

## Executive Summary

This best practices guideline is intended to provide public owners and contractors information on overall methods and processes in procuring, awarding and managing a typical Job Order Contract (JOC) that have been successful for many Washington State public agencies.

### Best Practices Guidelines:

The Job Order Contracting (JOC) Best Practices Guidelines focus on the JOC project delivery as regulated by Chapter 39.10 RCW, which is administered by the Capital Projects Advisory Review Board (CPARB) and applies to all public bodies in Washington State.

The guidelines are intended to fill the gap between Washington State's regulations and practices with the goal of enabling public agencies to effectively utilize JOC.

The guidelines are recommendations, not requirements. They do not propose modifications to the statute. There is a wide range of resources available for JOC delivery method, and some were used to develop this guideline.

*\*The notes are an integral part of the Guidelines and provides additional content and information.\**

## Topics to be Covered

- Definitions
- Introduction to JOC
- Benefits and Limitations of JOC
- State of Washington Specific
- Contract Procurement Process
  - RFP Development
  - Selection Process
  - Pre-Bid Conference
  - Evaluation Process of Proposals
  - Evaluation Process of Interviews
  - Evaluation Process of Coefficients
  - Evaluation Process of the UPB
  - Diverse Business Inclusion
- JOC Contract Execution
  - Work Order Process
  - Agency Notification of Work and Contractor Initial Response
  - Initial Site Visit and Scope Development
  - Proposal Preparation and Proposal Submission
  - Proposal Approval/Work Order Award Process
- Program Management of a JOC Contract
- Reporting
- Best Practices
- Bibliography

### Topic Summary:

The topics outlined here logically follow a typical Washington State Public Owner's creation of a JOC Program, Request for Proposal (RFP) and the flow of a typical JOC Contract. The topics will discuss what a public owner needs to consider while developing the RFP to managing a JOC contract. The guideline also includes specific sections tailored to the contractor who has never done JOC work before. This is not meant to be all inclusive, however these guidelines will hit a majority of the frequently asked items, questions and lessons learned by public owners and contractors.

## Definitions

- Job Order Contract (JOC) - means a contract in which the contractor agrees to a fixed period, indefinite quantity delivery order contract which provides for the use of work orders for public works as defined in RCW 39.04.010.
- City Cost Index (CCI) - is a percentage ratio of specific city's cost to the national average cost of the same item at a stated period of time.
- Coefficient - means the job order contractor's competitively bid numerical factor applied to the public body's prices as published in the unit price book.
- Firm Fix Priced - means a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.

### Slide Summary:

- The definitions are from section 39.10.270 of the RCW and represent a majority of the JOC specific terms.
- A majority of these definitions are universal across all users of JOC.
- The term "Coefficient" is also known as a multiplier or an adjustment factor. It is often thought to be a markup factor, but that is not the case. This numerical value is developed by the JOC Contractor and is multiplied by the UPB. This value could be below or above one (1) depending on the UPB the owner has selected.
- Depending on the selected UPB for the solicitation/contract will determine if there is a CCI. Not all UPB's have a CCI.

## Definitions

- Indefinite Delivery Indefinite Quantity (IDIQ) - is a method of delivery of an indefinite quantity of specific supplies and services during a fixed period.
- Non-Pre-priced - means a necessary, but incidental, part of a job or project under a Job Order Contract that is not susceptible to the unit pricing using the pre-priced tasks in the Unit Price Book.
- Unit Price Book (UPB) - means a book containing specific prices, based on generally accepted industry standards and information, where available, for various items of work to be performed by the job order contractor.

### Slide Summary:

There are several different unit price books (UPB) in the industry and some of those are: Gordian RS Means, Gordian Construction Task Catalog (CTC), Saylor, Sierra West's Cost Data and many other options depending on the public agencies preference. The most common ones being used in Washington State are Gordian RS Means, and Gordian Construction Task Catalog (CTC).

## Definitions

- Work Order - means an order issued for a definite scope of work to be performed pursuant to a job order contract.
- Work Order Number - means a unique number assigned by the Public Agency associated with an individual Work Order.

### Slide Summary:

The term "Work Order" may also be referred to as task order, delivery order or job order issued for a defined scope of work for a lump sum price, under the job order contract.

## Introduction to JOC

- Developed by Army Corps of Engineers.
- Indefinite quantity, multi-year “on call” construction services contract.
- Individual small projects are assigned as Work Orders.
- Contractor is selected on best value under qualifications-based criteria.
- Collaborative and integrated process of project development.
- 2003 signed into Washington law.

### Slide Summary

- Army Corps of Engineers developed the tool in 1980’s. The Corps found that they needed a procurement tool to allow them to complete smaller projects fast.
- Per the RCW the JOC contract is a base of two years and an option of a third year. This minimizes the administration and procurement process on individual projects, because you are only soliciting once every three years for a contract and the process to complete a project (work order) under the contract is a more efficient process.
- Typical criteria used in selecting the contractors are based on past performance, staffing, approach in handling a JOC Contract, quality and other criteria.
- JOC laws and implementation is not the same throughout the United States.
- With the JOC contract being a multi-year contract, it is a perfect platform for the owner and the contractor to develop a long-term relationship. It is imperative for the contractor to perform, because the owner does not have any responsibility in issuing additional Work Orders to the contractor if the contractor is not performing on the JOC contract.
- JOC is defined in sections 39.10.40 - .460 of the RCW.

## Benefits and Limitations of JOC

### Benefits

- Combines commitment, expertise and skills of agency and contractor.
- Reduces total time and cost for smaller projects.
- Could increase opportunities for diverse businesses.
- Lower contract administration cost.
- Reduced workload on in-house staff.
- Sharing of resources, scheduling, cost estimating and control.

### Potential Limitations

- Single trade projects where little or no coordination is needed.
- Projects with little or no line items are in the unit price book.
- Procurement of larger specialty equipment purchases.
- Pass through contracts.
- Term and value of contract and individual Work Orders have limits.

### Benefits:

- Incentive based – good performance by the JOC contractor yields more work; while poor work yields less. This requires the public agency and the contractor to be committed to a successful execution of the contract.
- Simplified procurement – able to procure a contractor to perform multiple projects under one contract. Where the individual projects are awarded using a more efficient and lower-level approval process.
- Provides an “on-call” contractor for projects.
- Transparent – a line-item proposal is supplied on every project.
- The contractor can act as an extension of the public agencies staff.
- Greatest benefit to utilizing JOC is the overall faster delivery of projects.
- According to the JOC Performance 2016 Industry Survey by ASU, public agencies attribute 52% cost savings of agency project management time.

