

Outsourcing Engineering Services: Synthesis
Prepared for
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Transportation Synthesis Reports (TSRs) are brief summaries of currently available information on topics of interest to WSDOT staff. Online and print sources may include newspaper and periodical articles, NCHRP and other TRB programs, AASHTO, the research and practices of other state DOTs and related academic and industry research. Internet hyperlinks in the TSRs are active at the time of publication, but host server changes can make them obsolete.

Request for Synthesis

Nancy Boyd, WSDOT Deputy State Design Engineer requested information on contracting out DOT engineering services. The Synthesis provides sources describing private sector contracting strategies within the US and internationally.

Databases Searched

TRID
Research in Progress
Previous Synthesis Reports
Google
Google Scholar
Wisconsin DOT Transportation Synthesis Reports
FTA website
FHWA website
AASHTO Website

Privatization and Reverse Privatization in US Local Government Service Delivery, 2002-2007

Mildred Warner, Cornell University; Amir Hefetz, Haifa University, Israel; Paper prepared for Public Service International and the Council of Global Unions Conference, Geneva, Switzerland, Oct. 2010
Abstract

Contracting out for urban infrastructure delivery has been an important reform pursued by cities in the last decades of the 20th century. However, using national surveys of US municipalities conducted by the International City County Management Association, this paper shows that rates of new contracting balance with those of reverse contracting – bringing previously privatized services back in house. Reversals reflect problems with service quality and lack of cost savings in contracted services. Recognition of the asset specific nature of infrastructure services, the need for monitoring and the importance of political opposition help explain these reversals.

http://www.qpsconference.org/sites/default/files/Warner_EN_Reverse_Privatisation.pdf

Outsourcing Decision Making in Public Organizations

Authors: Robert J. Eger, III¹, Subhashish Samaddar; TRB; 2010

Abstract: In the past several decades, departments of transportation (DOTs) have explored outsourcing as an alternative to human resource development or as an enhancement to productivity. Many studies have looked at outsourcing within DOTs: some indicate success and some indicate failure. Little agreement exists in either process or scope within the governmental outsourcing literature. A potential solution to the decision to outsource in public agencies is explored through a comprehensive, process-based evaluation linking DOT goals and managerial insight to competencies, a hierarchical evaluation to

indicate a potential priority list based on management insight, a knowledge audit to address knowledge transfer and loss, a traditional cost collection and market analysis, and an evaluation of human resource expertise and utilization. The process leads to an outsourcing decision support tool that evaluates the multidimensional implications of outsourcing, allowing potential functions hierarchically listed for outsourcing, and informing decision makers of functions that need internal resource allocation.

<http://trid.trb.org/view.aspx?id=911006>

The efficiency of outsourced activities in the field of road transportation infrastructure

Authors: Costescu, I. D., Costescu, C.; Annals of DAAAM & Proceedings; 2010

Abstract: Transportation is an important area of the socio economic activity. The road infrastructure must be made and maintained through investments. . . new transportation networks are developed, while the existent infrastructure is preserved or adapted to the action of various agents. . . basis for an investment has in view, the indicator of the cost-benefit effect, neglecting many other issues. This paper aims to analyze the investment projects carried out through outsourced activities, with increase the economic efficiency. . . outsourcing the activities in the road transportation infrastructure has been observed due to the complexity of this activity and one of the many areas which interact to achieve a road transportation infrastructure.

http://findarticles.com/p/articles/mi_7105/is_2010_Annual/ai_n56677805/

Pricing Third-Party Logistics Services: Integrating Insights from the Logistics and Industrial Services Literature

Authors: Lukassen, Peter J. H.; Wallenburg, Carl Marcus; Transportation Journal, Vol. 49 Issue 2, pp 24-43; Spring 2010

Abstract: As the logistics services outsourced by companies increase in scope and complexity, the challenge of designing appropriate contracts grows. Here, the price model, which determines the remuneration, takes a central position. In practice, however, the agreed-upon contracts often fail to govern the relationship and set wrong or misleading incentives for either or both of the involved parties. In order to provide a conceptual basis and to identify promising avenues for future research in the increasingly important field of pricing third-party logistics services, this article provides a comprehensive review of the existing literature on logistics and industrial service pricing using a refined version of the established Industrial Marketing and Purchasing (IMP) group relationship management framework.

