

## Potential Department of Transportation Savings Report (2019)

The State of Connecticut Department of Transportation would have saved \$324,691,150 in Fiscal Years 2016, 2017, and 2018 had it performed Construction Inspection and Engineering Services with State Employees in lieu of Outside Consultants.

In October, 2014 a new statute went into effect that requires the State to perform Costs Effectiveness Evaluations for work that is continually contracted out. Through a Freedom of Information Request to the Department of Transportation, cost evaluations in the areas of Construction Inspection and Engineering Services were obtained for 2019.

Cost-effectiveness evaluations reports for the construction engineering and inspection and the engineering consultant design were performed by the Connecticut Department of Transportation in accordance with methodology developed by the Connecticut Office of Policy and Management and Connecticut General Statutes 4e-16. The reports detail how much was spent on individual contracted out projects and what the cost would have been if a state employee were substituted for each consultant employee.

The data from the cost evaluations indicate savings of 61.61% for Construction Inspection work had in-house personnel performed the work (without indirect costs). Cost evaluations indicate savings of 58.46% had in-house personnel performed Engineering Services (without indirect costs).

The Freedom of Information Request that was submitted to the Department of Transportation also requested amounts spent by the Department for contracting out these services for Fiscal Years 2016, 2017, and 2018. The amount spent by the Department of Transportation for Construction Inspection was \$58,478,564.80 for fiscal year 2016, \$45,647,629.89 for fiscal year 2017, and was \$37,302,592.12 for fiscal year 2018. The amount spent by the Department of Transportation for Engineering Services was \$134,663,667.91 for fiscal year 2016, \$147,312,937.83 for fiscal year 2017, and was \$124,390,845.55 for fiscal year 2018.

From the data obtained, potential savings was calculated by multiplying the total amount spent in each section by the calculated savings rates. The data indicates that for Construction Inspection work, the Department would have realized savings of \$36,027,308 in fiscal year 2016, \$28,122,462 in fiscal year 2017, and \$22,981,275 in fiscal year 2018 had the work been performed in-house. The data also indicates that for Engineering Services work, the Department would have realized savings of \$78,723,616 in fiscal year 2016, \$86,118,307 in fiscal year 2017, and \$72,718,182 in fiscal year 2018 had the work been performed in-house.

The data from the attached report indicates the Department of Transportation would have realized total savings of \$144,750,924 in fiscal year 2016, \$114,240,769 in fiscal year 2017, and \$95,699,457 in fiscal year 2018 had these three key state services been performed in-house instead of contracted out. An investment in the state workforce now would allow for more work to be performed in-house and the Department of Transportation to realize future savings.

Potential Savings if State Employees performed Inspection and Engineering work Instead of Contracting Out for Fiscal Years 2016, 2017 and 2018. Information was received via a Freedom of Information request to the Department of Transportation

<b>Construction Inspection</b>	Contracting Out Cost	In-House Cost	In-House Savings
	\$ 2,995,759	\$ 1,150,140	61.61%
	Total Expenditures	In-House Savings	Potential Savings
Fiscal Year 2016	\$ 58,478,565	61.61%	\$ 36,027,308
Fiscal Year 2017	\$ 45,647,630	61.61%	\$ 28,122,462
Fiscal Year 2018	\$ 37,302,592	61.61%	\$ 22,981,275
	<b>TOTAL INSPECTION SAVINGS:</b>		<b>\$ 87,131,045</b>

<b>Engineering and Design</b>	Contracting Out Cost	In-House Cost	In-House Savings
	\$ 2,993,962	\$ 1,243,709	58.46%
	Total Expenditures	In-House Savings	Potential Savings
Fiscal Year 2016	\$ 134,663,668	58.46%	\$ 78,723,616
Fiscal Year 2017	\$ 147,312,938	58.46%	\$ 86,118,307
Fiscal Year 2018	\$ 124,390,846	58.46%	\$ 72,718,182
	<b>TOTAL ENGINEERING SAVINGS:</b>		<b>\$ 237,560,105</b>

