

# **The City of Bellevue**

## **Job Order Contracting**

**RFP 10091**

**RFP 10088**

**APRIL 29 , 2010**

# **Agenda**

**HISTORICAL BACKGROUND OF JOB ORDER CONTRACTING**

**JOB ORDER CONTRACTING OVERVIEW**

**INSURANCE AND BONDING REQUIREMENTS**

**JOB ORDER CONTRACTING BENEFITS**

**PROPOSAL PREPARATION**

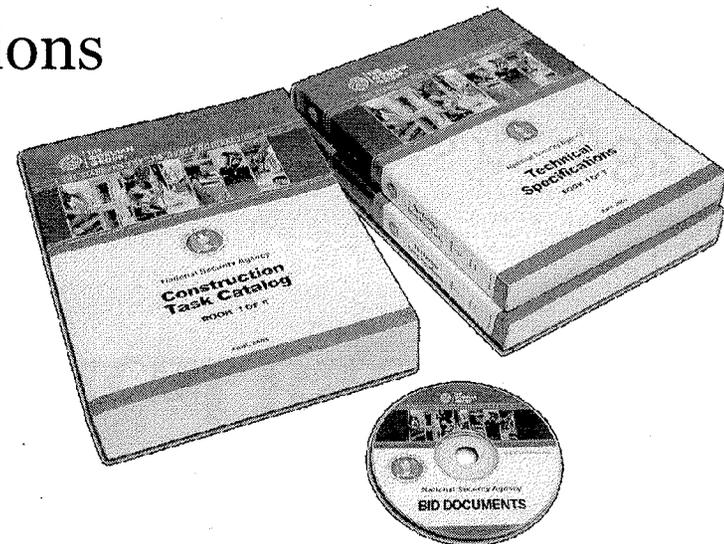
**OPEN DISCUSSION**

# Historical Background

- JOC was invented by Harry Mellon
- 1st JOC awarded at NATO Military Headquarters in 1982
- 1st Federal JOC awarded in 1985 by US Army Corps of Engineers
  - + Army Corps of Engineers initially responsible for providing JOC pricing documents to all Federal Agencies
  - + Army Corps of Engineers stopped providing JOC pricing documents in 1994
- Over \$1.5 Billion of Construction Volume Performed through JOC Annually

# Contract Documents

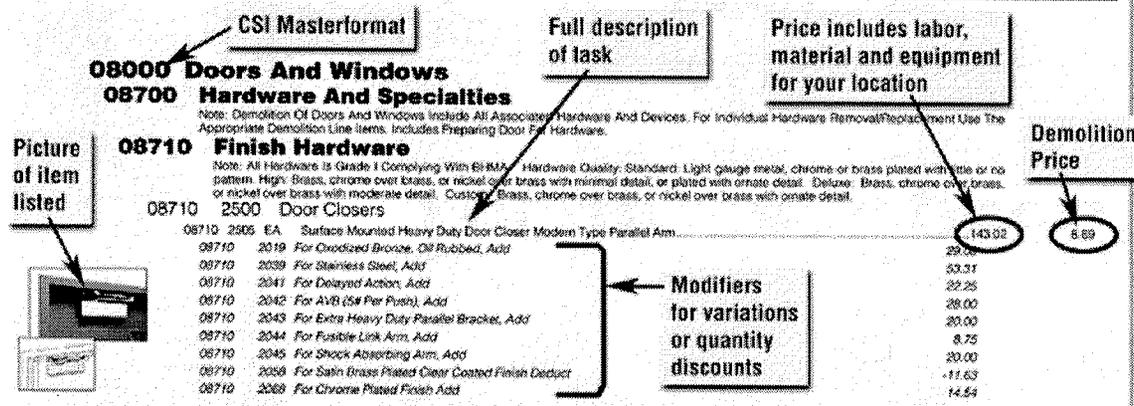
- Construction Task Catalog
- Technical Specifications for Each Task
- General and JOC Special Conditions



# Construction Task Catalog®

- Agency Identifies Individual Construction Tasks to be Included
- A Price Established for Each Task
- Price Only Includes Prevailing Labor Rates, Local Material & Equipment Prices
- The Tasks Represent the “Scope of Work” for the Contract