Available through WSDOT Library

Tough Choices Ahead: The Future of the Public Sector

Author: Herhalt, John; Downey, Alan; KPMG International; 2009

Abstract: The objective of this report is to stimulate debate around public sector Transformation, addressing the financial challenges faced by public sector organizations around the world. This draws upon in-depth interviews with 17 public sector leaders from Australia, Canada, Germany, Netherlands, UK, and the US. These findings, coupled with desk research and insight of partners and directors from member firms of KPMG International Cooperative (KPMG International) worldwide, offer a contemporary and global perspective from the 'front line.' Our aim is to lead the debate, share success stories, and help our public sector peers redefine and transform their sector.

PDF available

Applicability of the Normative Model of Outsourcing in the Public Sector: The Case of a State Transportation Agency

Authors: Ponomariov, Branco; Kingsley, Gordon; Public Organization Review; Vol. 8 Issue 3; Sept. 2008

Abstract: This study examines organizational adaptations at a state transportation agency during a period of rapid scale-up in the outsourcing of core professional services. The case study draws on multiple qualitative and quantitative sources of data. Substantial divergences exist between the prescriptions of the normative outsourcing model and the adaptation processes observed in the agency. The paper discusses implications for theory and practice.

<http://ideas.repec.org/a/kap/porgrv/v8y2008i3p253-272.html>

A Model of Logistics Outsourcing Strategy

Authors: Mello, John E.; Stank, Theodore P.; Esper, Terry L.; Transportation Journal; 2008

Abstract: Previous research points to an apparent gap between the prescriptive models designed to guide companies in making systematic outsourcing decisions and the practices some companies actually use. While prescriptive models would suggest the predominance of outsourcing decisions are made using top-down, proactive, systematic- and strategic-competence-driven processes, prior researchers observed that actual decisions are often made using local, reactive, ad-hoc, and seemingly limited-strategy-driven processes. This article addresses this inconsistency by presenting a data-driven descriptive model of logistics outsourcing strategy, based on grounded theory research methods, that explores the experiences of logistics professionals. Our findings support the idea that while prescriptive models providing cognitive approaches to logistics outsourcing exist in the literature, in practice, both cognitive and experiential search and evaluation are used to make outsourcing decisions. Additionally, we extend the work of de Boer, Gaytan, and Arroyo (2006) by adding personal factors, such as experience and self-interest, and cultural factors, such as organizational values and norms, as inputs to the process.

<http://trid.trb.org/view.aspx?id=876602>

Federal-Aid Highways: Increased Reliance on Contractors Can Pose Oversight Challenges for Federal and State Officials

GAO-08-198 January 8, 2008

Abstract: Pressure on state and local governments to deliver highway projects and services, and limits on the ability of state departments of transportation (state DOT) to increase staff levels have led those departments to contract out a variety of highway activities to the private sector. As requested, this report addresses (1) recent trends in the contracting of state highway activities, (2) factors that influence state highway departments' contracting decisions, (3) how state highway departments ensure the protection of the public interest in contracting out work, and (4) the Federal Highway Administrations' (FHWA) role in ensuring that states protect the public interest. To complete this work, GAO reviewed federal guidelines, state auditor reports, and other relevant literature; conducted a 50-state survey; and interviewed officials from 10 selected state highway departments, industry officials, and FHWA officials.

