

Job Order Contract (JOC)

Job Order Contracting (JOC) is an innovative contracting concept, under Special Experimental Project No. 14 (SEP-14), which is allowed by Federal Highway Administration (FHWA) to evaluate non-traditional contracting techniques that are competitive in nature but do not comply with the requirements in Title 23 of the CFR. JOC is an annual contract which is competitively bid on, that enables agencies to accomplish a large number of minor repairs, renovation, and maintenance projects based on a unit cost, unspecified-quantity and non-determinate locations. By establishing fixed unit costs, it reduces the time and expense of designing, bidding, and constructing projects. However, agencies are still required to continue handling their procurements in full compliance with the applicable federal and state laws. Just as in the traditional procurement process for construction projects, state or local agency procurement would solicit bids, evaluate responses, and award a contract to the lowest responsible bidder. To qualify for federal funds participation, only preventive maintenance activities which extend the service life of the facility are eligible, not routine maintenance. As of May 2014, there are 2 transportation projects in California that have been approved by FHWA to utilize the JOC process. One is in Los Angeles and the second one is in San Diego.

When is FHWA SEP-14 Approval Necessary?

FHWA approval is necessary for any non-traditional construction contracting technique which deviates from the competitive bidding provisions in 23 USC 112. Any contract which utilizes a method of award other than the lowest responsive bid (or force account as defined in 23 CFR 635B) should be evaluated under SEP-14. These non-traditional contracting techniques may include best value, life cycle cost bidding, and qualification based bidding and other methods where cost and other factors are considered in the award process.

The objective of SEP-14 is to evaluate "project specific" innovative contracting practices, undertaken by agencies that have the potential to reduce the life cycle cost of projects, while at the same time, maintain product quality.

How do I request FHWA's approval under SEP-14 for locally funded projects?

First step is for the Local Agency to submit a letter to the District Local Assistance Engineer (DLAE) requesting a support for the use of SEP-14 with a proposed workplan. The workplan should outline the justifications of why the proposal is more efficient and cost effective. Then the DLAE works with Caltrans HQ Division of Local Assistance (DLA) to review and evaluate the request. After all parties are satisfied with the proposal, then HQ DLA will prepare and submit a letter to FHWA requesting an approval. FHWA Division Office reviews the request and if appropriate, forwards it to FHWA Headquarters (HIPA-30) for review and approval. Once it is approved, FHWA will send a letter to Caltrans allowing the project to proceed.

Procurement of JOCs

The JOC documents consist of two components: a Unit Price Book (UPB) containing a catalog of fixed pre-priced construction activities and a set of master construction specifications standard details per current industry standards. Based on these two components, the public agency issues Request for Bids, inviting contractors to competitively bid on an adjustment factor for the UPB. For example, a bidder might bid an adjustment factor of 1.07, meaning the contractor would perform any task in the UPB at the unit price listed in the catalog multiplied by 1.07. The adjustment factor must include the contractor's indirect costs such as overhead, profit, insurance, and bonds. The contractor who bids the lowest adjustment factor may be awarded the contract. Once awarded, work should be done with the JOC contractor to develop the scope of work and engineering estimate in order to establish a Work Order. Once the Environmental and Right of

Way clearances are issued, the local agency can submit the Request for Authorization (RFA) to Caltrans for an authorization to proceed with construction.

Currently there are two approaches for authorization to proceed with construction as follow:

1. District 07 JOC current proposal is to submit one RFA for the entire JOC package and manage their own Work Order with a condition that all project scope of work and locations will be cleared by Environmental up front. If there are any changes to the approved Envr. document and RW Certification than a revalidation is required. See Exhibit – A & C. Exhibit – B is the second proposed alternative.
2. District 11 JOC current proposal is to submit an RFA for each Work Order package. See Exhibit - D.

Work Orders

Each JOC contract has a specified term, usually one year, due to the State of California Public Contract Code Section 20128.5 which authorizes the elected officials to award individual annual JOC contracts for repair, refurbishment, or other repetitive work according to unit prices. However, it may be extended if the local agency has their elected officials' approval.

