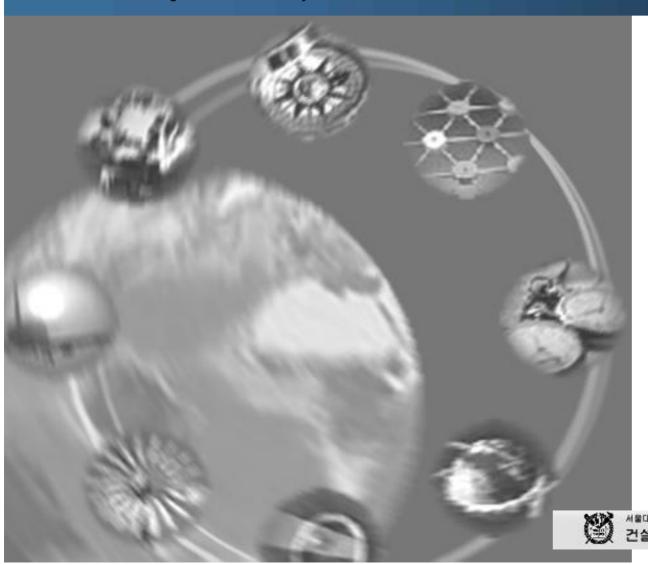
Ten Key Elements

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 <u>a clear functional description</u> 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 ca never be efficient, innovative or technologically advanced?

Scope of work <u>at the Project Level</u>

The legislative authorization of infrastructure projects and programs determines the scope of work at the project level.

The statement of Work (Scope of Work)

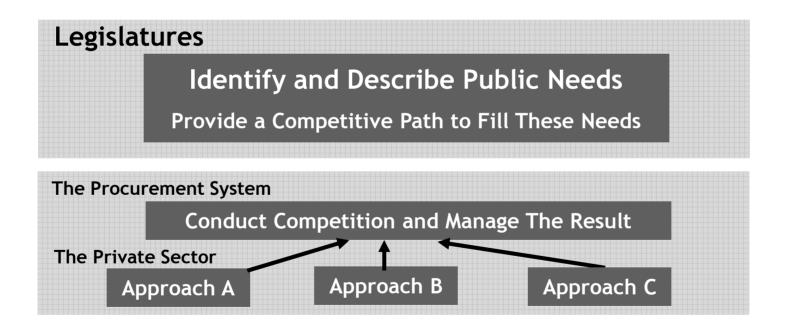
- The core of any subsequent contractual relationship between owner and contractor
- Affect every subsequent aspect of the project's procurement
- Determine whether innovations will be implemented
- Determine which private sector firms are potential competitors for award
- Most importantly, determine whether the owner can reasonably assume that <u>competition will independently confirm the</u> government's assessment of the project's technical feasibility, <u>time for completion, and cost</u>

- Scope of work <u>at the Macro Level</u>
 - 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
- o Initiate competition among the private sector



Case Project: State Road (SR) 91, California

Competition

- A concept at the <u>root</u> 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
 - \Box Absence of objective criteria \rightarrow 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
Broad Statement of Needs	Statutory & Regulatory Limitations
 Publishing Procurement Information 	for social/economic purpose
	Practical Limitations
 Bidders Mailing Lists 	 plant location
	 Current or previous producers
 Independent Pricing Requirement 	Capable contractors
 Avoiding Conflict of Interest Rules 	

Case Project: State Road (SR) 57, California