Total Savings if Connecticut DOT had insourced all inspection and engineering services			
Year	Inspection	Engineering	Totals
Fiscal Year 2016	\$ 36,027,308	\$ 78,723,616	\$ <b>114,750,924</b>
Fiscal Year 2017	\$ 28,122,462	\$ 86,118,307	\$ <b>114,240,769</b>
Fiscal Year 2018	\$ 22,981,275	\$ 72,718,182	\$ <b>95,699,457</b>
	<b>TOTAL SAVINGS:</b>		<b>\$ 324,691,150</b>

## Cost-Effectiveness Evaluation of New or Renewal Privatization Contracts

**State Contracting Agency:** Dept. of Transportation

**Contract Title/Description:** 7 Construction Engineering and Inspection Renewal 2019

**Need for New Contract/Renewal:** The Department is continuing the practice of hiring outside Consultants to provide Construction Engineering and Inspection Services to augment state forces where the Department does not have available staff to perform the work, or where the skills required to perform the work are not present within the Department.

**New Contract and Historical Contracts Information:** The Department is in the process of contracting with a number of firms for Construction Engineering and Inspection Services. These contracts are established with a term that is sufficient to cover the estimated time required to construction engineering and inspection. Contract Maximum's generally vary from the hundreds of thousands to the millions of dollars. The method of procurement for these types of contracts is through the selection and negotiation process established by CGS 13b-20. This process has been ongoing for a number of years and is anticipated to be an ongoing initiative.

**Cost Evaluation Summary:** This cost evaluation utilized a negotiated historical contract. The Cost Analysis Summary is presented below with the results showing a savings by performing this service in-house.

<b>Form C-100: Summary and Comparison of Costs of Contracting Out and In-House Service Delivery</b>				
	<b>Category</b>	<b>Projected Year 1</b>	<b>Projected Year 2</b>	<b>Projected Year 3</b>
1.	<b>Total Costs Related to Contracting Out with Indirect Costs</b>	<b>\$ 3,125,839.11</b>	<b>\$ -</b>	<b>\$ -</b>
2.	<b>Total Costs Related to Contracting Out without Indirect Costs</b>	<b>\$ 2,995,758.75</b>	<b>\$ -</b>	<b>\$ -</b>
3.	<b>Total Costs In-House with Indirect Costs</b>	<b>\$ 1,368,204.27</b>	<b>\$ -</b>	<b>\$ -</b>
4.	<b>Total Costs In-House without Indirect Costs</b>	<b>\$ 1,150,140.21</b>	<b>\$ -</b>	<b>\$ -</b>
5.	<b>(Costs)/Savings with Contracting Out with Indirect Costs</b>	<b>\$ (1,757,634.84)</b>	<b>\$ -</b>	<b>\$ -</b>
6.	<b>(Costs)/Savings with Contracting Out without Indirect Costs</b>	<b>\$ (1,845,618.55)</b>	<b>\$ -</b>	<b>\$ -</b>

**Comments related to Evaluation Results:** The results of this Cost Evaluation showed a savings if this service were to be performed in-house. The length of time required to establish and fill in-house positions related to this work would be lengthy, and would likely result in inspection delays.

**PERFORMED BY:** Cheryl DiDomizio

**REVIEWED BY:** Mark Hayes

## Cost-Effectiveness Evaluation of New or Renewal Privatization Contracts

**State Contracting Agency:** Dept. of Transportation

**Contract Title/Description:** 11 Engineering Consultant Design Renewal 2019

**Need for New Contract/Renewal:** The Department is continuing the practice of hiring outside Consultants to provide Engineering Consultant Design Services to augment state forces where the Department does not have available staff to perform the work, or where the skills required to perform the work are not present within the Department.

**New Contract and Historical Contracts Information:** The Department is in the process of contracting with a number of firms for Engineering Consultant Design Services. These contracts are established with a term that is sufficient to cover the estimated time required to complete engineering design. Contract Maximum's generally vary from the hundreds of thousands to the millions of dollars. The method of procurement for these types of contracts is through the selection and negotiation process established by CGS 13b-20. This process has been ongoing for a number of years and is anticipated to be an ongoing initiative.

**Cost Evaluation Summary:** This cost evaluation utilized a negotiated historical contract. The Cost Analysis Summary is presented below with the results showing a savings by performing this service in-house.