<http://www.gao.gov/new.items/d08198.pdf>

Government for Sale: An Examination of the Contracting Out of State and Local Government Services

AFSCME: Eighth edition; 2007

Abstract: After decades of state and local government experiments with contracting out, the benefits of private delivery of public services have proven to be elusive. Now more than ever, when government is the front line in homeland security, the nation understands the importance of an experienced, dedicated public sector workforce and the dangers of privatization. Contracting out often results in higher costs, poorer service, increased opportunities for corruption and diminished government flexibility, control and accountability. Contracting out can compromise the security of information and public assets. In addition, the local economy and tax base may suffer as decent jobs with benefits are replaced with low-wage, no-benefit jobs provided by companies located in another part of the country or even overseas. Innovative and responsible government leaders know that joint labor/management partnerships are the best way to truly improve service delivery. Public resources are most efficiently and effectively deployed when front-line workers and managers work together for the public good.

<http://www.afscme.org/docs/GovernmentSale.pdf>

Effects of Contracting out Engineering Services over time in a State Department of Transportation

Author: Gen, Sheldon; Kingsley, Gordon; Public Works Management Policy, Vol. 12 No. 1 pp. 331-343; July 2007

Abstract: Perhaps the most prevalent form of privatization, in terms of incidents of its use, is contracting out for services. This is especially true in state departments of transportation (DOTs), which have seen a rapidly growing reliance on contracted professional services in recent years. With this growth has come a variety of managerial issues that speak to the efficacy of this mode of service production. In this article, we identify and analyze these issues by first reviewing the literature on managing contracted professional services, with a focus on the experiences of DOTs. We complement the review with an in-depth, multicase examination of the experiences of one state DOT over the span of a decade, to better

understand their changing conditions, motives, and impacts of large-scale contracting out. We conclude that problems associated with contracting out could be avoided with planned changes in procedures, organizational structures, and human resource demands.

<http://pwm.sagepub.com/content/12/1/331.short>

Outsourcing Utility Coordination: Who, Where, and Why?

Author: Lindly, Jay K; TRB; pp137-140; 2007

Abstract: Roughly, half of the state departments of transportation (DOTs) in the United States have begun using utility coordination consultants to perform routine tasks associated with accommodating and relocating utilities on highway rights-of-way and previously performed only by DOT employees. Consultant involvement is expected to increase significantly because of increased highway construction budgets and capped or reduced numbers of DOT employees. The AASHTO Highway Subcommittee on Right-of-Way and Utilities surveyed its 52 member states in 2006 on the status of their use of utility coordination consultants, and 29 members responded. This paper takes the results of that survey and opinions from transportation professionals expressed at the 2006 AASHTO-FHWA Subcommittee for Right-of-Way and Utilities Conference in Baltimore, Maryland, to define the current and projected use of utility coordination consultants. It provides statistics and quotes from the survey results to describe the rates of consultant use, typical work items, and the qualifications for inclusion on approved consultant lists, beginning, and end points for consultant work, the satisfaction of DOTs with the consultants' work, and other issues useful to DOT managers and utility coordination personnel.

<http://trb.metapress.com/content/9ng3024703562252/>

Cost to the Taxpayers of Obtaining Architectural and Engineering Services: State Employees vs. Private Consulting Firms

Authors: William G. Hamm, Ph.D. and Mark L. Rodini; April 2007

Abstract: To complete highway and other transportation projects, California's Department of Transportation (Caltrans) requires extensive architectural and engineering (A/E) support services. Caltrans refers to these services as "Capital Outlay Support." To obtain the needed A/E services, Caltrans can either use engineers employed and paid by the State, or contract with private sector engineering firms. The cost comparison must take into account all direct and indirect costs associated with each alternative. It should also consider such factors as productivity, capacity utilization, and risk, since these factors help determine the relative cost to the taxpayers of improving the State's transportation network.

http://www.sacbee.com/static/weblogs/the_state_worker/LECG_rpt_engineering_costs.pdf

