

Incentivizing Excellence in Boston Through Results-Driven Contracting

Stephen Goldsmith | April 26, 2017



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Boston has a robust open data, performance and analytics program, so when the opportunity to engage with What Works Cities experts arose, government leaders looked to apply the power of data to their contracts through results-driven contracting strategies. They focused on the Department of Public Works Construction Management Division, which manages numerous contracts each year, with the help of Elijah de la Campa, a Fellow from the Government Performance Lab (GPL) at the Harvard Kennedy School.

Each year, Boston spends nearly \$8 million on an asphalt resurfacing program for its 800 miles of streets. To ensure an equitable distribution of repairs, the city divides this work into three geographical regions and accepts bids for each. While the prior contracts included technical standards related to the quality of asphalt resurfacing, there were few mechanisms in place to enforce or incentivize vendors to adhere to the standards. Modifying the contracts for this program offered the city a chance to increase the overall quality of repaving efforts, to improve communication and transparency with

vendors, and to enhance the articulation and measurement of outcomes crucial to the asphalt resurfacing process.

The Department of Public Works and GPL began assessing the existing procurement process by gathering information from stakeholders. De la Campa emphasized the qualitative and human-centric nature of this work, as he spent considerable time meeting with city engineers and vendors to understand concerns with the program, how they could be best addressed, and the viability of different types of performance payment.

In its new asphalt resurfacing contracts, the city has defined outcomes of interest related to pavement quality, the speed and progression of paving operations throughout the city, parking management, and environmental management, among others. Because the data to rigorously measure these aspects of performance did not yet exist, the city set up new processes for its engineers to track data. The contracts are now written with a clear set of outcome metrics, which are incentivized with a new performance-based payment structure. In addition to offering performance payments for meeting pre-specified progression of work benchmarks, the city will grade each contractor's performance three-quarters of the way through the paving season, and then award additional in-season work for the final quarter according to vendor performance. The vendors benefit from the clear information about the city's expectations and the incentives for high-quality performance.

Boston has now hired its pavers for 2017 using the new contracts, and will implement the performance-based payment structure for the first time this paving season. The new approach of results-driven contracting has many more applications throughout the city's operations to help the city deliver better services to its residents.

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