		08000 - Doors And Windows	
MINOR	CSI UOM DESCRIPTION	TOTAL DIRECT UNIT COST	DEMOLITION UNIT COST
<b>08000 Doors And Windows</b>			
<b>08700 Hardware And Specialties</b>			
Note: Demolition Of Doors And Windows Includes All Associated Hardware And Devices. For Individual Hardware Removal/Replacement Use The Appropriate Demolition Line Items. Includes Preparing Door For Hardware.			
<b>08710 Finish Hardware</b>			
Note: All Hardware Is Grade 1 Complying With BHM. Hardware Quality: Standard. Light gauge metal, chrome or brass plated with little or no pattern. High: Brass, chrome over brass, or nickel over brass with minimal detail, or plated with ornate detail. Deluxe: Brass, chrome over brass, or nickel over brass with moderate detail. Custom: Brass, chrome over brass, or nickel over brass with ornate detail.			
08710	2500 Door Closers		
08710	2005 EA Surface Mounted Heavy Duty Door Closer Modern Type Parallel Arm	143.00	8.69
08710	2019 For Chrome Bronze, Oil Rubbed, Add	29.00	
08710	2039 For Stainless Steel, Add	53.31	
08710	2041 For Delayed Action, Add	22.25	
08710	2042 For AVB (5# Per Push), Add	26.00	
08710	2043 For Extra Heavy Duty Parallel Bracket, Add	20.00	
08710	2044 For Fusible Link Arm, Add	8.75	
08710	2045 For Shock Absorbing Arm, Add	20.00	
08710	2059 For Sain Brass Plated Clear Coated Finish Deduct	-11.63	
08710	2069 For Chrome Plated Finish Add	14.54	



# Technical Specifications

- Coordinated Construction Task Catalog and Technical Specifications provides the quality standards in which the CTC was created

		<b>08000 - Doors And Windows</b>	
MINOR CSI UOM DESCRIPTION	TOTAL DIRECT UNIT COST	DEMOLITION UNIT COST	
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<small>Note: Demolition Of Doors And Windows Includes All Associated Hardware And Devices. For Individual Hardware Removal/Replacement Use The Appropriate Demolition Line Item. Exclude Preparing Door For Hardware</small>			
<b>08710 Finish Hardware</b>			
<small>Note: All Hardware Is Grade 1 Complying With BHMA. Hardware Quality Standard Light gauges metal, chrome or brass plated with thick or no pattern. High brass, chrome over brass, or nickel over brass with minimal detail, or plated with ornate detail. Deluge - Brass, chrome over brass, or nickel over brass with moderate detail. Custom - Brass, chrome over brass, or nickel over brass with ornate detail.</small>			
08710 2500	Door Closers	143.00	R 60
08710 2506	FA Surface Mounted Heavy Duty Door Closer Modern Type Parallel Arm	29.00	
08710 2510	For Chrome/Brass, Oil Rubbed, Add	53.31	
08710 2520	For Stainless Steel, Add	22.25	
08710 2541	For Delayed Action, Add	28.00	
08710 2542	For A16 (54 Per Push), Add	28.00	
08710 2543	For Extra Heavy Duty Parallel Bracket, Add	0.75	
08710 2544	For Flexible Link Arm, Add	20.00	
08710 2545	For Shock Absorbing Arm, Add	11.63	
08710 2550	For Six-Brass Pinion Close Contact Finish Product	14.51	
08710 2505	For Clearance Pinion Product		

**Construction Task Catalog and Technical Specifications have coordinated numbering system for easy reference.**

SECTION 08710 - FINISH HARDWARE	
1.1	DESCRIPTION OF WORK
A.	This specification covers the furnishing and installation of material for door hardware.
1.2	GENERAL
A.	Submittals
1.	Product Data: Include installation details, material descriptions, dimensions of individual components and profiles, and finishes.
1.3	PRODUCTS
A.	Scheduled Door Hardware: Provide door hardware for each door to comply with requirements in this Section.
B.	Closers, General
1.	Standards: Comply with the following:
a.	Closers: BHMA A15E.4.
2.	Surface Closers: BHMA
a.	Grade 1, unless Grade 2 is indicated.
C.	Closers
1.	Modern-Type-with-Cover Surface Closers: Rack-and-pinion hydraulic type, with adjustable sweep and latch speed controls by key-operated valves; with forged-steel main arm; enclosed in cover indicated; complying with the following:
a.	Mounting:
1)	Hinge side.
2)	Opposite hinge side.
3)	Parallel arm.
4)	Bracket.
b.	Type: Regular arm.
c.	Backcheck: Effective between 60 and 85 degrees of door opening.
1)	Factory-preset.
d.	Cover Material: Aluminum.
e.	Closing Power Adjustment: At least 50 percent, unless directed otherwise to be 35 percent, OR 15 percent, more than minimum tested value.

