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EFFECTIVENESS & ACCOUNTABILITY INITIATIVE



Senate Select Committee on Infrastructure Streamlining and Workforce Equity

Thursday, June 29, 2023

Issue:

Job Order Contracting for the California Department of Transportation (Caltrans) as reflected in SB 146 (Gonzalez and Friedman).

Summary

SB 146 authorizes Caltrans to utilize the job order contracting procurement method. Job order contracting is generally used for basic and repetitive work, such as repairs and maintenance activities. SB 146 defines the types of projects on which Caltrans can use job order contracting, and prohibits the department from awarding a job order contract for adding vehicular travel lanes. The bill lays out the process for job order contracts and contains estimated value thresholds for contracts to small businesses. Additionally, SB 146 authorizes an initial contract term of no more than 12 months with the option of extending the contract for two additional 12 month periods. Finally, SB 146 requires Caltrans to publish a report, on or before July 1st of every year until 2033, on its website, regarding the status of all active job order contracts. The authorization sunsets on December 31, 2033.

Comments

A job order contract (JOC) is a competitively bid, fixed price, indefinite quantity contract for the performance of minor construction, such as the renovation, alteration, and repair of existing public facilities. A JOC is generally a multi-year contract that includes a base year and multiple "option years," and is awarded before the awarding agency has identified specific work that it needs the contractor to perform. A typical JOC involves a variety of tasks such as routine

maintenance work, such as roofing, electrical work, plumbing, and painting that are required for a public agency's infrastructure for a period of years.

A JOC is a fixed price agreement in that it is based upon specified charges contained in a Unit Price Book or Catalogue (catalogue), which is prepared by the public agency or by independent commercial sources. The catalogue sets forth detailed repair and construction tasks, including task descriptions, specifications, units of measurement, and unit prices for each task. Unit price refers to the amount paid for a single unit of an item of work.

The total JOC value may be specified as a range with a certain guaranteed minimum. The award of annual contracts on a unit price basis enables what would otherwise be multiple separately-bid projects to be combined into one bid. This contracting method is intended to reduce costs and accelerate completion of smaller projects. It is not generally viewed as an appropriate method of contracting for large, complex construction projects that require extensive or innovative design or are likely to encounter changes and revisions during construction. JOCs are typically used for well-defined, recurring or repetitive work where quick execution is essential, not for single larger projects.

The Legislature has authorized multiple public agencies to use job order contracting, some state and some local, including counties, school districts, community college districts, and the California State University system. California counties have enjoyed the authority to use job order contracting since 1983. However, JOC is fairly new for transportation agencies. As part of the 2021-2022 State Budget, the Legislature authorized Caltrans to use JOC, but the authority is limited to the Clean California Beautification Program. Additionally, last year, the Legislature authorized JOC for the Santa Clara Valley Transportation Authority (VTA), and currently AB 499 (L. Rivas), pending in the Senate Transportation Committee, would authorize JOC for the Los Angeles Metropolitan Transportation Authority (LA Metro).

SB 146 would authorize Caltrans to utilize the job order contracting procurement method, through 2033. SB 146 defines the types of projects on which Caltrans can use job order contracting, including highway maintenance and safety projects, but prohibits the department from awarding a job order contract for adding vehicular travel lanes. SB 146 also expresses that it is the intent of the Legislature that this contracting method not supplant work completed by the department's field maintenance employees. As with most JOCs, SB 146 limits the contract term to 12 months with an option for two 12-month extensions. However, the bill does not include a limit on the dollar value for the JOC contract, which has been included in other JOC authorizations, such as \$5 million limit for VTA and LA Metro. Finally, SB 146 requires Caltrans to publish a report on its website by July 1st every year until 2033, detailing the status of all JOCs, including estimated costs and time savings; a summary of small business usage; and any labor code violations, such as prevailing wage.