



IDIQ Contracting Strategies

or **“Don’t sweat the small stuff”**

Moderator: Lisa Cooley, Centennial Contractors Enterprises, Inc.

Panel members:

Perfecto Solis, DFW Airport

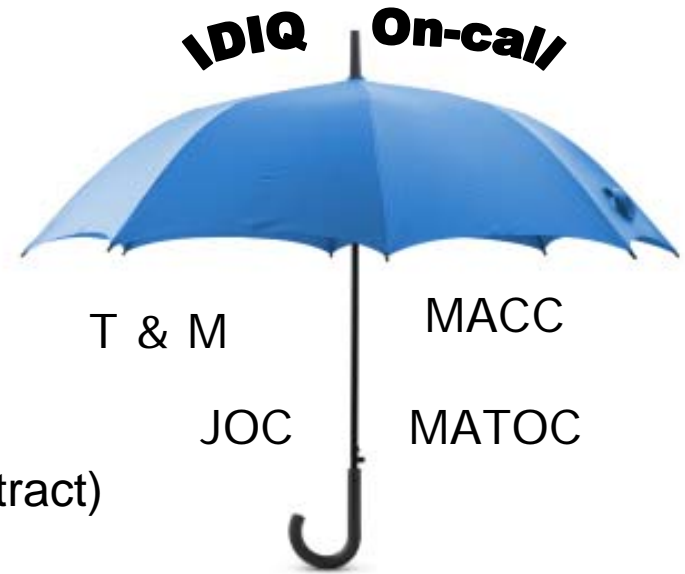
Joe Dote, RM Chin & Associates (Chicago Airports)

Why IDIQ?

- Indefinite Delivery Indefinite Quantity
- Focused on smaller projects (up to low millions)
- Allows more efficient and higher quality construction for owners of large facility infrastructure
- Multi-year contract—ability to develop long-term facilities partners
- Well-suited to facilities with security concerns and ongoing operations—ensuring that contractors are pre-approved to begin work

Three types of IDIQ

- Time and Materials
- MATOC (Multiple Award Task Order Contract)
or MACC (Multiple Award Construction Contract)
- Job Order Contracting (JOC)



Other Names

Term

As-needed

On-call



JOC Schema

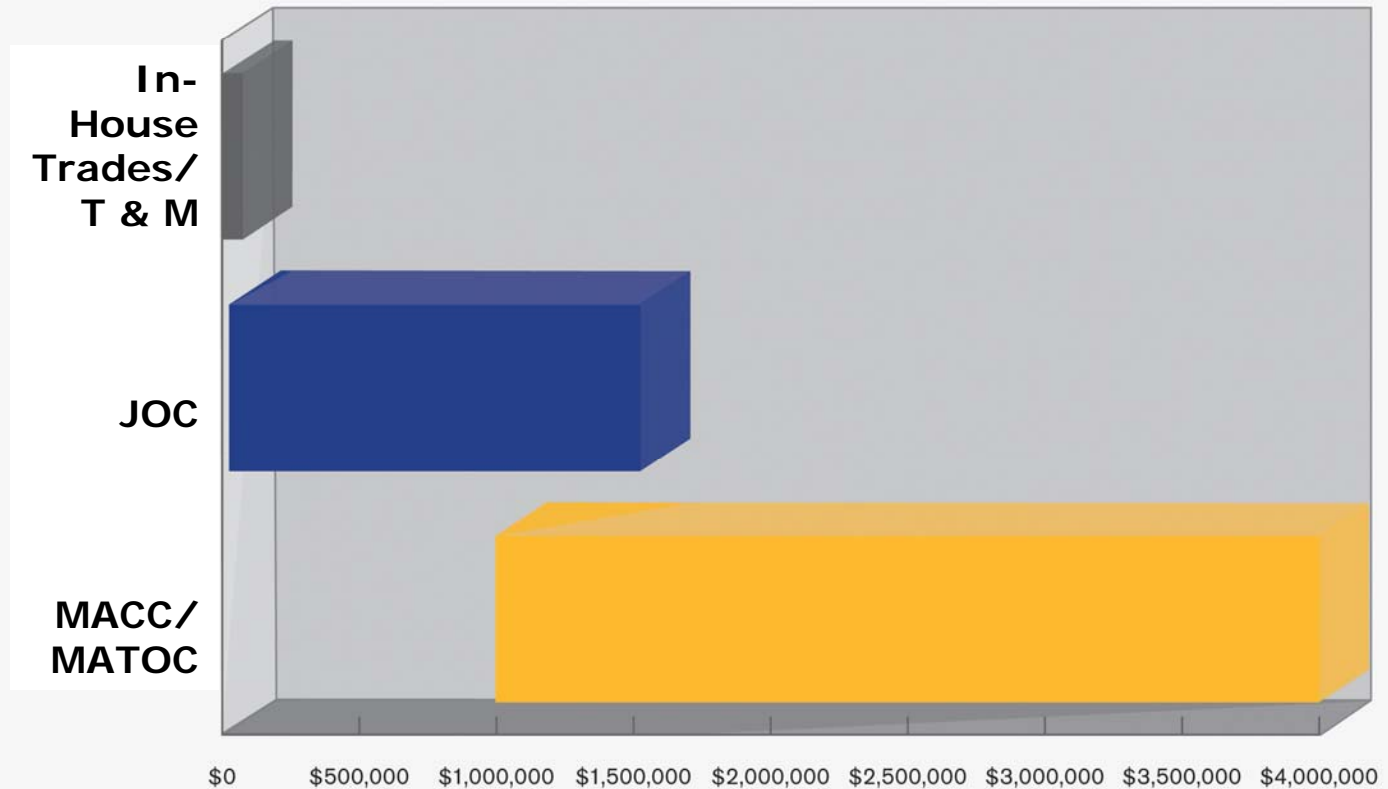
Same great collaboration ...