Highway Robbery II - The Many Problems with Outsourcing Design, Engineering, Inspection & Supervision of Federally-Funded Transportation Projects: Increased Costs, Reduced Quality & Safety, and Little Accountability to the Public

Author: Kusnet, David; NASHTU, 2007

Abstract: It is so important that Congress consider "accountability in contracting" provisions requiring state transportation departments to conduct cost-benefit studies before outsourcing engineering and similar services on federally funded projects. States should also take steps to hold private consultants and contractors accountable for the cost and quality of their work. The nation needs to make sure that the taxpayers get their money's worth for the essential investments Americans are making in transportation

<http://outsourcing-facts-and-fiction.com/Reports/Highway-Robbery-II.pdf>

Primer on Contracting for the Twenty-first Century

AASHTO; Fifth Edition; a Report of the Contract Administration Section of the AASHTO Subcommittee on Construction The 2006 version of the "Primer on Construction Contracting for the 21st Century" is an updated version of the 1997 *Primer on Contracting 2000*, initially prepared by the Contract Administration Section of the AASHTO Subcommittee on Construction. It is not considered an official AASHTO guide or voluntary standard; 2006

This document lists various project delivery methods, procurement methods, payment methods, contracting techniques and contract administration procedures that are currently in use by various contracting agencies in their transportation programs. Neither AASHTO nor FHWA fully supports all of the techniques that are identified in this document. Some of the techniques are not appropriate for all contracting agencies and they should be used only where applicable. The contracting agencies should

consult with their counsel to verify the legal sufficiency of using these techniques. Also, it is extremely important to coordinate with the highway industry in the development of any new contracting technique. Early industry involvement will facilitate the implementation and acceptance of techniques not used in the past.

<http://construction.transportation.org/Documents/PrimeronContracting2006.pdf>

Maintenance Management 2006

Presentations from the 11th AASHTO–TRB Maintenance Management Conference
Charleston, South Carolina; TRB Circular E-C098; July 2006

This publication contains papers presented at the 11th AASHTO–TRB Maintenance Management Conference held in Charleston, South Carolina, July 16-20, 2006. The objective of this series of conferences is to provide a forum every three to four years for the exchange of new ideas and developments in the maintenance and operations management of transportation facilities. The conference hosted by the South Carolina Department of Transportation, and jointly sponsored by the Transportation Research Board, the American Association of State Highway and Transportation Officials, and the Federal Highway Administration of the U.S. Department of Transportation was integrated into the Annual AASHTO Highway Subcommittee on Maintenance meeting and includes papers on outsourcing, pavements, roadside, winter operations, bridges, maintenance management systems, quality assurance, equipment, work force development, traffic services, and safety. The views expressed in the papers contained in this publication are those of the authors and do not necessarily reflect the views of the Transportation Research Board, the National Research Council, or the sponsors of the conference. The papers were not subjected to the formal TRB peer review process.

PDF available

Outsourcing versus in-house Highway Maintenance: Cost comparison and decision factors

Author: Dlesk, Ryan J; Bell, Lansford C.; SCDOT Research Project 653; April 2006

Abstract: A research project conducted by Clemson University for the South Carolina Department of Transportation (SCDOT) examined the relative merits of outsourcing highway maintenance activities as opposed to performing those activities with in-house forces. The project examined the costs associated with maintenance work performed within the state for 20 maintenance-related activities in FY 03-04. The in-house unit costs for activities including drain pipe installation, mowing, sign installation, and full-depth patching is about the same as their out-sourcing unit cost. Some activities including drainage structure replacement, guardrail installation, and raised pavement marker installation, were difficult to compare due to project contract differences. Then too, some activities were performed exclusively either by contract or in-house in FY 03-04. The project also included workshops conducted in all seven SCDOT district offices to examine subjective factors that impact local decisions as to whether or not it is appropriate to outsource various maintenance activities. District personnel cited equipment availability, local contractor expertise, SCDOT inspection and contract administration capabilities, seasonal work fluctuations, and the need for immediate SCDOT response to specified problems among their decision factors. Workshop participants also suggested that improvements be made to standard outsourcing contracts to give them more leverage with respect to specification conformance.

