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Cost Overruns and Public Infrastructure: The Case of Tallahassee's Cascade Park and Trail

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Excerpt, pages 24-26.

The following changes to the administration, design, and implementation of major projects for the City of Tallahassee, Leon County, the Blueprint Intergovernmental Agency, and other public bodies implementing major publicly funded projects should improve transparency, accountability, and performance in Tallahassee (and elsewhere).

General Administration

1. Require all projects to be assessed against a "status quo" alternative to ensure public projects are evaluated for their value added to the community.

2. Evaluate all proposed projects and subprojects using the "yellow pages test" to ensure private alternatives are fully considered as an alternative to public spending. In essence, the yellow pages test uses the principle that if a product or service can be provided by at least three private businesses it should not be considered a core public service. Instead, the good or service should be considered for competitive bidding or privatization.[58]

3. Adopt specific performance measures that include limits on change orders and changes in project scope, and specific consequences for cost overruns in contracts with private parties.

4. Conduct independent feasibility reviews for projects over a certain threshold, such as $250,000 or $500,000, and publish the reviews on the city or agency's website. (These reviews can often be commissioned for significantly under $20,000, depending on the scale, scope, and difficulty of the project.)

Project Planning

1. Require projects to have clear objectives and goals with measurable outcomes.

2. Ensure meaningful public involvement in the design stage by explicitly soliciting public feedback through design charrettes, listening sessions, pre-design and post-design surveys, and other mechanisms to obtain input from a broad cross section of parties affected by the project. The results of these sessions should be made public at the end of each stage of the planning process

and show how public feedback helped define the project's scope, further identify costs and benefits of the proposed project, and consider project alternatives.

3. Improve cost-estimating techniques by benchmarking proposed projects against similar1. types of projects in Tallahassee (if possible), other cities in Florida, and peer cities on a national level.

4. More explicitly consider community amenities, including estimating potential benefits, as well as negative externalities or spillover effects as they relate to the community, the general public, and private competitors.

Project Implementation

1. Include financial incentives for project delivery ahead of schedule and within the budget, without sacrificing quality. These incentives can also be structured to encourage public agencies to collaborate with contractors (or other public agencies) to achieve on-time performance.

2. Require proposed changes to the scope and scale of a project to be submitted as one major package rather than as piecemeal or ad hoc additions that allow major changes to be processed incrementally below dollar thresholds that trigger comprehensive review.

3. Adopt limits on the total value of change orders tied to industry standards that trigger full public review and assessments of a project, including a mandatory option of canceling the project.

4. Provide real-time, public transparency on project costs and estimates presented in formats on the Internet that are easily accessible to the general public. These can take the form of web-based project dashboards that allow the public to monitor timelines, costs, and performance based on pre-determined milestones and benchmarks.

Post-Project Management and Assessment

1. Implement a formal process of systemic review of projects, with published reports and assessments keyed to performance measures and whether projects have met intended goals and objectives. These reports should highlight what worked well during implementation, explain challenges and what mechanisms were used to overcome them, and any "lessons learned" for improving the project planning and implementation process in the future. These post-project reports should be formally submitted to the relevant governing body and made publicly available free of charge to citizens. Costs of these reviews should be included in the initial estimates of project costs.