# Contract Terms, Conditions & Bid Documents

- Critical document
- Explains the JOC process
- Some standard clauses need to be modified for JOC

## **JOC Specific Clauses**

- ✓ Overview of Contract
- ✓ Procedure for Ordering Work
- ✓ Proposal Preparation
- ✓ Updating Adjustment Factors

## **Modified Standard Clauses**

- ✓ Scope of Work
- ✓ Extra Work
- ✓ Time Extensions
- ✓ Liquidated Damages
- ✓ Substantial Completion
- ✓ Payment
- ✓ Close Out

# JOC Structure & Bidding Guidance

- Initial term
  - + Two years
  - + One option to extend 1 year
- Guaranteed minimum dollar value
  - + Amount - \$35,000
- Estimated maximum value
  - + 3,500,000 for initial term, 2,500,000 option
  - + Based on Agency's budget
- Prior to bidding the Agency does not:
  - + Identify or commit to any specific project or location
  - + Identify or commit to any specific quantities or tasks in the catalog of construction tasks

# Insurance Requirements

- \$3,000,000 General Liability per occurrence
- \$3,000,000 General aggregate
- \$3,000,000 Product Liability
- \$1,000,000 Stop Gap/Employers Liability Coverage per accident
- \$1,000,000 Business Auto
- Work Comp as Required by Law
- \$1,000,000 Pollution
  
- Please refer to the contract documents for the exact requirements.

## **Bonding Requirements**

**Bid Bond- 5% of the Max Value \$175,000**

**Performance Bond - \$3,500,000**

**Payment Bond - \$3,500,000**

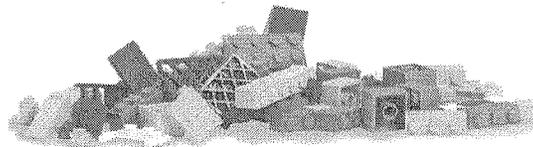
**Retention Bond**

# License Requirement

- Current Washington State Contractors License and be in Good Standing
- Valid City of Bellevue License

# JOC Process

- **Joint Scope Meeting**
  - + Owner & contractor jointly develop Detailed Scope of Work
  - + Owner determines final scope and level of documentation required
  - + A/E & subcontractors may also be part of scoping team
- **Proposal**
  - + Contractor prepares Price Proposal
  - + Cost of each project = unit prices x quantities x adjustment factor
  - + Price is fixed, always based on unit prices, never negotiated
  - + Contractor also develops schedule, list of subcontractors, submittals
- **Review**
  - + Contractor's price proposal & other information is reviewed & approved
- **Lump Sum Job Order**
  - + Issued by owner
  - + Risk of performance remains with Contractor
  - + No adjustment of quantities after Job Order issued