... fewer change orders!

Everything you ever wanted in a Remodel Project!

Where IDIQs fit



T and M Basics

- Pre-agreed labor rates and/or materials markup
- Suitable for the smallest projects
- Extension of/option to in-house crews



T and M Advantages

- Most immediately responsive
- Ideal for emergency work
- Flexible for projects with unknown scope
- Best suited for the smallest projects
- Extension of staff



T and M Disadvantages

- Little price control or up-front commitment
- No ability to subcontract—limited to trades called out in contract
- Pricing structure does not incentivize efficiency



MATOC/MACC Basics

- Prequalified shortlist of contractors to bid on multiple projects
- Phase 1 selection is always qualifications-based (can have price component in the form of a seed project)
- Per-project competition is usually price-based



MATOC/MACC

Designer & Contractor

2 separate contracts

Design- Builder
1 combined contract

SELECTION TYPES

SELECTION TYPES		"Price" Definition	Designer & Contractor 2 separate contracts	Design- Builder 1 combined contract
1.	Competitive Sealed Bid – Low Bid "Price" only criteria for final selection	Total Construction Cost (TCC)	Phase II: Project Competition	
2A.	Competitive Sealed Proposal - Best Value	"Price" and other criteria in the final selection; Price = TCC		
		"Price" = Fees / General Conditions, etc. (no TCC)		
2B.		Fees, General Conditions, Contingency, Etc.		
3.	Qualifications Based Selection "Price" is not a factor in the final selection criteria	None	Phase I: Contractor Selection	

MATOC/MACC Advantages

- Simple to implement
 - Similar to DBB
 - No special skill set required
- Assurance of quality contractors
- Easy to ensure competitive pricing
- Can be used for larger projects
- Streamlines post-bidding award, security clearances, etc.