### Potential Limitations:

- JOC is not another quote for the work; furthermore the JOC contractor is bound by a Unit Price Book (UPB); therefore, it is difficult to compare the two directly and should not be compared.
- Because the UPB is typically an industry standard it is difficult to procure specialty equipment with options. There are UPB's available that can be customized.
- The use of “best fit” line items is necessary when the public agency and the contractor are not in agreement on those line items.
- The UPB is limited and may not include certain line items.

### Best Practice:

- It is important to note that success is based on a programmatic approach to the contract and not on a project.
- What projects work and which ones do not depend on the individuals that are a part of the owner and



contractor team.

- Align program volume with optimal number of contractor awards to maximize JOC efficiency (*what is your estimated utilization?*)
- Consider and define collaborative design process and early contractor involvement (remember the JOC contractor cannot be the engineer of record!)
- Agencies should consider what UPB to use based on anticipated type of work, and to address adding non pre-priced items commonly used to the UPB. This must also be included in the RFP document.
- When creating a JOC program, understand where pinch-points are for contractors and departments.
- Avoid unintended barriers for all parties (JOC administrator/team, contractor, JOC customer). Incorporate enough flexibility to coordinate with any contractor or agency. If agency utilizes proprietary systems, ensure equal access is available to any potential proposer.

## State of Washington Specific

- *All* Washington state public bodies are authorized to use JOC.
- Initial JOC term is two years, with an agency option of extending the contract for an additional year.
- No more than three JOC contracts in effect at one time.
  - DES exception: Six in effect at one time

### Slide Summary:

The Capital Project Advisory Review Board (CPARB) oversees the use of alternative project delivery methods defined in Chapter 39.1 RCW and advises the legislature on policies related to public work delivery methods as defined by Section 39.10.420 – 39.460 of the RCW.

The CPARB has created a JOC Evaluation Committee. This committee is made up of key stakeholders within the public and private sector. The goal of the committee is to review data collected, look at best practices and make recommendations on JOC statute.

On this and the next slides are some of the more important specifics of the RCW. It is important the public agency and the JOC contractor understand the RCW. Funding sources, such as federal government, may have additional constraints.

## State of Washington Specific

- At least 90% of the total Contract amount must be subcontracted.
- Maximum Annual Contract amount is \$4,000,000.
  - Exceptions: DES, Counties > 1 million pop., Cities > 400,000 pop. maximum is \$6,000,000.
- Above excludes sales and use taxes.

### Slide Summary:

At this time the only agencies that meet the maximum contract amount exception is DES, King County and City of Seattle.

## State of Washington Specific - continued

- Unused capacity carries over for one year, *and*,
- Maximum annual volume can not exceed limit of two years.
- Prior to issuing 1<sup>st</sup> Work Order, OMWBE Office must approve Contractor's Diverse Business Inclusion Plan.
- Maximum amount per Work Order is \$500,000, excluding sales and use taxes.
- All Work Orders issued for same project treated as single Work Order for purposes of dollar limits.

### Slide Summary:

- It is key to develop a tracking system at the work order level to track contract values, estimates due, estimates submitted, award, notice to proceed (NTP), and completion dates by contract year. There are software solutions available for this.
- This tracking system should be reviewed by the JOC Steering Committee, comprised of representatives from both the agency and contractor. This meeting will be discussed in more detail later in this guideline.
- The Diverse Business Inclusion Plan covers the entire JOC contract performance period and is not required at the Work Order level.
- It is important to note that OMWBE has developed an example Outreach and Contracting Plan that can be modified by the contractor for contract specific requirements. For more information and other best practices please go to the OMWBE website ([omwbe.wa.gov](http://omwbe.wa.gov)).

## State of Washington Specific - continued

- 80% of items in each Work Order must come from UPB
- New stand-alone permanent structure shall not exceed 3,000 gross square feet
- The JOC contractor shall publish notification of intent to perform public works projects at the beginning of each contract year in a statewide publication and in a legal newspaper.

### Slide Summary:

- In most cases non-pre priced has not been used a lot. If used, a best practice is to request that the contractor obtain three quotes to support the development of the non-pre priced line item. Some public agencies also request that the contractor submit a non-pre priced coefficient to be applied to those developed line items.
- As a part of contract compliance, it is a good idea that the Public Agency request a copy of the public notifications that the JOC contractor has published.

### Best Practices:

- Published notification should be wide-spread and specific to the contract. This helps with generating interest from the local contractor communities.

## State of Washington Specific - continued

- Architectural/Engineering (A/E) services cannot be procured under the JOC contract for services not associated with specific Work Orders.
- Any Work Order over \$350,000, excluding WSST, and including over 600 single trade hours shall utilize a State registered apprenticeship program for that single trade in accordance with RCW 39.04.320.

### Slide Summary:

- JOC contractor may hire an A/E to perform design work specifically related to a Work Order. Other A/E services must be procured by the agency in accordance with RCW 39.80.040.
- The JOC contractor cannot be the Engineer of Record.
- Not all Washington state public agencies are required to meet the apprenticeship requirement. Refer to RCW 39.04.320 to confirm whether your public agency is included, and criteria required if unable to comply.

## State of Washington Specific - continued

- Prevailing wage rates must be the rates in effect at the time the individual Work Order is issued.
- If the agency does not issue Work Orders totaling the minimum amount stated in the RFP, the contractor's remedy is payment of the difference between minimum Work Order amount and the actual total of the Work Orders issued multiplied by an appropriate percentage for overhead and profit contained in the contract award coefficient.

### Slide Summary:

- Job order contractors shall pay prevailing wages for all work that would otherwise be subject to the requirements of chapter [39.12](#) RCW. Prevailing wages for all work performed pursuant to each work order must be the rates in effect at the time the individual work order is issued.
- The agency must be confident when determining the minimum aggregate value of Work Orders they anticipate to award within the JOC contract when developing the RFP. If, in the initial contract term, the agency, at no fault of the JOC contractor, fails to issue the minimum aggregate value of work orders stated in the RFP, the agency shall pay the contractor an amount equal to the difference between the minimum work order aggregate value and the actual total of the work orders issued multiplied by an appropriate percentage for overhead and profit contained in the contract award coefficient for services as specified in the request for proposals. This is the contractor's sole remedy.

