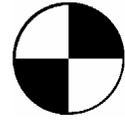




# Highway Division Project Delivery Leadership Team Operational Notice



NUMBER	SUPERSEDES	EFFECTIVE DATE	CANCELLATION DATE
PD-14	N/A	12-21-04	N/A
SUBJECT		ISSUING BODY	
Guidelines for Determining Project Delivery Method (In-Source vs. Outsourcing)		Project Delivery Leadership Team (PDLT)	

**PURPOSE:** To define the decision process, roles and responsibilities within the Project Delivery Business Line for the selection of project-specific delivery methods.

**DEFINITIONS:**

**Program Management:** The responsibility for determining a program’s content (projects), funding and scheduling.

**Project delivery method:** The delivery method selected for a specific project can vary by phase (development, design, construction). There are two general options, in-source or outsource. The traditional method, Design-Bid-Build, uses ODOT staff to develop and design the project and oversee construction by the construction contractor. Newly available contracting methods now allow a variety of contracting types for outsourcing any or all phases of a project.

**BACKGROUND:** The project delivery process occurs in a dynamic environment. At any time, resources (time, money, personnel) may shift for a variety of reasons. Various units within ODOT provide Program Management within the Project Delivery Business Line. Examples include the Office of Project Delivery for OTIA III Bridge projects; ODOT Bridge Section for Bridge projects; Statewide Pavement Committee for Interstate Preservation; ODOT Local Program staff for Local Agency STIP projects and Regions for Modernization and Operations projects. Given the dynamic environment and diffuse program responsibility, program management decision authority has become less clear, resulting in conflicting priorities among the various program management units.

This Operational Notice establishes a process for determining the project delivery method for specific projects and defines the authorities and responsibilities of that process.

**ROLES AND RESPONSIBILITIES:** The responsibility for selecting a delivery method for a specific project resides with the Region Manager in the Region in which the project is geographically located, with the following exceptions: 1. The Manager of the Office of Project Delivery (OPD) is responsible for the project delivery method selection decision for OTIA III Bridge projects. 2. For local agency STIP projects the local agency, in coordination with ODOT Local Program staff, determines the project delivery method. In addition, the appropriate Region Manager or OPD Manager will represent the Department before the OTC in the event additional funding authorization must be requested for an individual project. Additional funding authorization requests will conform to current established procedures.

The organizational unit responsible for overall program management for a particular project is responsible for determining the financial consequences of the project delivery methods

available and for identifying and implementing the program funding adjustments necessary to implement the selected project delivery method.

### **PROCESS:**

Region Managers and the OPD Manager will begin the delivery method selection for proposed projects during the normal STIP update process which occurs every two years. Delivery method selection will be incorporated into the preliminary scoping process. Only under unusual circumstances should a project delivery method decision be made or changed outside the STIP update process.

When a need for a decision is identified, the Region Manager or OPD Manager will consult with affected stakeholders prior to making the final project delivery method selection. This communication should target three objectives:

- 1) To inform those affected that a decision is pending;
- 2) To achieve a thorough understanding of the consequences of the delivery method selection decision; and
- 3) To build consensus among the stakeholders for the delivery method selected for each affected project.

Affected stakeholders should include, but are not limited to, the appropriate Program Manager, the appropriate Region Technical Center Manager, and Technical Services Manager.

Additional stakeholders may include the Deputy Director of the Highway Division, the Highway Finance Office, Motor Carrier Division, Rail Division, Office of Maintenance, Highway Division Local Government Office, or stakeholders external to ODOT such as local agencies or legislative or tribal representatives.

In accordance with the 1996 *Guide for Contracting, Selecting and Managing Consultants in Preconstruction Engineering*, developed by the AASHTO Task Force on Preconstruction Engineering Management, the following areas should be addressed in the decision making process:

- 1) Determine resource availability of in-house staff;
- 2) Determine budget (increase of 25% to 50% for out-sourcing);
- 3) Determine the type of project being designed (maintaining in-house competencies should be addressed here);
- 4) Determine geographic proximity for bundling and/or efficient use of consultant staff;
- 5) Determine schedule (bundling of projects to be constructed in the same year is helpful);
- 6) Determine contract type needed (project specific, multi-phase full service or on-call flexible service contract)
- 7) Assure that appropriate decision authority is documented for determination of out-sourced projects.

Additional areas that may need to be addressed include:

- 1) Applicability of existing agreements (i.e., TERO Memo of Understanding);
- 2) The contracting timeline;
- 3) Local political climate.

The Region Manager or OPD Manager will document the decision and inform the appropriate parties. Documentation should be retained with the project development work-papers and should include

- A summary of the issues and concerns addressed during the decision making process;
- A list of the stakeholders contacted; and
- A statement of the final decision.

The Program Manager for the program under which the specific project is funded will ensure the necessary financial/funding adjustments are made to implement the delivery method selected; including the addition, deletion or scoping adjustments to any projects funded under the overall program.

The Program Manager will follow the normal business process for making program changes, including conferring with stakeholders, documentation, implementation and communication to affected parties. If OTC action is required, the Program Manager will work directly with the appropriate Region or OPD Manager and reach consensus with them on the OTC action.