1. Job Order Contracting (Indefinite delivery / indefinite quantity)

What is it?

A competitively bid, firm fixed price and indefinite quantity procurement contract that lasts for a specified duration of time *(1)*. Firms bid per unit of specific work for which the STA guarantees a minimum amount of work over the life of the contract. The location, scope, and duration of the work is determined under future work orders as a part of the job order contract *(2)*.

Why use it?

Job order contracting (JOC) helps STAs when the quantities of supplies or services are unknown but will be needed during the duration of the contract. Its main advantage is that they accelerate work order processes *(4)*. This is because JOC provisions expand the total contract volume without the need to re-procure or negotiate contract modifications. In addition, another advantage is the flexibility offered to the STAs as it can be modified to meet the requirements of almost any situation *(3)*. Finally, a case study on four highway projects *(3)* using this provisions found that IDIQ contracts can:

* Reduce preconstruction cost,
* Accelerate project delivery period,
* Provide flexible delivery scheduling,
* Promote price competition, and
* Reduce the risk of contractor default

What does it do?

JOC provisions put a contractor or multiple contractors “on hold” to perform construction services to be determined in the future *(3)*. Under this provision compensation to the contractor is only due if the IDIQ contract has been activated *(3)*.

How to use it?

The JOC provision is based on a competitive bid, indefinite delivery/indefinite quantity contract. The contract usually predefines the basic units of work as well as the basic unit prices for each of the expected construction line items. A JOC usually includes

* A minimum and maximum amount of work per year per site *(5)*
* A maximum limit on the size of a job order *(5)*
* A provision that allows for negotiation of construction tasks not included in the initial construction line items *(5)*
* A provision that allows the STA to extended a performing JOC *(5)*

When to use it?

JOC can be used in situations when the contracting process needs to be streamlined and to accelerate the service delivery duration. JOC is most appropriate for small and repetitive projects; however, the military has used it on large projects with broad scopes *(4)*. Examples of potential projects suited for JOC are *(6)*:

* Bituminous mill and overlay
* High tension cable guardrail
* Concrete pavement repair
* District-wide projects (e.g. pavement striping)
* Contaminated soil disposal
* Combining multiple noise wall maintenance contracts
* Combining small chip seal projects
* Culvert lining
* Re-lamping maintenance

Limitations

JOC is not to be used on all projects. In most cases, JOC is used for maintenance and repair contracts. When using JOC, it is imperative of the STA to state the minimum quantity of work that the contractor will be required to perform for the life of the JOC agreement. This minimum quantity should not exceed the amount the STA is guaranteed to order. Also, if the STA decides to order additional quantities for the contractor to furnish and install, then that additional work must not exceed the state maximum quantity *(6)*.

Who uses it?

Arizona, Delaware, Florida, Maryland, Michigan, Minnesota, Missouri, Montana, New Jersey, New York, Ohio, Washington State, West Virginia

Example

The Missouri Department of Transportation (MoDOT) has developed a detailed and formal process for procuring using JOC for traditional on-call maintenance repair contracts, including asphalt and concrete pavement repair, guardrail and guard cable repair, bridge repair, and fence repair (7). The JOC process allows for MoDOT to award fixed price construction contracts with indefinite delivery and indefinite quantity at individual work locations based on the limits of the project contract.

A fixed unit price list that contains unit prices for various items of work for each job order is to be included in the JOC bid proposal. The fixed unit prices are for complete and in-place construction and it includes all labor, equipment, and materials required to complete the construction task. The list of unit prices is a catalog of pre-established fixed unit prices for materials, equipment, and labor for various items of work. Then, interested contractors provide bids in the form of adjustment factors for expected overhead and profit along with any additional business and construction related costs for performing the various types of work identified in the JOC agreement. Using this bidding process allows for contractors to bid the adjustment factors without knowing the actual quantities, schedule, or timing of the work orders and it also helps the STA avoid receiving unbalanced bids. The lowest responsive bidder is then awarded the JOC project.

Bidding firms are allowed to provide adjustment factors for three different working conditions:

* Normal work adjustment factor – work conducted from 6:00am to 7:30pm Monday through Friday
* Nighttime work adjustment factor – work conducted from 7:30pm to 6:00am Monday through Thursday
* Weekend work adjustment factor – work conducted from 7:30pm on Friday through 6:00am on Monday, night or day, or a holiday

Each bid adjustment factor needs to include any business related costs, construction related costs, and any additional general costs.

References

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