



July 9, 2013

Special Joint Subcommittee
Virginia Procurement Act
General Assembly Building, Room 523
Capitol Square
Richmond, Virginia 23219

Re: Virginia Public Procurement Act

The Honorable S. Chris Jones,

Thank you for allowing me to speak to the subcommittee today as it continues its review of the Virginia Public Procurement Act (VPPA).

The company I work for, The Gordian Group, works with public agencies implementing Job Order Contracting (JOC) programs in all 50 states. The Gordian Group was founded by the inventor of Job Order Contracting, Harry Mellon, in 1990, and has a rich history of helping public agencies and organizations realize the efficiency and value of the Job Order Contracting process. In the 20+ years since the company was founded, Gordian has been the industry leader, and has helped to establish best-practices in the Job Order Contracting industry. Just to be clear, Gordian is the company hired to develop and implement a Job Order Contracting program before you hire a JOC Contractor. We are JOC experts and consultants, not JOC Contractors.

Independent studies estimate the total cost savings from Job Order Contracting to be between 8% and 15%. The savings are realized from increased efficiencies in four areas: Procurement, Design, Construction, and Post Construction. It is important to note that all independent studies documenting cost savings from JOC were conducted on programs developed and implemented by The Gordian Group.

Each Job Order Contracting program that The Gordian Group develops and implements is very specific to meet the individual needs of the public agency. Personally, I have over 16 years of Job Order Contracting experience, and I have seen firsthand that no two JOC programs are the same. Some of the factors that go into determining the makeup of a Job Order Contracting program are

- Portfolio of anticipated projects (schools, corrections, transportation, wastewater, etc)
- Program size (\$1M /year or \$10M+/year)
- Types of contracts (GC, Electrical, HVAC, Plumbing, Site/Civil, etc)
- Subcontractor participation requirement
- Local pricing

type of contracting permits a large number of projects to be accomplished at one or more facilities against a single contract rather than through individual solicitations.

It is not clear if other forms of Indefinite Quantity Contracts are permitted or would also require special mention in the VPPA. It should be noted that §2.2-4331 entitled “Contract pricing arrangements,” the VPPA expressly permits the use of any type of pricing structure for contracts that “is not prohibited.”

3. Performance and payment bond requirements for IQC are not clearly outlined.

Section 2.2-4337 of the Code of Virginia requires performance and payment bonds for all contracts over \$500,000. The proposed legislation limits a Job Order Contract project ‘fee’ to \$400,000, but the overall Job Order Contract can be up to \$2,000,000 per term.

As written, the proposed VPPA does not make it clear whether a performance and payment bond would be required for the Job Order Contract or for individual projects.

I appreciate your time and am willing to answer any questions the subcommittee might have at this time.

Respectfully submitted,

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