

Reducing Expenditures From State Funds Through the Use of Program Processes

Pre-Approval – Karen Stephens, Mississippi

Document:

Standardization of Hours
www.deq.state.ms.us
Underground Storage Tanks
Assessment and Remediation

MS - Tech Review 1st
Cost Proposal Before Work Starts
T&M even playing field

C.O.'s need Project Manager approval
99% submitted before start

Liquidated Damages for late reports (\$100/day)

Review Scope (hrs)
Max rates by class (i.e. field tech, engineer, etc.)
Rates for lab equip, etc

Market Rate

Bid vs. Publish Rate
Publish = same rate on all
Bid some services

Reduction for system inoperable

Documentation Request

Questions

What is needed?
What does it cost ?
unit
overall
Best Tech?
What are the goals of remediation?
Balance cost/scope
Risk vs “clean up”
Negotiation fund/reg

Use pilot testing to help determine remediation

What if remediation doesn't work
Pilot test to minimize
Spend more time on site characterization up front
Regular reporting; state monitor and recommend changes

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Pay for Performance – Kent Coleman, South Carolina

A world without conflict on invoicing: that is PFP.

Use PFP on site characterization:

- Developed unit rates for every single task

- Use preapproval

- Use competitive bidding to determine unit rates:

 - 65% percentile determines max rate for owner lead

 - Low bid is awarded state lead

Program determines which sites are going to corrective action. Then determine risk-based cleanup levels for individual wells.

Remediation goes out to bid using predetermined cleanup goals.

Only pay when we see results.

- Payment of 40% overall bid for system installation and startup.

- Need to balance need for adequate cash flow for contractor with incentive to get to the end.

- Establish time frames for performance.

- 100% achievement within the frames earns 10% added bonus.

Compare time frame for completion as it relates to affecting receptor.

Out-clauses for PFP contract:

- Discover assessment missed something significant.

All projects have performance bonds

PFP and competitive bidding in SC:

- started in the mid 90's T&M

- Since 1996 in assessment program \$172M in savings v. T&M

- Since 1996 in cleanup program \$ 70M in savings v. T&M
\$242M

Have you called in any performance bonds? Yes varying degrees of success

Milestones for soil? Not in SC. Trying to develop soil milestones.

Have you been challenged by state in regard to 10% bonus? No, because it is part of planned cost, denied if not earned.

NH cautioned against not having performance bonds in place.

Tricks for determining if new release has occurred? Need to have contractor develop justification. Need to devote in-house resources to resolve quickly. Do not let it linger.

What are some of the barriers to doing PFP in states?