

Minimizing the Financial Impact of Emergency Work

GARDIAN[®]

Introduction

Natural disasters and emergency situations can happen at any time and anywhere. All in the same year, severe storms cause flooding in the Southeast, tornadoes rip through the Midwest and drought and wildfires devastate the West. No place is immune to an emergency situation.

When disaster strikes, every second counts. Because of this, it has become a best practice to be prepared by creating plans, practicing emergency drills, developing safe zones, installing communication systems with alerts and warnings, and more. Even so, the hours and days after an emergency situation can feel chaotic and vulnerable.

It is imperative for facility and infrastructure owners and managers to employ responsive and reliable construction procurement strategies that enable work to begin immediately following an emergency situation.



When Disaster Strikes

Across the country people face emergencies ranging from leaking roofs and bursting water mains to damage from natural or man-made disasters. To make matters worse, often when the response to the disaster is delayed or deferred, further damages may occur.

According to the National Centers for Environmental Information, since 1980 there have been 188 weather and climate disasters that resulted in at least \$1 billion in damages. In total, these 188 events cost more than \$1 trillion. In 2015 alone, 10 of these disasters exceeded \$1 billion in damages each across the U.S. These 10 events resulted in the deaths of 155 people.

One of the most destructive disasters in recent years, Hurricane Katrina, caused major damages to the Gulf Coast of the U.S. in 2005. This Hurricane is in the top five deadliest hurricanes, and is also one of the most costly, with total property damages estimated at \$108 billion. In the weeks following, 80 percent of New Orleans as well as large portions of surrounding parishes were flooded. Population in the city's metro area fell from 1.386 million in 2004 to 1.04 million in 2006. While by 2015 the population had risen up to 1.263 million, maintenance and repair projects caused by the storm continue to persist.

January 7, 1994	August 29, 2005	April 16, 2007	May 20, 2013
Northridge Earthquake: Golden State Freeway Bridges	Hurricane Katrina: Charity Hospital	School Shooting Incident: Virginia Polytechnic Institute State University	Tornado: Moore, OK Rebuilding Briarwood Elementary
\$100 Million	\$257.7 Million	\$1.78 Million	\$12 Million



Expediting Response

Ensuring people's safety is the number one priority. Facility and infrastructure owners and managers are familiar with having to act fast and minimize disruption when emergencies occur. These situations demand a swift response and plan of action, leaving little time to weigh options. Repair and remediation work must be completed immediately, at a reasonable rate and by responsible contractors.

Aging facilities, equipment failures or the damage from natural disasters create an emergency event that requires an urgent response to stabilize the building, site or impacted area, to clean up and to make necessary repairs. Unpredictable storms and extreme temperatures add layers of difficulty to repair and renovation projects, especially when they are urgent projects. When an emergency occurs, the traditional, time-consuming competitive bidding requirements can be bypassed and engagement with contractors and other service providers can be accelerated. An expedited response, however, often comes with premium pricing. While a faster response meets pressing needs, it does little to control costs.

Controlling Costs

Emergency repair rates for contractors can be well-above standard labor costs - sometimes between 50% to 100% more expensive! In addition, cost negotiations can become a lengthy, dominating process that pushes the emergency repairs to the back burner until everyone is in agreement on a contractor and a price.

Many emergency response procedures and plans include lists and contact numbers for prequalified contractors and service providers. But not all have prepriced contracts in place. While owners and managers will likely put together a strategy to accomplish goals and ensure timely renovation, they should make sure their procurement plans are prepared for other non-conventional demands, to minimize the likelihood of financial waste and construction delays.

A Nimble Solution

Unexpected projects and urgent repairs don't have to have an emergency response price tag. The Job Order Contracting construction procurement process relies on firm, preset prices that are agreed upon at the beginning of the contract to guarantee transparency. This solution is ideal for emergency work and responses to natural disasters, because it enables qualified, readily-available contractors to get started when a team needs to spring into action.

Generating support and funding for repairs and relief efforts is only one step on the way to total recovery throughout the course of emergency situations. Adding a nimble and responsive solution to the construction procurement toolbox is an effective and efficient way to put these resources to work. Job Order Contracting is a powerful ally in navigating the construction procurement journey during crisis scenarios.

How Does It Work?

- Job Order Contracts provide the ability to accomplish a substantial number of individual construction projects with a single, competitively-bid contract.
- Contractors bid a multiplier to be applied to a catalog of tasks with preset unit prices developed using local labor, material and equipment costs.
- Job Order Contracts are generally awarded to the lowest responsive, responsible bidder. Once a contract is awarded, the contractor can perform a variety of projects.
- The contractor is paid the preset unit price X the quantity ordered X the competitively bid multiplier. No negotiation required.

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Job Order Contracting for Emergencies



Traditionally, Job Order Contracts have been used for planned maintenance, repair, renovation and demolition work. Recently, however, it has been determined that the Job Order Contract structure and pricing is effective in responding to natural disasters and other emergency situations.

Arizona's tourist season had just gotten underway when a 200 year monsoon struck over a remote area in the northern region of the state on US89A. The National Weather Service Flagstaff office reported between 1.3"-1.7" of rainfall during the course of a fifteen to twenty minute period. Boulders over 15 feet in diameter smashed into the highway. With flood debris clogging drainage structures, washes flowed at above bank conditions across the 24 mile stretch affected by the storm.

Crews arrived in 30 minutes. The Arizona Department of Transportation (ADOT) needed to act quick as it was readily apparent accessing the Federal Highway Administration for Emergency Relief fund was a necessity.

ADOT competitively bid and awarded an emergency response Job Order Contract, and within days crews and equipment from across the southwest descended upon the scene. Work commenced and continued without incidence. The highway was cleared, pavement was repaired, and the structure and earthwork were protected from subsequent flooding.

Emergency Response Job Order Contracts provide facility and infrastructure owners with prequalified contractors readily-available to respond to emergency events quickly at preset unit prices for all labor, material, equipment and services.

The detailed cost information provided by the contractors, fixed through competitive bidding, will also meet the requirements for reimbursement from FEMA or the owner's insurance carrier.

Immediate Response, When Every Second Counts

Whether a natural disaster or man-made emergency situation, wasting time or resources on emergency repairs can't be afforded. Job Order Contracting expedites the construction procurement process while keeping costs fair and reasonable.

Facility and infrastructure owners and managers rely on Gordian's Job Order Contracting solutions to ensure qualified contractors are readily available when a team is needed. This process is flexible to adhere to scheduling demands while minimizing disruption. And with a Job Order Contract in place, controlling the cost of unexpected projects can be a reality.



About Gordian

Gordian is a pioneer of Job Order Contracting and leader in construction data, software and services for the construction lifecycle. From planning to procurement to maintenance and operations, Gordian's expanding portfolio of solutions includes the RSMeans data products and services, as well as the Sightlines facility benchmarking and analysis solutions. Gordian's specialized engineers, software and proprietary data solve the construction planning, construction and management needs of organizations focused on building construction, building products manufacturing, education, healthcare, retail, insurance, legal, and government.

For more information, contact us [here](#).