## Contract Procurement Process - RFP Development

- Understand the RCW's.
- Determine the evaluation criteria.
- Determine the scoring matrix and weighting.
- Determine the Unit Price Book (UPB) to be used.
- What, if any, sections of the UPB will be excluded.
- What is included in the Coefficient.
- Determine the coefficients that need to be priced.
- Estimate the annual volume of JOC work orders anticipated.

### Slide Summary:

- It is important that the public agency understands the RCW and will have the volume of work to support a JOC Program.
- The public agency also needs to determine the criteria on which they will be evaluating the contractors. Some of the typical evaluation criteria are; management concept; professional personnel ability; location of firm; current projects of the firm; recent, current and projected workload of the firm; references; reference projects; safety program; diverse business outreach and goals.
- It is critical to understand and put into the solicitation what UPB will be used. There are UPBs that can be customized specifically for a public agency. It is necessary that the public agency understand the UPB that was selected, and to determine what section of the book that will be excluded. Typical sections of the UPB that are excluded are: construction management fees, models; renderings; contingencies; allowances; job conditions; sales and use taxes; personnel; Insurance, office expenses; mark ups; overhead; performance bonds.
- It is also critical to understand and put into the solicitation what is required to be included in the coefficient. Typical items in the coefficient are; overhead, profit, management administration costs; insurance, direct costs; performance bonds.
- The more sections of the UPB you remove from being used the more your coefficient will be increased to account for those items.
- It is important to mention that depending on how you define these requirements will also limit the contractors who will be bidding. One of the most common comments is: "How can I become a JOC contractor if I can't win a contract because I am not a JOC contractor."
- There are 3<sup>rd</sup> party firms available to help support public agencies in developing, implementing, and administrating a JOC program.



- The public agency JOC contract management staff shall develop a procedures manual, to include roles and responsibilities, and the process to administer JOC from inception to closeout. This includes training the staff on how to use the contract.

## Contract Procurement Process - RFP Development

- Establish Annual Contract volume
- General scope of work that will be completed on the contract
- Selection Schedule
- Selection Criteria
- Minimum Qualifications
- Milestone Schedule w/Target Dates
- Submittal Requirements
- Bonds and Insurance
- Project Management Software
- Estimating Software
- Diverse Business Inclusion Requirements
- Cost estimating and methodology

### Slide Summary:

- Align the total JOC program volume with the optimal number of contractor awards to maximum JOC efficiency (what is your estimated utilization?) *start with 1 contract and re-evaluate after 6 months.*
- Establish clear guidelines for contractor selection or assignment if multiple contractors are awarded.
- See Exhibits to this Guidelines Document for examples of public agency RFP's and JOC contract documents.
- Consider the timeline for the RFP process, including publication, evaluation, selection and award.

### Best Practices:

- The RFP should be written to allow any general contractor with experience managing various trades/subcontractors and strong local market knowledge to qualify.
- Public works experience should be preferred, but not required (except mandatory L & I training).
- Estimating and Methodology: Ask the proposers to describe what cost-estimating, tracking systems and techniques their team will employ to deliver the Work Orders on time and within budget.
- Request that the firm describes how they will respond to agency questions regarding Work Order proposal costs.
- Scheduling Work Order Construction Approach: Require that the firm provides their construction scheduling approach. At a minimum, address the following: How will they assure and be responsive to agency scheduling needs; and how will they address risk-laden timelines or unrealistic agency schedule expectations.
- The public agency should consider specifying number and size of pages; double-sided, page size; bound or not bound; presented in order of evaluation criteria listed; number of originals to be submitted; if electronic copies are acceptable.

## Contract Procurement Process - Selection Process

- Request for Proposal issued
- Pre-Bid Conference
- Evaluation based upon qualifications, and other factors (exclusive of price)
- Proposals scored and firms ranked
- One or more interviewed
- Interviews scored and firms ranked
- Shortlisted firms submit final proposals, with price
- Final proposals scored
- Firm with highest total score awarded contract

### Slide Summary:

- Typically, the JOC procurement is made up of three elements and those elements are: Technical, Interview, and Coefficient. Some public agencies will have each element be a separate phase where they have an opportunity to short list firms through each phase and sometimes the process will be two phases where the interview and coefficient are completed during the same phase.
- Typically, three qualified firms are selected from the technical phase to go on to the interview and two to three qualified firms submit coefficients. This is not a written rule – it is up to the individual public agency to determine how many qualified firms move to the next phase.
- The selection process requires the agency to be transparent and objective. It is important to allow adequate time to conduct the process including the review and scoring of the finalist's interview and coefficient(s).
- Final proposals are publicly opened.
- It is important to have the scoring criteria to include weighting. It is typical that a mathematical formula is used to determine the final score. That formula also needs to be included in the solicitation.
- Typical solicitation period for Contractor's to submit qualifications is 3-4 weeks, sometimes longer.

### Best Practices:

- It is recommended to have a balanced selection panel of different stakeholders that will be working with and using the contract. Panelists should have the knowledge and experience to evaluate responses to the solicitation.
- Develop a score card for the reviewers to use to score contractors proposals and interviews.
- Develop an Excel spreadsheet to calculate all results from the individual score cards.
- Remember as you proceed through the process that all responses to the RFP, all evaluator's comments, scorecards and final calculated results will be public records and subject to public disclosure upon request. Records that are organized will assist with this process.

## Contract Procurement Process - Pre-Bid Conference

### Agency Specific

- Review key terms of the JOC Contract.
- Discuss the steps to develop a Work Order.
- Explain expectations for preparing a price proposal.
- Explain Coefficient, what is and is not included.
- A sample price proposal exercise.
- Sufficient time for questions and answers.

### Contractor Specific

- Volume through the contract.
- Types of work.
- Typical users of the contract.
- Understanding the expectations of the public agency.

#### Slide Summary:

- It is important to have a Pre-bid Conference. This conference is the best time for the public agency to explain the contract and JOC process in detail.
- Some public agencies will make the Pre-bid Conference mandatory.

#### Agency:

- Pre-bid participants should include agency's project management team including the project manager, contracting expert, safety representative, staff responsible for diverse business inclusion and Inclusion Plan and administration of same, and contract sponsor or executive. Also include the contracted 3<sup>rd</sup> party JOC program administrator, if applicable.
- Present the known work anticipated to be awarded and typical to your agency; type of work and locations.
- Share all specific safety requirements and restrictions per location; such as background checks, badging, or federal regulations for access.
- Discuss the Unit Price Book to be used, excluded items and language pertaining to specific added items if applicable.
- Ask the contractor to demonstrate previous results for meeting diverse business goals.
- Develop a process for contractor's to anonymously submit questions during the bid window.