PDF available

Outsourcing Transportation Project Delivery Functions: An Alternative Method for Getting the Job Done in Kentucky and Other States

Author: Hancher, Donn E.; Brenneman, April; Meagher, Robin; Goodrum, Paul M.; p. 22; TRNews Nov/Dec 2006

To meet a heightened demand for projects despite restricted resources, state DOTs successfully have outsourced many routine functions to private-sector consultants and contractors. The need to outsource is increasing, to accommodate steady workloads and decreases in staff. Which functions are being outsourced and to what extent, and what are the desirable balances? The authors analyze findings from surveys of state and district-level agencies

<http://onlinepubs.trb.org/onlinepubs/trnews/trnews247.pdf>

Managerial Perceptions of Privatization: Evidence from a State Department of Transportation

Author: DeHart-Davis, Leisha; Kingsley, Gordon; Georgia Tech Research Corporation; 2005

Abstract: This paper examines managerial perceptions of privatization within a state department of transportation. Based on various theories of bureaucratic behavior, we hypothesize that professional identity will correlate with negative privatization perceptions and that stronger contractor-manager relationships and beliefs about privatization's professional benefits will correlate with favorable perceptions. Mail survey data from mid-level agency managers tested these hypotheses. Statistical modeling indicates that relationship quality correlated positively with privatization perceptions; professional identity, when measured as a preference for technical work, it negatively correlates with privatization perceptions; and beliefs in privatization's benefits do not correlate with privatization perceptions.
PDF available

Review of Highway Maintenance “Outsourcing” WSDOT

WSDOT Folio, January 2004

Abstract: While marketing materials and promotional press releases tout the attractions of outsourcing, insufficient attention to a growing body of follow-up information – much of it from official audit sources – of actual outsourcing experience. This paper gathers after-the-fact reviews of highway maintenance outsourcing performance from programs in five states and British Columbia.

<http://www.wsdot.wa.gov/NR/rdonlyres/6100788C-F371-4654-90DD-89F8FD0FFF1B/0/HwyMaintenanceOutsource.pdf>

<http://www.wsdot.wa.gov/Maintenance/Accountability/outsourcing.htm>

State DOT Outsourcing and Private-Sector Utilization

Author: Warne, Thomas R; NCHRP Synthesis 313, 2003

Abstract: The report examines the current practices in outsourcing, what decisions are involved in deciding when to outsource, procuring and administering outsourced services, what are the most commonly outsourced activities, and determining the effectiveness of outsourcing.

http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_syn_313.pdf

Contracting for Road and Highway Maintenance

Author: Segal, Geoffrey F; Moore, Adrian T; McCarthy, Samuel; Reason; March 2003

Abstract: This article talks about the practice of outsourcing, the contract options practiced, and the different contract structures currently used around the world.

PDF available

Synopsis of WSDOT’s review of Highway Maintenance “Outsourcing” Experience

Author: Ribreau, Nicole, TRB A3C01; 2003

While marketing materials and promotional press releases tout the attractions of outsourcing, insufficient attention exists to a growing body of follow-up information – much of it from official audit sources of actual outsourcing experience. This paper gathers after-the-fact reviews of highway maintenance outsourcing performance from programs in five states and British Columbia.