Public agencies can accomplish a series of projects by issuing individual work orders to the successful contractor. In general, the agency prepares a scope of work document and provides it to the contractor along with a Request for Proposal (RFP) for the project. The contractor's proposal contains a list of pre-priced work items based on the UPB and their respective estimated quantities. The total work order cost is the sum of the unit price for each task times the quantity, times the appropriate adjustment factor stated in the awarded JOC contract. Prices are not negotiated since it is already pre-determined by the initial competitive bid.

The next step is for the agency to review the proposal and either accepts the proposal, requests modifications, or rejects the proposal. If the proposal is accepted, a Notice to Proceed (NTP) is issued for the project. Once the work begins, the agency would inspect the work, approve payments, and closes out the project at completion.

Exhibit A/B - sample of the proposed contract administration process for LA County project.

Exhibit C - sample of a process established for the Bridge Preventive Maintenance Program by The County of Los Angeles. It document the steps necessary to process the project.

Exhibit D - sample of the proposed contract administration process for San Diego project.

Because JOC is work in progress, therefore new innovative processes may be introduced as new projects are implemented.

References for JOC

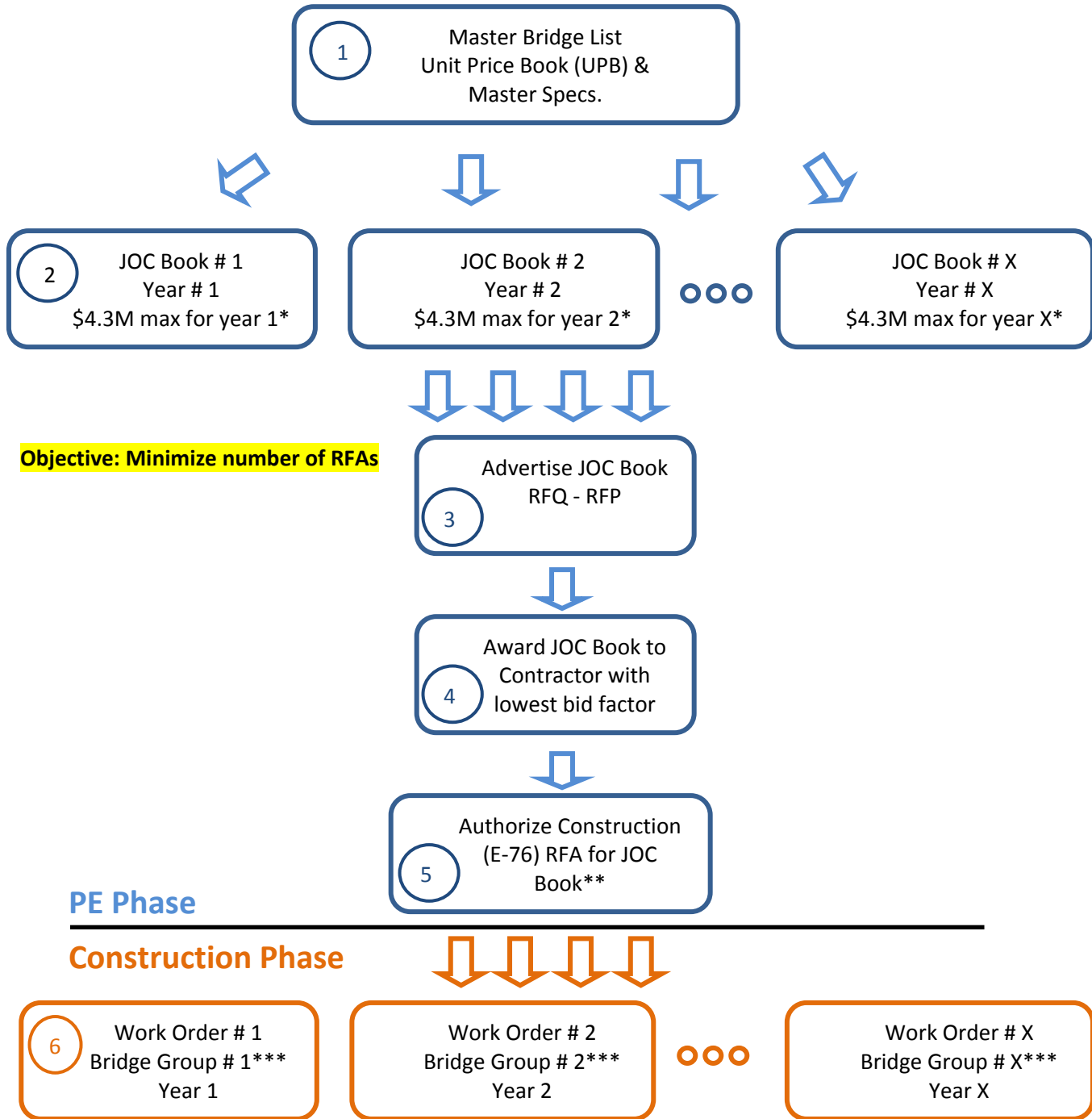
http://www.fhwa.dot.gov/programadmin/contracts/sep_a.cfm

