

The One Where Everyone Wins: A Mutually Beneficial Contracting Method

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KEY TAKEAWAYS

- Job Order Contracting is a collaborative procurement process.
- Job Order Contracting addresses common project challenges faced by contractors and owners.
- Job Order Contracting enhances communication between key stakeholders.

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OVERVIEW

Shrinking budgets and growing to-do lists are all too common in the world of construction. Owners struggle to meet budgets and timeline requirements, while also satisfying transparency goals. Traditional procurement models, such as price-based contracts, design-bid-build, time and materials, and construction manager at-risk, typically don't emphasize healthy relationships and partnerships between owners and contractors. Job Order Contracting is a great alternative that fosters mutually beneficial relationships, while addressing common project challenges.

CONTEXT

A municipal facilities director and a contractor shared how Job Order Contracting is saving taxpayers time and money, while providing transparent and auditable processes. Two representatives from Gordian, the pioneer of Job Order Contracting, discussed how their firm supports this procurement method.

KEY TAKEAWAYS

Job Order Contracting is a collaborative procurement process.

Job Order Contracting, or JOC, is an indefinite quantity, indefinite delivery construction procurement process. It enables owners to complete large numbers of individual projects within a single competitively-awarded contract.

JOC pricing is established by a team of experts who analyze material and labor costs in a particular geography. They consider the prevailing wages, union wages, and Davis-Bacon wages. The contract pricing is assembled into a Construction Task Catalog® that is custom designed for the specific customer's needs.

The catalog establishes a pricing standard that allows a competitive bid event to get contractors set up and ready to provide services. Interested contractors

submit a proposal or a bid depending on the bid methodology. Each contract is competitively bid in accordance with the customer's procurement law.

When a project arises, a scope walk is all that is needed to get started. This gives contractors and Gordian account managers an opportunity to work with customers on the scope of work and to draw up a proposal aligned with the pricing standard.

Job Order Contracting enables contractors to complete a substantial number of individual projects with one single bid. They save time and money, while gaining transparency and auditability.

John Castillo

JOC addresses common project challenges faced by contractors and owners.

The panelists highlighted how JOC solves typical project obstacles:

- **Fast turnaround times.** Since the contract has already been competitively bid, project teams save time. They can start immediately on the scope of work and complete the proposal and purchase order within a matter of days. Lubbock, Texas, for example, has used JOC to perform high-priority maintenance work on large numbers of fire stations and to renovate a public library.
- **Scope creep.** Thanks to the flexibility of JOC, construction consultants can work with customers and contractors to define a scope of work that provides the best value to the customer. JOC enables teams to discuss nuances in material quality and availability at the job scoping meeting.

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- **Unforeseen conditions.** In a low-bid scenario, changes due to unforeseen conditions are priced using an arbitrary change order. In contrast, JOC allows teams to price the additional work using the same pricing standard as the existing project. JOC provides transparent and verifiable costs for addressing unforeseen conditions.
- **Lack of transparency.** Job order contracts are highly transparent, since they detail the cost of each item. And because everything is pre-priced, there are no disputes on prices. Everyone focuses on the solution to the problem and getting the project done.

To serve the citizens of Lubbock, we must react quickly, identify the project scope, and deliver in a timely manner. Some of the biggest challenges are responding rapidly, finding auditable forms of procurement, and controlling the project quality. JOC helps us do all these things.

Wes Everett

JOC enhances communication between key stakeholders.

Communication between the key stakeholders occurs before, during and after the scope of work is developed. This speeds the pace of projects and ensures all parties are on the same page. The JOC model works well for emergency projects, maintenance work that must be done before the school year begins, and routine day-to-day projects.

Job Order Contracting creates partnerships between customers and contractors. It gives contractors the opportunity to provide direction very early in the process. While JOC isn't a cost estimating tool, customers enjoy talking through projects with a trusted construction partner.

Craig Wolford

When Lubbock's City Hall flooded, for instance, many trades (plumbing, electrical, etc.) had to be coordinated to repair the damage. JOC simplified this process. JOC also eliminates disagreements about prices because everything is already documented in the unit price catalog.

JOC strengthens teams and familiarity improves communication. Value engineering often occurs as stakeholders benefit from one another's experiences.

"With JOC, the team gets together up front to discuss the scope of the project. The project is black and white based on the discussions of that meeting. It's very simple and transparent."

Paul Hedin

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OTHER IMPORTANT POINTS

- **Diversity and inclusion.** JOC can help with diversity and inclusion. When Gordian set up the state of Pennsylvania's Job Order Contracting program, Governor Wolf's administration established goals of diversity and inclusion. Gordian conducts events that give small, diverse contractors the opportunity to interface with JOC contractors. It's a win for everyone.

BIOGRAPHIES

Wes Everett

Director of Facilities, City of Lubbock, Texas

Wes Everett has been the Director of Facilities Management for the City of Lubbock for more than 17 years. He is a member of both IFMA and I-LincP. Before starting with the City, he studied Restaurant, Hotel, Institutional Management, and Environmental Conservation at Texas Tech University in Lubbock, TX. This is not a typical background for a facilities director, but his passion for customer service and efficiency (not to mention a great staff) has helped him overcome the odds. In addition to his duties at the City of Lubbock, he created the Healthy Living Project which is a monthly meeting to advise and inspire employees to live healthier lives.

Paul Hedin

President, Lobar Properties, Inc.

Paul Hedin has more than 35 years of construction industry experience ranging from design, development, and construction. He graduated from Penn State with a degree in architectural engineering and is currently president of Lobar Properties. Paul also has more than 10 years experience working with various JOC programs and currently administers JOC programs for the Commonwealth of Pennsylvania, Keystone Purchasing Network and the Pennsylvania Turnpike Commission.

John Castillo

Account Manager, Gordian

With over a decade of experience in construction/ environmental management, John Castillo brings a wealth of expertise, stemming from both the contractor's side and the owner's side. John is an Account Manager for Gordian, managing Job Order Contracting programs for higher education, K-12, and healthcare institutions in the Mountain Region.

Craig Wolford

Senior Account Manager, Gordian

Craig Wolford is a Senior Account Manager at Gordian, serving Pennsylvania clients and representing an effective procurement solution that allows customers to get work done quickly and efficiently. He is retired from the Pennsylvania State Police, where he worked as the Director of Procurement. Additionally, Craig served the Commonwealth of Pennsylvania for over 35 years in various procurement functions. There, he was fortunate to work with the Pennsylvania Department of General Services as a consultant to develop the state's Job Order Contracting program.