<http://www.wsdot.wa.gov/NR/rdonlyres/8C2B4EEC-8F37-49A8-BEF7-D59E21B5BFDF/0/outsourcing.pdf>

Evaluation of Transportation Organization Outsourcing: Decision Making Criteria for Outsourcing Opportunities

Authors: Eger III, Robert J., Knudson, Deborah A., Marlowe, Justin; TRB; 2003

Abstract: Private industry has extensive experience with outsourcing functions that fall outside of the firm's core competence. As a result, outsourcing and privatization are national business trends that are becoming increasingly relevant to public-sector managers. Several jurisdictions have successfully established competitive outsource operations. In addition, a number of private sector transportation companies have adeptly implemented outsourcing programs. Outsourcing challenges facing the public sector have similarities to private sector challenges. The listing of similarities between public and private characteristics and processes provide a basis of exchange that centers on a cooperative exploration of ideas and principles. The purpose of this paper is to survey best practice outsourcing examples in private sector transportation companies, establish an outsource scorecard and survey a random group of public sector transportation agencies. In doing so, the results of this study serve to inform transportation officials

of criteria to consider when evaluating outsourcing opportunities, concerns to be evaluated, and other factors that might influence a decision.

http://www.ltrc.lsu.edu/TRB_82/TRB2003-001650.pdf

Outsourcing of State DOT Capital Program Delivery Functions

By Science Applications International Corporation, Transportation Policy and Analysis Center; Vienna, Virginia; NCHRP Document 59; November 2003

The objective of the study was to develop guidance for State DOTs on the outsourcing of major program responsibility. Recommendations for innovative practices in the management and outsourcing of program delivery functions were a primary focus. A review of current practices and an evaluation of the effectiveness, benefits, and concerns of the outsourcing of primary program delivery functions by DOTs were conducted.

http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_w59.pdf

Managing Change in State Departments of Transportation: Scan 2 of 8: Innovations in Private Involvement in Project Delivery

Note: Chart on page 11 lists states and what they are contracting out

Authors: Hancher, Donn E.; Werkmeister, Raymond F; NCHRP Doc 39; April 2001

The focus of the study was to perform a scan of state DOT activities to identify and classify a range of approaches relevant to innovations in private involvement in project delivery. Key was the identification of innovations, noteworthy characteristics, context issues, pros and cons, and challenges in implementing each type of approach. Of interest to state DOT CEO's, the report includes lessons learned to date and example cases of practice. Also, the focus of a long-term research program, including key questions, the stakes at issue, likely sources of information, and suggested research approach and scope was to be developed.

http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_w39-2.pdf

Information related to specific state DOT's

Synthesis of Innovative Contracting Strategies Used for Routine and Preventive Maintenance Contracts

Author: Menches, Cindy L.; Khwaja, Nabeel; Chen, Juan; U. Texas; January 2010

The purpose of this research was to develop a decision aid that will assist TxDOT districts with the selection and implementation of appropriate innovative maintenance contracting strategies. The objectives of the research were to:

- Identify the maintenance contracting practices, benefits, costs, and lessons learned internal to TxDOT, including contract strategies, cost effectiveness, quality of maintenance, and responsiveness
- Likewise identify the practices, benefits, costs, and lessons learned from other states that have implemented maintenance contracting
- Compare TxDOT's maintenance contracting strategies to those implemented in other states using various criteria, such as increase in responsiveness, rise in level of service/quality, and participation of local contractors
- Provide a decision method for selecting and implementing those contracting strategies that demonstrate the greatest potential for efficiently reducing maintenance costs and increasing responsiveness while maintaining or increasing the quality of service provided in TxDOT.

http://www.utexas.edu/research/ctr/pdf_reports/0_6388_P1.pdf

Assessing Outsourcing Potential in a State DOT

Author: Wilmot, Chester G; Donald R. Deis, Donald R; Xu, Rong; TRB; 2003

Abstract: The purpose of this project was to develop a systematic, objective procedure to evaluate the potential to outsource functions and activities currently performed by the Louisiana Department of Transportation and Development (LaDOTD). A computer-based model was developed which evaluates the qualitative and cost aspects of contracting out activities and functions. The model was applied to three

activities in the LaDOTD; highway markers, highway striping, and maintenance of rest areas. The results were in line with the expectations of officials who have experience of actual outsourcing of these activities. The model has been constructed to allow its operation in a variety of settings, considering the perspectives and the criteria on which outsourcing are assessed.