<http://www.fhwa.dot.gov/programadmin/contracts/sep14list.cfm>

<http://www.fhwa.dot.gov/construction/cqit/sep14.cfm>

<http://www.fhwa.dot.gov/programadmin/contracts/sep14nyplan.cfm>

Exhibit - A



Objective: Minimize number of RFAs

PE Phase

Construction Phase

* JOC contracts are required to be re-advertised yearly. Longer term contracts must be approved by FHWA per Workplan. May have multiple JOC books per year.

** Authorized RFA for Construction phase required Environmental and RW certification. Must meet the conditions of the RW short form, no RW acquisition, relocation assistance, or railroad involvement.

*** Required Envr. and RW cert. revalidation prior to begin construction. If scope and locations have not been defined or cleared at Stage 5. RFA is not required for each work order.

Exhibit - B

Relationship of E-76, BPMP Groups, and JOC Book

*In this relationship, an E-76 is obtained for each BPMP Group and not the JOC Book. The JOC Book is advertised and awarded independent of the E-76 for the BPMP Groups. The bridges to be constructed under a JOC Book will be identified after the E-76 for a BPMP Group is approved.

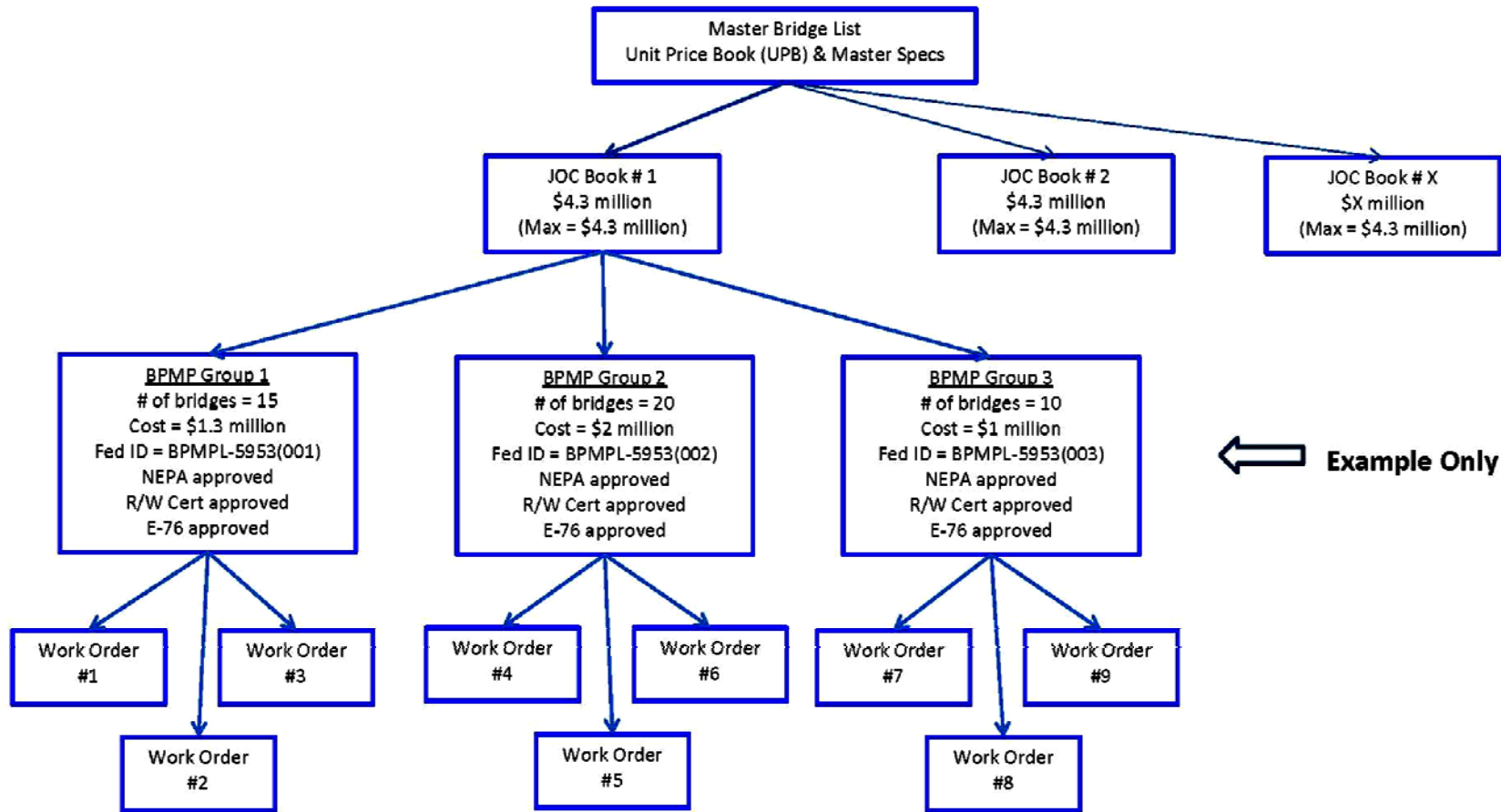


Exhibit - C

Los Angeles County (County) – Caltrans DLAE Job Order Contracting Plan

A. Advertising and award of JOC Book PS&E (Preliminary Engineering Phase)

1. Los Angeles County Actions
 - a. Submit JOC Book documents to DLAE for review and approval per County BPMP JOC Implementation Plan.
 - b. Submit Caltrans JOC Book Checklist and Certification to DLAE.
 - c. Provide table of BPMP JOC bid items identifying federally eligible items from non-eligible items.
 - d. Request Authorization to Proceed for JOC Book Contract.
 - e. Advertise JOC book and receive bids (RFP)
 - f. Identify low bidder and award contract. Submit copy of award package to Caltrans.
2. Caltrans DLAE Actions
 - a. Review and approve JOC Book documents.
 - b. Review and approve JOC Book Checklist and Certification.