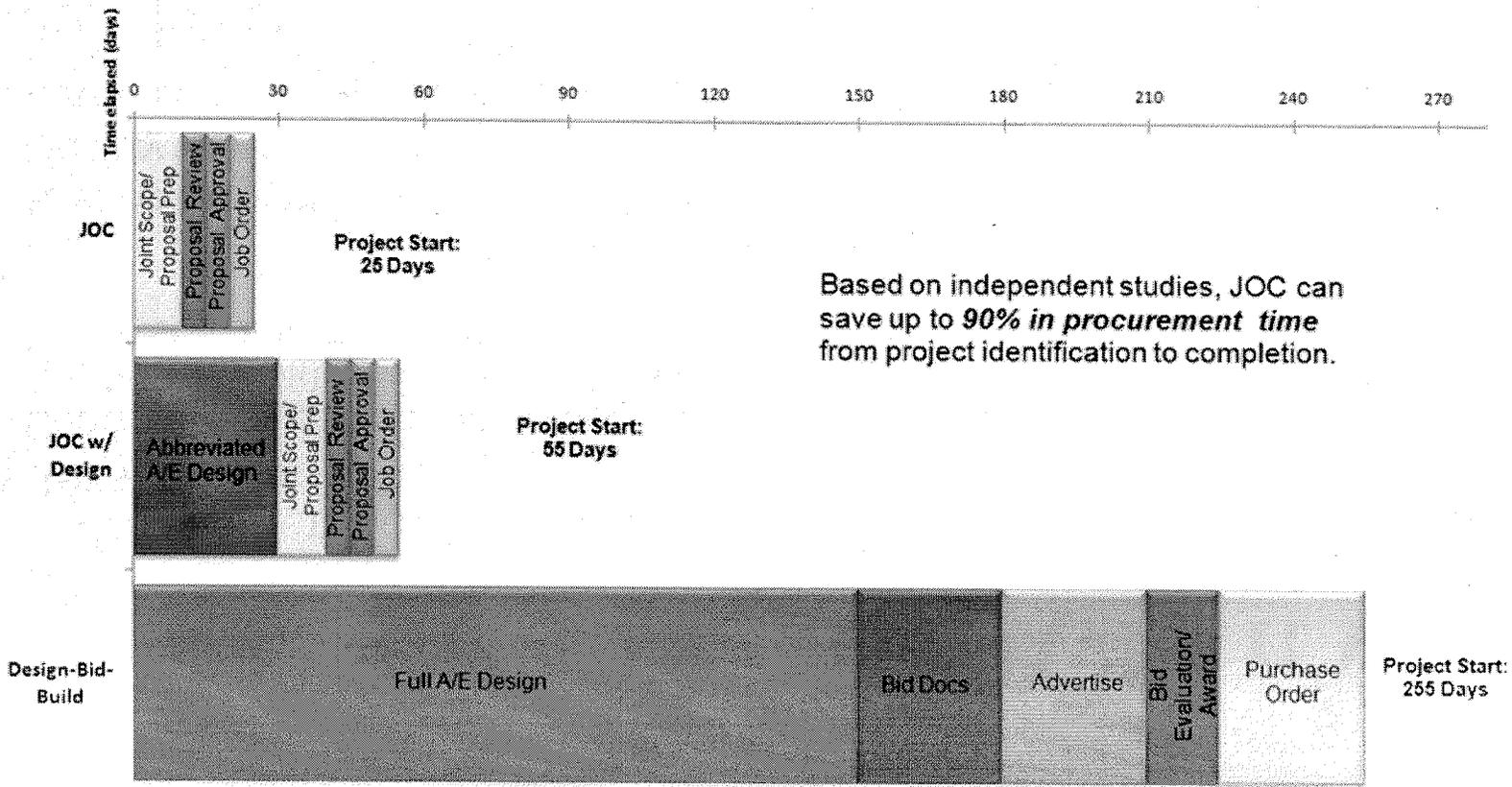


# JOC - Why It Works

- The Job Order Contract is a series of individual projects or job orders
  - + Contractor is guaranteed only a minimum amount of work
  - + If minimum value is met, no further work has to be given to a failing contractor
- Contractor has a continuing financial incentive to provide:
  - + Responsive services
  - + Quality work
  - + Lower cost
- Future job orders tied to contractor performance
  - + No obligation to give a specific project to JOC contractor
  - + Additional JOCs may be bid and awarded
  - + Key point - profit for prime JOC is a function of volume
- JOC is truly a performance based contract
- JOC does not replace traditional methods for accomplishing work

# JOC Time Savings

Project Timeline Comparison: JOC vs. Traditional Design-Bid-Build



Based on independent studies, JOC can save up to **90% in procurement time** from project identification to completion.

# JOC Saves Money

- **Cost of Construction**
  - ✦ Overhead and Profit Spread over Entire Value of Contract
  - ✦ Greater Maximum Value=Lower Adjustment Factors=Greater Savings
- **Lower Procurement and Administrative Costs**
  - ✦ JOC Eliminates the Need to Use the Full Procurement Cycle for Smaller Projects
- **Fewer Change Orders and Claims**
  - ✦ Joint Scoping Process Eliminates Misunderstandings About Scope
  - ✦ Contractor Develops the Cost Proposal & is Responsible for Errors and Omissions
- **Reduction of Architect/Engineer Fees**
  - ✦ Currently Many Small Projects Are "Fully Designed" for Procurement Purposes Only
- **Typical Total Overall Savings ~ 8-15%**

# Greater Scheduling Flexibility

- **Joint Scope Process Allows Agency and Contractor to discuss and agree to scheduling issues before the Agency is Obligated**
  - + Issues include site access, work hours, stand down time etc.
- **No Shelf Life for Prices or Job Orders**
  - + Projects may be scoped and proposals developed in advance of work actually starting.
  - + Allows for flexibility in ordering long lead items
- **No Time Delay Claims in Job Order Contracting**
  - + Joint Scoping Process Eliminates Misunderstandings About Scope and Schedule
  - + Liquidated Damages may be assessed on a project by project basis
- **A Better Solution for Non-Performance is No Further Work!**