#### Contractor:

- It is important to understand the volume that is anticipated for the contract. This will help when assessing staffing and other general conditions items that are a part of the coefficient being applied to the UPB.
- Understanding the types of work will help the contractor understand the types of projects to illustrate past performance. It is also important to understand that from a coefficient standpoint. Not all sections of the individual UPB's costs associated with certain types of work will vary.
- Like all solicitations it is always important to know who might be your competition.

Best Practices:

- If the pre-bid conference is mandatory, include emphasis on this in the RFP. It is recommended that you schedule at least 2 pre-bid conferences to accommodate contractor's schedules. Also include in the RFP what action the agency will take if a proposal is received by a firm that did not attend the pre-bid conference, such as disqualification.

## Contract Procurement Process - Evaluation Process for the Proposal

### Agency Specific

- Evaluate and score the Proposals based on criteria in RFP.
- Shortlist, if appropriate.
- Conduct Interviews.
- Request Final Proposals, Including Cost.
- Score Final Proposals.
- Firm with Highest Score is Awarded the Contract.

### Contractor Specific

- Proposal align identically to the RFP.
- Completely understand the solicitation.
- Describe each criterion.

#### Slide Summary:

- The evaluation and scoring of proposals process is extremely important. Create a fair and equitable method of scoring the proposals at each phase.
- The scoring of criteria must align identically to the items listed in the RFP.

#### Agency:

- To minimize subjective scoring, consider using qualitative scoring for each criteria. Example: 90% - 100% (Exceptional), 70% - 89% (Good), 40% - 60% (Acceptable), 20% - 39% (Marginal), 0% - 19% (Poor).
- Don't rush it! Provide enough time for the evaluators to thoroughly review the proposals and provide scores.
- Its key to follow your bidding documents. If you don't know the exact steps "reserve your rights" in the documents.

#### Contractor:

- It is important that the contractor's proposal aligns identically to the solicitation. This not only helps the contractor in verifying they have responded adequately to the solicitation, but it helps the public agency score the solicitation.
- Be succinct in your response. Use tables and graphics to help support your proposal.
- Pictures can be worth a 1,000 words.
- If you are asked to provide sample projects or contracts, describe why you chose each and how they are relevant. It is not always obvious what similar in scope and size means.

#### Best Practices:

- Identify interview process and questions early (weighted vs non weighted questions).
- Qualifying questions can be asked about specific proposals, however, ensure this is identified as an agency option early in the process so that all proposers are aware this may occur.
- The interview process should also be detailed and may require its own milestone schedule.

## Contract Procurement Process - Evaluation Process for the Proposal

### Example of Scoring

- Qualifications of Proposer - 150 Points
  - Qualifications of Proposer's Key Personnel - 150 Points
  - Proposer's Approach to Executing a Project - 150 Points
  - Outreach Efforts and Commitment to include Diverse Businesses- 50 Points
- Total - 500 Points

#### Slide Summary:

This is one example of evaluation criteria weights

#### Agency:

- The public agency shall determine the number of points for each criterion and total amount best suited to them.
- One approach is to use a qualitative assessment scoring method: (90-100% Exceptional, 70-89% Good, etc.)
- Another methodology to scoring - would be ranked scoring/determine weights of question (what questions are more important? - worth more)
- The public agency shall determine the number of points for each criterion and total amount best suited to them.
- One approach is to use a qualitative assessment scoring method: (90-100% Exceptional, 70-89% Good, etc.)
- When including the interview results in the scoring methodology, questions could be ranked scoring (determine weight of questions – what questions are more important?)

## Contract Procurement Process - Evaluation Process for the Interview

### Agency Specific

- Develop a list of questions.
- Inform the interviewers what your expectations are and the topics to be covered.
- Interview scoring criteria.
- Have a panel for the interview

### Contractor Specific

- Select the team to be at the interview.
- Determine what is needed to present.
- What can be added to support the interview.
- Practice.

#### Slide Summary:

- Typically, at this stage the top three firms have been selected for interview, based on the scoring of the technical proposals.
- Final presentations are typically broken up into three parts: panelist introduction; contractor presentation; question and answers. Some public agencies will add an example project for the team to work through and present on that example project.
- Include an allotted amount of time during interview for each of the parts mentioned above.

#### Agency:

- Prepare questions for each contractor to clarify their proposal and fill in the “gaps” identified by the evaluation team.
- Questions could also include general questions that all contractors would be asked.
- Request that the contractor team consist of their Project Manager, on-site Superintendent, contract administration, safety, and other experts related to the work, such as environmental compliance.
- If the contractor being interviewed has performed previous JOC contracts, ask them to address challenges they have experienced with other JOC contracts they have been awarded.
- If the contractor being interviewed does not have previous JOC contract experience, ask them to address challenges they have experienced with difficult contracts and subcontractors.

#### Contractor:

- This is the time to illustrate your teams understanding of the solicitation and that you have a cohesive team. Make sure that you have responded to the public agency’s questions.
- It will be important to determine your strategy on presenting. Is a formal slide presentation needed or is there a better way to present the material.
- Understand your audience. This will be key in determining your presenting strategies.
- It is always a good idea for the interview team to practice presenting the presentation before interview.



## Contract Procurement Process - Evaluation Process for the Interview

### Example of Scoring

Presentation - 50 Points

Synergy of the team - 50 Points

Response to questions - 100 Points

Total - 200 Points

#### Slide Summary:

The public agency shall determine the number of points for each criterion and total amount best suited to them.

## Contract Procurement Process - Evaluation Process of the Coefficient

### Agency Specific

- Explain the rating criteria.
- Determine how many coefficients will be priced.
- State if the book will change annually or if the book will remain the same.
- If applicable, state if CCI will be updated annually or when issued by the UPB vendor.
- Understand Divisions 00 and 01 line items.
- Clearly identify what items are to be included or allowed in the coefficient.

### Contractor Specific

- Understand what will and won't be included in the coefficient.
- Understand what sections of the UPB will be excluded.
- Understand what UPB has been selected for the contract.
- Understand subcontractor market conditions in the area.
- Understand the types of work that will be completed on this contract.