 - c. Review and approve contract funding of JOC Book.
 - d. Ensure eligible BPMP bid items are identified from ineligible items.
 - g. Review Quality Assurance Plan and testing procedures.
 - h. Approve JOC Book for advertising and authorize funding (E-76).
3. Caltrans Environmental Planning Actions
 - a. Review and approve JOC Book/Preliminary Environmental Study
 - b. Review and approve requested studies from local agency (ie. NES(MI)/ NES)
 - c. Issue Environmental Approval
4. Caltrans Office of Right of Way Actions
 - a. Review and approve R/W Certification package.

B. Preparation of Work/Task Orders

1. Los Angeles County Actions
 - a. Identify bridges and scope of the Work Order.
 - b. Ensure Work Order plan details and specifications are adequate.
 - c. Prepare cost estimate based on JOC book including contingencies.
 - d. Determine liquidated damages for late completion.
 - e. Get a Revalidation for Envr. and RW Cert based on Work Order package if there are changes to the project scope or locations.
 - f. Provide Caltrans with a letter certifying that the Work Order is in compliance with the approved NEPA and RW Cert. prior to initiating the NTP.
2. Caltrans DLAE Actions
 - a. Receive Work Order package for monitoring.
 - b. Receive from the County, a revalidated Envr. document & RW Cert. if there are changes to the approved Envr. document and R/W Cert.

C. Execution of Work/Task Orders (Construction Phase)

1. Los Angeles County Actions
 - a. Administer Work Order providing Construction Engineering services including quality assurance testing, periodic and final inspection.
 - b. Upon completion of Work Order and any Supplemental Work Orders accept completed work and submit final bill for project to Caltrans.
2. Caltrans DLAE Actions
 - a. Review Work Order and any Supplemental Work Orders.
 - b. Verify completed work and process payments.

Exhibit - D

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
JOB ORDER CONTRACTING FLOWCHART (DRAFT)**

