

