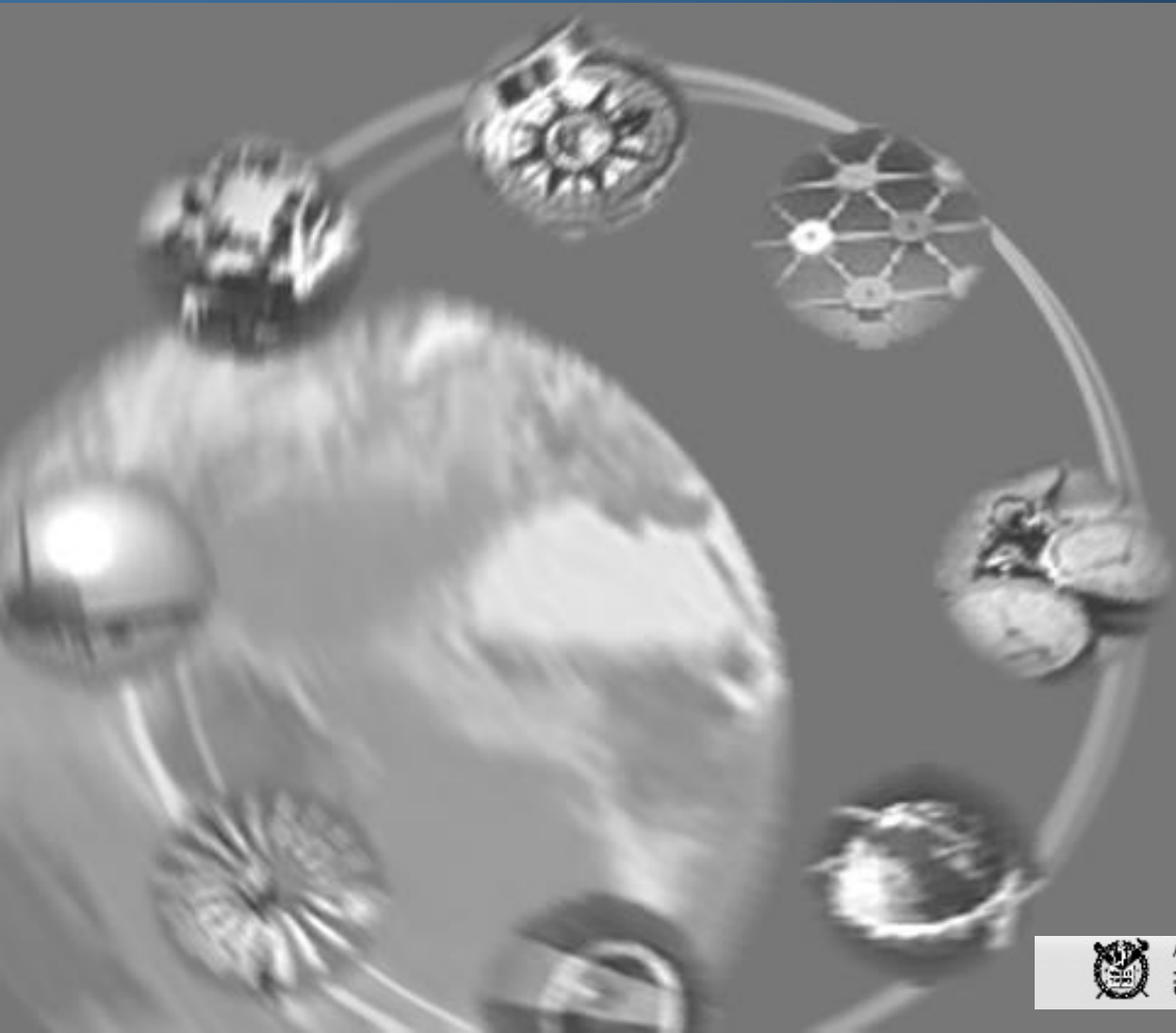


Ten Key Elements

Government-defined Scope, Competition, Fair treatment

401.649 Cost Planning for Construction Projects



Moonseo Park

Professor, PhD

39동 433

Phone 880-5848, Fax 871-5518

E-mail: mspark@snu.ac.kr

Department of Architecture
College of Engineering
Seoul National University



서울대학교
건설기술연구소



과학기술부
국가지정연구소
National Research Lab.

Government Defined Scope



▲1975년 관악캠퍼스로 이전 직전의 다소 허전한 풍경 ©서울대저널



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 ?
- * NIMBY (Not In My BackYard), PYMFY (Please In My FrontYard)

- 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

연방조달규정(FAR)

Case Project:

State Road (SR) 57, California

Fair Treatment of Actual Competitor

- Fairness
 - One of the core values in procurement systems
 - A prerequisite for most private sector firms to compete

- Provide **a Level Playing Field**
to serve as *referees* in the award and performance of procurement contracts

- Discussions

- 입찰서류 미비/제출 기한 미 준수
- 지방업체 참여 의무화/가점
- **RFP** 제안 업체의 입찰 참여

- Wastewater Treatment as a good example of the dynamic nature of the tradeoffs between a focus on project definition and a focus on fair project allocation
 - Revenue stream more predictable than in mass transit systems. BUT, often overestimated by the government → capital & operating losses
 - Traditionally, both publicly and privately controlled mechanism

- Then, how to treat contractors fairly in practice?
- *The rules under which contracts are awarded and performed* should be established and published before the competition commences for fair treatment of competitors

Case Project:

Charlotte-Mecklenburg Waste Water Treatment Plant