#### Slide Summary:

- Typically, the firms that have been selected to present are also asked to supply coefficient(s). Usually, the coefficient(s) are submitted at the same time as the interview or at a date and time as determined by the agency. Occasionally a public agency will score the presentation and then request the highest ranked firms from the interview phase to supply coefficients at a date and time as determined by the agency.
- Depending on the agency the typical requested coefficients are: standard hours; non-standard hours; non-pre-priced. Some agencies may include coefficients for working in high secured facilities, remote locations, or other agency specific requirements.
- It is important to reiterate here that the coefficient is not a "mark up" of costs. The coefficient is an adjustment that is applied to the UPB.

#### Agency:

- Ensure that staff is well trained in the use of the Unit Price Book and Coefficients. There are companies available to provide the training.

#### Contractor:

- It is important for the contractor to understand all the items that are required to be a part of the coefficient to ensure nothing is missed.
- For those contractors who have little to no experience in developing a coefficient a best practice is to take projects that have been completed and develop a line-item estimate using the UPB. Once the line-item estimate is completed compare the cost of the completed vs the price from the UPB. It is also important to analyze major divisions of work as well, because some sections of the different UPBs pay differently in some divisions than others.

## Contract Procurement Process - Evaluation Process of the Coefficient

### Example of Scoring

Composite Coefficient =  $\text{Coefficient}_1 \times \text{Weighted Multiplier}_1 + \text{Coefficient}_2 \times \text{Weighted Multiplier}_2 \dots$

Percent above lowest composite coefficient =  $\frac{[(\text{Proposed composite coefficient} - \text{Lowest composite coefficient}) / \text{Lowest composite coefficient}] \times 100}{100}$

Lowest Composite 100 points

Composite coefficient within 10% of low conforming value 80 points

Composite coefficient within 20% of low conforming value 60 points

Composite coefficient within 40% of low conforming value 40 points

Composite coefficient within 60% of low conforming value 20 points

Other 0 points

Total 100 Points

#### Slide Summary:

This is one example of calculating the coefficient. Additional examples can be found in the documents listed in the Bibliography.

## Contract Procurement Process - Evaluation Process of the UPB

- Types of UPB
- How the UPB Works
- What is included in a line item
- Win some lose some

### Types of UPB:

There are several different unit price books (UPB) in the industry and some of those are: Gordian RS Means, Gordian Construction Task Catalog (CTC), Saylor, Sierra West's Cost Data and other options depending on the public agencies preference. The most common ones being used in the State are Gordian RS Means, and Gordian Construction Task Catalog (CTC).

### How the UPB Works:

- Standardized format and descriptions.
- Line items are broken down by Construction Specifications Institute (CSI) division.
- Depending on the selected UPB, demolition activities may be included specifically with each line item, captured generally at the beginning of each CSI division or missing altogether.

### What is included in a line item:

- Line items are typically a summation of materials, labor and equipment costs associated with the description of the line item.
- Line items are unit/quantity based.
- The labor cost associated with the line items reflect productivity based on actual working conditions.
- The equipment cost associated with the line items reflect not only rental but also operating costs for the equipment under normal conditions.

### Win some lose some:

- There are line items in any UPB that represent a unit price in some cases more or less than actual cost of the work.
- Typically, the lower the quantity, the cost to deliver the task is higher.
- Depending on the UPB used, not all line items include everything it takes to install a piece of equipment.

## Contract Procurement Process Diverse Business Participation

### Agency Specific

- Be clear in the goals for the contract.
- Include the contractor's Inclusion Plan in the evaluation criteria.
- Specify the reporting and the format required.

### Contractor Specific

- Understand the goals of the contract.
- Understand how the percentage of participation is calculated.
- Plan extensive outreach.
- Tracking system to track outreach and subcontractor qualifications.

### Slide Summary:

- The JOC program increases the opportunity to utilize minority, women and disadvantaged businesses.
- For purposes of this discussion "inclusion" refers to the strategies used by both the agency and the JOC contractor to facilitate the use of diverse businesses.
- Inclusion starts, as discussed, with the selection and contracting process. Past performance on projects of similar scope and size should give an indication of success on a new contract.
- Goals don't have to be dollars or percentages. Goals and inclusion strategies could be things like new businesses, technical assistance and capacity building, the number of diverse businesses (e.g., not just the same diverse finish carpenter on every work order but several in different categories).
- Also note subcontracting processes in general. How are teams selecting or engaging subcontractors during scoping and proposal development. Perhaps there are goals or expectations around inclusive business practices. Pieces like "quick pay" practices.

### Agency:

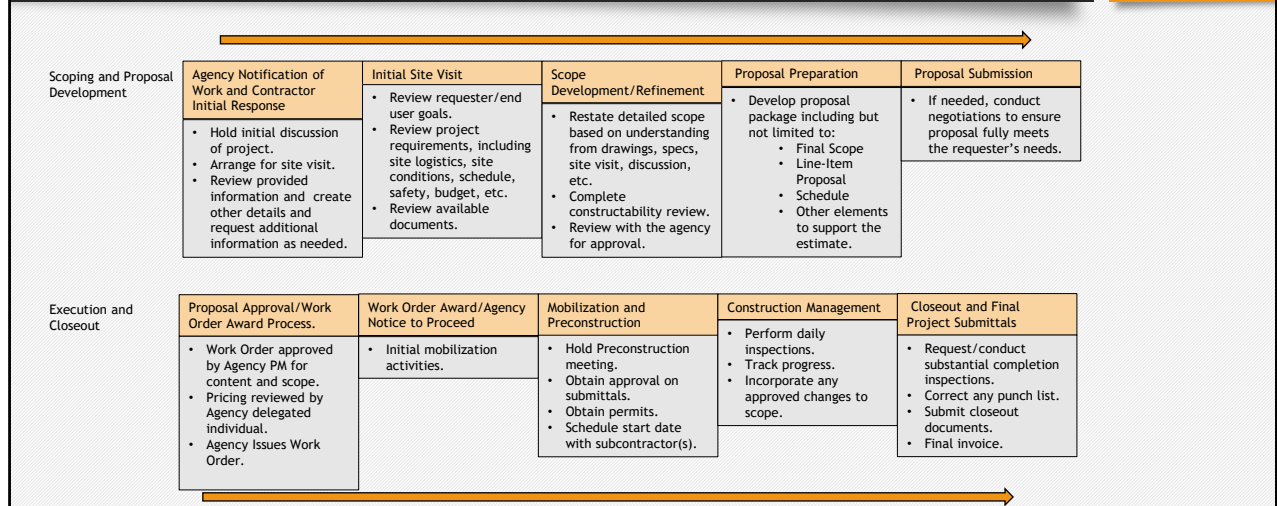
- Partner with the contractor to attend regional outreach events: such as the Greater Pierce County Purchasing Forum, WSDOT Outreach, and Alliance Northwest.
- Advertise the JOC bid solicitation on <https://omwbe.wa.gov>.
- Other resources for outreach: Business Impact NW, King County Small Contractors and Suppliers, WSDOT Small Business Services Program, USDOT Small Business Program, The Procurement Technical Assistance Center. In addition, the Capital Project Advisory Review Board (CPARB) Business Equity/Diverse Business Inclusion Committee can assist with outreach efforts for both the agency and contractor.
- Monitor the contractor's subcontracted inclusion results regularly to review participation percentage and partner to increase if necessary.
- If the agency has goals stated, ensure that the contractor has authentic and real inclusion strategies.