MATOC/MACC Disadvantages

- Little room for innovation or collaborative process
 - Must have full bid documents to ensure prequalified contractors are bidding “apples to apples”
- Spreads volume among many contractors, reducing operational efficiency
- One contractor can dominate, leaving lack of competitive pricing
- Contractors are higher quality, but DBB process and mentality remains

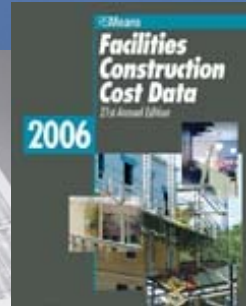
Airports with
MACCs

San Diego

Newark

JOC Basics

- Unit-price based
 - Coefficient (factor, multiplier) applied to Unit Price Book
- Single-source
- Individual projects are scoped and proposed based on unit prices, which converts to a lump-sum delivery order before proceeding
- Performance-based



Example:

1 sf drywall	\$1.00
Coefficient .92	- .08
Contractual Price	\$.92



JOC Options

SELECTION TYPES		“Price” Definition	Designer & Contractor 2 separate contracts	Design- Builder 1 combined contract
1.	Competitive Sealed Bid – Low Bid “Price” only criteria for final selection	<i>Coefficient Applied to Unit Price Book</i>	✓ ↔ ✓	✓
2A.	Competitive Sealed Proposal - Best Value	“Price” and other criteria in the final selection; Price = <i>Coefficient applied to Unit Price Book</i>	✓ ↔ ✓	✓
		“Price” = Fees / General Conditions, etc. (no TCC)		→
2B.		Fees, General Conditions, Contingency, Etc.		
3.	Qualifications Based Selection “Price” is <u>not</u> a factor in the final selection criteria	None	✓ ↔ ✓	✓

JOC at Panelist Airports



SELECTION TYPES		“Price” Definition	Designer & Contractor 2 separate contracts	Design- Builder 1 combined contract
1.	Competitive Sealed Bid – Low Bid “Price” only criteria for final selection	<i>Coefficient applied to unit price book</i>	CARE →	CARE
2A.	Competitive Sealed Proposal - Best Value “Price” and other criteria in the final selection; Price = <i>Coefficient applied to Unit Price Book</i>	<i>Coefficient applied to Unit Price Book</i>	DFW →	DFW
2B.	“Price” = Fees / General Conditions, etc. (no TCC)	Fees, General Conditions, Contingency, Etc.		
3.	Qualifications Based Selection “Price” is <u>not</u> a factor in the final selection criteria	None		

JOC Advantages

- Operational efficiencies from having one “go-to” contractor
 - Extension of your staff
- Collaborative process
 - Early contractor involvement, Design-Build, design to budget
- Standardized pricing based on competitive process
- Savings on “soft costs”
- Expedited delivery of projects
- Maximizes opportunity for M/DBE subcontracting