# Greater Business Participation

JOC Increases the Number of Opportunities for Small, Disadvantaged and Emerging Businesses

- RCW Requires 90% of the work be subcontracted
- Responsiveness requires Prime Contractor to use multiple local subcontractors
- Agency Review & Approval Prior to Issuance of each Job Order ensures Compliance with Goals
- Advantages for Disadvantaged Business Contractors Include:
  - + Expanded business opportunities

# Proposal Preparation

# Technical Qualifications

- Related Experience
- Contract Management plan
- Quality Control Plan
- Sub Contractor management Plan
- Financial
- Safety
- Pricing

# Adjustment Factors

- Each bidder must bid two sets of adjustment factors to the prices published in the unit price book
  - ✦ Small Project (less than 35k) Normal time & other than normal time
  - ✦ Normal projects (greater than 35k but less than 300k) Normal and other than normal hours
  - ✦ Same two adjustment factors apply to all tasks in the unit price book
  - ✦ Adjustment factors must include all indirect costs & profit & are fixed for one year
- Adjustment factors represents the pricing portion of the RFP
  - ✦ A typical adjustment factor might be 1.10 or 1.20
  - ✦ The same adjustment factor applies to every task in the unit price book and cannot be changed

# Analyzing the CTC

- CTC is divided into 43 Sections in Accordance with the 2004 Master CSI Master Specifications
- Unit Prices are for Installed or Demolished Work
- Some Unit Prices have Modifiers which Qualify the Task and Alter the Unit Price
  - ✦ Quantity Adjustments
  - ✦ Position of Work (In Crawl Space)
  - ✦ Associated Items
  - ✦ Owner Supplied Material

# Analyzing the CTC

- Each Task is Listed Only Once and Positioned where it is First Mentioned
  - ✦ Many Selective Demolition Items are in Sitework
  - ✦ Concrete Walks in Sitework not Concrete
- Assembly Vs. Component Prices
  - ✦ Always Use Assembly Costs were Applicable: Concrete Walks, Concrete Slabs, Sprinkler Systems, Wall Systems, Roofing, Asbestos, etc....
- Read Section and Notes for Description of Items Included in Price
  - ✦ Painting Prices Include: Prep Work, Cutting In, Taping, Floor Protection, Etc.

# Analyzing the CTC

- Read and Understand General Condition Requirements
- How to Use The CTC
  - ✦ Labor, Equipment, Material, Complete & In-Place Construction ...
- Adjustment Factor Includes:
  - ✦ Construction Costs, Overhead Costs, Subcontractor Costs...
- General Interpretations:
  - ✦ Typical Working Height up to 14 Ft. from working Surface ....  
4 Ft for Masonry
  - ✦ Assembly Pricing to Take Precedence Over individual Component Pricing

# Analyzing the CTC

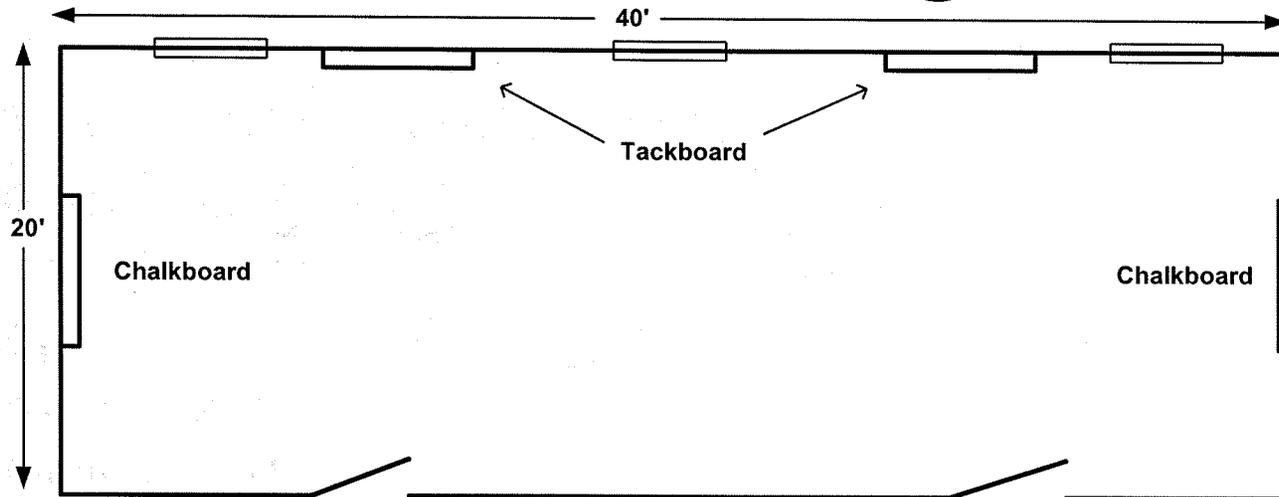
- Most Used Method
  - + Develop a Representative Project
  - + Get Sub Quotes
  - + Price From the CTC
  - + Add on Overhead and Profit
- Other Methods
  - + Evaluate a Sampling of the Anticipated Items
  - + Get Subs to Evaluate their Section of the Book
- Do Not Rely Upon Evaluations of Other CTC's
- THIS IS A NEW CLIENT AND A NEW UNIT PRICE BOOK