<b>Form C-100: Summary and Comparison of Costs of Contracting Out and In-House Service Delivery</b>				
	<b>Category</b>	<b>Projected Year 1</b>	<b>Projected Year 2</b>	<b>Projected Year 3</b>
1.	<b>Total Costs Related to Contracting Out with Indirect Costs</b>	<b>\$ 3,160,003.23</b>	<b>\$ -</b>	<b>\$ -</b>
2.	<b>Total Costs Related to Contracting Out without Indirect Costs</b>	<b>\$ 2,993,962.47</b>	<b>\$ -</b>	<b>\$ -</b>
3.	<b>Total Costs In-House with Indirect Costs</b>	<b>\$ 1,474,242.85</b>	<b>\$ -</b>	<b>\$ -</b>
4.	<b>Total Costs In-House without Indirect Costs</b>	<b>\$ 1,243,709.01</b>	<b>\$ -</b>	<b>\$ -</b>
5.	<b>(Costs)/Savings with Contracting Out with Indirect Costs</b>	<b>\$ (1,685,760.38)</b>	<b>\$ -</b>	<b>\$ -</b>
6.	<b>(Costs)/Savings with Contracting Out without Indirect Costs</b>	<b>\$ (1,750,253.46)</b>	<b>\$ -</b>	<b>\$ -</b>

**Comments related to Evaluation Results:** The results of this Cost Evaluation showed a savings if this service were to be performed in-house.

**PERFORMED BY:** Cheryl DiDomizio

**REVIEWED BY:** Mark Hayes

Expenditures to Account 51210 - Engineering/Architectural Services			icates amount has been verified		
Category	Source Type	Description	FY 2016	FY 2017	FY 2018
Engineering	R8414	ARCHITECTURE & ENGINEERING FEE	\$ 6,655,813.54	\$ 1,266,207.27	\$ 967,078.94
Engineering	RR111	CONSTRUCTION & INSPECTION - OUTSIDE	\$ 279,247.18	\$ 298,882.54	\$ 448,638.05
Engineering	PE155	CONSULTANT/MUNICIPAL SERVICES	\$ 77,155,375.99	\$ 102,809,027.65	\$ 82,705,253.19
Engineering	PE153	DESIGN AND ESTIMATES	\$ 1,517,078.98	\$ 1,085,271.36	\$ 2,097,035.15
Engineering	PE154	ENVIRONMENTAL SERVICES	\$ 1,821,884.78	\$ 2,478,039.59	\$ 1,992,246.20
Engineering	SP155	FEASIBILITY STUDY	\$ 6,125,519.69	\$ 5,214,217.40	\$ 7,693,624.48
Engineering	RR408	FTA&FRA GRANTS - CONSTRUCTION MGMT	SOURCE TYPE NOT USED	SOURCE TYPE NOT USED	SOURCE TYPE NOT USED
Engineering	PE403	FTA&FRA GRANTS - DESIGN CONSULTANT	\$ 357,080.35	\$ 105,326.31	\$ 48,458.80
Engineering	IN111	CONSTRUCTION ENGINEERING & INSPECTION - OUTSIDE	\$ 39,539,114.54	\$ 33,684,266.92	\$ 28,055,278.49
Engineering	IN126	SURVEY/ARCHAEOLOGICAL/COMM& OTHER	\$ 1,212,552.86	\$ 371,698.79	\$ 383,232.25
<b>Engineering Total</b>			<b>\$ 134,663,667.91</b>	<b>\$ 147,312,937.83</b>	<b>\$ 124,390,845.55</b>
Inspection	IN111	CONSTRUCTION ENGINEERING & INSPECTION - OUTSIDE	\$ 58,477,851.74	\$ 45,645,277.17	\$ 37,302,592.12
Inspection	IN103	CONSTRUCTION INSPECTION	\$ 713.06	\$ 2,352.72	DeptID's selected had no charges.
<b>Inspection Total</b>			<b>\$ 58,478,564.80</b>	<b>\$ 45,647,629.89</b>	<b>\$ 37,302,592.12</b>
Bridge Safety	PE155		\$ 12,992,270.15	\$ 13,258,329.10	\$ 17,647,989.01
<b>Bridge Safety Total</b>			<b>\$ 12,992,270.15</b>	<b>\$ 13,258,329.10</b>	<b>\$ 17,647,989.01</b>