http://www.ltrc.lsu.edu/TRB_82/TRB2003-000928.pdf

Partnered project performance in Texas Department of Transportation

Authors: Grajek, Kenneth M.; G. Edward Gibson Jr., G. Edward; Richard L. Tucker, Richard L.; Journal of Infrastructure Systems; June 2000

Abstract: Partnering traditionally refers to strategic alliances or agreements between private sector owners and construction contractors to work together for extended periods of time to deliver completed facilities. Private sector partnering typically begins before the preproject planning phase of a project. The public sector is constrained by laws that ensure the presence of fair competition in all contract awards and prohibits establishment of long-term relationships. Therefore, public sector partnering usually begins after the bid has been awarded for construction. Despite the existence of these constraints, the Texas Department of Transportation has been successful when partnering on a project-by-project basis. Quantitative data are presented that indicate partnering is having a positive effect on completion times, dispute resolution, and project team relations. Subjective data from nearly 900 participants are also provided that further support an emergence of partnering as a viable contract administration alternative for public sector infrastructure projects. Finally, based on the results of the analysis, conclusions and recommendations are presented to serve as benchmarks for future studies of the use of partnering on infrastructure projects

PDF available

Oregon Plans New Private-Sector Push

Engineering News-Record; Vol. 252 Issue 5, p15-15, 2/2/2004

Abstract: The Oregon legislature has approved nearly \$3 billion to fund a 10-year program that will revamp or replace roughly 500 cracked bridges and roads. The effort is one of the biggest public works projects in state history and the Oregon Dept. of Transportation (ODOT) is poised to outsource at least two-thirds of it to the private sector. That is raising mixed reactions from engineers. April Makalea, assistant director of the Salem-based Association of Engineering Employees of Oregon and others argue that long-term studies are beginning to show that privatization may be less cost-effective than doing the work in-house. ODOT plans to award a series of design-build contracts with a management firm overseeing the bridge repair program.

http://tcat.worldcat.org/title/oregon-plans-new-private-sector-push/oclc/196752429&referer=brief_results

Legislative Green Sheet: Privatization of State Services

Wisconsin Legislative Council 11; AFSCME Website; 2010

Abstract: AFSCME has witnessed countless budget debates in the legislature's budget-writing Joint Committee on Finance only to see decisions made to reduce funding and cut state employee jobs, but with the clear expectation that providing the services would continue. How has that turned out? Many state workers are doing the jobs that two or three workers had done in the past. We have seen management resort to hiring limited term employees (LTEs) as well as contracting for services with private vendors

<http://wifscme.org/index.cfm?action=article&articleID=50c0002f-4321-4889-8dcb-d2a8563f1ba2>

It's the Ride that Count\$

Authors: Boeger, Rick, Crowe, Roberta J.; Public Roads; 2002

Abstract: Reports on the pavement smoothness standards and incentive program for contractors implemented by the Maricopa County Department of Transportation in Phoenix, Arizona. Information included on: Evaluation method prior to the placement of the final course of pavement; Result of several overlay-paving test projects; Benefits of smoothness specifications and monetary incentives.

<http://www.fhwa.dot.gov/publications/publicroads/02janfeb/maricopa.cfm>

Utah takes new contracting route

Authors: Powers, Mary Buckner; ENR: Engineering News-Record; 1997

Abstract: Describes the contracting approach used by the state of Utah for the \$1.36-billion rehabilitation of Interstate 15 through Salt Lake City. Includes information on: Evaluation of bids by best value; Offer of a \$50-million award fee to encourage performance consistency; Implementation of performance specifications by the Utah Department of Transportation.

<http://trid.trb.org/view.aspx?id=481131>

NYSDOT Engineering Design Costs: In-House versus Outsourced Design

Author: Dr. Griffis, F. H. (Bud); October 2008.