# Analyzing the CTC

## Preferred Method

- Learn All you Can About the Type of Work that City of Bellevue performs
  - + Volume of Work
  - + Size of Projects
- Select a Representative Completed Project(s)
  - + Preferably Previously Done for the County
- Price Project From CTC
- Calculate the Adjustment Factor

# Calculating the AF - Scope



Demo existing tile, chalkboards, tackboards, lights, doors & hardware.

Patch concrete floor and install new VCT tile and cove base. Clean, seal, and polish VCT. Supply additional 45 SF of tile.

Install 2 new chalkboards (5x8) map rail, frame, cork insert, map hooks, and end stops. Install 2 new tackboards (5x8) HD aluminum frame.

Install new 8' fluorescent fixture wraparound acrylic lens, rapid start electronic ballasts.

Install new 1-3/4' x 3' x 7' fire-rated solid stave core doors. 10"x10" wired glass vision panel, F05 mortised lockset, 1.5 PR SS HD hinges, door stop (GJ 80M), and door closer (LCN 4041). Varnish doors both sides.

Skim coat ceiling. Scrape and prep walls for paint. Prime and 2 coats paint ceiling and walls.

# Calculating the AF

Section	Mod	Description	UOM	Price	Qty	Subtotal	Total
<b>VCT Tile</b>							
09651 1002		Latex Underlay, ¼" thick	SF	\$1.69	300	\$507.00	
09660 1101		Demo Vinyl Composition Tile	SF	\$0.72	800	\$576.00	
09660 1101		Vinyl Composition Tile	SF	\$1.84	800	\$1472.00	
09660 1101	1114	Add for Extra Stock	SF	\$0.95	45	\$42.75	
09660 1211		Demo Base	LF	\$0.73	114	\$83.22	
09660 1211		Vinyl Base		\$2.16	114	\$246.24	\$2927.21
<b>Chalkboard/Tackboard</b>							
10415 1015		Chalkboard, ½" thick	SF	\$20.15	40	\$806.00	
10415 1015		Demo Chalkboard, ½" thick	SF	\$2.41	40	\$96.40	
10415 3003		Tackboard, ½"	SF	\$10.46	40	\$418.40	
10415 3003		Demo Tackboard, ½"	SF	\$1.81	40	\$72.40	\$1393.20
<b>Door and Hardware</b>							
01630 2001		5 CY Dumpster	EA	\$290.00	1	\$290.00	
08210 3413		Demo 3'x 7'x 1-3/4" Door	EA	\$21.06	2	\$42.12	
08210 3413		3'x 7'x 1-3/4" Door	EA	\$150.03	2	\$300.06	
08210 3413	3483	For Solid Wood Stave Core add	EA	\$28.60	2	\$57.20	
08210 3413	3499	For 1-1/2 hour Fire rated add	EA	\$120.50	2	\$241.00	
08210 4103		Wired vision glass & frame	SI	\$0.75	200	\$150.00	
08710 2124		4-1/2' x 4-1/2" Hinges	PR	\$105.76	3	\$317.28	
08710 2124	2031	Stainless Steel add	PR	\$65.67	3	\$197.01	
08710 2124	2056	Non-removable hinges add	PR	\$6.00	3	\$18.00	
8710 2124	2053	Add for heavy duty	PR	\$10.71	3	\$32.13	
08710 2504		Heavy duty door closer	EA	\$156.10	2	\$312.20	
08710 2614		Mortise lock set, F05	EA	\$181.22	2	\$362.44	
09930 3304		Varnish Wood Doors	EA	\$64.26	4	\$257.04	
08710 2228		Door Holder	EA	\$115.00	2	\$230.00	\$2806.48

