
Job Order Contracting at Work for Your Community

Performance-based Contracting Puts
Small Business Goals Within Reach

By: Vince Duobinis

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All publicly funded organizations and agencies have an obligation to be good stewards of the funds with which they are entrusted. This goes beyond just sound accounting and financial practices, it reaches into areas of community support and development. These funds should be used to help the local business communities. Nowhere is this more evident than procurement funds for services supporting facilities.

Do the following procurement statements sound familiar?

“Recognizing an active program of research, technical assistance and procurement from Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs) and Disabled Business Enterprises (DBEs) is essential to the realization of progressive social and economic development goals, the following is designed to express the County’s intent to foster participation by MBEs, WBEs and DBEs in its procurement process.”

or

“Goals for participation by certified MBE and WBE firms for this Contract shall be not less than the following percentage of the total contract price: MBE Participation goal: 25%, WBE Participation goal: 7%.”

“As a result of our relationship with a prime JOC contractor, I have seen both volume and employee growth, something I don’t think I would have had without this type of contract. I’ve been able to participate in contracts that would ordinarily be out of reach.”

J. Goolesby, CEO, Goolesby Contracting/ MBE.

Do you have something similar in your purchasing requirements? Most states and localities seek and encourage Small Business Enterprises and more specifically Minority and Woman Owned Businesses for their services. This may not only increase certain sources of funds for the agency but more importantly helps the local economy by providing bidding opportunities for specific business classifications.

Most agencies find these requirements or goals a challenge to meet. They often end up awarding contracts to the same three or four small or minority businesses time and time again. But this isn’t really helping the total local business community develop. It isn’t building a broad range of potential resource partners — instead, it only develops a dependence on a few players.

Many small and minority business see a mountain to climb just to start the process of working for a publicly funded or government agency. Thoughts like: “I don’t want to get involved with all the paper work”, or “I’m too small to compete for government contracts,” and “It takes too long for me to get paid when I do government work” are only a few obstacles to many small businesses who want to participate in federal, state or local government bidding.

Actually, there is a better way for small, minority, woman owned and disabled businesses to obtain work from publicly funded agencies. Relationships like these are critical not only to the actual agency or institution, but the local communities where the businesses reside.

Through a professionally developed and managed Job Order Contracting (JOC) program, agencies can realize these goals for their facilities construction and renovation funds.

Job Order Contracting – An Incubator for the Small Business Enterprise

An agency entering into a JOC program contract will benefit from the ability of the JOC contractor to target specific business segments to meet the agency's requirements. An experienced JOC contractor will develop a large database of SBE/MBE and WBE subcontractors to call on to obtain fair and reasonable prices.

Under a JOC Program, it is the JOC contractor's responsibility to contract with the 'right' sub contractor; the one who will provide the best service, quality and has the ability to complete the project safely and on-time, not necessarily the one with lowest price.

Utilizing an experienced JOC contractor, the agency should also see a commitment to build and develop the local economy by mentoring and working with the SBE/MBE/WBE to ensure they meet jurisdictional requirements. Additionally the JOC contractor may conduct local and regional subcontractor and safety fairs to build awareness for the need for quality subcontractors desiring to complete each project as safely as possible.

Through the normal bid process, the lowest bidding subcontractor will be identified—not necessarily the most qualified. Through a good JOC program, utilizing a unit price book to develop the scope of work along with a pre-determined coefficient, the owner knows up-front the firm fixed price of the project. It is the contractor's responsibility to determine—through their bidding process—the most qualified subcontractor to perform the work; the one who will provide the best quality work, in the set time-frame and at a fair and reasonable price.

Since JOC is a performance-based contract, it is in the contractor's best interest to insure that the work will be completed with the highest quality, safety and timeliness; not necessarily at the lowest bid received, otherwise the owner is not required to continue issuing delivery orders under the JOC contract.

Being able to monitor a subcontractor's work load, experience and capabilities, the JOC contractor is able to spread the delivery orders around so that one sub contractor is not being over burdened with projects, thus insuring all work is completed in a timely fashion, as well as insuring that multiple SBE/MBE/WBE are receiving a fair share of the delivery orders over the term of the contract.

The overall savings in procurement costs through a JOC contract program could allow the agency to increase the number of projects being completed, and thus increase the amount of project dollars going back to the community. That's because of the time and money savings that result by not having to prepare a bid package, place it, receive, review and award, as well as re-bidding when received bids are higher than the budget.

Joc Saves Costs and Time

Let's take a simplistic approach and assume that it costs your agency \$1,000.00 to prepare a bid package for a renovation project with an estimated value of \$200,000.00. Think about the number of similar type solicitations you prepare annually. Do your costs increase or decrease depending on the size of the construction project? Let's assume, your agency, solicits between 35–50 renovation, repair and minor construction projects a year. Your total procurement costs would range between \$35,000.00 and \$50,000.00, assuming you don't have to re-scope and re-solicit any projects.

"The relationship with the JOC Contractor has been very good. Our project volumes have increased and we have had no problems with payments."

Zelda Holmes,
Administrative Manager,
Personal Electric,
MBE, Baltimore, MD

"Since working with a Prime JOC Contractor, my company has grown. We have been supplied with steady work. I feel that the prime that I work for is supportive and we have formed a relationship."

Darlene Stevenson, President,
S & D Services, MBE/WBE

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Job Order Contracts are typically solicited through an RFP, so let's assume the cost to prepare a package is three times the cost of a typical single project solicitation with a cost of \$3,000.00. Being open ended, and an indefinite delivery, indefinite quantity contract, a Job Order Contract will allow you to place as many repair, renovation and minor construction projects as needed through the term of the contract (or until you reach the dollar limit of the contract) and all at a single initial procurement cost. Since most JOC contracts have a base year with up to four option years, you could theoretically place five years worth of projects—between 175 and 250 projects through the contract period—at a cost of \$3,000.00 compared to \$175,000.00–\$250,000.00 over the same time period, through your normal bid process.

As a steward for your district, municipality or facility, what could you do with an additional \$172,000.00 to \$247,000.00 over a five year period? Could you complete an additional classroom renovation or chiller replacement; providing additional support and economic growth to the local community? Could these savings be used to obtain additional products or services from local business enterprises?

Job Order Contracting is more than a procurement tool and construction delivery method for repair, renovation and minor construction projects, it lets owners and contractors work together in a trusting relationship to help build the economic well being of a community through mutual respect and communication.

About the Author

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Written by Centennial Contractors Enterprises, a Job Order Contactor with more than 40 local offices nationwide. More information about JOC can be found at www.jocexcellence.org