Airports with JOC

DFW

Chicago

Houston

Phoenix FAA

Sacramento

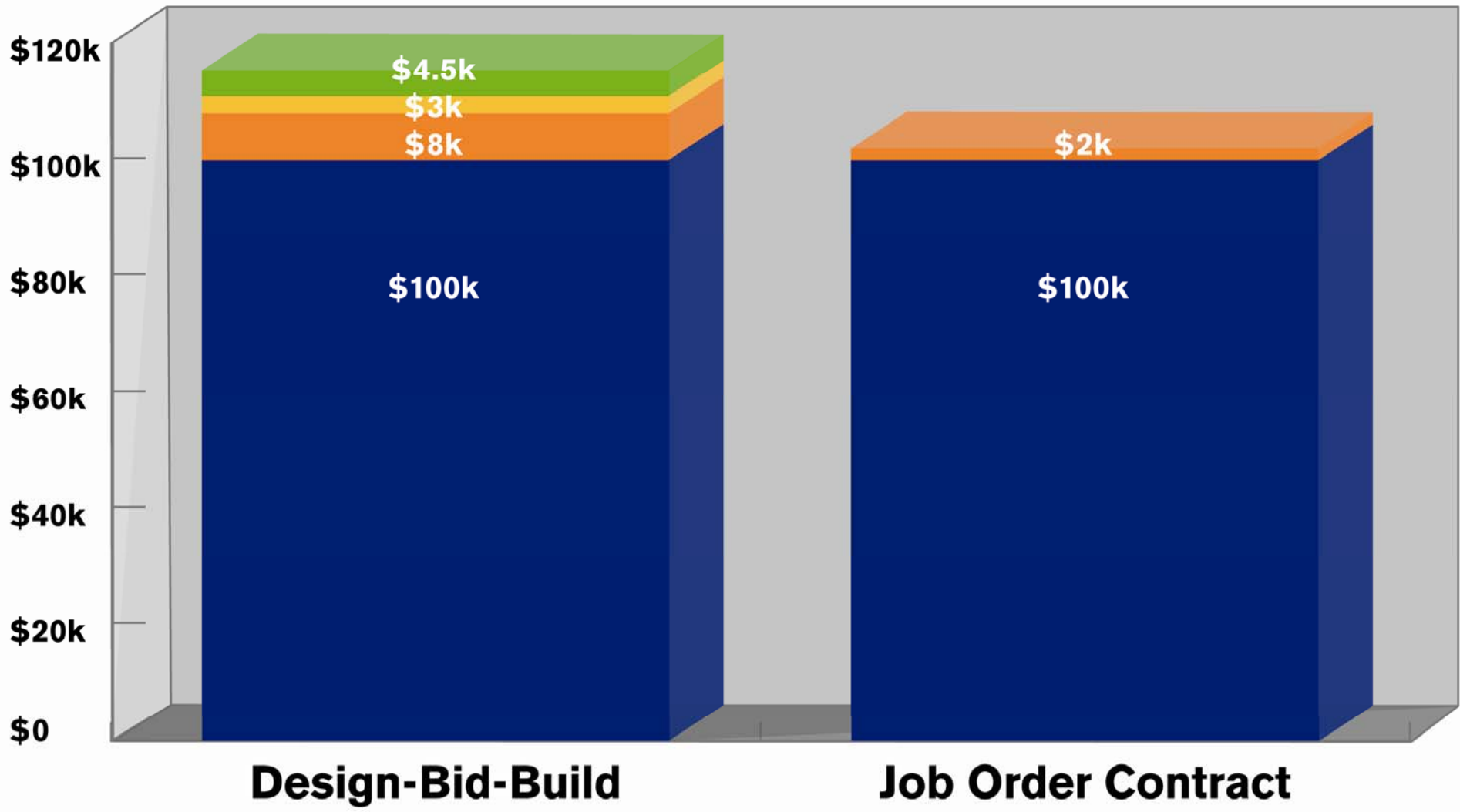
New Orleans

JOC Disadvantages

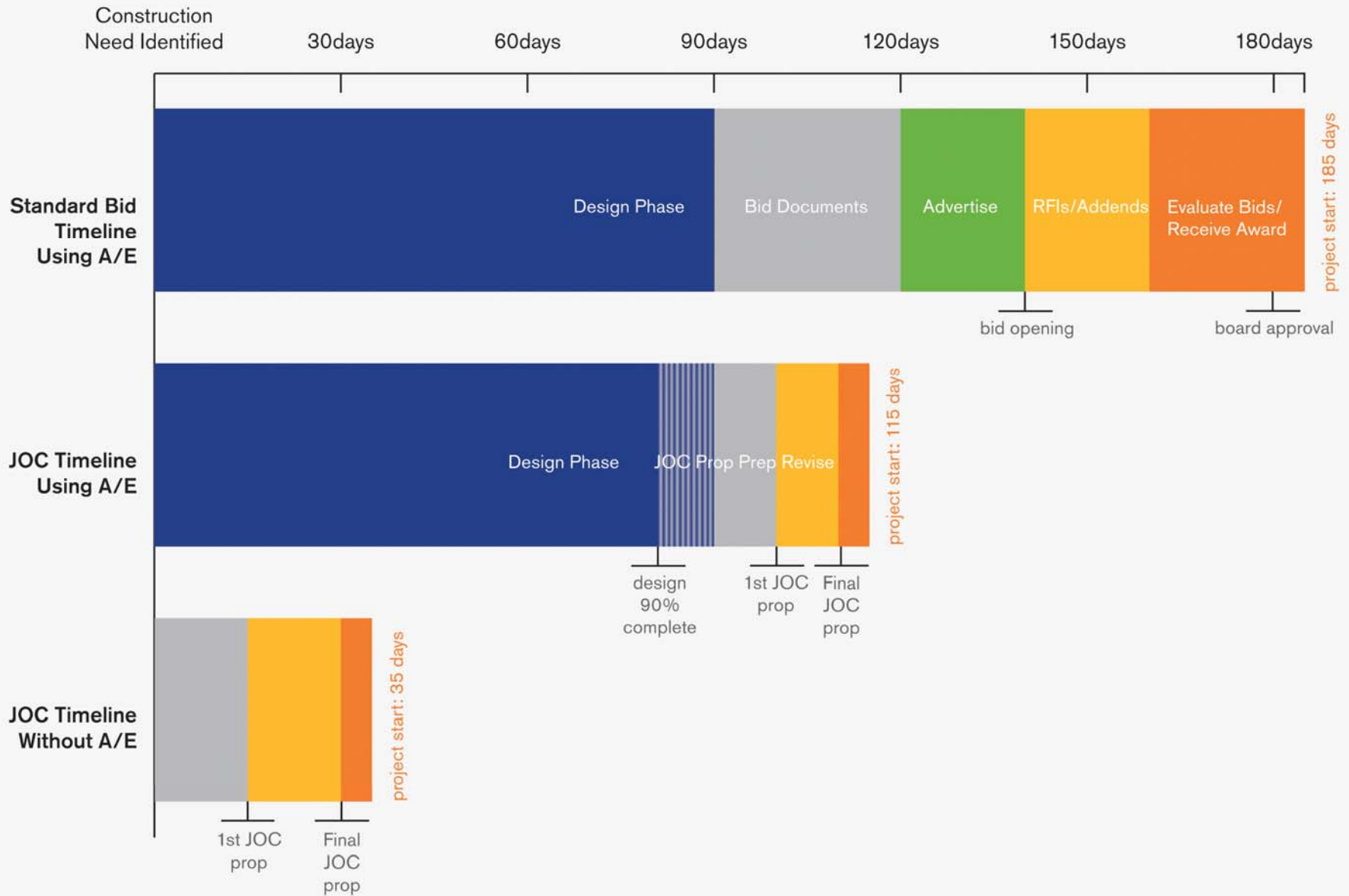
- Very different approach/process—requires partnering mindset of owner and contractor
- Requires staff training in unit price book estimating and evaluation of line item estimates
- No multiple quotes for comparison
- Cost efficiencies diminish above a certain threshold

Cost Comparison

■ Construction Contract ■ Design Fees ■ Change Orders/Claims ■ Procurement Costs



Timeline Comparison





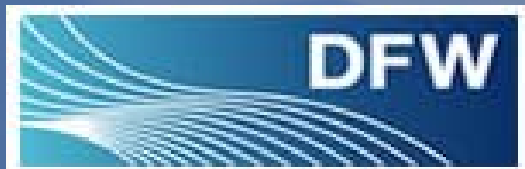
Job Order Contracting (JOC)

Dallas Ft. Worth Airport

**Perfecto Solis, Vice-President of Airport Development and Engineering,
Dallas/Fort Worth International Airport**

Introduction

- DFW Department of Development and Engineering
- Handling 110-130 separate projects at a time, totaling \$250-300m
- Use of alternative delivery has fluctuated with workload and market conditions



Overview of JOC Program

- DFW has used JOC since 2005
 - First tapped a cooperative purchasing contract (TCPN)
 - Solicited own contract mid-2008
- Pricing based on RS Means unit price book
 - Two coefficients—one for standard working hours, one for non-standard working hours
- 93 projects completed under JOC, approximately \$1.3m annually, with an average delivery order of about \$60,000

Overview of JOC Program

- Best Value Selection Process
 - Past performance
 - Proposed Personnel and Project Management Ability
 - Affirmative Action and M/WBE Participation Plan
 - Price (coefficient)
- Two-year base with (3) one-year option periods
- Centennial Contractors Enterprises is single awardee
 - Higher volume per JOC contractor can drive a lower coefficient
 - For an owner with limited volume (\$3m and under), one awardee allows operational efficiencies that come with repetitive work (JOC operating as an extension of staff)