# Calculating the AF

Section	Mod	Description	UOM	Price	Qty	Subtotal	Total
<b>Fluorescent Fixtures</b>							
16512 2601		Wraparound Fixture	EA	\$91.30	12	\$1095.60	
16512 2601	9913	Add for electronic ballast	EA	\$15.00	12	\$180.00	
01610 3002		Rolling Scaffolding	WK	\$34.66	2	\$69.32	
01610 3011		Erecting and Dismantling	EA	\$31.43	2	\$62.86	<b>\$1407.78</b>
<b>Finishes</b>							
09150 3000		One coat skim coat Plaster	SF	\$1.19	800	\$952.00	
09150 3000	3011	Add for ceiling	SF	\$0.09	800	\$72.00	
09920 2304		Prime Ceiling	SF	\$0.41	800	\$328.00	
09920 2306		Paint Ceiling, 2 coats	SF	\$0.76	800	\$608.00	
09920 1415		Prime walls	SF	\$0.34	3000	\$1020.00	
09920 1417		Paint walls, 2 coat paints	SF	\$0.70	3000	\$2100.00	<b>\$5080.00</b>
<b>Total</b>							<b>\$13,614.67</b>

# Calculating the AF

- Price (from the CTC)

- VCT Tile	\$ 2,927.21
- Chalkboard/Tackboard	\$ 1,393.20
- Doors and Hardware	\$ 2,806.48
- Fluorescent Fixtures	\$ 1,407.78
- Finishes	\$ 5,080.00
- TOTAL =	<u>\$ 13,614.67</u>
- Actual Direct Costs (sub or in-house)

- VCT Tile	\$ 3,289.70
- Chalkboard/Tackboard	\$ 1,521.00
- Doors and Hardware	\$ 2,654.00
- Fluorescent Fixtures	\$ 1,803.00
- Finishes	\$ 4,963.00
- TOTAL =	<u>\$ 14,230.70</u>
- $CTC\ Value = 13,614.67 / 14,230.70 = 0.9567$
- *This Means the CTC Provides ONLY 95.67% of Your Direct Costs*

# Calculating the AF - Overhead

- Overhead Costs - 8% to 12%

- Scoping

- Proposal Development

- Site Supervision and  
Management

- Bonds

- Insurance

- Vehicles

- Home Office Support

- Communications

- A/E Services

# Adjustment Factor

- **AWARD CRITERIA FIGURE WORKSHEET**

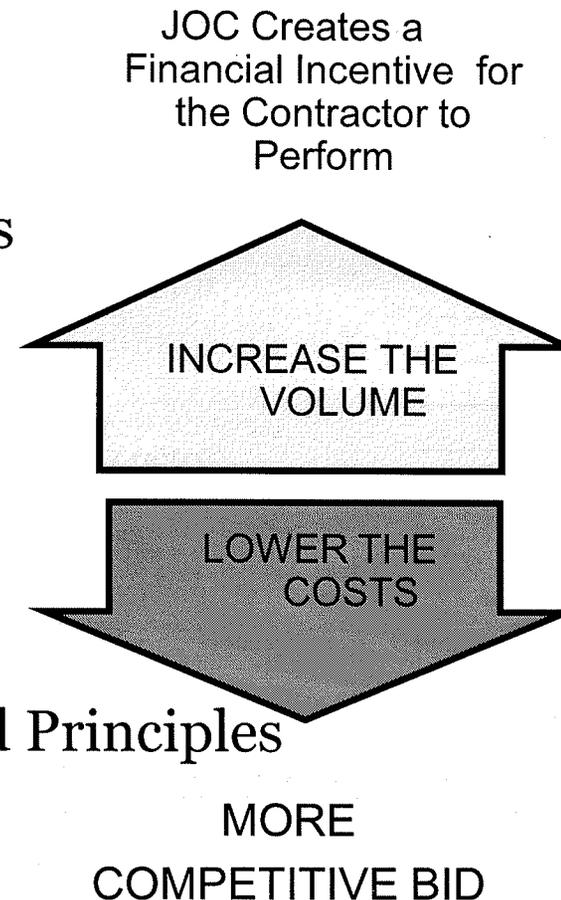
- For the purposes of determining the low Proposal the Contractor shall complete the following worksheet. (Specify to four (4) decimal places)

