



U.S. Department
of Transportation

Federal Highway
Administration

Memorandum

Subject: **ACTION:** Job Order Contracting Under
Special Experimental Project No. 14 (SEP-14)

Date: November 20, 2015

From: Thomas D. Everett
Director, Office of Program Administration

In Reply Refer To:
HIPA-30

To: Robert J. Clark
Division Administrator
West Trenton, NJ

This is in reference to Mr. Matthew Zeller's October 28 e-mail transmitting and requesting that we review and approve a New Jersey Department of Transportation (NJDOT) draft SEP-14 Work Plan for Utilizing Job Order Contracting for ITS Maintenance Contracts. We noted that the workplan submitted is similar to the NJDOT's SEP-14 Work Plan for Utilizing Job Order Contracting for Bridge Preservation and Maintenance, which we previously approved in 2013 (<http://www.fhwa.dot.gov/programadmin/contracts/sep14jn2013.pdf>).

According to the NJDOT submitted SEP-14 Workplan,

- Job Order Contracting (JOC) is an indefinite quantity contract under which NJDOT may assign the contractor an ongoing series of individual Job Orders. A major component of JOC is a Construction Task Catalog (CTC) consisting of hundreds of work activities called pre-priced tasks. The CTC contains preset unit prices for the direct cost of each task. These unit prices are calculated using local labor, equipment, and material costs. Contractors will be asked to bid two adjustment factors to be applied to the pre-priced tasks in the CTC—one for working during normal working hours and another for working other-than-normal working hours; evenings, weekends, recognized holidays and when NJDOT can only provide access to the work site for less than 7 hours at any one time. Each adjustment factor is weighted (e.g. 75 and 25 percent) and the sum of the weighted adjustment factors determines the lowest bidder. JOC will be used initially as a pilot for preventive maintenance and the replacement of ITS facilities.
- Once a contract is awarded to the lowest, responsive, responsible bidder, and projects are identified, the contractor, NJDOT's project manager, and the project's Resident Engineer (NJDOT or consultant) will meet at each project site and discuss the work to be performed. After the site meeting, NJDOT's Project Manager will develop a Detailed Scope of Work and issue a Request for Proposal to the contractor. This Detailed Scope of Work will consist of ITS preventive maintenance services and the replacement of ITS field devices/equipment (CCTV, DMS, Etc.). Preventive maintenance services may include software/firmware updates and

cleaning/tuning of ITS devices and components, however NJDOT will coordinate with FHWA to ensure that appropriate sources of funding are used.

- NJDOT's project manager will also ensure that all applicable documents and certifications (environmental, utility, right of way, railroad, Public Interest Findings, and Systems Engineering Review Form (SERF)) are completed, approved, and provided to the appropriate authorities. The contractor will then build a Proposal Package which includes the Price Proposal, a construction schedule, and a list of subcontractors and will submit the Proposal Package to the NJDOT Project Manager for review and approval. The Price Proposal amount is determined by the unit price of the individual tasks, multiplied by the quantity determined by the Detailed Scope of Work, multiplied by the appropriate adjustment factor based on the work schedule. Once the Proposal Package is approved by the NJDOT Project Manager and a FHWA representative, a Job Order will be issued to the contractor.
- If there is a change in the Detailed Scope of Work after a Job Order is issued, any extras, changes or deletions are handled as a Supplemental Job Order where the Contractor is required to price the work in the same manner as the original Price Proposal -unit prices multiplied by the quantity multiplied by the appropriate adjustment factor. This eliminates the traditional change order negotiation and avoids claims and delays.
- NJDOT is requesting \$5,000,000 of Federal funding under the SEP-14 "Alternative Contracting" program to assign two Job Order Contracts for ITS preventive maintenance in the North and South Regions of New Jersey. \$2,500,000 would be allocated to both the North and South Jersey Regions each.

We approve NJDOT's SEP-14 Workplan for Utilizing Job Order Contracting for ITS Maintenance Contracts. NJDOT may now use the JOC contracting technique on a pilot basis for ITS Maintenance Contracts. However, we would make the following clarification:

- Special Experimental Project No. 14 (SEP-14) is not a funded program; rather, it is a vehicle by which State DOTs can utilize and evaluate non-traditional contracting techniques (http://www.fhwa.dot.gov/programadmin/contracts/sep_a.cfm#s1). NJDOT should coordinate as necessary with the FHWA New Jersey Division to ensure that appropriate sources of funding are used.

Thank you for the opportunity to review this SEP-14 request. If you have any questions, please contact John Huyer of my office at (651) 291-6111 or John.Huyer@dot.gov.