JOC Projects

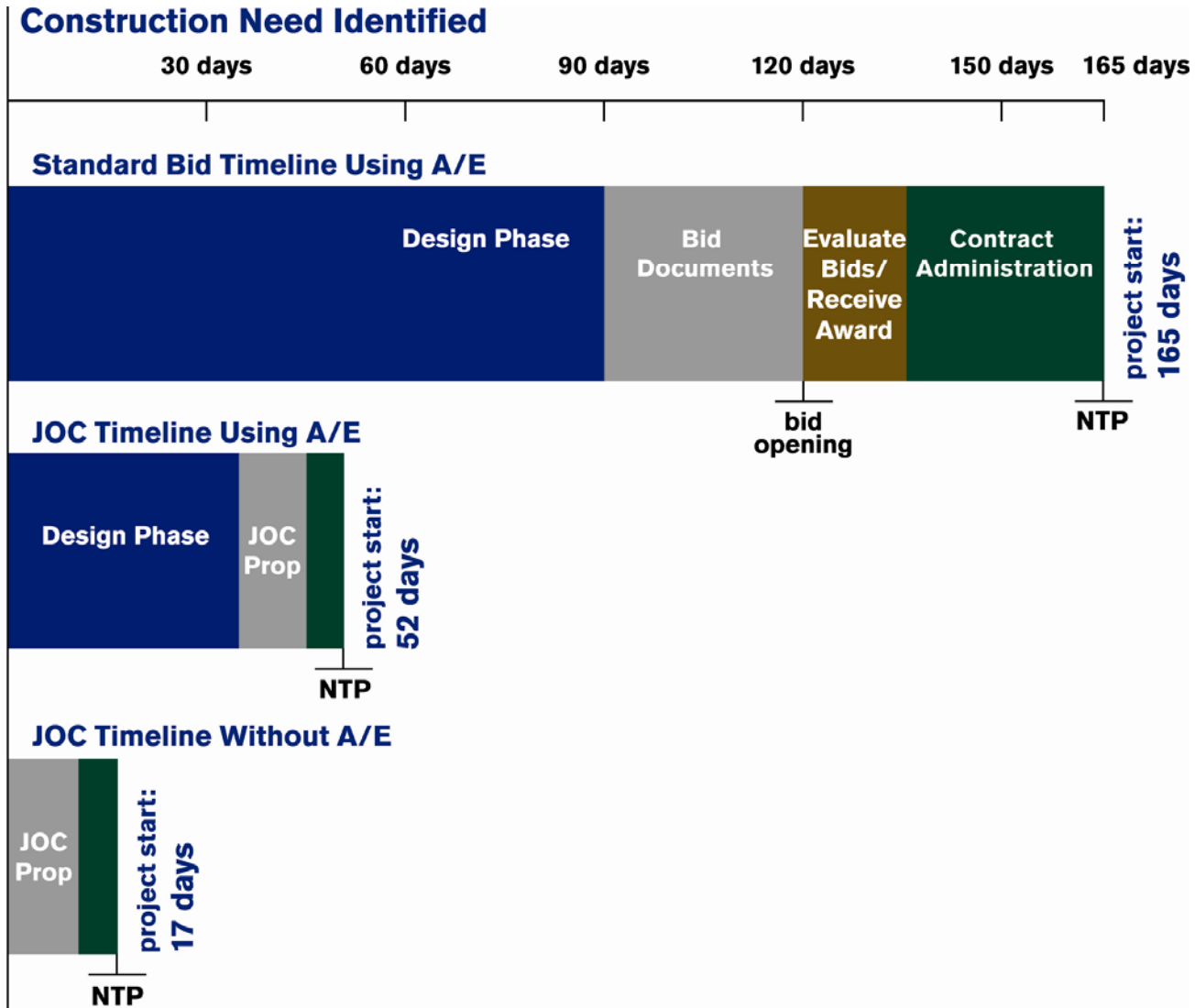
- Texas law requires that JOC only be used within building envelope, which limits use somewhat
- Used primarily for projects under \$300,000
 - Beyond that, DFW finds that cost savings from competitive bid process outweigh advantages of JOC
- Single-trade projects can sometimes be competitively bid for less