• 1.	Small Projects Normal Working Hours Adjustment Factor	<u>1.2533</u>
• 2.	Multiply Line 1 by (.30).	<u>0.3750</u>
• 3.	Small Projects OTN Working Hours Adjustment Factor	<u>1.2833</u>
• 4.	Multiply Line 3 by (.10)	<u>0.1283</u>
• 5.	Large Projects Normal Working Hours Adjustment Factor	<u>1.200</u>
• 6.	Multiply Line 5 by (.40)	<u>0.4800</u>
• 7.	Large Projects OTN Work Hours Adjustment Factor	<u>1.2330</u>
• 8.	Multiply Line 7 by (.15)	<u>0.1850</u>
• 9.	Non-Prepriced Work Adjustment Factor	<u>1.200</u>
• 10.	Multiply Line 9 by (.05)	<u>0.0600</u>
• 11.	Add lines 2+4+6+8+10	<u>1.2283</u>
•	(Award Criteria Figure)	

- The Proposer shall complete this Award Criteria Figure Worksheet and transfer the Award Criteria Figure (Line 11) to the space provided on the Price Proposal Form (Line 6). The lowest Award Criteria Figure will be deemed the lowest-priced Proposal. If a discrepancy exists between the Adjustment Factors and the Award Criteria Figure (summation of weighted Adjustment Factors) the Adjustment Factors will prevail. The City reserves the right to correct and revise the total Award Criteria Figure.

# Adjustment Factor Considerations - Volume

- Minimum/Maximum Value
- Contractor Performance
  - ✦ Responsive, Defendable Proposals
  - ✦ Demonstrated Performance
  - ✦ High Quality, Timely Completion
  - ✦ Cost Saving Proposals
- Bellevue Performance
  - ✦ Staff Capabilities
  - ✦ Attitude Towards JOC
  - ✦ Interpretation of JOC Process and Principles



# Adjustment Factor Considerations - Workmanship

- Quantity, Capability, Capacity of Subcontractors
- Pay Higher Prices for:
  - + Better Quality
  - + Timely Completion
- Cost to 'Bail Out' Subs
- Cost to Finance Subs
- Perform at a High Level of Quality to Maximize the Value of the Contract

– *JOC IS A PERFORMANCE BASED CONTRACT*

# Adjustment Factor Considerations - Confidence

- Evaluating the Construction Task Catalog
  - ✦ Did You Run Some Sample Projects?
  - ✦ What is the Value of the CTC?
  - ✦ Is the Book Balanced - Minimize the Risk of Losers
  - ✦ Accuracy of Evaluation?
- A Low Adjustment Factor Lead To
  - ✦ Adversary Relationship
  - ✦ Reduced Volume
  - ✦ No Option Periods
  - ✦ Lost Profitability
- There are NO Change Orders to Improve the Margin

# Expected Events

- Prepare Proposals for Some Projects that will be Canceled
- Lose Money on Some CTC Items
- Lose Money on Some Projects
- Experience a Long Lead Time Before Receiving a Positive Cash Flow
- Experience Interruptions in Work Flow
- Experience Delays in Job Order Issuance for Budget Procedures

# Risks of a low Adjustment Factor

- A Low Adjustment Factor
  - ✦ Leads to Arguments in Proposal Review
    - + Unsupportable Items
    - + Exaggerated Quantities
  - ✦ Leads to Delays in Job Order Development
    - + Takes Longer to Review Proposals
  - ✦ Creates an Adversary Relationship
    - + Reduced Volume of Work
    - + No Option Periods
    - + Lost Profitability
- No Change Orders to Improve the Margin

# Rewards

- **JOC Can Be Profitable**
  - + Proportional to Contractor's Management Capability
  - + Depends on Volume
  - + Depends on Steady Flow of Work
- **Continuing Relationship**
  - + Non Adversarial Relationship
  - + Partnership
  - + Don't Have to Chase Work
- **Professionally Rewarding**
  - + Partner in Project Development
  - + Opportunity to Apply Construction Experience
  - + Involvement in Different Types of Work

# Additional Questions

- After today's meeting all questions must be emailed to:

**Mayvis Schwab**

**[mschwab@bellevuewa.gov](mailto:mschwab@bellevuewa.gov)**