

Driving Better Outcomes for Road Repair and Maintenance in Boston, Massachusetts



As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro-bono technical assistance to help Boston incorporate results-driven contracting strategies into its roadway resurfacing work. The structure of the new contract will give the Public Works Department the ability to course-correct in real time and increase the probability of high-quality service delivery.

The Problem: Prior to engaging the GPL, the Boston Public Works Department's road resurfacing contracts were overly focused on achieving high paving mileage targets to the detriment of other critical goals, such as maintaining steady work flows and minimizing inconvenience to constituents.

Applying Results-Driven Contracting Strategies: To reorient the City's Asphalt Resurfacing Program (ARP) around a holistic set of goals that reflect the complexities of the resurfacing operation, provide vendors with incentives to meet these goals, and increase the flow of data within the Department, the GPL and Boston:

- 1) **Surveyed the local vendor community and key City staff to better understand the challenges facing the ARP.** A lack of data within the Public Works Department made it difficult to quantitatively pinpoint contractual challenges and shortcomings. As such, anonymous interviews with a diverse set of vendors – frequent and occasional winners – and key staff allowed the Department to identify and verify major obstacles. By soliciting feedback from both the vendor community and long-tenured front-line staff, Department leaders were able to foster goodwill between those who might otherwise be resistant to change, as well as ensure that any adopted changes actually make sense for those on the ground.

- 2) **Modernized and reoriented the contract to focus on all of the City's goals while providing vendors with key information to facilitate planning and reduce risk.**
 - a. The new contract remains a unit price by material bid format, but now includes a list of work locations and the expected hours of work (e.g. weekends, mornings, nights) at each of those locations. These locations equal 35 to 70 percent of the work to be completed under each contract. All planned arterial resurfacing work, which tends to be more challenging and costly than typical roadwork, is specified on the list.
 - b. To better leverage construction efficiencies and thereby mitigate risk for vendors who haul equipment and materials into the City on a daily basis, the contract guarantees additional resurfacing locations in the vicinity of arterial work locations.
 - c. The contract guarantees that the Public Works Department will announce any work locations not specified in the initial list during the annual pre-construction conference to enable vendors to coordinate with subcontractors and set yearly work schedules before the resurfacing season commences.
 - d. To draw a stronger connection between program goals and vendor performance, the contract details why and how the City is committed to values such as public safety, constituent convenience, work zone cleanliness, and sustainability, and defines performance benchmarks that map to these values.
- 3) **Devised a two-stage performance payment structure to encourage excellent performance along all dimensions of the operation.**
 - a. To better control work flow, minimize impact on constituents, and maintain roadway safety, the City defined "progression of work" targets for the construction components of the roadway resurfacing operation. Each quarter, the City evaluates whether vendors have met the progression of work targets on streets in their portfolio, and releases up to \$15,000 per vendor in performance bonuses.
 - b. To further encourage performance, the City expanded the scope of its third-quarter performance review to include a holistic assessment of vendor performance. During this review, vendors receive a letter grade based on their season-to-date performance not only for progression of work targets, but also for targets related to pavement quality, parking management, and environmental conservation. Those with higher grades win the right to additional in-season resurfacing work (an expansion to the original scope of work, and thus, contract dollars) relative to those with lower grades.

The Results: The new ARP contracts, worth \$6 million a year, clearly define the City's objectives and set out a performance payment structure to align contractors' interests with these goals. In addition, the City now shares information on the anticipated work locations and hours upfront with vendors as part of the bidding process. This reduces the uncertainty that vendors face and enables them to more effectively plan their work, lowering their proposed budgets. The City also adopted an active contract management system to increase the flow of data on vendor performance and to engage relevant stakeholders in driving the success of the contract over the course of the season. Finally, excited about this new approach to contracting, the Public Works Department has decided to implement the results-driven contracting strategies piloted with ARP in all of the City's yearly capital programs (worth \$40 million per year).

The Government Performance Lab is grateful for support from Bloomberg Philanthropies, the Corporation for National and Community Service Social Innovation Fund, the Dunham Fund, the Laura and John Arnold Foundation, the Pritzker Children's Initiative, and the Rockefeller Foundation. © Copyright 2018 Harvard Kennedy School Government Performance Lab.