Abstract: This study objectively analyzes and compares the cost of having public-sector design work performed in-house with contracting out that same work to private engineering consulting companies.

<http://www.acecny.org/PDF/PolyStudyFinal.pdf>

Outsourcing and Quality Assurance: Effects of Outsourcing and Performance-Based Contracting on Innovations

Author: Torbjörn Stenbeck; TRB; 2006

Abstract: A savings of 13% to 28% was recorded as outsourcing and performance-based contracting were introduced in Swedish highway maintenance, in line with 21% gained in Massachusetts and 12% in Virginia. Few negative effects on service, environment, and quality were noted. However, there is concern that a slowdown of research and development (R&D) and innovations may lead to higher costs and a less effective transport system in the long run. France has used a benchmark for the effects on technical development, with an in-house policy similar to Sweden's before the reform. Initial results of an explorative study are that France has continued to produce technical development in the same period while it seems to have stalled in Sweden. This international comparison tends to support that outsourcing has lowered the pace of R&D compared with a situation if the in-house production system prevailed. However, innovation frequency is not a goal itself, so further study is needed to find the optimal mix of measures to develop an effective transport system. Professionals and politicians representing the Swedish taxpayers are reluctant to return to in-house production just to produce perhaps unnecessary technical development. Instead, the policy to develop complementary innovation promotion within the outsourcing model will continue. Measures within or complementary to the model are multicriteria bid evaluation, alternative bids, on-line monitoring, bonus, penalties and profit sharing, competence development, partnering, and weather-regulated performance-based contracting. Such measures are used and evaluated continuously.

<http://trb.metapress.com/content/b166572j777886j4/>

A National Assessment of Transportation Strategies and Practices: Lessons for California

Tom Warne and Associates, February 2008

Executive Summary

The State of California made an historic investment in transportation infrastructure. With the passage of the Governor's Strategic Growth Plan, the state invested an additional \$12 billion in transportation projects. It is a situation of high expectations from the public and elected officials with a focus on the California Department of Transportation (Caltrans) and their ability to deliver these projects. Finding ways to maximize the value of this new funding and deliver as many projects as quickly as possible were goals for all who supported the plan. To this end, the California Taxpayers' Association (Cal-Tax) and the Infrastructure Delivery Council (IDC), an affiliate of the Consulting Engineers and Land Surveyors of California, commissioned this study to assess the best practices in state DOTs for the delivery of a growing transportation capital program. Many other states have experienced significant changes in their capital programs. This study of ten of these states, including California, was to determine how they met the increased demand for services and the methods they used to ensure success. The ten states studied included Arizona, California, Florida, Georgia, Missouri, New York, Oregon, Texas, Utah, and Washington. Much learned from the states directly transferred to Caltrans for their use. In many ways, these large programs changed and defined these agencies as they endeavored to meet the demands of their funding initiatives.

http://www.tomwarne.com/reports/reports/download/Capital_Program_Delivery_Assessment_Final_Report_021208.pdf

Federal-Aid Highways: Increased Reliance on Contractors Can Pose Oversight Challenges for Federal and State Officials

Government Accountability Office survey and report on state trends, decision factors and cost comparisons in contracting out for engineering services, GAO-08-198; January 2008

Pressure on state and local governments to deliver highway projects and services, and limits on the ability of state departments of transportation (state DOT) to increase staff levels, led those departments to contract out a variety of highway activities to the private sector. As requested, this report addresses (1) recent trends in the contracting of state highway activities, (2) factors that influence state highway departments' contracting decisions, (3) how state highway departments ensure the protection of the public interest when contracting out work, and (4) the Federal Highway Administrations' (FHWA) role in ensuring that states protect the public interest. To complete this work, GAO reviewed federal guidelines, state auditor reports, and other relevant literature; conducted a 50-state survey; and interviewed officials from 10 selected state highway departments, industry officials, and FHWA officials.

<http://www.gao.gov/new.items/d08198.pdf>