Don't force the conversation but agree to a thoughtful and intentional plan.

Contractor:

- A large list of qualified and dependable firms are important to the success of the JOC contractor.
- Outreach events are an important part in finding new firms.
- It is important to work with the public agency Diversity, Equity and Inclusion representative, or similar position.
- It is also important to document the efforts in outreach and contacting diverse business firms to bid the different projects under the JOC contract.
- The JOC contractor shall publish notification of intent to perform public works projects at the beginning of each contract year in a statewide publication and in a legal newspaper of general circulation in every county in which the public works projects are anticipated. Additional publications are encouraged to ensure a wide outreach to potential subcontractors, including diverse businesses.
- Attempt to remove barriers for diverse businesses such as limiting subcontractor bonding and insurance requirements as much as possible.

# JOC Work Order Process



## Slide Summary:

- The best JOC contract will have a streamlined Work Order process that everyone has agreed to.
- This is the typical process of a work order from start to finish. You will see that the biggest difference in this contracting method versus another is the scope development and pricing phases.
- The most important part of the process is a detailed scope of work that everyone agrees to. This scope not only demonstrates the team's understanding of the project but is also the basis of the line-item estimate. The more detail the easier it is to validate the line-item estimate.
- Unit prices from the UPB can not be negotiated. Negotiations can include refining the scope of work, and the line items and quantities to complete the scope of work.

## Best Practices:

- Agency develops a group that will determine what projects will be issued to the contractor.
- Hold a pre-construction meeting to kick off the contract.
- Set up a JOC steering committee to meet at a minimum of quarterly to discuss process, workload, diverse business participation, issues and any other notable topics.
- Both the agency and contractor should have a JOC champion for the contract and these two will be joint chairs of the steering committee meeting.
- Encourage the contractor to conduct value engineering and recommend changes to the scope of work that gains efficiency and provides potential cost savings.

## Agency Notification of Work and Contractor Initial Response

- Hold Initial Discussions regarding the Work Order
- Arrange Site Visit
- Review and develop items for the JOC Contractor
  - Overall statement of work
  - Objectives
  - Desired start date
  - Substantial completion date
  - Constraints
  - Specific design requirements (dimensions, quantities, materials, etc.)

### Slide Summary:

Work order request to execution process best practices.

### Best Practices:

- Have a “flow” and process decided ahead of time.
- Know how and what the agency will prepare to request the JOC contractor to look at a project and price.
- Know who the stakeholders and end users are and how they will be involved in the process.
- Have a Rough Order of Magnitude (ROM) as to what you think a project costs before getting the JOC involved.
- Performance criteria, level of design needed for permit, coordination on the owner side (e.g., will the work require you to shut down areas, etc.).



## Agency Notification of Work and Contractor Initial Response

- Review and develop items for the JOC Contractor
  - Tax implications - subject to Rule 170 or 171?
  - Safety concerns, requirements
  - Security logistics - background checks or badges required
  - Parking and laydown areas
  - Impacts - noise, air, etc.
  - Permits obtained and/or required, who pays?
  - Submittal items required
  - Materials purchased by agency

### Slide Summary:

Agency's considerations before requesting pricing from the JOC contractor.

### Best Practices:

- Agency's need to have a clear internal process on how they "develop" projects before requesting the JOC contractor to price.
- It is potentially challenging when you use the JOC for funding request development, project managers, designers, etc.

## JOC Work Order - Initial Site Visit and Scope Development

### Initial Site Visit

- Review requester/end user goals.
- Review project requirements, including site logistics, site conditions, schedule, safety, budget, etc.
- Review available documents.
- Discuss deadlines for scope refinement, review and proposal submission.

### Scope Development

- Restate detailed scope based on understanding from drawings, specs, site visit, discussion, etc.
- Complete constructability review.
- Review with the agency for approval.
- Key is to agree on scope prior to starting the line-item proposal.

#### Slide Summary:

- This slide details out some of the specific activities that may and should be covered at an initial site visit.
- It is important to walk through the different elements of the work and be prepared that this may take more than one walk; especially if you are dealing with a project that is not defined at this stage.
- It is imperative that the JOC contractor collaborates in the development of the detailed scope of work. This may take time depending on the detail of the project and the numbers of questions that need to be answered by the public agency.

#### Agency:

- Bring any documents, specifications and as-builts that will help the team understand the existing conditions; for example, electrical panel connections, location of water, sewer and other utilities.
- If a designer is part of the project, it would be a good idea to have the designer at the site visit with the contractor.
- Invite the key stakeholders to the site visit. This will help with scope development and or refinement.
- Make the contractor aware of any particular makes and models of equipment that the end user requests. This is a good time to make the contractor aware of any schedule and budget constraints.

#### Contractor:

- It is important that the contractor develops a scope of work and add any other details necessary regardless of what is received from the agency. This shows the contractors understanding of the project and, also allows the contractor to get buy in from the key stakeholders before pricing.
- It is important to think through the project in detail. This helps with minimizing change orders. In JOC contracting, change orders are not always in the interest of the JOC contractor. This is typically due to the UPB and the subcontractor prices.
- It is always a good idea to get input from subcontractors on the scope of work.

#### Best Practices:

- The key to a well ran project is a detailed scope of work; where all key stakeholders have reviewed and approved the scope.