Where JOC Brings Value

- Mentorship/development of M/WBEs
 - 73% of current contract volume goes to M/WBEs
- High level of contractor performance
 - Current contract has delivered 100% on time completion, 100% “zero punchlist”
 - JOC Contractor tracks these performance measurements, and also a Customer Satisfaction Survey process
- Primary advantage is schedule and soft cost savings

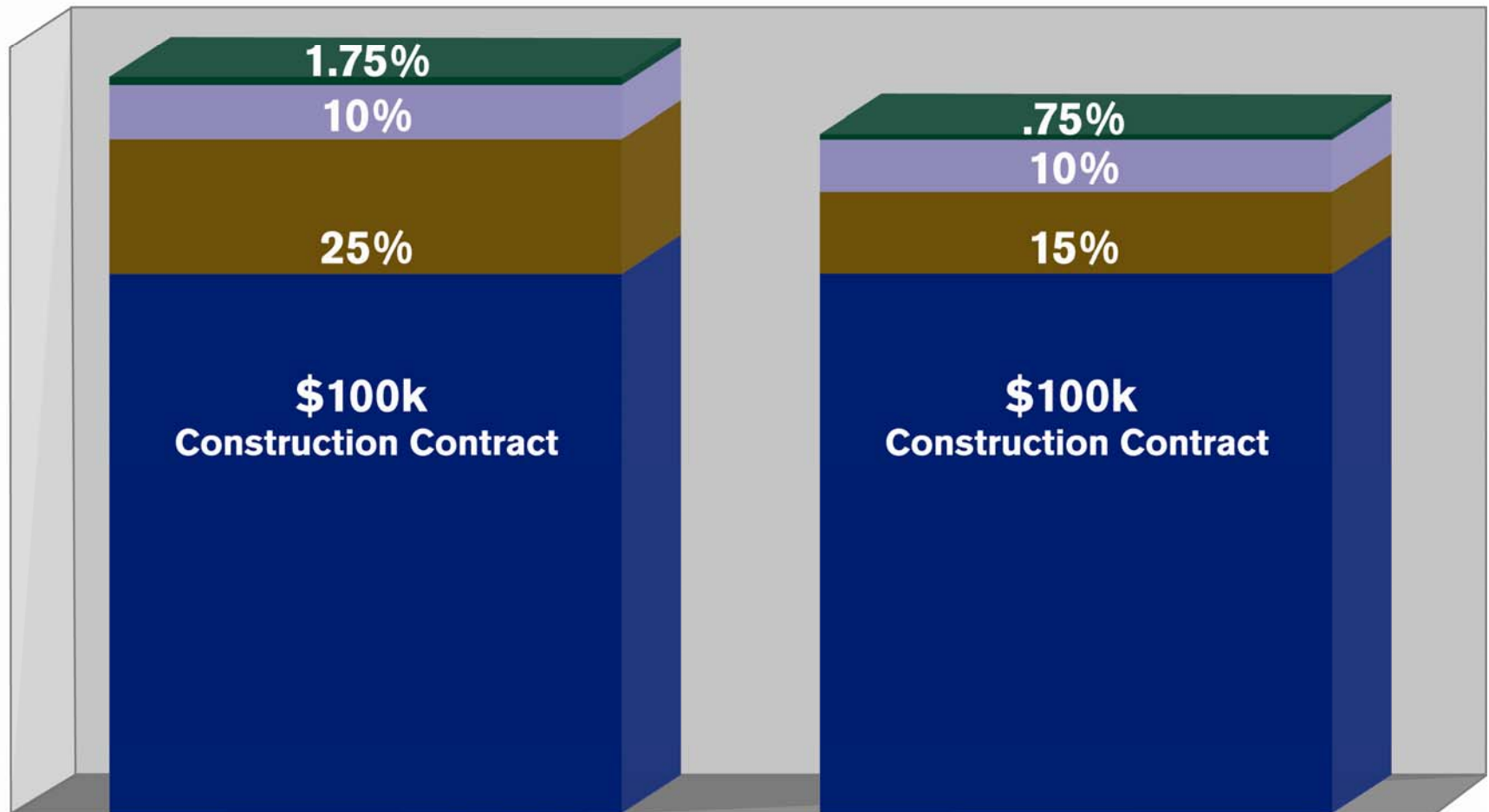
Timeline Comparison for DFW

Time Value of JOC



Cost Comparison for DFW

■ Construction Contract ■ Soft Costs ■ Contingency ■ Change Orders



Design-Bid-Build

Job Order Contract

Sample Projects

“Welcome Home” Display

- \$24,427
- Recognizing troops arriving from Iraq
- 17 day turnaround, time critical for Joint Chiefs of Staff visit



