

House Government Reform Committee
HB447 Testimony – Ken Jayne, P.E.
Monday, February 26, 2007

Good morning, Mr. Chairman and other committee members. Thank you for allowing me to speak on HB447.

I am Ken Jayne, president of Applied Innovative Management (A.I.M.). I have over 50 years experience in construction and over 18 years experience in assisting government agencies and contractors in obtaining and implementing Job Order Contracts (JOC).

I am here today representing the Center for Job Order Contracting Excellence (CJE); an affiliate of the Alliance for Construction Excellence, as well as A. I. M. CJE is the JOC industry's national organization. CJE's members include JOC facility owners, contractors, and service providers.

A.I.M. administers a cooperative JOC program which provides JOC services to over 140 government entities throughout Texas. Through A.I.M.'s experience with this program, we know that the JOC tool should be in every public facility manager's tool box.

The current language in HB447 would restrict JOC to maintenance and repair of existing facilities and would no longer allow its use through interlocal contracts. These provisions would severely limit the ability of public entities to effectively use JOC in Texas. To deny the full use of JOC and to eliminate the current ability of smaller entities to benefit from the economies of scale available through interlocal contracts would be a great disservice to the citizens of Texas. As now written, we oppose the passage of HB447.

My first knowledge of JOC came when I was the Director of Public Works at Fort Hood, Texas. It was a test program at the time, and I was so impressed with its potential that I volunteered to implement it at Fort Hood. Unfortunately, we were not selected. From what I have learned in the ensuing 20 years, I know that if I had a JOC to use during the renovations, alterations and construction required to bed down the Apache Training Brigade at Fort Hood, I would still have my hair!

The mission of CJE is to provide leadership, advice, and counsel for JOC matters throughout the United States and abroad and to be the recognized spokesperson for JOC and the industry. One of our primary goals is to continuously improve the industry through research, performance feedback, education, and training.

A recent national survey and research project by a professor at Northern Arizona University compared JOC to other delivery methods. The survey and his analysis are to be published, but I have the statistical results with me now. Briefly, he found the cost of JOC for design, procurement, change orders, project administration, and claims was less than other delivery methods by a factor of about 2 to 1. Only the cost of construction differed from this 2/1 favorable ratio. It was found to cost less than, or about same, by 49% of the respondents as compared to 47% who thought that it costs slightly more. (This comparison ignored the higher soft costs for other methods.) In the measures of owner satisfaction, such as quality, warranty work, ease of use, etc., the scores were about 80% in favor of JOC vs. the alternatives. JOC was found to be a valuable tool!

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JOC is unique in that it stresses teamwork and long term relationships rather than the “quick buck” from a single project. Its fast response, high quality, known costs, and flexibility make it an ideal delivery method for renovations, alterations, repairs, and construction.

There are numerous examples where JOC was able to deliver needed services that could not have been provided by any other delivery method. I will provide three examples:

1. Fort Lewis unexpectedly received the funds and the requirement to completely renovate three elementary schools and remove all EPA and ADA deficiencies for turn-over to the Clover Park School District. This mission was received on May 23rd, and the schools were to be ready for occupancy by August 26th, slightly more than three months. Using a team consisting of the Corps of Engineer District, the Directorate of Public Works, the JOC contractor and local architects and engineers they did about a hundred job orders totaling about \$8.5 million dollars of renovations, to include asbestos and lead abatement and the removal of leaking underground storage tanks and contaminated soil. All three schools were completed and occupied before the August 26 deadline.
2. The first K-12 JOC contract in Texas was at Spring Branch. The former Facilities Director lost his job because schools failed to re-open on time and air-conditioned. The new Facilities Director resolved that would not happen on his watch. With the cooperation and help of the purchasing and legal staff, he implemented a \$35 million 5 year JOC program. At a briefing given by him to other interested facility and purchasing personnel, he reported that:
 - a. All schools opened on time and air-conditioned;
 - b. Average pre-construction time was reduced from 185 to 85 days;
 - c. Although no goals were established, over 84% of the actual work went to small businesses, to include 26% to MWBE's;
 - d. All projects came in under budget;
 - e. \$2 million was saved in up-front costs; and,
 - f. The program worked so well that he spent \$37.5 million through several hundred job orders in 3.5 years and had to re-bid it early.
3. Hidalgo County had a need to renovate an old warehouse and turn it into a public health preparedness center. They received a Federal grant, but had to use the funds before the end of the fiscal year. By accessing JOC through The Cooperative Purchasing Network's AJOCSM contract, they were able to get the project done on time and under budget.

We have provided some suggested alternate language to the committee and will assist in any other way desired to come up with a fair and workable bill.

We would also recommend review of Rep. Bailey's subcommittee's report, which found no significant problems with JOC in Texas; and HB1536. HB1536 is a JOC specific bill and some of its language may be appropriate for inclusion in HB447.

Thank you very much for your time and attention. Are there any questions?

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