## JOC Work Order - Proposal Preparation

- Contractor prepares Work Order Proposal which includes:
  - Technical Scope of Work
  - Priced Item List based on the UPB number, quantity, unit price, and coefficient
  - Non-Priced Item List with item name, type of material, type of work, quantity, unit price for labor hours, as applicable
  - Permits and other fees listed separately
  - Estimated start date and duration to complete work
  - Long lead items for materials
  - Assumptions
  - Exclusions
- Owner prepares independent Cost Estimate based on UPB and Coefficient

### Slide Summary:

- In all intent and purpose the ownership of these steps are on the JOC contractor.
- This is where the JOC contractor takes the scope of work and begins to develop the line-item proposal, schedule and other documents. The more detail and specificity the contractor has in the scope of work, the easier it is to develop and review the line items proposal.

### Agency:

- Remember your established work order flow and roles and responsibilities of your team members.

### Contractor:

- The estimating phase is the most time consuming and underestimated process. This is largely due to developing a detailed price proposal and adding the specific items to the proposal to allow for a thorough review.
- When developing your line-item price proposal you will find that there are assumptions that need to be made regardless of how good the scope is. Be sure to document assumptions, so you can come back to them. This is commonly where there is a difference between the contractor's proposal and the public agency's independent estimate.
- Your price proposal needs to be able to stand alone and give the public agency what they need to understand your line-item proposal and your understanding of the project. The better you do this the quicker the agency can review the proposal.

### Best Practices:

- The scope of work is aligned with the proposal and the proposal is filtered in the same break down as the scope of work.
- Add detail notes to include how you got to the quantities on your line-item proposal.
- When budgets are tight it is always a good idea to develop option items.
- Use software designed for JOC Contracting and integration of the UPB data.

## JOC Work Order - Proposal Submission

- Public agency reviews proposal for completeness.
- Review is based on reviewing and agreeing with the line items and quantities.
- Parties compare price proposals, make any adjustments and reach agreement.
- Work Order is prepared and signed by Contractor and Agency.

### Slide Summary:

During this phase, the public agency reviews the contractor's proposal for completeness.  
Verify budget availability

## JOC Work Order- Proposal Approval/Work Order Award Process

- Work Order approved by agency authorized representative for content and scope.
- Pricing reviewed by agency delegated individual.
- Agency issues Work Order.
- Agency issues Notice to Proceed

### Slide Summary:

- The public agency has the ownership of this step.
- It is important that a well thought out process is developed to streamline the process. This is the agency's opportunity to shorten the time in awarding a work order over other procurement methods.

### Agency:

- The Work Order approval process should be designed by the agency to fit the specific authorization levels and management structure and included in the procedure manual.

### Best Practices:

- To streamline the award and approval process a Work Order Form has been developed by the DES to act as the pricing and award document for each Work Order. This minimizes that amount of additional paperwork. This is just one example and there are other tools available to support this process.
- Another best practice is to determine the lowest level of signature authority as possible on approving and signing work orders.
- A preconstruction meeting will provide an opportunity for stakeholders to finalize schedule and discuss JOC contractor's diverse business inclusion plan for this Work Order.

## Program Management of a JOC Contract

The JOC Contract is a Program and requires  
Program Level Management

### Slide Summary:

- It is important to remember that the JOC contract is a program, therefore it requires program level meetings and management and not just work order specific meetings. The program level meeting allows for streamlining the JOC Process, conflict resolution, priority management and subcontracting, diverse business inclusion, and roles and responsibilities discussions.

## Program Management of a JOC Contract

### Agency Perspective

- Contractor should be part of agency's team and brought in early during the design and concept phase
- Let the JOC contractor help your agency team with value engineering, better solutions, design and concepts where appropriate.
- Agency PM/CM assigned at each Work Order
- Agency Representative should understand the UPB
- Provide on-site supervision
- Understand the Contract and enforce provisions
- Provide recommendations for subcontractors when requested by contractor
- Conduct weekly meetings to review status of one, or all, open Work Orders
- Monitor contractor's diverse business utilization and outreach efforts

### Contractor Perspective

- Schedule and hold quarterly steering committee meeting with key stakeholders of the JOC Program.
- Develop a tracking sheet or an agenda with the key stakeholders for the steering committee meeting.
- Understand the agency's process and procedures
- Proactively and openly discuss concerns and processes
- Schedule project specific meetings to discuss projects specifics.
- Continuity with staffing on projects are key.

#### Slide Summary:

- For effective and well run JOC contracts the agency and contractor should collaborate and work through problems in a positive manor. The key is when both sides "trust" each other.
- It makes sense to have set agendas developed for both a steering committee meeting and a work order meeting to keep all on task.

#### Agency:

- Again, understand your expectations and make intentional program management decisions. Perhaps your contracting teams can support the overall program and multi-year contract management, while your project delivery personnel are focused on the individual work orders.

#### Contractor:

- The JOC contractor works with the agency to develop an agenda for the steering committee and work order meeting. The agenda for a work order meeting may be the same one used for other projects.
- Develop a spreadsheet to track the individual work order by contract year, contract amount and diverse business utilization at a minimum. Work with the agency to determine other items that need to be added.
- To be able to maximize the contract it takes being proactive, being open to discuss concerns and providing a quality project on time.

#### Best Practices:

- Develop a steering committee with a senior management team of the agency and the contractor. This meeting is typically conducted quarterly, however some agency's hold them more frequently or less depending on the need.
- When there is conflict on how the JOC process is working or not, it is valuable to bring the project management staff together from both organizations to determine ways to make the process more efficient. This meeting should be run by senior management from the public agency and the contractor.

## Closeout of the Work Order and JOC Contract

- Timely closeout of each Work Order is important.
- Complete documentation of the final cost, schedule and scope of work
- Subcontractor utilization, including subcontractor name, diverse business classification, amount paid.
- Intents and Affidavits for JOC contractor and all subcontractors.
- Aggregate all individual Work Order data for full JOC contract closeout file.

### Slide Summary:

- It is very important to manage and record all documentation related to each individual Work Order as each one is finalized.
- Documentation should include the final work order proposal, scope of work and schedule; the diverse business outreach and utilization, JOC contractor and all subcontractor Intent to Pay Prevailing Wages and Affidavit of Wages Paid.
- Warranties and Operation and Maintenance Manuals
- Record the final amount of the Work Order and amounts paid to each subcontractor.
- The percentages subcontracted and self-performed. Remember – 90% of each Work Order must be performed by subcontractors.
- Consolidate all individual Work Order data into reports for JOC contract closeout.



