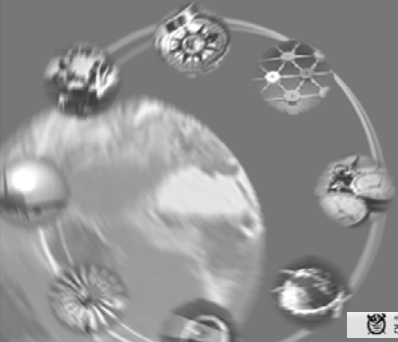


Ten Key Elements
Government-defined Scope, Competition


401.649 Cost Planning for Construction Projects April 10th, 2008



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Government Defined Scope

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Two Main Focus

- Who defines the public's need for infrastructure?
Generally, government defines a definition of the scope
- How are such needs defined and presented to the private sector for implementation?
*By a **clear functional description** in a statement of work*

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- In the system of government, procurement is made with the consent and the approval of elected legislatures.
- Power to control acquisition
= Legislative power to appropriate public funds

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IGL (Interest Group Liberalism), Lowi

- The pluralistic competition resulting from the broad expansion of public programs in the United States (Wikipedia)
- National policymaking had become the province of organized lobbies, which worked to the detriment of the overall public interest and spawned an uncontrollable, federal bureaucracy.
- The private sector can never be trusted to act in the public interest?
- The award of infrastructure monopolies to public employees can never be efficient, innovative or technologically advanced?

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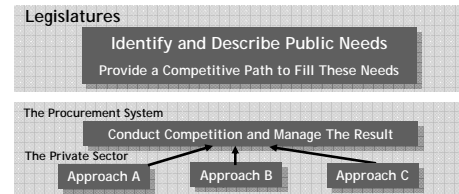
- Scope of work at the Project Level
 - ◻ The legislative authorization of infrastructure projects and programs determines the scope of work at the project level.
 - ◻ The statement of Work (Scope of Work)
 - The core of any subsequent contractual relationship between owner and contractor
 - Affect every subsequent aspect of the project's procurement
 - Determine whether innovations will be implemented
 - Determine which private sector firms are potential competitors for award
 - Most importantly, determine whether the owner can reasonably assume that **competition will independently confirm the government's assessment of the project's technical feasibility, time for completion, and cost**

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- Scope of work at the Macro Level
 - Scope of work issue are often political questions.
 - ex) "Should the Commonwealth of Massachusetts contract with private health insurance providers to deliver health care services to children on welfare?" → Is the program supported to be "Public" with taxes and/or votes by rational taxpayers/voters ??
 - "Public programs" require private sector employees, technology, and services to be implemented
 - "Scope" provides a productive way to determine how "public" and "private" sector are mixed

The role of government

- Identify and describe public infrastructure needs
- Initiate competition among the private sector



Case Project: State Road (SR) 91, California

Competition

- A concept at the root of public procurement statute
- The tool to include objectivity in the selection and award of contracts
 - Objective criteria for selecting and awarding contracts are pre-requisites for broad participation by EPC firms
 - Absence of objective criteria → less than optimal results

Important issues in infrastructure procurement

How and Why is competition authorized by legislatures and used by executive agencies to serve infrastructure needs?

Case Project:
State Road (SR) 57, California