

Ten Key Elements

Government-defined Scope, Competition

401.649 Cost Planning for Construction Projects

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Government Defined Scope

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

- 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

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 ?

- 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

- Scope of work at the Macro Level
 - Scope of work issues 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” sectors are mixed

The role of government

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

Legislatures

Identify and Describe Public Needs
Provide a Competitive Path to Fill These Needs

The Procurement System

Conduct Competition and Manage The Result

The Private Sector

Approach A

Approach B

Approach C

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?

Competition vs Protection

Encouraging Competition	Limiting Competition
<ul style="list-style-type: none"> • Broad Statement of Needs • Publishing Procurement Information • Bidders Mailing Lists • Independent Pricing Requirement • Avoiding Conflict of Interest Rules 	<p>Statutory & Regulatory Limitations <i>for social/ economic purpose</i></p> <p>Practical Limitations</p> <ul style="list-style-type: none"> • plant location • Current or previous producers • Capable contractors

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Case Project:
State Road (SR) 57, California