## Reporting Per RCW 39.10.460

Each year a public body shall provide to the board the following information for each job order contract for the period July 1<sup>st</sup> through June 30<sup>th</sup>:

- A list of work orders issued
- The cost of each work order
- A list of subcontractors hired under each work order and any diverse business classification
- Intent and affidavits if requested
- Any other information requested by the board

### Slide Summary:

- Reporting is an important function to show transparency of the JOC Contract.
- DES requests data to be collected on an annual basis.
- DES has a file to be used to supply this data back to DES. DES will update the data collection page on the DES website for due date, instructions, and updated data collection form.  
<https://des.wa.gov/about/boards-committees/capital-projects-advisory-review-board/public-works-data-collection-effort>
- It is important to completely read and understand the data collection form to ensure the form is completed correctly.
- The data is then summarized and given to the JOC Evaluation Committee to review and report to CPARB. The typical data reported is as follows: Number of contracts, Contract Value for the reporting period, and OMWBE and MBE Utilization. DES holds a copy of the native files from each public agency for audit purposes. Typical Joint Legislative Audit and Review Committee (JLARC) will request these documents during reauthorization of RCW 39.10.

## Pending 2021 Legislative Changes to Reporting Per RCW 39.10.460

~~Each year a public body shall provide maintain and make available to the board the following information for each job order contract for the period July 1<sup>st</sup> through June 30th:~~

- ~~• A list of work orders issued~~
- ~~• The cost of each work order~~
- ~~• A list of subcontractors hired under each work order, **including whether those subcontractors were certified small, minority, women, or veteran-owned businesses**; and ~~and any diverse business classification~~~~
- ~~• If requested by the board, a A copy of the intent to pay prevailing wage and the affidavit of wages paid for each work order subcontract.~~
- ~~• Any other information requested by the board~~

### Slide Summary:

- The next four slides represent the pending legislative changes per Senate Bill SB5032

## PENDING 2021 LEGISLATIVE CHANGES TO 39.10 (SB5032)

- RCW 39.10 Pending Legislative Changes Related to JOC:
- 39.10.210
  - Adds definition of Coefficient:
    - “Coefficient means the job order contractor’s competitively bid numerical factor applied to the public body’s prices as published in the unit price book”.
  - Revised definition of Unit Price Book: *deleted* “~~The prices may include: All the costs of materials, labor, equipment, overhead, including bonding costs; and profit for performing the items of work. The unit prices for labor must be at the rates in effect at the time the individual work order is issue~~”.

## PENDING 2021 LEGISLATIVE CHANGES TO 39.10 (SB5032)

- RCW 39.10 Pending Legislative Changes Related to JOC:
- 39.10.220 and 230:
  - Emphasis added for providing opportunities to gain insights from businesses owned by minorities, women, veterans, and small businesses at the CPARB Board level.
  - Encourages competition and equity in capital construction projects and adds “best practices” recommendations.
  - Adds “including considerations for reducing barriers for and increasing participation by disadvantaged business enterprises”.

## PENDING 2021 LEGISLATIVE CHANGES TO 39.10 (SB5032)

- RCW 39.10 Pending Legislative Changes Related to JOC:
- 39.10.430
  - Adds “The public body is encouraged to post the request for proposals for job order contracts and the availability and location of the request for proposal documents in other areas, such as websites for business associations or the office of minority and women’s business enterprises, to further publicize the opportunities”.
  - Revises (d) by adding to the identification of unit price book with “and a description of which elements shall be included in the coefficient as necessary to establish a firm fixed price on work orders to be awarded under the job order contract”

## Best Practices Summary

- Have a JOC Champion on the agency side and the contractor side.
- The State of Washington requires that 90% of the work on a work order to be completed by subcontractors, so this is a great way to increase opportunities for diverse businesses.
- Have a balanced selection panel of different stakeholders that will be working with and using the contract.

### Slide Summary:

The next four slides summarize the best practices that have been found uniformly across the stakeholders who were a part of the development of these guidelines. It is important to note that the committee, and current agencies are available to ask questions of.

A JOC Champion is an internal subject matter expert and typically a senior member of your staff that advocates for the JOC program and identifies any needed adjustments to the JOC Procedures Manual to ensure success.

## Best Practices Summary

- Develop a score card for the reviewers to use to score contractors proposal and interviews.
- Develop an Excel document to calculate all results from the individual score cards.
- Agency develops a group that will determine what Work Orders will be issued to the contractor.
- Hold a pre-construction meeting to kick off the contract, and each Work Order.
- Setup a JOC steering committee to meet at a minimum of quarterly to discuss process, workload, diverse business participation, issues and any other notable topics.

## Best Practices Summary

- Both the agency and contractor should have a JOC Champion for the contract and these two will be joint chairs of the steering committee meeting.
- The key to a well ran project is a detailed scope of work; where all key stakeholders have reviewed and approved the scope.
- The scope of work is aligned with the proposal and the proposal is filtered in the same break down as the scope of work.
- Add detail notes to include how you get to the quantities on your line-item proposal.
- Agency annual review of contract and incorporate any needed updates identified.



## Best Practices Summary

- When budgets are tight it is always a good idea to develop option items.
- Use software designed for JOC Contracting and integration of the UPB data.
- Streamline the award and approval process.
- Determine as low a level of signature authority as possible on approving and signing work orders.

## JOC Committee

Linda Shilley (Chair) - Pierce Transit  
Quinn Dolan (Vice Chair) - Centennial  
Randy Horn - Gordian  
Aleanna Kondelis - University of Washington  
Michael LaVielle - Washington State University  
Brent LeVander - Centennial  
Eric Lindstrom - FORMA Construction  
Gina Owens - City of Seattle  
Bryan Thomas - Department of Enterprise Services

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<https://secureservercdn.net/50.62.198.70/7d0.958.myftpupload.com/wp-content/uploads/2016/12/JOC-Fundamentals-Best-Practices.pdf>

City of Seattle, 2020/2021 “JOC User Training Handout”

Department of Enterprise Services, 2019, “Job Order Contract Manual”

Gordian, “Best Practices for a successful Job Order Contracting (JOC) Program”

Gordian, “Resource Center”, <https://www.gordian.com/resources/?keyword=>

JOC Performance 2016 Industry Survey by ASU

### Slide Summary:

- Above are references that were used in the development of this guideline.
- As a part of the guidelines you will find sample JOC Solicitations, Contracts, and other documents around JOC.