Delta Hangar Sign Removal

- \$33,246
- Removal of 20-ft. tall letters, requiring 125-ton crane
- Near active runway, close coordination with airport operations and FAA.



Sample Projects

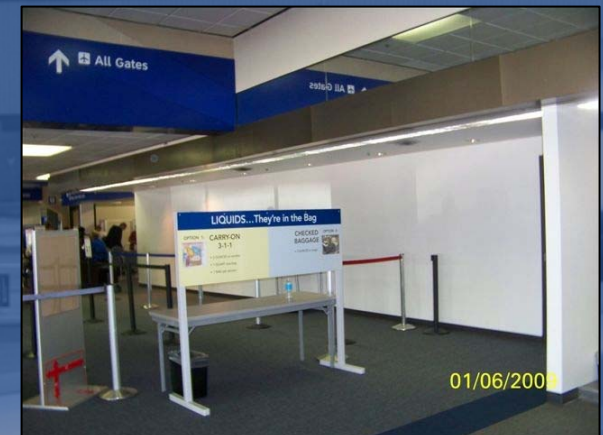
Unaccompanied Minors Lounge

- \$125,687
- 29 day completion



B30 Security Checkpoint

- \$226,791
- 27 day completion

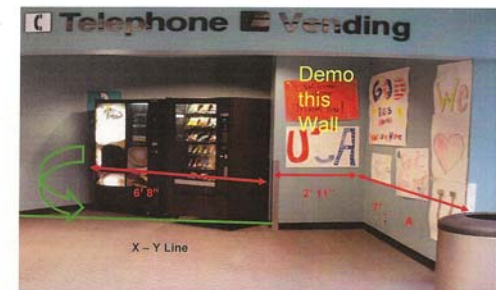


Sample Projects

Terminal Modifications for Vending

- In scoping and negotiations
- \$200-300,000
- Miscellaneous modifications at dozens of locations in multiple terminals (electrical, plumbing, structural) to accommodate new vending program

DFW International Airport RFP for Snack Vending Machines - Terminal B



Terminal B 30
Non-Secure
Side
Military Arrivals
Column 125
Zone 4
3/14/08 AA – OK

3/25/08
DFW
Concessions
proposed to
demo 2' 11"
wall, then align
three machines

3/25/08
OK'd by Robert
Hightower



Current Situation:	Proposed:	Needs:
<ul style="list-style-type: none"> • Total Machines: 2 (1 snack / 1 coffee) Vending Machine • Width: 7' • Outlets: 2 duplex 	<ul style="list-style-type: none"> • Snack: 1 • Coffee: 1 • Pepsi: 1 • Total Machines: 3 • Align the existing machines along the X-Y line. • Add 1 Pepsi machine next to Snack Machine 	<ul style="list-style-type: none"> • Outlets: one additional duplex 5' x 9' 6" L • Amp: 20 amps per outlet, 40 for duplex • Need to review AS-Builts for 2' 11" wall – remove wall if not structural <ul style="list-style-type: none"> – If wall is structural, then only 1 duplex is needed

Legend

- Red = Removal
- Green = Future
- = Approved AirSide Location

Emergency Response

- Installation of 800 ft. temporary fencing and sandbagging near runways
- Temporary power
- Trailer installation
- Support of FEMA operations
- Plumbers on-call 24 hours
- Unit pricing ensured cost control



FEMA

JOC Guidance

- Discover the dollar value “sweet spot” for JOC in your facility.
 - This may vary over time depending upon capital program volume, staffing, etc.
- Perform independent estimates based on the same unit pricing.
 - Basis for negotiation of delivery orders.
 - Assurance of fair and reasonable price.