

## Reducing Budget and Timeline Overruns of Street Reconstruction Contracts in Saint Paul, Minnesota

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*Mayor Coleman riding on the Capital City Bikeway in downtown Saint Paul.*

*As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Saint Paul expand the pool of vendors that bid on street reconstruction contracts and improve vendor management during construction.*

**The Problem:** Saint Paul's Public Works Department issues several street reconstruction (street repaving, curb replacement, etc.) contracts each year. Prior to engaging the GPL, the City had been struggling with contracts regularly running past the agreed-upon timeline and budget. The City typically received only two proposals on each street reconstruction procurement, and nearly 90 percent of these contracts went to one vendor. The City suspected that greater competition could contribute to lower prices and more timely project completion.

**Applying Results-Driven Contracting Strategies:** To improve competition and the management of street reconstruction projects, Saint Paul and the GPL:

- 1) **Conducted a vendor survey to understand why vendors were not bidding on Saint Paul procurements.** The Procurement Office created a list of vendors who had not recently bid on Saint Paul contracts but bid on contracts with other municipalities and counties in the Minneapolis/Saint Paul metropolitan area. The GPL and the City collaborated on a questionnaire, and the GPL conducted a phone survey with targeted vendors. The survey results indicated that while vendors were excited to learn that the City wanted their feedback, vendors held inaccurate perceptions about the challenges of participating in the Public Works procurement processes. In particular, vendors voiced past concerns about the permitting and payment processes. To address these perceptions, the Procurement Office

developed a print and digital communications campaign to explain how the procurement process works and how the City seeks to collaborate with vendors.

- 2) **Instituted a pre-bid meeting for every procurement.** The Procurement Office established a requirement to hold a pre-bid meeting for every procurement to explain the project and answer vendor questions. Previously, pre-bid meetings were encouraged, but not required. In addition to improving the City's engagement with vendors, pre-bid meetings offered vendors the opportunity to meet one another and form joint ventures, partnerships, and subcontracting relationships that could create business opportunities for diverse vendors.
- 3) **Assigned a single staff person project management responsibility for the entire project from design to construction completion.** The Public Works Department restructured project responsibilities such that a single person was charged with managing an entire project rather than handing off project management responsibilities after the design was completed and the contract signed. This created more accountability throughout the construction process, particularly in managing change orders and contract amendments.
- 4) **Created a dashboard to track projects during the construction phase.** To better track project progress and enable a dialogue in real-time with vendors about construction progress, the GPL drafted a simple dashboard with metrics such as dollars spent, change orders, and project timing.
- 5) **Got some help from the press.** The new leadership of the Public Works Department generated media attention<sup>1</sup> as part of a strategy to better communicate improvements on a variety of issues from snow removal to parking to capital projects.

**The Results:** In 2016, Saint Paul issued seven procurements and received between two to seven bids on each project, achieving a significant expansion of the vendor pool. Furthermore, only two of the seven procurements were awarded to the same vendor. This progress has continued in 2017 as the first procurement of the construction season received seven bids. Anecdotally, there are early indications that the recent projects have elicited fewer change orders and contract amendments. In addition, the Procurement Office has continued to foster a culture of continuous feedback from vendors by following up with vendors not selected for a procurement and debriefing with selected vendors at the end of each project to understand strengths and opportunities for improving the procurement process.

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<sup>1</sup> For more details, see the following link: <http://www.twincities.com/2016/05/27/st-paul-public-works-reorganization-is-largest-city-shuffle-since-2006/>.