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## COMMONWEALTH of VIRGINIA

*Department of Small Business and Supplier Diversity*

Tracey G. Wiley  
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Report on the utilization of Job Order Contracting (CHAPTER 776, 2015 Acts of Assembly, relating to the Virginia Public Procurement Act; methods of procurement; job order contracting and cooperative procurement.)

The changes as a result of 2015 Acts of Assembly, Chapter 776 removed the ability to use cooperative procurement for any type of construction, including job order contracting. This change prohibited the Department of General Services (DGS) from establishing a statewide job order contract for use by all public bodies. As a result, DGS has under development procedures for state agencies to utilize for Job order contracting and will have them in place in early 2018. DGS has indicated that the procedures will allow state agencies to procure and utilize Job Order Contracting effectively and within the cost limitations set forth in § 2.2-4303.2. Finally, the architectural and professional engineering term contract language set forth in § 2.2-4303.1, have been amended in the 2016 and 2017 General Assembly Sessions. The amendments increased limit for the fee associated with a single project and expanded the project thresholds for certain localities based on population.

The Virginia Association of Governmental Purchasing surveyed local public bodies. See the attached survey results for local government.

Respectfully,

A handwritten signature in blue ink, appearing to read "Tracey G. Wiley", with a long horizontal flourish extending to the right.

Tracey G. Wiley  
Agency Director

**JOB ORDER CONTRACTING**

**AND**

**ARCHITECTURAL AND PROFESSIONAL ENGINEERING**

**SURVEY RESULTS**



November  
2017

**SURVEY OF LOCAL PUBLIC BODIES**

**REFERENCE SB 1371 (2015) Enactment Clause**

**Background:**

SB 1317 (2015) included the following enactment clause:

That by October 1, 2017, the Department of Small Business and Supplier Diversity, public institutions of higher education having level 2 or 3 authority under the Restructured Higher Education Financial and Administrative Operations Act of 2005 (§ 23-38.88 et seq. of the Code of Virginia), state agencies utilizing job order contracting, and the Virginia Association of Counties, the Virginia Municipal League, and the Virginia Association of Governmental Purchasing on behalf of local public bodies working cooperatively shall report their respective experiences and findings relating to the appropriateness and effectiveness of (i) job order contracting in general, (ii) the project cost limitations set forth in § 2.2-4303.2, as added by this act, and (iii) the architectural and professional engineering term contract limits set forth in § 2.2-4303.1, as added by this act, to the Chairmen of the House Committee on General Laws and the Senate Committee on General Laws and Technology

**Methodology:**

The Virginia Association of Governmental Procurement conducted a survey of localities at the request of the Department of Small Business and Supplier Diversity, the Virginia Association of Counties, and the Virginia Municipal League. The survey was conducted via email directed to members of the Virginia Association of Governmental Purchasing (VAGP) that represent localities. A total of 19 responses were received: 5 cities, 8 counties, 2 towns, 1 K-12, and 3 other.

**SURVEY TOPIC 1: Job Order Contracting (in general):**

52% of respondents do not use Job Order Construction (JOC) contracting. Localities that considered using JOC (but are not currently using the delivery method) cited cost and availability of contractors as reasons for not using JOC.

48% of respondents use Job Order Construction contracting. Benefits cited include time savings for small to medium sized projects. The availability of quality contractors, including small and local construction companies is another cited advantage to this method of construction contracting. Overall, it is a valuable tool for allows localities to be responsive to needs for secure a contractor to perform construction projects for unplanned maintenance or renovation projects or emergency work. The value-added services from a job order construction contractor are also important, such as project management services.

**SURVEY TOPIC 2: The project cost limitations set forth in § 2.2-4303.2 for Job Order Construction contracts (SB 1371 (2015))**

- a. \$5 million per one-year term
- b. \$500,000 per job order

79% of respondents consider the project cost limitations to be acceptable thresholds.

21% of respondents indicated that increases are needed for larger localities. Once the locality reaches the per term threshold, then emergency contracts may be necessary (where the lack of competition may result in higher project costs).

**SURVEY TOPIC 3: The architectural and professional engineering term contract limits set forth in § 2.2-4303.1 for Architectural and Professional Engineering contracts (SB 1371 (2015))**

- a. \$6 million per one-year term for local public bodies with a population over 78,000; \$500,000 for local public bodies with a population under 78,000
- b. \$2.5 million single project fee for local public bodies with a population over 78,000; \$100,000 for local public bodies with a population under 78,000

68% of respondents consider the architectural and professional engineering term contract limits to be acceptable.

32% of respondents recommended changes to the architectural and professional engineering contract term limits.

It was observed by several respondents that thresholds associated with locality population size restrict the ability of professional procurement managers to use the procurement methods they determine to be in the best interest of the entity. Both small and large jurisdictions may benefit from consideration of other criteria to establish contract limits, such as credentialing from the Commonwealth of Virginia (Virginia Contracting Officer) or the National Institute of Governmental Procurement (Certified Public Procurement Officer).

## **Respondents:**

City of Danville  
City of Virginia Beach  
City of Harrisonburg  
City of Newport News  
City of Suffolk  
County of Goochland  
County of Prince William  
County of Fairfax  
County of Hanover  
County of Arlington  
County of James City  
County of Dinwiddie  
Fauquier County Government / Public Schools  
Town of Herndon  
Town of Purcellville  
Middle Peninsula Northern Neck  
Norfolk Redevelopment & Housing Authority  
Alexandria City Public Schools  
Fairfax Water